

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Andover Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2022
DATE: November 4, 2020

Required Fiscal Year 2022 Appropriation: **\$13,029,857**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2022 which commences July 1, 2021.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2022 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal as part of their January 1, 2020 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2023.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446 Extension 935.

JWP/jfb
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk

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Andover Retirement Board

Projected Appropriations

Fiscal Year 2022 - July 1, 2021 to June 30, 2022

Aggregate amount of appropriation: **\$13,029,857**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2022	\$14,143,860	\$13,029,857	\$0	\$13,029,857	\$13,029,857	\$0	\$1,114,003
FY 2023	\$14,892,470	\$14,117,850	\$0	\$14,117,850	\$14,117,850	\$0	\$774,620
FY 2024	\$15,680,845	\$15,296,690	\$0	\$15,296,690	\$15,296,690	\$0	\$384,155
FY 2025	\$16,511,097	\$16,573,964	\$0	\$16,573,964	\$16,511,097	\$62,867	\$0
FY 2026	\$17,385,449	\$17,957,890	\$0	\$17,957,890	\$17,385,449	\$572,441	\$0

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Section 3: Supplemental Information

Exhibit D: Department Results

	Water Department	Sewer Department	Housing Authority	School - Cafeteria Workers	School	All Other	Total
Active participants							
• Number	22	1	9	41	334	348	755
• Projected annual payroll	\$1,649,265	\$64,945	\$578,256	\$1,029,632	\$12,134,078	\$28,751,605	\$44,207,781
• Average age	47.3	53.4	49.8	51.9	50.0	47.3	48.8
• Average service	16.1	21.2	16.4	6.4	9.8	14.9	12.2
• Normal cost	\$220,343	\$9,668	\$85,363	\$190,568	\$2,050,999	\$5,391,543	\$7,948,484
• Administrative expenses	8,594	377	3,329	7,432	79,991	210,276	310,000
• Expected employee contributions	161,095	6,544	55,998	95,450	1,143,139	2,884,598	4,346,824
• Employer normal cost	67,842	3,501	32,694	102,550	987,851	2,717,221	3,911,660
• Accrued liability	6,162,299	322,019	2,422,275	1,941,854	33,532,935	107,781,919	152,163,301
Retired participants							
• Number	13	3	5	22	158	296	497
• Total benefits	\$635,609	\$83,035	\$110,950	\$185,110	\$2,429,454	\$12,000,458	\$15,444,616
• Average benefits	48,893	27,678	22,190	8,414	15,376	40,542	31,076
• Accrued liability	7,650,558	991,347	1,173,960	2,157,050	26,538,135	130,196,325	168,707,375
Vested participants							
• Number	1	0	0	3	10	15	29
• Accrued liability	\$278,292	\$0	\$0	\$539,152	\$951,701	\$3,479,655	\$5,248,800
Inactive participants							
• Number	0	0	1	14	81	12	108
• Employee contribution balance	\$0	\$0	\$356	\$47,271	\$338,444	\$196,223	\$582,294
Appropriation for Fiscal Year Ending							
• 2021	\$419,456	\$60,258	\$115,409	\$212,893	\$2,530,114	\$8,687,580	\$12,025,710
• 2022	455,049	39,409	132,467	236,147	2,716,076	9,450,709	13,029,857
• 2023	493,046	42,700	143,528	255,865	2,942,868	10,239,843	14,117,850