

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Andover Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Revised Funding Schedule

DATE: June 8, 2023

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY24 and is acceptable under Chapter 32. This schedule reflects the Town's issuance of Pension Obligation Bonds in 2021.

The Housing Authority's portion of the funding schedule completes the amortization of its unfunded actuarial liability (UAL) in FY37, two years beyond our recommendation of FY35 to complete the amortization of the UAL. The Board should work with the Housing Authority to try to develop a schedule that completes the amortization of the UAL by FY35. Currently, there is limited flexibility for the Housing Authority in the event of a market downturn; it is possible that the appropriation may need to increase when your next actuarial valuation is performed.

With the issuance of the pension obligation bonds the plan is nearly fully funded. We recommend that the System perform annual actuarial valuations or at a minimum perform an interim actuarial valuation in the years it does not have a full study performed.

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

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SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.1 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Andover Housing Authority						All Others							
	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Accrued Liability	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Liability	Total Appropriation	Increase Over Prior Year
2024	\$44,689	\$0	\$128,095	\$172,784		\$1,968,827	\$5,487,280	\$0	\$1,637,564	\$7,124,844		\$15,007,880	\$7,297,628	
2025	45,765	-	139,754	185,519	7.37%	1,950,920	5,639,219	-	1,841,867	7,481,086	5.00%	14,194,674	7,666,605	5.06%
2026	46,926	-	152,266	199,192	7.37%	1,920,050	5,827,156	-	2,027,984	7,855,140	5.00%	13,125,591	8,054,332	5.06%
2027	48,174	-	165,698	213,872	7.37%	1,874,599	6,009,341	-	2,238,556	8,247,897	5.00%	11,804,532	8,461,769	5.06%
2028	49,443	-	180,191	229,634	7.37%	1,812,786	6,195,162	-	2,465,130	8,660,292	5.00%	10,191,978	8,889,926	5.06%
2029	50,830	-	195,728	246,558	7.37%	1,732,584	6,383,232	-	2,710,074	9,093,306	5.00%	8,254,788	9,339,864	5.06%
2030	52,305	-	212,424	264,729	7.37%	1,631,866	6,619,736	-	2,928,237	9,547,973	5.00%	5,955,492	9,812,702	5.06%
2031	53,825	-	230,415	284,240	7.37%	1,508,268	6,814,365	-	3,211,006	10,025,371	5.00%	3,300,683	10,309,611	5.06%
2032	56,046	-	249,142	305,188	7.37%	1,359,148	7,031,683	-	210,545	7,242,228	-27.76%	203,789	7,547,416	-26.79%
2033	59,669	-	268,012	327,681	7.37%	1,182,285	7,282,429	-	-	7,282,429	0.56%	-	7,610,110	0.83%
2034	60,246	-	291,584	351,830	7.37%	975,938	7,463,107	-	-	7,463,107	2.48%	-	7,814,937	2.69%
2035	60,500	-	317,260	377,760	7.37%	733,598	7,720,451	-	-	7,720,451	3.45%	-	8,098,211	3.62%
2036	62,422	-	343,180	405,602	7.37%	451,043	7,963,106	-	-	7,963,106	3.14%	-	8,368,708	3.34%
2037	64,868	-	129,877	194,745	-51.99%	125,710	8,238,355	-	-	8,238,355	3.46%	-	8,433,100	0.77%
2038	66,470	-	-	66,470	-65.87%	-	8,500,449	-	-	8,500,449	3.18%	-	8,566,919	1.59%
2039	69,074	-	-	69,074	3.92%	-	8,777,361	-	-	8,777,361	3.26%	-	8,846,435	3.26%
2040	70,807	-	-	70,807	2.51%	-	9,077,709	-	-	9,077,709	3.42%	-	9,148,516	3.41%
2041	73,091	-	-	73,091	3.23%	-	9,377,691	-	-	9,377,691	3.30%	-	9,450,782	3.30%
2042	75,453	-	-	75,453	3.23%	-	9,683,723	-	-	9,683,723	3.26%	-	9,759,176	3.26%
2043	77,899	-	-	77,899	3.24%	-	10,003,953	-	-	10,003,953	3.31%	-	10,081,852	3.31%
2044	80,431	-	-	80,431	3.25%	-	10,342,620	-	-	10,342,620	3.39%	-	10,423,051	3.38%
2045	83,050	-	-	83,050	3.26%	-	10,714,185	-	-	10,714,185	3.59%	-	10,797,235	3.59%