

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Belmont Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 8, 2022

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 July 1 and January 1 of each fiscal year. The schedule is effective in FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The schedule reflects a reduction in the investment return assumption from 7.15% to 7.0% and an adjustment to the fully generational mortality assumption.

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

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## Section 2: Actuarial Valuation Results

### Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2003 ERI Liability	(4) Amortization of Remaining Unfunded Liability	(5) Actuarially Determined Contribution (ADC): (2)+(3)+(4)	(6) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(7) Percent Increase in Actuarially Determined Contribution
2023	\$2,392,772	\$98,644	\$9,273,762	\$11,765,178	\$64,224,373	--
2024	2,472,039	103,083	9,713,606	12,288,728	58,859,806	4.45%
2025	2,553,920	107,722	10,173,934	12,835,576	52,652,310	4.45%
2026	2,638,504	0	10,768,255	13,406,759	45,521,119	4.45%
2027	2,725,873	0	11,277,487	14,003,360	37,378,817	4.45%
2028	2,816,124	0	11,810,386	14,626,510	28,130,814	4.45%
2029	2,909,349	0	12,368,041	15,277,390	17,674,813	4.45%
2030	3,005,647	0	6,000,858	9,006,505	5,900,209	-41.05%
2031	3,105,119	0	0	3,105,119	0	-65.52%
2032	3,207,869	0	0	3,207,869	0	3.31%

Notes:

Actuarially determined contribution for fiscal year 2023 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid in equal installments on July 1 and December 31.

Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of morality improvements due to the generational mortality assumption.

Amortization payments calculated to increase at 4.5% per year for item (3).

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains or losses.

As of July 1, 2022, the remaining liability attributable to the 2003 ERI is \$284,223.