

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Boston Retirement Board

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

RE: Approval of Funding Schedule

DATE: July 27, 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 of each fiscal year. The schedule is effective in FY23 and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.05% to 6.90% and a slight 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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Funding Schedule 2
6.90% investment return assumption

Appropriations increase 8.85% per year
Fully funded by June 30, 2027

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Inactive Sheriff Liability	(4) Amortization of Remaining Unfunded Liability	(5) Actuarially Determined Contribution (ADC): (2) + (3) + (4)	(6) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(7) Percent Increase in ADC over Prior Year
2023	\$91,941,906	\$2,888,636	\$308,847,596	\$403,678,138	\$1,498,317,850	--
2024	95,246,366	2,888,636	341,268,651	439,403,653	1,268,455,750	8.85%
2025	98,668,993	2,888,636	376,733,247	478,290,876	988,075,057	8.85%
2026	102,213,992	2,888,636	415,516,991	520,619,619	650,436,443	8.85%
2027	105,885,721	2,888,636	245,152,306	353,926,663	248,040,942	-32.02%
2028	109,688,690	0	0	109,688,690	0	-69.01%
2029	113,627,571	0	0	113,627,571	0	3.59%
2030	117,707,200	0	0	117,707,200	0	3.59%

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 on July 1.

Item (2) reflects 3.25% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

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.