

January 1, 2024

Actuarial Valuation Report

Bristol County Retirement System



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September 12, 2024

Bristol County Retirement Board
645 County Street
Taunton, MA 02780

To the Bristol County Retirement Board:

Stone Consulting, Inc. has performed a January 1, 2024 actuarial valuation of the Bristol County Retirement System. The valuation and report were prepared using generally accepted actuarial principles and practices. To the best of our knowledge, this report is complete and accurate, and the assumptions used represent our best estimate of anticipated experience of the system except where noted in the text.

Stone Consulting, Inc. is completely independent of Bristol County and the Bristol County Retirement System. This includes any of its officers and key personnel. Neither we or anyone else closely associated with us has any relationship with Bristol County or the Bristol County Retirement System that would impair our independence, other than this or related assignments.

We are pleased to present the results of this valuation. If the Retirement Board has any questions on the content of this report, we would be glad to respond. Please note that this report is meant to be used in its entirety. Use of excerpts of this report may result in inaccurate or misleading understanding of the results. The use of these results may not be appropriate for all circumstances.

I, Colin Edgar, am a consultant for Stone Consulting, Inc., a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,
STONE CONSULTING, INC.
Actuaries for the Plan

A handwritten signature in black ink, appearing to read "Colin Edgar", is written over a horizontal line.

Colin Edgar
Member of the American Academy of Actuaries

TABLE OF CONTENTS

PAGE

Certification Letter

Report Summary	1
Format of the Report	1
Development of Funding Schedule	2
Funding Schedule	3
Components of Funding Appropriation	4
Net 3(8)(c) Payments	4
Development of Actuarial Results	5
Net Normal Cost	6
Unfunded Liability	7
Demographic Results	9
History of Demographic Statistics	9
Distribution of Plan Members	10
Assets	12
Actuarial Value of Assets	12
Five-Year Asset Smoothing	13
Risk	14
Maturity	14
Comparative Results	15
APPENDICES	16
Appendix A – Actuarial Methods and Assumptions	16
Appendix B – Summary of Principal Provisions	21
Appendix C – Glossary of Terms	25
PERAC Information Disclosure	26
ASOP 4 Disclosures	27
Breakout of Funding Appropriation to Individual Units	28

Report Summary

This report presents the results of the actuarial valuation of the Bristol County Retirement System as of January 1, 2024. The valuation was performed at the request of the Retirement Board for the purpose of determining the contribution requirements for Fiscal Year 2026 and beyond.

Summary of Results and Experience

- Experience and Funding Schedule

The contribution is set to increase by 5.75% in the first year, \$383,327 greater than the projected FY2026 contribution from the prior valuation. This is followed by 5.75% increases for the remaining years, with the exception of the final year, when it increases by 3.58%. The funding schedule finishes in FY2035, a one-year extension compared to the funding schedule from the 2022 valuation.

The funding ratio (based on Actuarial Value of Assets) remained at 66%.

- Assumptions/methodology:

Benefit changes included a one-time COLA of 5% for FY2023 and an increase in the COLA Base from \$18,000 to \$20,000; the net effect of these changes increased the liability by \$19.7 million. Assumptions and valuation methodology are discussed in Appendix A, on page 16.

Contribution requirements are based on the financial condition of the system as of December 31, 2023, as well as actuarial liability results, which are based on:

- The benefit provisions of M.G.L. Chapter 32 and related statutes;
- The demographics of members in the system (i.e., active and inactive participants, retirees and beneficiaries as of January 1, 2024);
- Economic assumptions regarding salary increases and investment earnings; and
- Other actuarial assumptions (e.g., withdrawals, retirement, death, etc.)

Format of the Report

- The funding schedule is shown on page 3, followed by an explanation of the actuarial results, and the funding schedule components.
- Full actuarial valuation results are shown on page 15, with prior results included for comparison. The Bristol County Retirement Board conducted their previous actuarial valuation effective January 1, 2022.

Development of Funding Schedule

The funding contribution consists of three parts:

- Net Normal Cost: this is the amount of liability generated by active employees earning another year of service, and includes administrative expense.
- Amortization: this is the amount of the Unfunded Liability that will be paid off by this contribution.
- Net 3(8)(c) Payments: these are benefit payments made related to service that a retiree has earned with a different retirement system than they retired from.

The appropriation for Fiscal 2026 is as follows:

Net Employer Normal Cost for Fiscal 2026 (including admin. expenses)	\$ 8,175,830
Net 3(8)(c) Payments	283,408
Amortization	52,043,473
Timing Adjustment*	<u>0</u>
Total Appropriation required for Fiscal 2026	\$ 60,502,711

* Contributions are assumed to be made at the beginning of the fiscal year, to provide a consistent basis for comparison. Individual employers may choose to contribute on a semi-annual basis; both July 1st and semiannual contribution amounts are provided on page 27, where the contribution is broken out by employer.

NOTE: for all tables in this report, totals may not sum due to rounding.

- The schedule's length is ten (10) years which is a one-year extension compared to the 9 years remaining from the schedule in the January 1, 2022 valuation. The maximum funding schedule length allowed by Section 22F of Chapter 32 of the Massachusetts General Laws is fifteen years to Fiscal 2040.
- Bristol County's funding schedule was developed by setting the contribution to increase by 5.75% annually, except for the final year, when it increases by 3.58%

The schedule is shown on the following page.

BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability	Funding		Net 3(8)(c) Payments	Schedule Contribution**	% Change
			Amortization of UAAL	of UAAL			
2026	8,175,830	494,479,672	52,043,473	52,043,473	283,408	60,502,711	5.75%
2027	8,421,105	474,955,259	55,277,104	55,277,104	283,408	63,981,617	5.75%
2028	8,673,738	450,524,500	58,703,414	58,703,414	283,408	67,660,560	5.75%
2029	8,933,950	420,619,936	62,333,684	62,333,684	283,408	71,551,042	5.75%
2030	9,201,969	384,620,291	66,179,850	66,179,850	283,408	75,665,227	5.75%
2031	9,478,028	341,845,813	70,254,542	70,254,542	283,408	80,015,977	5.75%
2032	9,762,369	291,553,230	74,571,120	74,571,120	283,408	84,616,896	5.75%
2033	10,055,240	232,930,295	79,143,720	79,143,720	283,408	89,482,367	5.75%
2034	10,356,897	165,089,888	83,987,299	83,987,299	283,408	94,627,604	5.75%
2035	10,667,604	87,063,630	87,063,630	87,063,630	283,408	98,014,641	3.58%
2036	10,987,632	-	-	-	283,408	11,271,040	-88.50%

Amortization of Unfunded Liability as of July 1, 2025

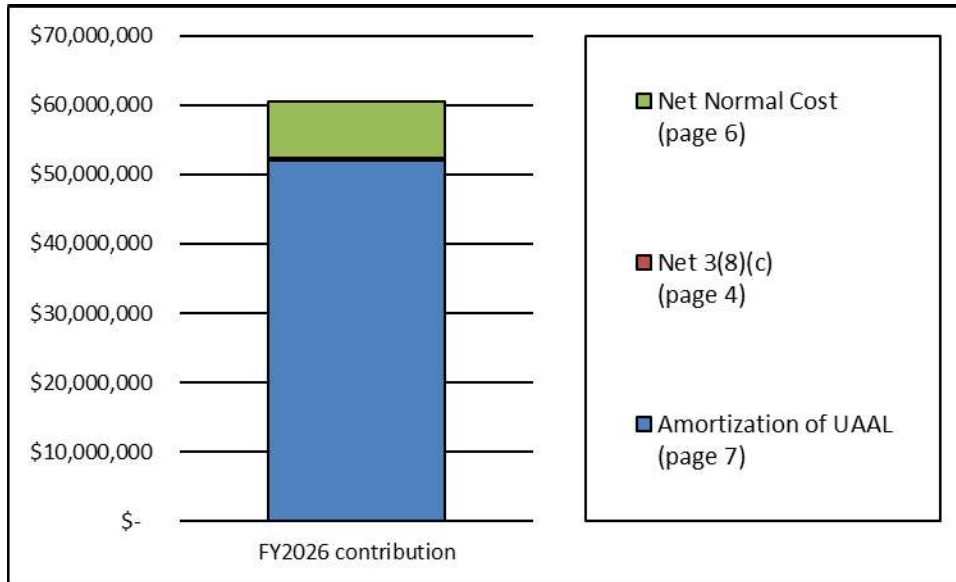
- Amortization of the unfunded actuarial accrued liability: 10 years.

* Contribution is set to be the amount resulting from a 5.75% increase on the prior year's contribution, with 5.75% increases thereafter. The contribution in FY2035 increases by 3.58%.

Components of Funding Appropriation

The funding objective of the plan is to fully fund the system while attempting to maintain a stable contribution amount for the upcoming fiscal year that is consistent with prior funding schedules or if employer finances allow it, to increase the contribution amount. This funding objective is being met.

The following pages discuss the components that make up the contribution, and how they are calculated from the actuarial results.



Net 3(8)(c) Payments

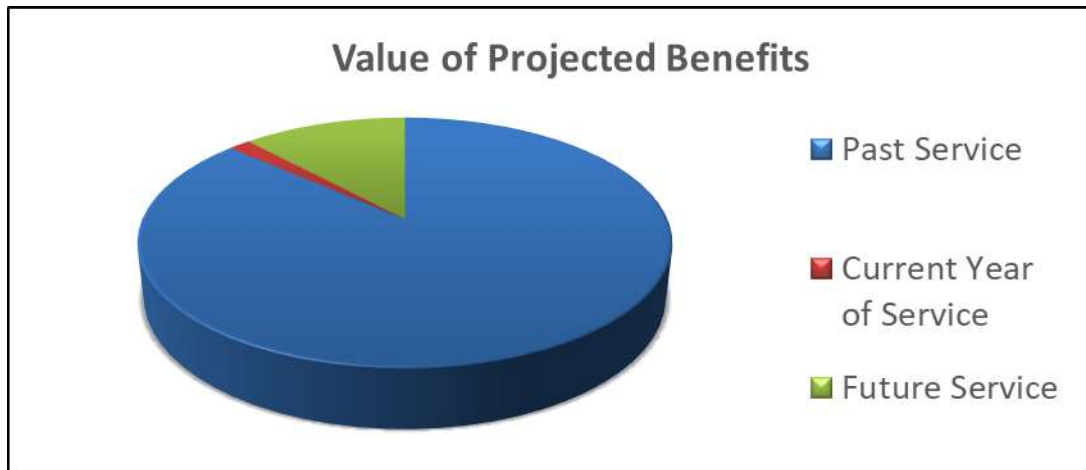
- 3(8)(c) payments are benefits which the Bristol County Retirement System pays to or receives from other retirement boards for service that a retiree had with a different retirement system.
- The net amount is equal to what Bristol County pays out, less what Bristol County receives from other systems, based on the most recent PERAC annual statement:

3(8)(c) payments made to other systems	\$	2,965,248
3(8)(c) payments received from other systems		<u>(2,681,840)</u>
Net payments in funding schedule	\$	283,408

- For the funding schedule, the amount of net payments is assumed to remain level in future years.

Development of Actuarial Results

Actuarial liabilities are calculated based on benefits that members are projected to receive in the future. The value of projected benefits is divided between past service, future service, and the current year of service.



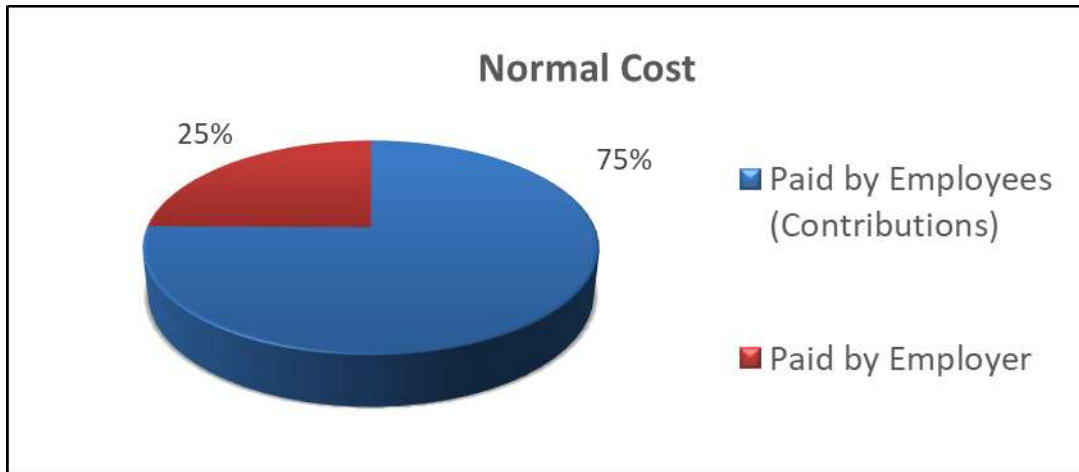
The actuarial funding method (in this case, entry age normal), assigns values to each of these periods of service.

- Past service: The Actuarial Accrued Liability (AAL), is the portion of the benefit value that is associated with past service; this can be thought of as the “price” of benefits already earned by members of the system.
- Current year: The “price” of benefits being earned during the current year is referred to as the Normal Cost (NC). This includes only the actives, as neither inactives nor retirees are earning any additional service.
- Future service: The amount for future service is not included in the liability, as those years of service have not yet been earned.

For retirees, the “past service” amount accounts for the entire value of their benefits; they have completed their careers, and will earn no more service during the current year or any future years.

Net Normal Cost

The entire Normal Cost is not borne by the System; a significant portion is paid by employee contributions. The portion of the Normal Cost not covered by employee contributions is the amount that must be paid through funding appropriations; this is the Net Normal Cost.



The Net Normal Cost as seen in the funding schedule is calculated by adjusting for timing, and adding in the administrative expense. The calculation is shown below, and compared to the covered payroll:

	January 1, 2024	% of Payroll*
Gross Normal Cost (GNC)	\$ 26,126,960	12.6%
Employees Contribution	<u>19,635,153</u>	9.5%
Net Normal Cost (NNC)	\$ 6,491,807	3.1%
Adjustment to beginning of Fiscal Year 2026**	294,311	
Administrative Expense	<u>1,389,711</u>	0.7%
Adjusted Net Normal Cost With Admin. Expense	\$ 8,175,830	

* Payroll paid in 2023 for employees as of January 1, 2024 is \$207,749,387. Payroll for new hires in 2023 was annualized.

** The NNC is adjusted from January 1, 2024 to Fiscal 2026 by rolling it forward with a payroll increase factor of 3.00%.

Unfunded Liability

The Unfunded Actuarial Accrued Liability (UAAL) is the portion of the AAL that is not covered by the value of the plan assets.

This is adjusted from the date of the valuation to the date of the contribution (July 1, 2025) to produce the Unfunded Liability seen in Fiscal Year 2026 in the funding schedule.

The liability results were as follows:

	January 1, 2024
Actuarial Accrued Liability	
a. Active Members	\$ 530,492,244
b. Inactive Members	14,127,868
c. Retired Members and Beneficiaries	<u>895,342,437</u>
d. Total	\$ 1,439,962,549
Unfunded Actuarial Accrued Liability	
a. Actuarial Accrued Liability	\$ 1,439,962,549
b. Less Actuarial Value of Assets	<u>951,036,705</u>
c. Unfunded Actuarial Accrued Liability	\$ 488,925,844
d. Adjustment to FY2026	<u>5,553,828</u>
e. Unfunded Actuarial Accrued Liability as of FY2026	\$ 494,479,672

In developing the funding schedule, we used a “fresh start” approach in which the UAAL (not counting Early Retirement Incentives) is amortized from scratch instead of maintaining the existing amortization amount and separately amortizing gains and losses. This can result in a schedule in which the changes in contribution amounts from year to year are more consistent.

The UAAL and funding ratio are measures of the plan’s funded status, which reflect the plan’s position as of January 1, 2024. We believe these measures, by themselves, are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligations. However, we believe these measures, in conjunction with the plan’s funding schedule and unrecognized gains/losses, are appropriate for assessing the amount of future contributions.

Active Liability by Decrement

An active member can incur liabilities for the Retirement System in one of four ways:

- They can retire (if eligible),
- They can become disabled and collect a disability benefit,
- They can die, or
- They can terminate service, either withdrawing or retaining their Annuity Savings Fund balance

Active members have a portion of their liability associated with each of these four outcomes. The Accrued Liability for active members is divided as follows:

Active Actuarial Accrued Liability	
Superannuation Retirement	\$ 479,215,553
Death	12,130,646
Disability	31,289,034
Withdrawal	<u>7,857,011</u>
TOTAL	\$ 530,492,244

Demographic Results

Actives	
a. Number	3,534
b. Annual Compensation	\$207,749,387
c. Average Annual Compensation	\$58,786
d. Average Attained Age	47.2
e. Average Past Service	10.5
Retired, Disabled and Beneficiaries	
a. Number	2,873
b. Total Benefits (excluding State COLA)	\$85,756,525
c. Average Benefits	\$29,849
d. Average Age	72.6
Inactives	
a. Number	1,024

- Total compensation changed by 11.8% over the prior valuation
 - Average annual compensation changed by 6.0%
 - Salary loss of \$20.5 million compared to projected experience

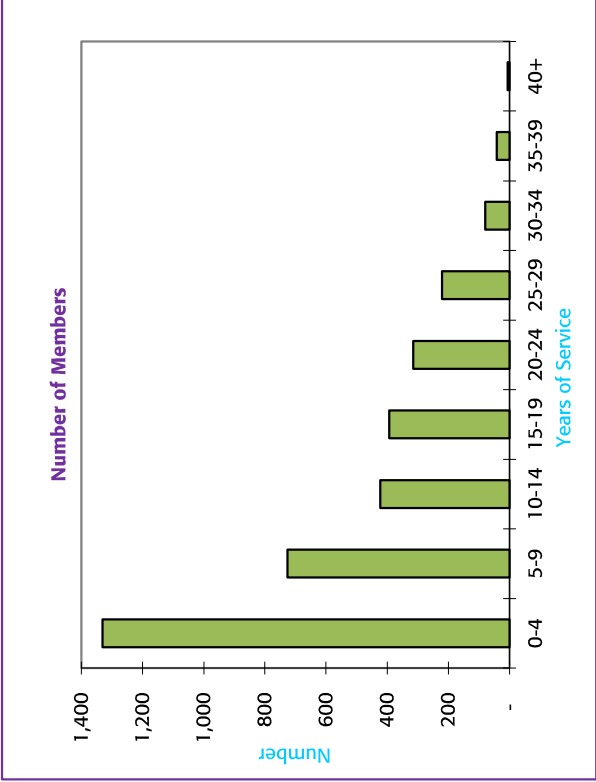
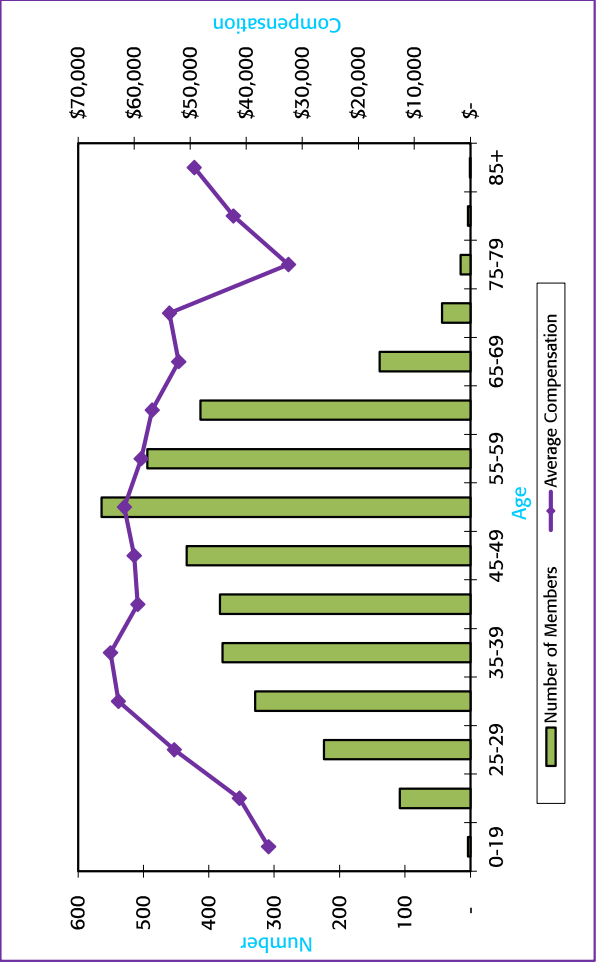
History of Demographic Statistics

Valuation Year	Actives	Average Age	Average Past Service	Average Ann'l Pay
2024	3,534	47.2	10.5	\$58,786
2022	3,349	47.7	11.3	\$55,463
2020	3,319	47.9	11.5	\$52,325
2018	3,220	48.1	11.9	\$51,074
2016	3,193	N/A	N/A	\$47,732
2014	3,119	N/A	N/A	\$45,488
2012	3,246	N/A	N/A	\$42,277
2010	3,334	N/A	N/A	\$40,925

Distribution of Plan Members as of January 1, 2024

ACTIVE MEMBERS

AGE	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 + Years	Total	Total Compensation	Average Compensation
0-19	4	-	-	-	-	-	-	-	-	4	\$ 144,031	\$ 36,008
20-24	108	-	-	-	-	-	-	-	-	108	\$ 4,451,821	\$ 41,221
25-29	204	20	-	-	-	-	-	-	-	224	\$ 11,830,917	\$ 52,817
30-34	174	138	17	-	-	-	-	-	-	329	\$ 20,671,376	\$ 62,831
35-39	153	121	86	19	-	-	-	-	-	379	\$ 24,343,069	\$ 64,230
40-44	161	81	62	65	14	-	-	-	-	383	\$ 22,723,932	\$ 59,331
45-49	162	88	42	56	59	27	-	-	-	434	\$ 26,034,394	\$ 59,987
50-54	164	110	64	69	67	68	22	-	-	564	\$ 34,831,915	\$ 61,759
55-59	107	81	70	75	66	53	27	15	-	494	\$ 29,018,504	\$ 58,742
60-64	59	58	57	78	72	49	18	19	3	413	\$ 23,447,935	\$ 56,775
65-69	19	24	19	21	28	19	3	4	2	139	\$ 7,236,580	\$ 52,062
70-74	9	5	4	8	6	3	6	2	-	43	\$ 2,309,405	\$ 53,707
75-79	6	-	2	1	1	1	1	1	1	15	\$ 486,973	\$ 32,465
80-84	1	-	-	1	-	1	1	-	-	4	\$ 169,234	\$ 42,309
85+	-	-	-	-	-	-	1	-	-	1	\$ 49,300	\$ 49,300
TOTAL	1,331	726	423	393	314	221	79	41	6	3,534	\$ 207,749,387	\$ 58,786



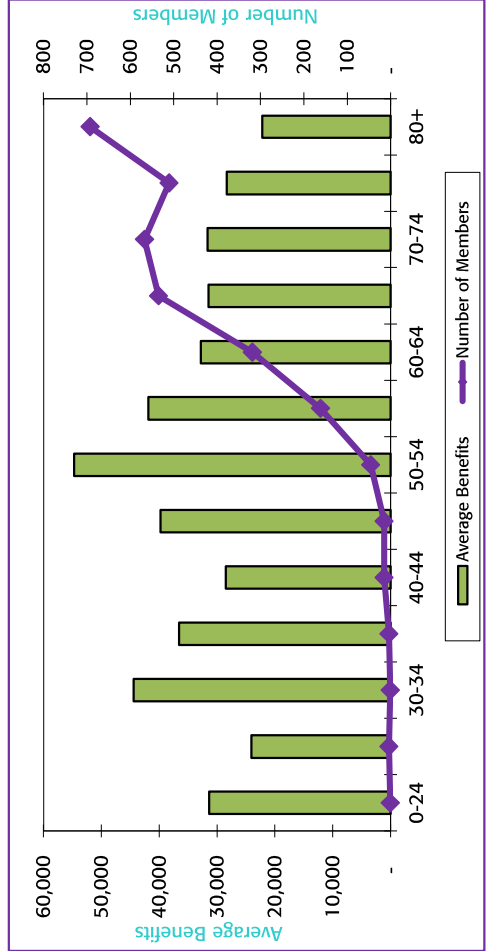
Distribution of Plan Members as of January 1, 2024

RETIRED MEMBERS

Retired Members and Beneficiaries			
Age	Number	Average Benefit	Total Benefit
0-24	1	31,379	31,379
25-29	4	24,081	96,326
30-34	1	44,434	44,434
35-39	2	26,226	52,453
40-44	11	22,425	246,675
45-49	9	33,704	303,337
50-54	25	33,697	842,428
55-59	123	40,217	4,946,709
60-64	278	31,138	8,656,239
65-69	491	30,702	15,074,741
70-74	529	30,810	16,298,643
75-79	482	27,355	13,185,087
80+	660	21,797	14,385,799
TOTAL	2,616	\$ 28,350	\$ 74,164,249

Disabled Members			
Age	Number	Average Benefit	Total Benefit
0-24	-	-	-
25-29	-	-	-
30-34	-	-	-
35-39	2	46,921	93,843
40-44	4	45,102	180,407
45-49	6	48,953	293,719
50-54	21	79,662	1,672,894
55-59	39	47,030	1,834,165
60-64	41	44,248	1,814,157
65-69	44	39,816	1,751,890
70-74	38	43,636	1,658,172
75-79	29	44,549	1,291,916
80+	33	30,337	1,001,113
TOTAL	257	\$ 45,106	\$ 11,592,276

Total			
Age	Number	Average Benefit	Total Benefit
0-24	1	31,379	31,379
25-29	4	24,081	96,326
30-34	1	44,434	44,434
35-39	4	36,574	146,295
40-44	15	28,472	427,082
45-49	15	39,804	597,056
50-54	46	54,681	2,515,322
55-59	162	41,857	6,780,874
60-64	319	32,823	10,470,396
65-69	535	31,452	16,826,631
70-74	567	31,670	17,956,815
75-79	511	28,331	14,477,003
80+	693	22,203	15,386,911
TOTAL	2,873	\$ 29,849	\$ 85,756,525



Benefits shown are net of State reimbursed COLA.

Assets

	Cash	\$	8,382,947.14
	Fixed Income Securities		36,349,029.17
	Equities		92,940,955.37
	Pooled Domestic Equity Funds		32,042,883.24
	Pooled International Equity Funds		149,976,204.19
	Pooled Domestic Fixed Income Funds		12,062,243.18
	Pooled International Fixed Income Funds		32,332,077.74
	Pooled Alternative Investments		396,259,127.09
	Pooled Real Estate Funds		106,279,857.17
	Hedge Funds		<u>28,554,181.13</u>
A	Sub-Total:	\$	895,179,505.42
	Interest Due and Accrued	\$	301,387.17
	Prepaid Expenses		511.35
	Accounts Receivable		4,714,930.59
	Buildings		253,900.00
	Accumulated Depreciation - Buildings		(177,290.67)
	Accounts Payable		<u>(7,443,357.60)</u>
B	Sub-Total:	\$	(2,349,919.16)
	Market Value of Assets [(A) + (B)]	\$	892,829,586.26

- The asset allocation is approximately 22% fixed income, cash, receivables and payables and 78% equities, alternative investments, hedge funds and similar types of investments.
- Annual return in calendar 2022-2023: -1.3% vs. a 7.35% assumption.
 - \$153,986,751 net actuarial asset loss in Calendar Years 2022 through 2023

Actuarial Value of Assets

For its Actuarial Value of Assets (AVA), Bristol County uses a five-year asset smoothing method which recognizes gains and losses over a five-year period. For example, for a gain in 2018, 20% would be recognized in 2019, another 20% in 2020, 2021, and 2022, and the final 20% in 2023.

The AVA is \$951.0 million, \$58.2 million higher than the MVA. The calculation of the smoothed asset value is shown on the following page. The benefit of using an asset smoothing method is that it results in a more stable measure of the financial condition of the Plan.

Five-Year Asset Smoothing

1. Market value of assets including receivable/payable as of 01/01/2024 \$ 892,829,586

2. Phase-in of asset gains and losses

	Plan Year (1)	Original Amount (2)	Percent Unrecognized (3)	Amount Unrecognized (2) x (3)
a.	2023	\$10,189,418	80%	\$8,151,535
b.	2022	(\$164,176,170)	60%	(\$98,505,702)
c.	2021	\$66,038,548	40%	\$26,415,419
d.	2020	\$28,658,144	20%	\$5,731,629
e.	2019	\$60,673,253	0%	\$0
f.	2018	(\$77,085,058)	0%	\$0
g.	Total	(\$75,701,865)		(\$58,207,119)

3. Valuation assets without corridor as of 01/01/2024 \$ 951,036,705
(1. - 2.g.)

4. Corridor Check

a. 80% of Market Value \$ 714,263,669
b. 120% of Market Value \$ 1,071,395,504

5. Valuation assets with corridor as of 01/01/2024 \$ 951,036,705
(3. within Corridor)

6. Calculation of return on valuation assets

a. Valuation assets as of 01/01/2022 \$ 859,531,426
b. ER contribs + EE contribs - Ben Pymts - Expenses \$ (21,033,341)
c. Actual return on valuation assets \$ 112,538,620
5. - (6.a. + 6.b.)
d. Weighted value of valuation assets \$ 849,446,728
e. Return on valuation assets 13.25%
(6.c. / 6.d.)
f. Annualized return on assets 6.42%

Risk

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Plan experience differing from that anticipated by the economic or demographic assumptions,
- Changes in economic or demographic assumptions,
- Increases or decreases expected as part of natural operation of the methodology used for these measurements such as additional contribution requirements based on the plan's funded status,
- Changes in plan provisions or applicable law.

As part of the valuation, we have not performed an analysis of the potential range of future measurements. GASB Statement 67 and 68 reports for the Bristol County Retirement System contain alternate results to measure the impact of increases or decreases in the discount rate.

Maturity

One important concern is the maturity of the system. Systems with a greater portion of their liability stemming from current retirees whose benefits already being paid are likely to experience greater impact from short-term asset experience, as high payouts in the near future leave less of the current assets will be available to benefit from investment returns further in the future.

Between actives and retirees, retirees account for 45% of the population, and 63% of the liability.

Comparative Results

	January 1, 2024	January 1, 2022	Percentage Change
Funding			
Contribution for Fiscal 2026	\$60,502,711	\$60,119,384	0.6%
Members			
■ Actives			
a. Number	3,534	3,349	5.5%
b. Annual Compensation	\$207,749,387	\$185,745,173	11.8%
c. Average Annual Compensation	\$58,786	\$55,463	6.0%
d. Average Attained Age	47.2	47.7	-1.1%
e. Average Past Service	10.5	11.3	-7.0%
■ Retired, Disabled and Beneficiaries			
a. Number	2,873	2,743	4.7%
b. Total Benefits*	\$85,756,525	\$75,354,846	13.8%
c. Average Benefits*	\$29,849	\$27,472	8.7%
d. Average Age	72.6	72.5	0.2%
■ Inactives			
a. Number	1,024	838	22.2%
Normal Cost			
a. Total Normal Cost as of January 1, 2024	\$ 26,126,960	\$ 23,428,028	11.5%
b. Less Expected Members' Contributions	<u>19,635,153</u>	<u>17,404,270</u>	12.8%
c. Normal Cost to be funded by the Municipality	\$ 6,491,807	\$ 6,023,758	7.8%
d. Adjustment to July 1, 2025	294,311	273,092	7.8%
e. Administrative Expense Assumption	<u>1,389,711</u>	<u>1,220,179</u>	13.9%
f. Normal Cost Adjusted to July 1, 2025	\$ 8,175,830	\$ 7,517,029	8.8%
Actuarial Accrued Liability			
a. Active Members	\$ 530,492,244	\$ 502,202,574	5.6%
b. Inactive Members	14,127,868	11,991,258	17.8%
c. Retired Members and Beneficiaries	<u>895,342,437</u>	<u>786,238,774</u>	13.9%
d. Total	\$1,439,962,549	\$ 1,300,432,606	10.7%
Unfunded Actuarial Accrued Liability			
a. Actuarial Accrued Liability	\$1,439,962,549	\$ 1,300,432,606	10.7%
b. Less Actuarial Value of Assets	<u>951,036,705</u>	<u>859,531,426</u>	10.6%
c. Unfunded Actuarial Accrued Liability (UAAL)	\$ 488,925,844	\$ 440,901,180	10.9%
d. Adjustment to FY2026	<u>5,553,828</u>	<u>5,016,072</u>	
e. UAAL as of FY2026	\$ 494,479,672	445,917,252	

* Excluding State reimbursed COLA

APPENDICES

Appendix A – Actuarial Methods and Assumptions

All assumptions and methodologies were either set by statute or selected by the Bristol County Retirement Board in conjunction with guidance provided by Stone Consulting, Inc.

Stone Consulting, Inc. was furnished member and financial data by the Bristol County Retirement System's administrative staff. Although examined under broad parameters for reasonableness, the data was not audited by the actuary. With the assistance of the staff of the Bristol County Retirement Board, we were able to develop a database sufficient for valuation purposes.

ASSUMPTION AND METHODOLOGY CHANGES SINCE PRIOR VALUATION

Two changes were made to the provisions regarding COLA Increases:

- One-time 5% increase for FY2023
 - This increased the liability by \$6.9 million
- Base increase from \$18,000 to \$20,000
 - This increased the liability by \$12.8 million

All other assumptions and methods were maintained from the prior valuation.

ACTUARIAL METHODS

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method has been used in this valuation. Under this method, the normal cost is the amount calculated as the level percentage of compensation necessary to fully fund the prospective benefits from each member's entry age to retirement age.

The actuarial accrued liability represents the theoretical accumulation of all prior years' normal costs for the plan members as if the program had always been in effect. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over plan assets. The use of the Entry Age Normal actuarial funding method is consistent with the requirements of Chapter 32 of the Massachusetts General Laws.

Asset Valuation Method

Market Value of Assets, adjusted for payables and receivables, adjusted to phase in investment gains compared to the expected market value and losses evenly over five years (shown on page 13). The asset valuation method adjusts the results to no less than 80% and no more than 120% of the market value of assets adjusted for payables and receivables.

Fiscal Year Adjustment

The actuarial results are adjusted by the valuation interest rate and salary scale to the beginning of Fiscal Year 2026. The unfunded actuarial accrued liability is rolled forward with normal cost and further adjusted by anticipated contributions and interest.

Actuarial Methods and Assumptions (Continued)

ACTUARIAL ASSUMPTIONS

Valuation Date

January 1, 2024.

Investment Return

7.35% per year net of investment expenses. The investment return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns, and professional judgement.

Regular Interest Rate Credited to Annuity Savings Account

2% per year.

Cost-of-Living Increases

A 3% COLA on the first \$20,000 of a member's retirement allowance is assumed to be granted every year. Prior valuation reflected a COLA Base of \$18,000.

Salary Increases

Employees are assumed to receive the following pay increases by year of service:

- Years 0-1: 5.50%
- Year 2: 4.00%
- Years 3-4: 3.50%
- Years 5-7: 3.00%
- Years 8+: 2.75%

Total payroll is assumed to increase at 3.00% per year. The salary increase assumption reflects prior experience, current expectations, and professional judgement.

Credited Service

All service is assumed to be due to employment with the system.

Actuarial Methods and Assumptions (Continued)

Net 3(8)(c)

Net 3(8)(c) payments are assumed to be the same level as the past calendar year for all future years.

Contribution Timing

Contributions are assumed to be made at the beginning of the fiscal year. Amounts for both annual and semiannual payments are available in the breakouts on page 27.

In-Service Disability and Death

Both Disability and In-Service Death are assumed to be 35% ordinary and 65% accidental for Group 1 and 2, and 5% ordinary and 95% accidental for Group 4.

Mortality

RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (sex-distinct). During employment the healthy employee mortality table is used. Post-employment the healthy annuitant table is used.

Mortality for disabled retirees follows the same table as non-disabled retirees, set forward 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.

This assumption is consistent with the prior valuation.

Actuarial Methods and Assumptions (Continued)

Withdrawal Prior to Retirement

The rates shown at the following sample ages illustrate the withdrawal assumption. Withdrawal rates are set to zero if the retirement rate at that age is nonzero.

Rate of Withdrawal

Service	Group 1 and 2	Group 4
0	15%	1.5%
1	12%	1.5%
2	10%	1.5%
3	9%	1.5%
4	8%	1.5%
5	7.6%	1.5%
10	5.4%	1.5%
15	3.3%	0.0%
20	2.0%	0.0%
25	1.0%	0.0%
30+	0.0%	0.0%

Disability Prior to Retirement

The rates shown at the following sample ages illustrate the assumption regarding the incidence of disability:

Rate of Disability

Age	Group 1 and 2	Group 4
20	0.01%	0.10%
25	0.02%	0.20%
30	0.03%	0.30%
35	0.06%	0.30%
40	0.10%	0.30%
45	0.15%	1.00%
50	0.19%	1.25%
55	0.24%	1.20%
60	0.28%	0.85%

Actuarial Methods and Assumptions (Continued)

Rates of Retirement

The rates shown at the following ages illustrate the assumption regarding the incidence of retirement, once the member has achieved 10 years of service:

Age	Group 1 & 2 Male	Group 1 & 2 Female	Group 4	Hired after 4/1/2012		
				Group 1 & 2 Male	Group 1 & 2 Female	Group 4
50	1%	1.5%	2%	0%	0%	0%
51	1%	1.5%	2%	0%	0%	0%
52	1%	2.0%	2%	0%	0%	0%
53	1%	2.5%	2%	0%	0%	0%
54	2%	2.5%	7.5%	0%	0%	0%
55	2%	5.5%	15%	0%	0%	10%
56	2.5%	6.5%	10%	0%	0%	7%
57	2.5%	6.5%	10%	0%	0%	20%
58	5%	6.5%	10%	0%	0%	10%
59	6.5%	6.5%	15%	0%	0%	15%
60	12%	5%	20%	25%	30%	20%
61	20%	13%	20%	20%	13%	20%
62	30%	15%	25%	30%	15%	25%
63	25%	12.5%	25%	25%	12.5%	25%
64	22%	18%	30%	22%	18%	30%
65	40%	15%	100%	40%	15%	100%
66	25%	20%	N/A	25%	20%	N/A
67	25%	20%	N/A	25%	20%	N/A
68	30%	25%	N/A	30%	25%	N/A
69	30%	20%	N/A	30%	20%	N/A
70	100%	100%	N/A	100%	100%	N/A

Family Composition

Members assumed married with 2 dependent children – one male and one female both age 15; age difference between member and spouse assumed to be 3 years (the male being the older).

Administrative Expenses

Estimated budgeted amount of \$1,389,711 for the Fiscal Year 2026 is added to the Normal Cost. The administrative expense does not include investment manager and custodial fees. These fees are considered part of the discount rate assumption that is net of fees.

Appendix B – Summary of Principal Provisions

1. PARTICIPANT

Participation is mandatory for all full-time employees whose employment commences before age 65. There are three classes of members in the retirement system:

- **Group 1:** general employees
- **Group 2:** employees in specified hazardous occupations (e.g., electricians)
- **Group 4:** police and firefighters

2. MEMBER CONTRIBUTIONS

Member contributions vary depending upon date hired as follows:

Date of Hire	Member Contribution Rate
Prior to 1975	5% of Pay
1975 – 1983	7% of Pay
1984 – June 30, 1996	8% of Pay
After June 30, 1996	9% of Pay

Members hired after 1978 contribute an additional 2% of pay over \$30,000.

3. PAY

a. Pay

Gross regular compensation excluding bonuses, overtime, severance pay, unused sick pay, and other similar compensation.

b. Average Pay

The average of pay during the three consecutive years that produce the highest average or, if greater, during the last three years (whether or not consecutive) preceding retirement. For members hired after April 1, 2012, five-year averages will be used.

4. CREDITED SERVICE

Period during which an employee contributes to the retirement system plus certain periods of military service and “purchased” service.

Summary of Principal Provisions (Continued)

5. SERVICE RETIREMENT

a. Eligibility

Hired prior to April 2, 2012:

- Attainment of age 55 and completion of ten years of credited service,
- or at any age with completion of 20 years of service.
- If hired prior to 1978 or a member of Group 4, the completion of ten years of service is not required.

Hired after April 1, 2012:

- Group 1 – Age 60 and Completion of 10 years of credited service;
- Group 2 – Age 55 and completion of 10 years of service;
- Group 4 – Age 55.

b. Retirement Allowance

Determined as the product of the member's benefit percentage, average pay and credited service, where the benefit percentage is shown below (maximum allowance of 80% of average pay):

Benefit Percentage	Group 1	Group 2	Group 4
2.5%	65+	60+	55+
2.4	64	59	54
2.3	63	58	53
2.2	62	57	52
2.1	61	56	51
2.0	60	55	50
1.9	59	N/A	49
1.8	58	N/A	48
1.7	57	N/A	47
1.6	56	N/A	46
1.5	55	N/A	45
Hired after April 1, 2012*			
2.5%	67+	62+	57+
2.35	66	61	56
2.20	65	60	55
2.05	64	59	54
1.90	63	58	53
1.75	62	57	52
1.60	61	56	51
1.45	60	55	50

*Reduction is .125% for each year early instead of .15% per year for employees with over 30 years of service.

In addition, veterans receive an additional \$15 per year for each year of credited service up to 20 years.

Summary of Principal Provisions (Continued)

6. DEFERRED VESTED RETIREMENT

a. Eligibility

Completion of 10 years of credited service (for elected and appointed members, 6 years in the event of involuntary termination).

b. Retirement Allowance

Determined in the same manner as "Service Retirement" section above with the member eligible to start collecting a benefit at age 55, (or age 57 for post-April 1, 2012 hires) or defer until later at his or her discretion. If a member chooses, his or her contributions with interest may be withdrawn. The amount of interest he or she will receive depends on length of service and whether or not the termination of employment was voluntary.

7. ORDINARY DISABILITY RETIREMENT

a. Eligibility

Non-job related disability after completion of 10 years of credited service.

b. Retirement Allowance

Determined in the same manner as "Service Retirement" section and calculated as if the member had attained age 55 (or age 57 for those hired after April 1, 2012), if younger. Veterans receive 50% of pay (during final year) plus an annuity based on accumulated member contributions with interest.

8. ACCIDENTAL DISABILITY RETIREMENT

a. Eligibility

Disabled as a result of an accident in the performance of duties. No age or service requirement.

b. Retirement Allowance

72% of pay plus an annuity based on accumulated member contributions with interest. Also, a dependent's allowance per year for each child. Total allowance not to exceed 100% of pay (75% for members hired after 1987).

Summary of Principal Provisions (Continued)

9. NON-OCCUPATIONAL DEATH

a. Eligibility

Dies while in active service, but not due to occupational injury. 2 years of service.

b. Retirement Allowance

Benefit as if Option C had been elected (see below) and member had attained age 55 (or age 57 for those hired after April 1, 2012) if younger.

Minimum monthly benefits provided as follows:

- spouse - \$500,
- first child - \$120,
- each additional child - \$90

10. OCCUPATIONAL DEATH

a. Eligibility

Dies as a result of an occupational injury.

b. Benefit Amount

72% of pay plus refund of annuity savings fund balance. In the case of an accidental disability retiree who dies of the same cause, the beneficiary receives 72% of the last 12 months salary or the current pension amount, whichever is greater.

11. COST-OF-LIVING INCREASES

An increase of up to 3% applied to the first \$20,000 of annual benefit. Funded by the Employer from Fiscal Year 1999. Percentage increase is voted on each year by the Retirement Board. Cost-of-living increases granted during Fiscal Year 1982 through Fiscal 1998 are reimbursed by the Commonwealth.

12. OPTIONAL FORMS OF PAYMENT

- Option A: Allowance payable monthly for the life of the member.
- Option B: Allowance payable monthly for the life of the member with a guarantee of remaining member contributions with interest.
- Option C: Allowance payable monthly for the life of the member with 66-2/3% continuing to the member's beneficiary upon the member's death. If the beneficiary predeceases the member, the allowance amount "pops up" to the non-reduced amount.

Appendix C – Glossary of Terms

- **Actuarial Accrued Liability**
The portion of the Present Value of Benefits that is attributable to past service.
- **Actuarial Value of Assets**
The value of assets based on the asset valuation method shown in the Actuarial Methods and Assumptions section of this report.
- **Actuarial Assumptions**
Estimates are made as to the occurrence of certain events that determine the level of benefits to be paid and how long they will be provided. The more important actuarial assumptions include the investment return on assets, salary increases and the rates of turnover, disability, retirement and mortality.
- **Actuarial Cost Method**
The procedure that is used to allocate the present value of benefits between the liability that is attributable to past service (Actuarial Accrued Liability) and that attributable to future service.
- **Funding Ratio**
The percentage of the accrued liability that is covered by the Actuarial Value of Assets.
- **GASB**
Government Accounting Standards Board (issues guidance for disclosure of retirement system liabilities).
- **Normal Cost**
The portion of the Present Value of Benefits that is attributable to benefits to be earned in the coming year.
- **PERAC**
Public Employee Retirement Administration Commission, a division of the State government which has regulatory authority over the administration of the retirement system.
- **Present Value of Benefits**
Represents the dollar value today of all benefits expected to be earned by current members if all actuarial assumptions are exactly realized.
- **PRIT**
Pension Reserves Investment Trust Fund is the state controlled and administered fund for the investment of assets for members of the retirement system.
- **Unfunded Actuarial Accrued Liability**
That portion of the Actuarial Accrued Liability not covered by System Assets.

PERAC Information Disclosure

The most recent actuarial valuation of the System was prepared by Stone Consulting, Inc. as of January 1, 2024

The normal cost for employees on that date was:	\$19,635,153	9.5% of payroll
The normal cost for the employer was:	\$6,491,807	3.1% of payroll

The actuarial liability for active members was:	\$530,492,244
The actuarial liability for retired members was (includes inactive):	\$909,470,305
Total actuarial accrued liability:	\$1,439,962,549
System assets as of that date (\$892,829,586.26 Market Value):	\$951,036,705
Unfunded actuarial accrued liability:	\$488,925,844

The ratio of system's assets to total actuarial liability was: 66%

As of that date the total covered employee payroll was: \$207,749,387

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 7.35% per annum
Rate of Salary Increase: Select and ultimate (2.75% ultimate rate)

SCHEDULE OF FUNDING PROGRESS (Dollars in \$000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2024	\$951,037	\$1,439,963	\$488,926	66%	\$207,749	235%
1/1/2022	\$859,531	\$1,300,433	\$440,901	66%	\$185,745	237%
1/1/2020	\$725,798	\$1,207,908	\$482,110	60%	\$173,667	278%
1/1/2018	\$672,173	\$992,656	\$320,483	68%	\$164,457	195%
1/1/2016	\$596,532	\$908,025	\$311,493	66%	\$152,407	204%

ASOP 4 Disclosures

LDROM

In compliance with ASOP 4 Section 3.11, we have calculated a Low Default Risk Obligation Measure (LDROM) for projected benefits. These benefits were discounted using the FTSE Pension Liability Index, which includes yields from hypothetical AA zero coupon bonds with maturities from 6 months to 30 years. This calculation yielded a single equivalent discount rate of 4.82%.

Based on this discount rate, the LDROM of the Entry Age Actuarial Accrued Liability is \$1,926,375,725. All other assumptions and methods used in calculating the LDROM are consistent with those applied in this valuation.

Based on the assumptions and methods used, the LDROM reflects the liability that would have to be funded if the Trust were invested entirely in assets corresponding to the FTSE Index. The difference between the two measures reflects the anticipated value of taking on investment risk by investing in securities which have historically experienced both greater returns and greater volatility than the assets represented by the FTSE rates. The use of a higher discount rate for pension funding to reflect higher projected returns results in a reduction in the required funding levels for the Plan, but this being realized is contingent on future asset performance; lower than expected returns will result in increased required contributions, while higher than expected returns could produce surpluses that reduce future contribution requirements.

RADC

In accordance with ASOP 4 Section 3.21, pension obligation valuations must include a "reasonable" Actuarially Determined Contribution (ADC). An ADC is deemed reasonable if it either funds accrued liabilities within an acceptable time frame or annually reduces the unfunded liability by a reasonable amount.

The funding schedule in this valuation meets these criteria by aiming to accumulate assets adequate to make benefit payments when due. The funding contribution for FY2026 aligns with these standards and qualifies as a reasonable Actuarially Determined Contribution.

Breakout of FY2026 and FY2027 Appropriation

Unit Name	FY2026 Appropriation		FY2027 Appropriation	
	July 1st	Semiannual	July 1st	Semiannual
County of Bristol	\$ 1,933,753	\$ 2,010,893	\$ 2,050,842	\$ 2,131,987
Town of Acushnet	\$ 1,855,166	\$ 1,888,057	\$ 1,962,149	\$ 1,996,936
Acushnet Housing Authority	\$ 43,765	\$ 44,541	\$ 45,968	\$ 46,783
Town of Berkley	\$ 997,841	\$ 1,015,532	\$ 1,055,945	\$ 1,074,666
Town of Dartmouth	\$ 6,867,275	\$ 6,989,026	\$ 7,276,666	\$ 7,405,676
Dartmouth Housing Authority	\$ 127,931	\$ 130,199	\$ 135,916	\$ 138,326
Dartmouth Fire District #3	\$ 299,508	\$ 304,818	\$ 314,391	\$ 319,965
Dartmouth Fire District #2	\$ 84,682	\$ 86,183	\$ 88,275	\$ 89,840
Dartmouth Fire District #1	\$ 90,718	\$ 92,326	\$ 96,143	\$ 97,848
Town of Dighton	\$ 1,160,890	\$ 1,181,472	\$ 1,227,490	\$ 1,249,252
Dighton Housing Authority	\$ 17,327	\$ 17,634	\$ 18,443	\$ 18,770
Dighton-Rehoboth Regional School District	\$ 1,204,425	\$ 1,225,779	\$ 1,272,143	\$ 1,294,697
Dighton Water District	\$ 183,287	\$ 186,537	\$ 194,740	\$ 198,193
North Dighton Fire District	\$ -	\$ -	\$ -	\$ -
Town of Easton	\$ 6,659,709	\$ 6,777,780	\$ 7,049,492	\$ 7,174,474
Easton Housing Authority	\$ 117,554	\$ 119,638	\$ 124,616	\$ 126,825
Town of Freetown	\$ 1,679,402	\$ 1,709,176	\$ 1,775,852	\$ 1,807,336
Freetown-Lakeville Regional School District	\$ 1,200,169	\$ 1,221,447	\$ 1,268,968	\$ 1,291,466
Town of Mansfield	\$ 7,323,386	\$ 7,453,224	\$ 7,746,517	\$ 7,883,858
Mansfield Housing	\$ 94,622	\$ 96,300	\$ 99,878	\$ 101,649
Bristol County Mosquito Control	\$ 181,525	\$ 184,743	\$ 193,093	\$ 196,516
Town of Norton	\$ 4,510,572	\$ 4,590,541	\$ 4,771,187	\$ 4,855,776
Norton Housing Authority	\$ 53,878	\$ 54,833	\$ 57,092	\$ 58,104
Town of Raynham	\$ 2,981,736	\$ 3,034,600	\$ 3,154,755	\$ 3,210,686
Raynham Housing Authority	\$ 41,528	\$ 42,264	\$ 43,990	\$ 44,770
Raynham Water District	\$ 183,804	\$ 187,063	\$ 196,101	\$ 199,578
Town of Rehoboth	\$ 1,559,214	\$ 1,586,858	\$ 1,644,949	\$ 1,674,113
Town of Seekonk	\$ 4,025,788	\$ 4,097,162	\$ 4,251,757	\$ 4,327,137
Seekonk Housing Authority	\$ 28,649	\$ 29,157	\$ 30,347	\$ 30,885
Seekonk Water District	\$ 160,067	\$ 162,905	\$ 169,695	\$ 172,704
Town of Somerset	\$ 4,801,679	\$ 4,886,809	\$ 5,079,666	\$ 5,169,725
Somerset Housing Authority	\$ 78,049	\$ 79,433	\$ 82,974	\$ 84,445
Town of Swansea	\$ 2,986,103	\$ 3,039,044	\$ 3,157,799	\$ 3,213,784
Swansea Housing Authority	\$ 33,895	\$ 34,496	\$ 36,007	\$ 36,645
Swansea Water District	\$ 141,876	\$ 144,391	\$ 151,170	\$ 153,850
Town of Westport	\$ 3,815,090	\$ 3,882,729	\$ 4,035,959	\$ 4,107,513
Westport Housing Authority	\$ 19,578	\$ 19,925	\$ 20,673	\$ 21,040
Somerset Berkley Schools	\$ 476,951	\$ 485,407	\$ 504,331	\$ 513,272
SE MA Regional Emergency Comm District	\$ 23,833	\$ 24,256	\$ 26,413	\$ 26,881
North Raynham Water District	\$ 40,212	\$ 40,925	\$ 43,173	\$ 43,938
Subtotal	\$ 58,085,437	\$ 59,158,103	\$ 61,455,565	\$ 62,589,911
Sheriff's Unfunded Liability	\$ 2,417,274	N/A	\$ 2,526,051	N/A
TOTAL	\$ 60,502,711	\$ 61,575,377	\$ 63,981,616	\$ 65,115,962