

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Brookline 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 bimonthly between July 1 and December 31 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 revised schedule reflects a reduction in the investment return assumption from 7.20% to 6.90%, a slight adjustment to the fully generational mortality assumption, and an increase in the COLA base to \$15,000.

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

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Funding Schedule for 2022

We have prepared the following funding schedule for the Board's consideration. This schedule reflects the assumption changes noted previously and the increase in the COLA base to \$15,000. The fiscal 2023 appropriation is set equal to the budgeted amount of \$31,887,088. Due to the prior year's gain, the appropriation in 2030 is much lower than the prior schedule even with the assumption updates and increased COLA base.

(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 Accrued Liability at Beginning of Fiscal Year	(7) Percent increase in ADC over prior year
2023	\$6,142,352	\$6,034	\$25,738,702	\$31,887,088	\$194,533,979	--
2024	6,379,492	6,306	28,004,426	34,390,224	180,890,970	7.85%
2025	6,625,743	6,590	30,457,524	37,089,857	163,924,316	7.85%
2026	6,881,451	6,886	33,113,074	40,001,411	143,207,683	7.85%
2027	7,146,980	7,196	35,987,346	43,141,522	118,269,469	7.85%
2028	7,422,704	7,520	39,097,907	46,528,131	88,588,424	7.85%
2029	7,709,014	7,858	42,463,717	50,180,589	53,588,864	7.85%
2030	8,006,313	8,212	12,839,776	20,854,301	12,635,449	-58.44%
2031	8,315,023	0	0	8,315,023	0	-60.13%

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 bimonthly between July 1 and December 31.

Item (2) reflects 3.5% 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.

Item (3) increases at 4.50% per year.

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.