

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

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

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

## MEMORANDUM

TO: Chelsea Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 4, 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 average, on August 1 of each fiscal year. The schedule is effective in FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

The revised schedule reflects a slight adjustment to the fully generational mortality assumption. Also, the schedule reflects a \$15,000 COLA base. The Board adopted an increase in the COLA base to \$15,000, but at this time, the City Council has not approved the increase in the COLA base.

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

JWP/jfb

P:\actuarial\APPROP\Aprop24\chelsea approval.docx

Enc.



**Chelsea Retirement System  
January 1, 2023 Actuarial Valuation**

4.0% Increasing Amortization of UAL to FY27

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Total Cost Increases</u>
2024	5,150,676	350,000	10,439,122	10,290	15,950,088	40,509,849	
2025	5,382,456	350,000	11,097,379	10,753	16,840,589	32,227,331	5.58%
2026	5,624,667	350,000	11,541,275	11,237	17,527,178	22,664,155	4.08%
2027	5,877,777	350,000	12,002,926	11,743	18,242,445	11,958,736	4.08%
2028	6,142,277	350,000		12,271	6,504,548	12,202	-64.34%
2029	6,418,679	350,000			6,768,679	0	4.06%

Appropriation payments assumed to be made August 1 of each fiscal year.

Normal cost includes expenses of \$1,250,000 and is assumed to increase 4.5% per year.

FY24 amount maintained at level of current funding schedule.