

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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

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MEMORANDUM

TO: Dedham Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2021
DATE: December 10, 2019

Required Fiscal Year 2021 Appropriation: **\$4,265,682**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2021 which commences July 1, 2020.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2021 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal Consulting as part of their January 1, 2019 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2022.

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

JWP/jfb
Attachments

cc: Board of Selectmen
Town Meeting
c/o Town Clerk

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Dedham Retirement Board

Projected Appropriations

Fiscal Year 2021 - July 1, 2020 to June 30, 2021

Aggregate amount of appropriation: **\$4,265,682**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2021	\$8,267,924	\$4,265,682	\$0	\$4,265,682	\$4,265,682	\$0	\$4,002,242
FY 2022	\$8,486,893	\$4,663,243	\$0	\$4,663,243	\$4,663,243	\$0	\$3,823,650
FY 2023	\$8,711,659	\$5,097,858	\$0	\$5,097,858	\$5,097,858	\$0	\$3,613,801
FY 2024	\$8,942,373	\$5,256,285	\$0	\$5,256,285	\$5,256,285	\$0	\$3,686,088
FY 2025	\$9,179,193	\$5,419,456	\$0	\$5,419,456	\$5,419,456	\$0	\$3,759,737

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

EXHIBIT E – DEPARTMENT RESULTS AS OF JANUARY 1, 2019

	Housing	All other	Total
1 Participant counts			
a) Active employees	15	438	453
b) Inactive members entitled to a return of their employee contributions	1	131	132
c) Inactive members with a vested right to a deferred or immediate benefit	1	13	14
d) Retired members	<u>10</u>	<u>318</u>	<u>328</u>
e) Total members: (a) + (b) + (c) + (d)	27	900	927
2 Total payroll	\$986,677	\$24,313,714	\$25,300,391
3 Normal cost			
a) Total normal cost	\$100,304	\$2,987,536	\$3,087,840
b) Administrative expenses	8,933	266,067	275,000
c) Expected employee contributions	<u>-99,440</u>	<u>-2,476,182</u>	<u>-2,575,622</u>
d) Employer normal cost: (a) + (b) + (c)	\$9,797	\$777,421	\$787,218
4 Actuarial accrued liability	5,742,184	169,818,495	175,560,679
5 Actuarial value of assets	<u>4,315,419</u>	<u>138,979,547</u>	<u>143,294,966</u>
6 Unfunded actuarial accrued liability: (4) - (5)	\$1,426,765	\$30,838,948	\$32,265,713
7 Employer normal cost projected to July 1, 2019	9,943	788,996	798,939
8 Projected unfunded actuarial accrued liability	1,477,580	31,937,301	33,414,881
9 Payment on projected unfunded actuarial accrued liability	227,103	2,875,972	3,103,075
10 Budgeted contribution for fiscal 2020: (7) + (8) + (9)	237,046	3,664,968	3,902,014
11 Actuarially Determined Contribution for fiscal 2021	162,421	4,103,261	4,265,682
12 Actuarially Determined Contribution for fiscal 2022	179,157	4,484,086	4,663,243

Notes: Administrative expenses allocated in proportion to total normal cost.

Actuarial value of assets allocated in proportion to actuarial accrued liability and adjusted for additional contributions made by the Town (the value of the additional contributions was \$11,617,384 as of December 31, 2017 as determined by the prior actuary and \$11,355,993 as of December 31, 2018).

Actuarially Determined Contributions are assumed to be paid July 1.

Fiscal 2021 and 2022 Actuarially Determined Contributions equal to the sum of projected employer normal cost plus the amortization of the unfunded liability allocated in proportion to the unfunded actuarial accrued liability.