

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Framingham Retirement Board

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

RE: Approval of Funding Schedule

DATE: September 12, 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 (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 7.25% to 7.0% and an adjustment to the fully generational mortality assumption. The schedule also reflects an increase in the COLA base to \$16,000.

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

JWP/jfb

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Alternative 2b
 7.0% Investment Return
 5.5% Total Cost Increasing
 \$16,000 COLA Base

**Framingham Retirement System
 January 1, 2022 Actuarial Valuation**

Total cost increases 5.5% per year until FY29 with a final amortization payment in FY30

| <u>Fiscal Year</u> | <u>Normal Cost</u> | <u>Net 3(8)(c)</u> | <u>Amort. of UAL</u> | <u>Total Cost</u> | <u>Unfunded Act. Liab.</u> | <u>Change in Cost</u> |
|--------------------|--------------------|--------------------|----------------------|-------------------|----------------------------|-----------------------|
| 2023 | 6,898,236 | 200,000 | 14,114,519 | 21,212,755 | 101,809,322 | |
| 2024 | 7,208,656 | 200,000 | 14,970,800 | 22,379,457 | 93,833,439 | 5.50% |
| 2025 | 7,533,046 | 200,000 | 15,877,281 | 23,610,327 | 84,383,024 | 5.50% |
| 2026 | 7,872,033 | 200,000 | 16,836,862 | 24,908,895 | 73,301,145 | 5.50% |
| 2027 | 8,226,274 | 200,000 | 17,852,609 | 26,278,884 | 60,416,783 | 5.50% |
| 2028 | 8,596,457 | 200,000 | 18,927,766 | 27,724,222 | 45,543,666 | 5.50% |
| 2029 | 8,983,297 | 200,000 | 20,065,757 | 29,249,055 | 28,479,013 | 5.50% |
| 2030 | 9,387,546 | 200,000 | 9,002,183 | 18,589,729 | 9,002,183 | -36.44% |
| 2031 | 9,809,985 | 200,000 | | 10,009,985 | 0 | -46.15% |

Appropriation payments assumed to be made on July 1 of each fiscal year
 Normal cost assumed to increase 4.5% per year
 Assumed expenses of \$1,100,000
 FY23 amount maintained at level of current funding schedule