

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Gloucester Retirement Board

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

RE: Approval of Funding Schedule

DATE: October 6, 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.

This schedule reflects a reduction in the investment return assumption from 7.25% to 7.0% and a revision to the fully generational mortality assumption.

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

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Section 2: Actuarial Valuation Results

Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) UAL at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2023	\$2,407,456	\$10,031,088	\$12,438,544	\$113,334,274	--
2024	2,488,111	10,796,254	13,284,365	110,534,409	6.80%
2025	2,571,451	11,616,251	14,187,702	106,719,826	6.80%
2026	2,657,566	12,494,900	15,152,466	101,760,825	6.80%
2027	2,746,548	13,436,286	16,182,834	95,514,540	6.80%
2028	2,838,490	14,444,777	17,283,267	87,823,732	6.80%
2029	2,933,491	15,525,038	18,458,529	78,515,482	6.80%
2030	3,031,655	16,682,054	19,713,709	67,399,775	6.80%
2031	3,133,083	17,921,158	21,054,241	54,267,961	6.80%
2032	3,237,884	19,248,045	22,485,929	38,891,079	6.80%
2033	3,346,171	20,668,801	24,014,972	21,018,046	6.80%
2034	3,458,058	373,692	3,831,750	373,692	-84.04%
2035	3,573,664	0	3,573,664	0	-6.74%

Notes:

The fiscal 2023 appropriation is equal to the budgeted amount determined with the prior valuation

The appropriation is assumed to be paid on July 1st

Employer normal cost is projected based on a 3.0% 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

Projected normal cost does not reflect the future impact of pension reform for future hires

The projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains/losses