

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Holyoke Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 7, 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 in equal installments on a monthly basis 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 schedule reflects a reduction in the investment return assumption from 7.25% to 7.0% and an adjustment 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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Funding Schedule 2
 7.00% investment return assumption
 Unfunded liability amortized in payments increasing 1.75% per year
 Fully funded by June 30, 2033

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization FY06-07 Sec 90 ACD Liability	(6) Amortization FY08-09 Sec 90 ACD Liability	(7) Amortization Section 10 Liability	(8) Amortization of Remaining Unfunded Liability	(9) Actuarially Determined Contribution: (2)+(3)+ (4)+(5)+ (6)+(7)+(8)	(10) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(11) Percent Increase in Actuarially Determined Contribution
2023	\$4,326,337	\$38,339	\$358,096	\$122,030	\$45,115	\$32,688	\$13,443,291	\$18,365,896	\$117,687,145	--
2024	4,483,322	39,010	364,363	124,165	45,905	33,260	13,694,897	18,784,922	111,402,612	2.28%
2025	4,645,966	39,692	370,739	126,338	46,708	33,842	13,934,558	19,197,843	104,407,105	2.20%
2026	4,814,474	40,387	377,227	128,549	47,526	34,434	14,178,413	19,621,010	96,663,024	2.20%
2027	4,989,054	41,094	383,829	130,799	48,357	35,037	14,426,535	20,054,705	88,113,436	2.21%
2028	5,169,925	41,813	390,546	133,088	49,204	35,650	14,679,000	20,499,226	78,697,346	2.22%
2029	5,357,311	42,545	397,380	135,417	50,065	36,274	14,935,882	20,954,874	68,349,408	2.22%
2030	5,551,446	43,289	404,335	137,786	50,941	36,909	15,197,260	21,421,966	56,999,622	2.23%
2031	5,752,573	44,047	411,410	140,198	51,832	37,555	15,463,212	21,900,827	44,573,002	2.24%
2032	5,960,942	44,817	418,610	142,651	52,739	38,212	15,733,818	22,391,789	30,989,228	2.24%
2033	6,176,810	45,602	425,936	145,147	53,662	38,880	16,009,160	22,895,197	16,162,274	2.25%
2034	6,400,449	0	0	0	0	0	0	6,400,449	0	-72.04%
2035	6,632,137	0	0	0	0	0	0	6,632,137	0	3.62%
2036	6,872,159	0	0	0	0	0	0	6,872,159	0	3.62%

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 monthly.

Item (2) reflects 3.25% 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.

Amortization payments calculated to increase at 1.75% per year for items (3), (4), (5), (6), (7), and (8).

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/losses.