

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

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

MEMORANDUM

TO: Hull Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: January 24, 2025

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY25 (since the amount under the prior schedule was maintained in FY25). This schedule is acceptable under Chapter 32, but we do not recommend it.

The Board has been using a 7.40% investment return assumption since the 2018 actuarial valuation. We recommended the Board reduce this assumption as part of both the 2020 and 2022 valuations. Each time, the Board voted to maintain the 7.40% assumption. As part of this valuation, we recommended a 7.25% assumption. The Board once again voted to maintain the 7.40% assumption. We have generally recommended an assumption of 6.85% to 7.00% for our 2024 actuarial valuations. For comparison, there are 92 systems that currently use an assumption of 7.25% or lower. Note that the 7.40% assumption falls outside of the high end of our reasonable range for this assumption this year (6.0% - 7.35%). As such, we will need to disclose this in our final valuation report to be issued later this year.

This schedule reflects a minor adjustment to the mortality improvement scale and an increase in the COLA base to \$19,000.

We are available to discuss these issues further. If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

WTK/jfb

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Enc.



Hull Retirement System
January 1, 2024 Actuarial Valuation

Total Cost Increasing 4.0% Per Year Until FY29 with a Final Amortization Payment in FY30

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. Of</u> <u>UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Change in</u> <u>Cost</u>
2025	1,331,396	85,000	3,154,710	4,571,106	16,195,747	
2026	1,391,309	85,000	3,277,642	4,753,950	14,026,102	4.0%
2027	1,453,917	85,000	3,405,191	4,944,108	11,564,656	4.0%
2028	1,519,344	85,000	3,537,529	5,141,873	8,784,885	4.0%
2029	1,587,714	85,000	3,674,833	5,347,547	5,658,120	4.0%
2030	1,659,161	85,000	2,166,187	3,910,348	2,153,381	-26.9%
2031	1,733,824	85,000		1,818,824	0	-53.5%

All amounts assume payments will be made on August 1 of each fiscal year.

FY25 normal cost includes assumed expenses of \$275,000 and is assumed to increase 4.5% each year.

FY25 appropriaiton was maintained at the same level as the current schedule.