

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: Hull 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 August 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.

For the 2020 valuation we recommended a 7.15% assumption (a 25-basis point reduction from the 2018 assumption). The Board requested and then maintained a 7.40% assumption. With this valuation, we recommended a 7.25% assumption. The Board once again maintained the 7.40% assumption used in the 2018 and 2020 valuations. We have generally recommended an assumption of 6.85% to 7.00% for our 2022 actuarial valuations. For comparison, there are 83 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.

The revised schedule reflects a modification to the fully generational mortality assumption and an increase in the COLA base to \$17,000.

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 4
 7.40% Investment Return
 4.0% Total Cost Increasing
 Actuarial Value of Assets
 \$17,000 COLA Base

Hull Retirement System
January 1, 2022 Actuarial Valuation

Total cost increases 4.0% 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	1,225,991	100,000	2,900,253	4,226,244	18,356,797	
2024	1,281,161	100,000	3,014,133	4,395,294	16,618,741	4.0%
2025	1,338,813	100,000	3,132,293	4,571,106	14,630,486	4.0%
2026	1,399,059	100,000	3,254,890	4,753,950	12,368,946	4.0%
2027	1,462,017	100,000	3,382,091	4,944,108	9,809,161	4.0%
2028	1,527,808	100,000	3,514,064	5,141,872	6,924,146	4.0%
2029	1,596,559	100,000	3,650,988	5,347,547	3,684,739	4.0%
2030	1,668,404	100,000	59,782	1,828,186	59,429	-65.8%
2031	1,743,483	100,000		1,843,483	0	0.8%

Appropriation payments are assumed to be made on August 1 of each fiscal year.
 Normal cost includes assumed expenses of \$250,000 and is assumed to increase 4.5% per year.
 FY23 appropriation was maintained at the same level as the current schedule.