

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Leominster Retirement Board

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

RE: Approval of Funding Schedule

DATE: January 23, 2024

This Commission is hereby furnishing you with approval of the 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 FY24 and is acceptable under Chapter 32.

The schedule is based on an actuarial valuation using an investment return assumption of 5.5%, which we believe is quite conservative for funding purposes. The Board has used this assumption since its January 1, 2014 actuarial valuation. Despite that assumption, the system's funded ratio as of January 1, 2023 was 97.9%. For comparison, we did a very rough estimate of plan liabilities using a 6.50% discount rate. Under this assumption the plan would be overfunded by approximately \$19 million and the funded ratio would be over 108%.

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

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**LEOMINSTER RETIREMENT SYSTEM
FUNDING SCHEDULE**

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(B)(c) Payments	Schedule Contribution
2025	4,574,256	8,265,300	968,103	193,346	5,735,705
2026	4,745,791	7,698,543	968,103	193,346	5,907,240
2027	4,923,758	7,100,615	968,103	193,346	6,085,207
2028	5,108,399	6,469,800	968,103	193,346	6,269,848
2029	5,299,964	5,804,290	968,103	193,346	6,461,413
2030	5,498,712	5,102,178	968,103	193,346	6,660,162
2031	5,704,914	4,361,449	968,103	193,346	6,866,363
2032	5,918,848	3,579,980	968,103	193,346	7,080,298
2033	6,140,805	2,755,530	968,103	193,346	7,302,254
2034	6,371,085	1,885,736	968,103	193,346	7,532,535
2035	6,610,001	968,103	968,103	193,346	7,771,450
2036	6,857,876	-	-	193,346	7,051,222

Amortization of Unfunded Liability as of July 1, 2024

Starting Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2025	Fresh Start	968,103	0.00%	11	968,103	11