

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Lexington Retirement Board

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

RE: Approval of Funding Schedule

DATE: November 27, 2023

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made quarterly and is effective in FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

We note that the Board maintained the 7.25% investment return assumption adopted as part of the January 1, 2021 actuarial valuation. For comparison, 74 systems currently use an assumption of 7.0% or below. We are generally recommending an assumption of 7.0% or less in our 2023 valuations.

Additionally, there was a slight adjustment to the generational mortality assumption.

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

JWP/jfb

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Enc.



**LEXINGTON RETIREMENT SYSTEM
FUNDING SCHEDULE**

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution	Adjusted Payments
2025	2,060,824	45,509,626	8,254,130	269,304	10,584,258	10,863,663
2026	2,153,561	39,956,520	8,892,103	269,304	11,314,968	11,613,663
2027	2,250,471	33,316,586	9,525,904	269,304	12,045,679	12,363,663
2028	2,351,743	25,515,507	10,155,343	269,304	12,776,389	13,113,663
2029	2,457,571	16,473,776	10,780,225	269,304	13,507,100	13,863,663
2030	2,568,162	6,106,334	6,106,334	269,304	8,943,799	9,179,899
2031	2,683,729	-	-	269,304	2,953,033	3,030,987

Amortization of Unfunded Liability as of July 1, 2024

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2025	Fresh Start	N/A	N/A	6	N/A	6

The contribution for FY25 is set to increase by \$777 thousand from the prior year, with future contributions increasing by \$750 thousand each year. In the final year (FY2030), the contribution decreases by \$4.7 million.