



LOWELL CONTRIBUTORY RETIREMENT SYSTEM

**ACTUARIAL VALUATION
as of
January 1, 2025**

KMS Actuarial, LLC
52 Hunt Road
Kingston, NH 03848

October, 2025



October 2, 2025

Lowell Contributory Retirement Board
City Hall, Room 3
375 Merrimack Street
Lowell, MA 01852

Dear Board Members:

We are pleased to present the enclosed report providing the results of our actuarial valuation of the Lowell Contributory Retirement System as of January 1, 2025. Our valuation was performed in accordance with the provisions contained in Chapter 32 of the Massachusetts General Laws, "M.G.L.", as of January 1, 2025. Disclosures under GASB Statement No. 67, Financial Reporting for Pension Plans (GASB 67) and GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) are provided in a separate report.

The principal results of our valuation are summarized in Section 2. The Summary of Plan Provisions and Actuarial Assumptions and Methods are shown in Sections 5 and 6, respectively. Section 7 summarizes the demographic profile of active members, retired plan members and beneficiaries and disabled plan members. Asset information and actuarial liabilities are presented in Section 2. The development of the required appropriations pursuant to Chapter 32 of the M.G.L. is shown in Section 3, including a 30-year forecast of the required appropriations and projected cash flows. Section 4 includes a summary of valuation information for PERAC as well as information relating to the primary risks to the System and an assessment of those risks.

This valuation is based upon member data provided by the Lowell Contributory Retirement Board and asset information reported to the Public Employee Retirement Administration Commission (PERAC) by the Retirement Board. Although we did not audit the data used in the valuation, we believe that the information is complete and reliable.

Liabilities presented in this report are based on a long-term investment return rate assumption of 7%, net of investment expense, compounded annually.

This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Code of Professional Conduct of the American Academy of Actuaries. The actuarial assumptions used in the determination of costs are reasonably related to the experience of the System and to reasonable expectations, and represent our best estimate of anticipated long-term experience under the System.

K M S A C T U A R I E S

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Future actuarial valuation results may differ significantly from the current results presented in this report. Examples of potential sources of volatility include plan experience differing from that anticipated by the economic or demographic assumptions, the effect of new entrants, changes in economic or demographic assumptions, the effect of law changes and the delayed effect of smoothing techniques.

Our valuation follows generally accepted actuarial methods and we perform such tests as we consider necessary to assure the accuracy of the results. The amounts presented in this report have been appropriately determined according to the actuarial assumptions and methods stated herein.

This report is intended for the sole use of the Lowell Contributory Retirement Board and may only be provided to other parties in its entirety, unless expressly authorized by KMS Actuaries. Further, it is intended to provide information to comply with the stated purpose of the report. It may not be appropriate for other purposes.

KMS Actuaries is completely independent of the Lowell Contributory Retirement System and any of its officers or key personnel. None of the actuaries signing this report or anyone closely associated with them has a relationship with the Lowell Contributory Retirement System, other than as consulting actuary for this assignment, that would impair our independence.

The undersigned credentialed actuaries agree that the analysis, assumptions and results are overall reasonable. They are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein. They are available to answer any questions with regard to this report.

Respectfully submitted,



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SECTION 1 - EXECUTIVE SUMMARY

Background

We have completed the Actuarial Valuation of the Lowell Contributory Retirement System as of January 1, 2025. This valuation is based upon census data provided by the Retirement Board and asset information reported to the Public Employee Retirement Administration Commission (PERAC) by the Lowell Contributory Retirement Board. Information for the prior valuation completed as of January 1, 2023 was obtained from the valuation report prepared by KMS Actuaries, LLC.

Primary Purpose

This report was prepared for the Retirement Board for the purposes described below:

- ◆ Measure and disclose the financial condition of the System as of the valuation date,
- ◆ Indicate trends, both historical and prospective, in the financial progress of the System,
- ◆ Identify, assess and disclose material risks of the System and
- ◆ Develop System appropriations.

Massachusetts General Laws

The valuation was prepared in accordance with Chapter 32 of the Massachusetts General Laws ("M.G.L."). The results are based on the active, inactive and retired members and beneficiaries as of December 31, 2024, the assets as of December 31, 2024 and assumptions regarding investment returns, salary increases, mortality, turnover, disability and retirement.

The valuation does not take into consideration:

- ◆ Changes in the law after the valuation date,
- ◆ Transfers between retirement systems pursuant to Section 3(8)(c) of Chapter 32,
- ◆ State-mandated benefits and
- ◆ Cost-of-living increases granted to members in pay status between 1982 and 1997.

GASB Statement Numbers 67 and 68

In June 2012, the GASB approved two related Statements that significantly changed the way pension plans and governments account and report pension liabilities. Effective for plans with fiscal years beginning after June 15, 2013, GASB Statement No. 67, Financial Reporting for Pension Plans, replaced the requirements of Statement No. 25 and effective for employers with fiscal years beginning after June 15, 2014, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of Statement No. 27.

The pension standards reflect changes from those previously in place regarding how governments calculate total pension liability and pension expense. Further, the standards contain requirements for disclosing information in the notes to financial statements and presenting required supplementary information following the notes.

The required disclosures and notes under GASB Statement Number 67 and 68 for the fiscal year ending December 31, 2024 are provided in a separate report.

SECTION 1 - EXECUTIVE SUMMARY

Assets

This valuation is based upon asset information reported to the Public Employee Retirement Administration Commission (PERAC) by the Lowell Contributory Retirement Board. The market value of assets increased from \$482,625,939 as of December 31, 2022 to \$574,401,141 as of December 31, 2024. During the plan years ended 2023 and 2024, the market value rates of return were 11.37% and 9.55%, respectively.

The actuarial value of assets increased from \$517,833,665 as of January 1, 2023 to \$584,568,783 as of January 1, 2025. During the plan years ended 2023 and 2024, the rates of return on the actuarial value of assets were 7.14% and 6.62%, respectively.

The corridor for the actuarial value of assets was modified to be within 20% of the market value of assets. In prior valuations, the corridor was 10%.

Changes Since the Last Valuation

During the two years since the last valuation, the total unfunded actuarial accrued liability of the System was expected to decrease from \$296,080,487 as of January 1, 2023 to \$272,822,629 as of January 1, 2025, for a total decrease of \$23,257,858. The actual unfunded actuarial accrued liability, before any assumption or plan changes, was \$323,288,791, resulting in an actuarial loss of \$50,466,162. The actuarial loss was primarily due to an asset loss of approximately \$1,326,000 and a demographic experience loss of approximately \$49,140,000. The details of the gain and loss analysis are provided in Section 2, Actuarial Experience.

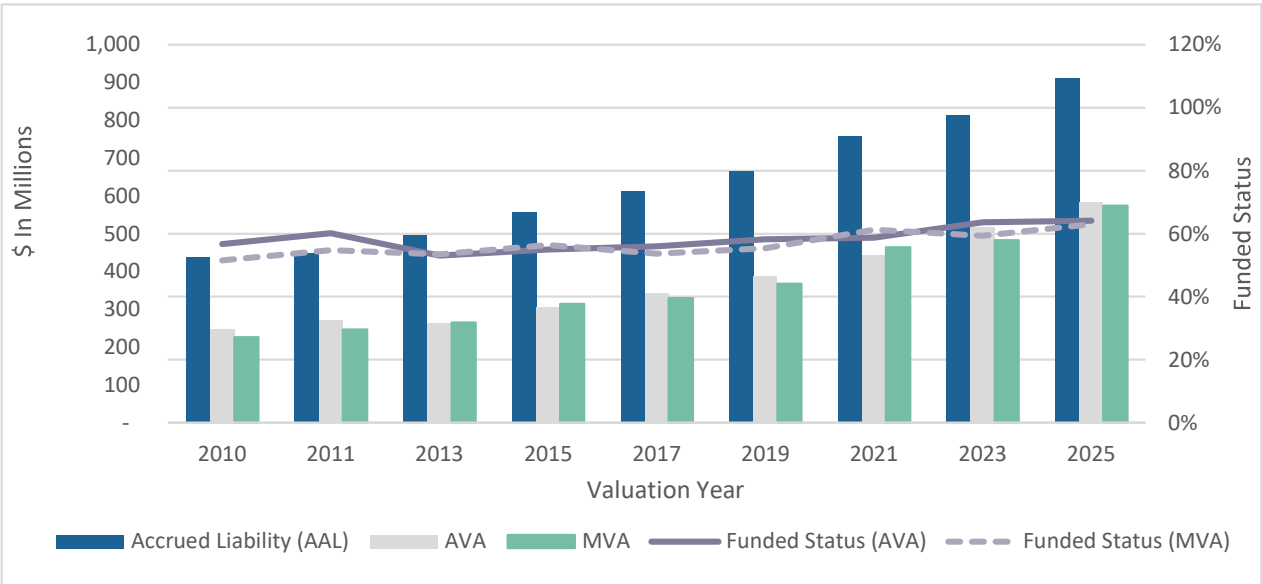
Change in Funded Status

The System's funded status, which is the Actuarial Value of Assets divided by the Actuarial Liabilities, increased from 63.6% as of January 1, 2023 to 64.1% as of January 1, 2025.

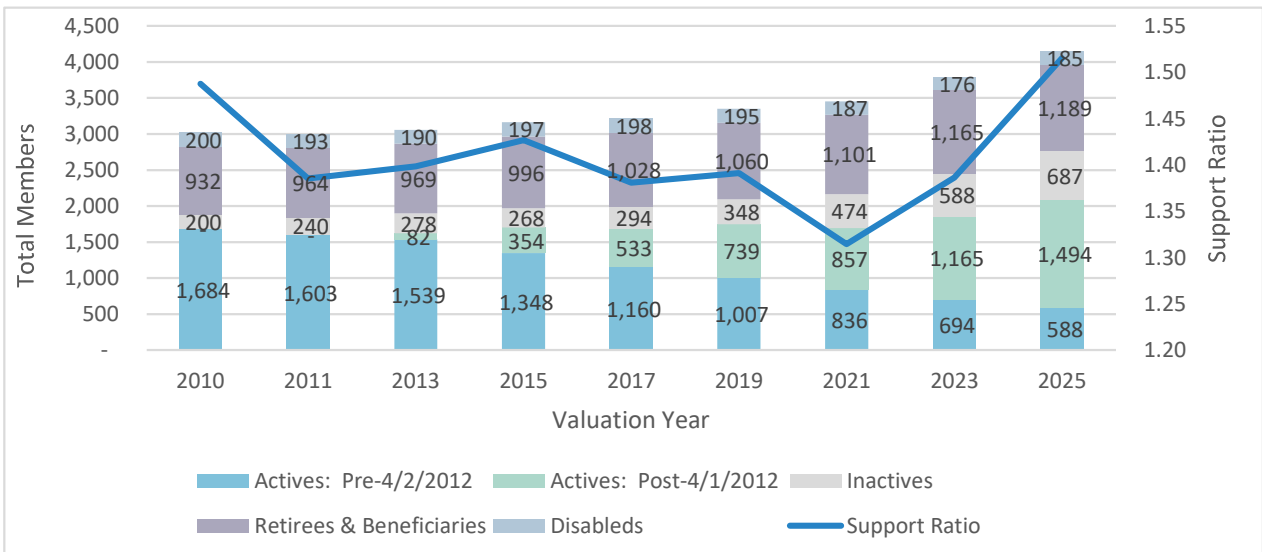
SECTION 1 - EXECUTIVE SUMMARY

Historical Trends

Below are the accrued liabilities, asset values (actuarial and market) and funded status for each of the last 9 valuations. The purple solid line reflects the funded status on an actuarial value of assets (AVA) basis and the purple dotted line reflects the funded status on a market value (MVA) basis. Blue bars indicate actuarial accrued liabilities, grey bars indicate actuarial value of assets and green bars indicate market value of assets.



Another maturity measure is the ratio of actives to retirees, or support ratio. A retirement system in its infancy will have a very high ratio of active to retired members. As the system matures, and members retire, the support ratio starts declining. A mature system will often have a support ratio near or below one.



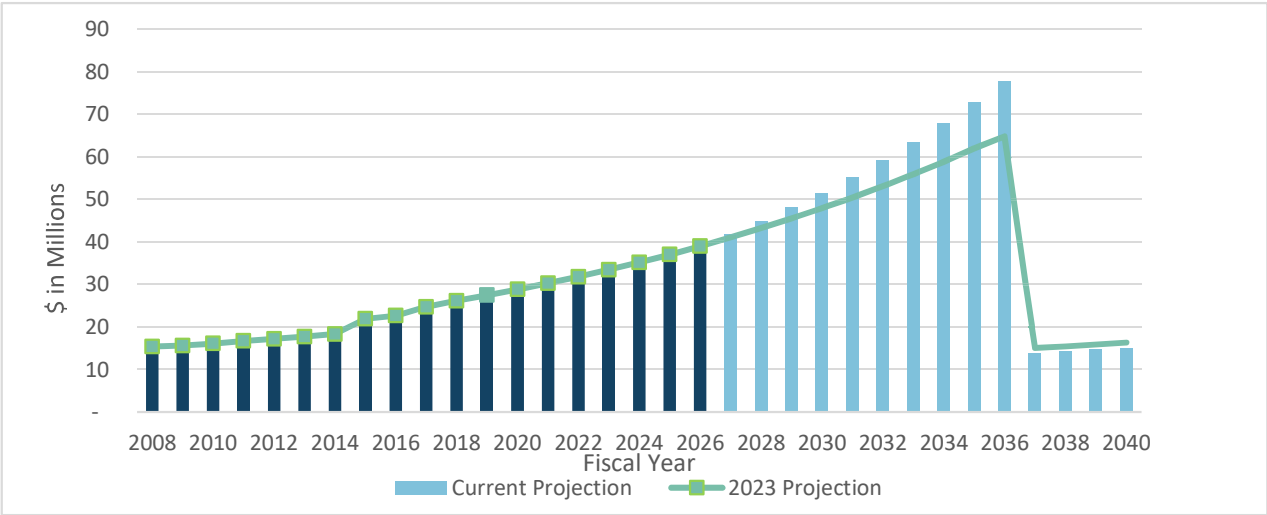
SECTION 1 - EXECUTIVE SUMMARY

Appropriations

The funding appropriation for each year is computed as the sum of the normal cost, net 3(8)(c) transfers and an amortization payment to pay off the Unfunded Actuarial Liability, adjusted for annual payments of the appropriation made July 1. The appropriation calculated as of the January 1, 2025 valuation is \$44,374,647, and is made up of a normal cost payment of \$9,294,954, net 3(8)(c) transfers of \$966,736, and an amortization payment of \$34,112,957. The amortization method is an increasing amortization of the unfunded actuarial accrued liability at 4% over 11 years and is expected to fully pay the unfunded actuarial accrued liability by the year 2036. The development of the appropriation as of January 1, 2025 is presented in Section 3, Annual Appropriations.

For fiscal year 2026, we show the actual appropriation developed under the previous funding schedule and reported on the PERAC "Required Fiscal Year 2026 Appropriation" letter dated December 2, 2024 of \$38,977,570. For fiscal year 2027, we developed an annual appropriation of \$41,768,363, which is made up of a normal cost of \$9,730,378, net 3(8)(c) transfers of \$1,000,000 and payment toward the unfunded actuarial accrued liability of \$31,037,985. The unfunded actuarial accrued liability is expected to be fully paid by 2036. The Board adopted a schedule that limits the annual increase in appropriation to 7.16% for each year. The current funding schedule is shown in Section 3, Exhibit 3.1.

The chart below shows the historical (navy bars) and projected (blue bars) annual appropriations compared to the projected amounts shown in the prior valuation and funding schedule (green line).



SECTION 1 - EXECUTIVE SUMMARY

Plan Provisions

All Plan provisions used in this valuation are the same as those used in the prior valuation, except the COLA base was increased from \$17,000 to \$18,000 effective July 1, 2025. Increasing the COLA base resulted in a net increase in the unfunded actuarial accrued liability of \$3,535,649 and an increase in the employer normal cost of \$63,172.

Actuarial Assumptions and Methods

The administrative expense assumption increased from \$500,000 to \$690,000 per year. All other Actuarial Assumptions and Methods used in this valuation are the same as the prior valuation. The Actuarial Assumptions and Methods utilized in this valuation are detailed in Section 6, Actuarial Assumptions and Methods.

Census Data

Census data as of the valuation date were submitted by the Retirement Board. As of January 1, 2025, there are 2,082 active members who may be eligible for benefits in the future, 1,189 retirees and beneficiaries, 687 inactives and 185 disabled retirees. Summaries of the active, retired and disabled employees are included in Section 7, Plan Member Information. We have examined the data for reasonableness and consistency in accordance with ASOP 23.

SECTION 1 - EXECUTIVE SUMMARY

A summary of principal valuation results from the current valuation and the prior valuation follows.

Valuation Date	January 1, 2025	January 1, 2023	% Change
Census Data			
Active Members	2,082	1,859	12.0%
Valuation Salary	\$143,827,919	\$118,087,298	21.8%
Average Salary	\$69,082	\$63,522	8.8%
Retired Members and Beneficiaries	1,189	1,165	2.1%
Total Annual Retirement Allowance	\$42,032,467	\$38,681,606	8.7%
Average Annual Retirement Allowance	\$35,351	\$33,203	6.5%
Disabled Members	185	176	5.1%
Total Annual Retirement Allowance	\$9,210,955	\$8,150,251	13.0%
Average Annual Retirement Allowance	\$49,789	\$46,308	7.5%
Inactive Members	687	588	16.8%
Annuity Savings Fund	\$9,884,825	\$10,544,577	(6.3%)
Funded Status			
Actuarial Accrued Liability (AAL)	\$911,393,223	\$813,914,152	12.0%
Market Value of Assets (MVA)	\$574,401,141	\$482,625,939	19.0%
Unfunded Accrued Liability on MVA	\$336,992,082	\$331,288,213	1.7%
Funded Status on MVA	63.0%	59.3%	6.2%
Actuarial Value of Assets (AVA)	\$584,568,783	\$517,833,665	12.9%
Unfunded Accrued Liability on AVA	\$326,824,440	\$296,080,487	10.4%
Funded Status on AVA	64.1%	63.6%	0.8%
Appropriations			
Fiscal Year 2025	N/A	\$37,022,769	N/A
Fiscal Year 2026	\$38,977,570	\$38,977,570	0.0%
Fiscal Year 2027	\$41,768,363	\$41,035,586	1.8%
Fiscal Year 2028	\$44,758,977	\$43,202,265	3.6%

SECTION 2 - PRINCIPAL VALUATION RESULTS

Market Value of Assets

Asset information is reported annually to the Public Employee Retirement Administration Commission by the Lowell Contributory Retirement Board. The Market Value of Assets for the three most recent calendar years are as follows:

Calendar Year	2024	2023	2022
Trust Fund Composition at Year-End			
Cash	\$12,532,844	\$13,509,384	\$11,807,120
Short-Term Investments	0	0	0
Fixed Income Securities	0	0	0
Equities	0	0	0
Pooled Short Term Funds	0	0	0
Pooled Domestic Equity Funds	0	0	0
Pooled International Equity Funds	0	0	0
Pooled Global Equity Funds	0	0	0
Pooled Domestic Fixed Income Funds	0	0	0
Pooled International Fixed Income Funds	0	0	0
Pooled Global Fixed Income Funds	0	0	0
Pooled Alternative Investments	0	18,689	22,361
Pooled Real Estate Funds	0	0	0
Pooled Domestic Balanced Funds	0	0	0
Pooled International Balanced Funds	0	0	0
Hedge Funds	0	0	0
PRIT Cash	1,510,233	1,009,392	1,007,346
PRIT Fund	560,318,526	513,872,458	469,756,789
Interest Due & Accrued	39,652	44,678	32,437
Prepaid Expenses	0	0	0
Accounts Receivable	0	0	0
Land	0	0	0
Buildings	0	0	0
Accumulated Depreciation - Buildings	0	0	0
Accounts Payable	(114)	(114)	(114)
Total Market Value of Assets	\$574,401,141	\$528,454,487	\$482,625,939

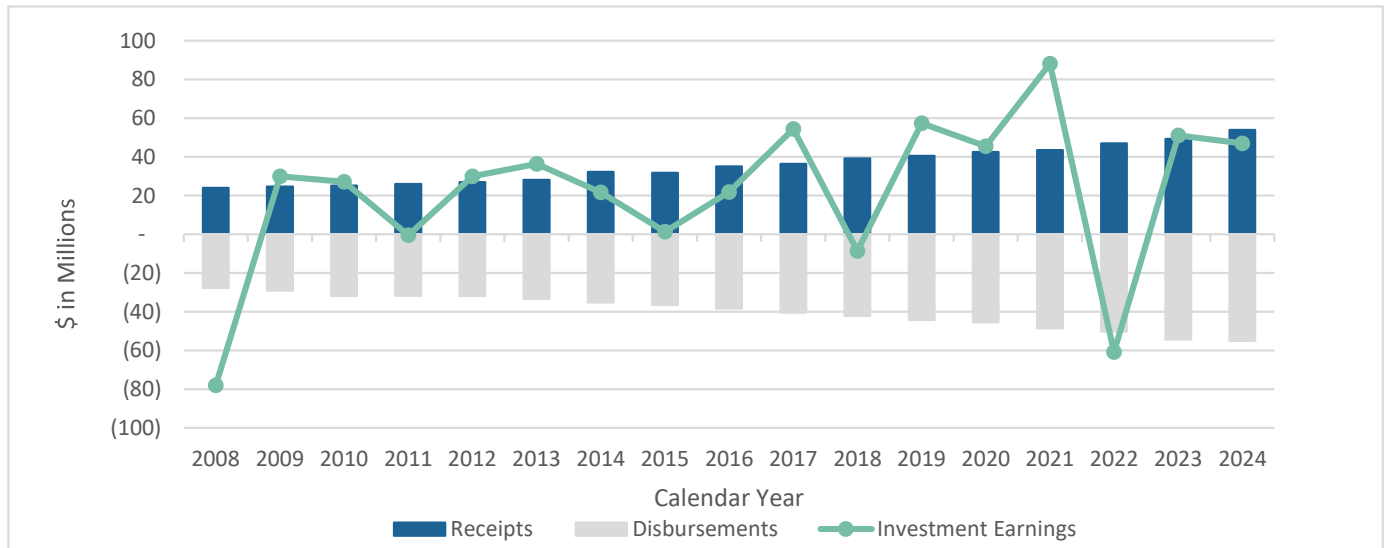
SECTION 2 - PRINCIPAL VALUATION RESULTS

Market Value of Assets

Calendar Year	2024	2023	2022
Funds			
Annuity Savings Fund	\$118,801,985	\$112,071,163	\$109,468,125
Annuity Reserve Fund	34,667,104	35,726,643	36,097,294
Special Military Service Fund	16,966	16,949	16,932
Pension Fund	0	1,812,886	24,000
Expense Fund	0	0	0
Pension Reserve Fund	420,915,086	378,826,846	337,019,588
Total Market Value of Assets	\$574,401,141	\$528,454,487	\$482,625,939
Asset Activity			
Market Value as of Beginning of Year	\$528,454,487	\$482,625,939	\$546,832,948
Contributions and Receipts	53,927,957	49,160,909	46,952,775
Benefit Payments and Expenses	(54,979,559)	(54,457,074)	(50,327,646)
Investment Return	46,998,256	51,124,713	(60,832,138)
Total Market Value of Assets	\$574,401,141	\$528,454,487	\$482,625,939

Rate of Return 9.55% 11.37% -10.80%

Below are the receipts and disbursements during the last 17 years. The green line reflects investment earnings, which vacillate as investment markets fluctuate. Blue bars indicate contributions, from employees and employers, and grey bars show benefit payments and administrative expenses.



SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Value of Assets

The Actuarial Value of Assets is the market value of assets as of the valuation date adjusted to phase in investment gains and losses over a 5-year period, further constrained to be within 20% (10% prior to the 2025 valuation) of the market value of assets. Investment gains and losses are the excess or deficiency of the expected returns over the actual returns.

Valuation Date	January 1, 2025	January 1, 2024	January 1, 2023	
1. Expected Market Value of Assets				
a. Market Value of Assets as of prior January 1	\$528,454,487	\$482,625,939	\$546,832,948	
b. Prior Year Contributions and Receipts	53,927,957	49,160,909	46,952,775	
c. Prior Year Benefit Payments and Expenses	(54,979,559)	(54,457,074)	(50,327,646)	
d. Expected Investment Return Rate	7.00%	7.00%	7.10%	
e. Expected Investment Return	36,951,941	33,583,003	38,695,347	
f. Expected Market Value of Assets	\$564,354,826	\$510,912,777	\$582,153,424	
2. Prior Year Gain/(Loss)				
a. Market Value of Assets as of January 1	\$574,401,141	\$528,454,487	\$482,625,939	
b. Expected Market Value of Assets	564,354,826	510,912,777	582,153,424	
c. Prior Year Gain /(Loss)	\$10,046,315	\$17,541,710	(\$99,527,485)	
3. Phase-In of Asset Gains and Losses				
		Unrecognized	Unrecognized	Unrecognized
	Calendar Year	Gain / (Loss)	Gain / (Loss)	Gain / (Loss)
a.	2024	\$10,046,315	\$8,037,052	\$0
b.	2023	17,541,710	10,525,026	14,033,368
c.	2022	(99,527,485)	(39,810,994)	(59,716,491)
d.	2021	55,406,369	11,081,274	22,162,548
e.	2020	13,289,661	0	2,657,932
f.	2019	29,272,883	0	0
g.	Total Deferred Gains/(Losses)	(\$10,167,642)	(\$20,862,643)	(\$35,207,726)

SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Value of Assets

Valuation Date January 1, 2025 January 1, 2024 January 1, 2023

4. Actuarial Value of Assets

a. Market Value of Assets	\$574,401,141	\$528,454,487	\$482,625,939
b. Deferred Gains/(Losses)	(10,167,642)	(20,862,643)	(35,207,726)
c. Market Value of Assets Less Deferred Gains/(Losses)	\$584,568,783	\$549,317,130	\$517,833,665

d. 80% (90% prior to 2025) of Market Value of Assets	459,520,913	475,609,038	434,363,345
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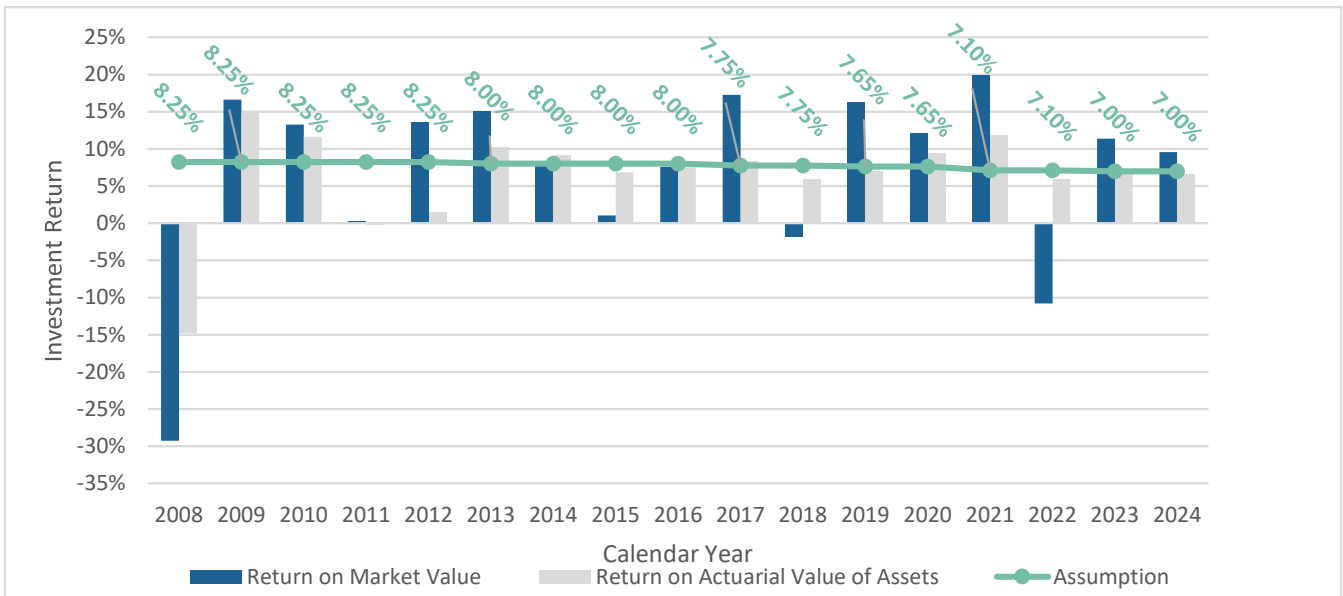
e. 120% (110% prior to 2025) of Market Value of Assets	689,281,369	581,299,936	530,888,533
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f. Actuarial Value of Assets, a., but not less than b. and not greater than c.	\$584,568,783	\$549,317,130	\$517,833,665
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g. Ratio of Actuarial Value of Assets to Market Value of Assets	101.8%	103.9%	107.3%
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5. Rate of Return on Actuarial Value of Assets for Prior Calendar Year	6.62%	7.14%	5.93%
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Below are the investment returns during the last 17 years. The green line reflects the investment return actuarial assumption. Blue bars indicate investment return rates on market value of assets, and grey bars show investment return rates on actuarial value of assets.



SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Liabilities

The **Actuarial Present Value of Future Benefits** is the present value of the cost to finance all benefits payable in the future, discounted to reflect the probability of payment and the time value of money. Below is the Actuarial Present Value of Future Benefits from the current valuation and the prior valuation:

Valuation Date	January 1, 2025	January 1, 2023
Actives	\$582,966,649	\$508,450,586
Retired Members and Beneficiaries	435,878,851	403,771,922
Disabled Members	107,762,643	93,755,518
Inactive Members	9,884,825	10,544,577
Total Present Value of Future Benefits	\$1,136,492,968	\$1,016,522,603

The **Actuarial Accrued Liability** is the portion of the Actuarial Present Value of Future Benefits which is allocated to all periods prior to a valuation year and therefore is not provided for by future Normal Costs. Below is the Actuarial Accrued Liability from the current valuation and the prior valuation:

Valuation Date	January 1, 2025	January 1, 2023
Actives	\$357,866,904	\$305,842,135
Retired Members and Beneficiaries	435,878,851	403,771,922
Disabled Members	107,762,643	93,755,518
Inactive Members	9,884,825	10,544,577
Total Actuarial Accrued Liability	\$911,393,223	\$813,914,152

The **Unfunded Actuarial Accrued Liability** is the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets as of the valuation date. The **Funded Status** is the Actuarial Value of Assets divided by the Actuarial Accrued Liability and is a point-in-time measurement of the amount of assets set aside to cover actuarial accrued liabilities. Below is the Unfunded Actuarial Accrued Liability and Funded Status from the current valuation and the prior valuation:

Valuation Date	January 1, 2025	January 1, 2023
Unfunded Actuarial Accrued Liability		
a. Actuarial Accrued Liability	\$911,393,223	\$813,914,152
b. Actuarial Value of Assets	584,568,783	517,833,665
c. Unfunded Actuarial Accrued Liability (a. - b.)	\$326,824,440	\$296,080,487
d. Funded Status (b. divided by a.)	64.1%	63.6%

SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Liabilities

The **Normal Cost** is the portion of the Actuarial Present Value of Future Benefits which is allocated to a valuation year. Only active employees who have not reached Normal Retirement Age incur a Normal Cost. Below is the Normal Cost from the current valuation and the prior valuation:

Valuation Date	January 1, 2025	January 1, 2023
Total Normal Cost	\$22,452,745	\$20,197,088
As of Percentage of Salary	15.6%	17.1%
Employee Normal Cost	\$13,847,791	\$11,255,864
As of Percentage of Salary	9.6%	9.5%
Administrative Expenses	\$690,000	\$500,000
As a Percentage of Salary	0.5%	0.4%
Net Employer Normal Cost	\$9,294,954	\$9,441,224
As a Percentage of Salary	6.5%	8.0%

SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Experience

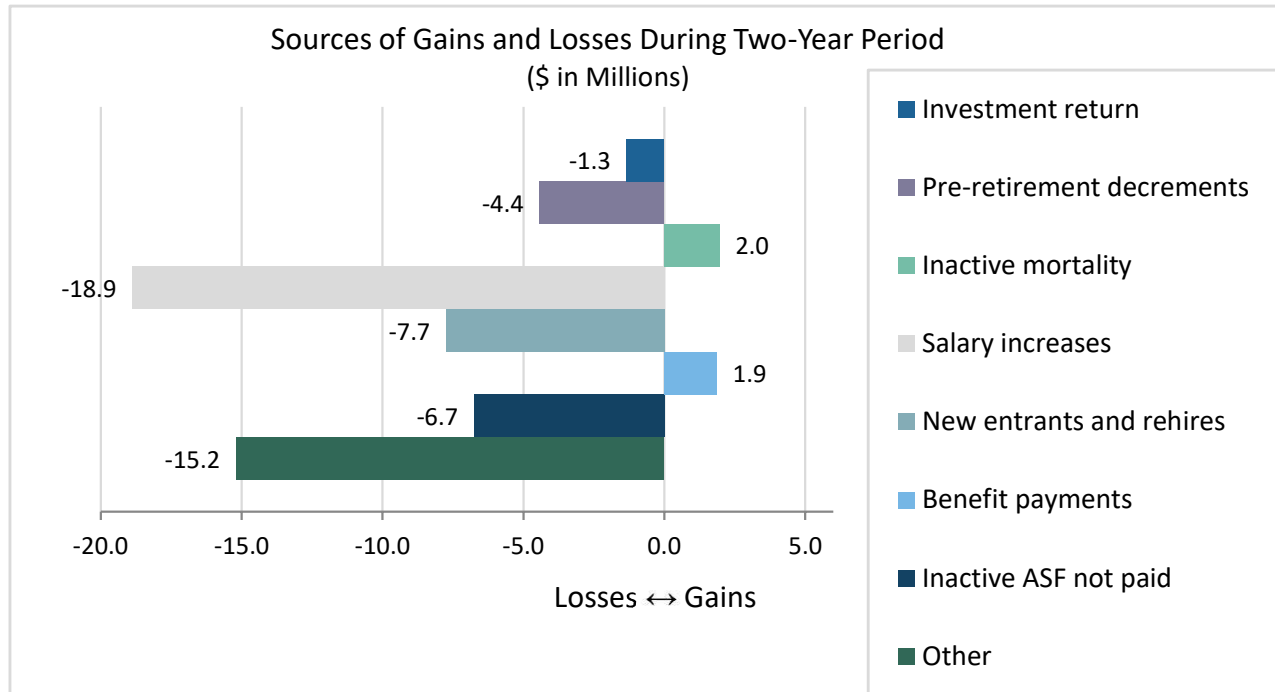
In performing the actuarial valuation, various assumptions are made regarding mortality, retirement, disability and withdrawal rates as well as salary increases and investment returns. A comparison of the results of the current valuation and the prior valuation is made to determine how closely actual experience relates to expected. During the two years since the last valuation, the total unfunded actuarial accrued liability of the System was expected to decrease by \$23,257,858. Below is the development of the Actuarial Loss for the current 2-year period:

Calendar Year Ending	December 31, 2024	December 31, 2023
Expected Unfunded Actuarial Accrued Liability		
1. Unfunded Actuarial Accrued Liability, Beginning of Year	\$287,392,078	\$296,080,487
2. Normal Cost, Beginning of Year	19,893,299	20,197,088
3. Total Contributions	53,927,957	49,160,909
4. Interest (full year on 1. and 2., one-half year on 3.)	19,465,208	20,275,412
5. Expected Unfunded Actuarial Accrued Liability	\$272,822,629	\$287,392,078
6. Unfunded Actuarial Accrued Liability (before changes)	323,288,791	
7. (Gain)/Loss (6. - 5.)	\$50,466,162	
Asset Gain/(Loss)		
1. Actuarial Value of Assets, Beginning of Year	\$549,317,130	\$517,833,665
2. Contributions and Receipts	53,927,957	49,160,909
3. Benefit Payments and Expenses	(54,979,559)	(54,457,074)
4. Assumed Rate of Return (prior valuation)	7.00%	7.00%
5. Expected Return	38,412,326	36,047,544
6. Actuarial Value of Assets, End of Year	\$584,568,783	\$549,317,130
7. Actual Return	36,303,255	36,779,630
8. Actual Rate of Return	6.62%	7.14%
9. Asset Gain/(Loss) (7. - 5.)	(2,109,071)	732,086
10. Total Asset Gain/(Loss), 2-Year Period	(\$1,325,738)	

SECTION 2 - PRINCIPAL VALUATION RESULTS

Actuarial Experience

Below are the various sources of gains and losses over the 2-year period. The asset loss during the period was \$1,325,738, and the total demographic loss during the period was \$49,140,424, which totals to an overall loss of \$50,466,162.



Unfunded Actuarial Accrued Liability

1. Expected Unfunded Actuarial Accrued Liability	\$272,822,629
2. Changes due to:	
a. Asset Loss	\$1,325,738
b. Demographic Experience Loss	49,140,424
c. Total Loss Prior to Changes	50,466,162
d. Plan Change - COLA base increase to \$18,000	3,535,649
e. Total Increase (including changes)	54,001,811
3. Unfunded Actuarial Accrued Liability, End of Year	\$326,824,440

SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Annual Appropriations

The Annual Appropriation is determined in accordance with the requirements set forth in Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws ("M.G.L."). The appropriation is comprised of the annual employer normal cost and amortization payments to pay the unfunded actuarial accrued liability. Below are the details of the annual appropriations for the current and prior valuations, adjusted for annual payments made July 1. The appropriations shown are based on the results of the valuation and do not account for any adjustments made to appropriations in the selected funding schedule.

Valuation Date	January 1, 2025	January 1, 2023
1. Unfunded Actuarial Accrued Liability		
Fully Funded Year	2036	2036
Investment Return Rate	7.00%	7.00%
Balance as of Valuation Date	\$326,824,440	\$296,080,487
Amortization Amount	\$34,112,957	\$26,860,453
Increasing Rate	4.00%	4.00%
Remaining Payment Period from Valuation Date	11	13
2. Total Amortization Payments	\$34,112,957	\$26,860,453
3. Normal Cost (including administrative expenses)	\$9,294,954	\$9,441,224
4. Net 3(8)(c) Transfers	\$966,736	\$966,736
5. Total Appropriation as of January 1	\$44,374,647	\$37,268,413
6. Adjusted for Annual Payments as of July 1	\$45,901,492	\$38,550,747

SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.1 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2026	\$9,418,238	\$28,559,332	\$1,000,000	\$38,977,570		\$326,824,440
2027	9,730,378	31,037,985	1,000,000	41,768,363	7.16%	320,160,148
2028	9,982,827	33,776,150	1,000,000	44,758,977	7.16%	310,465,417
2029	10,276,646	36,687,074	1,000,000	47,963,720	7.16%	297,259,675
2030	10,537,730	39,860,192	1,000,000	51,397,922	7.16%	280,118,448
2031	10,839,870	43,238,142	1,000,000	55,078,012	7.16%	258,495,036
2032	11,127,962	46,893,637	1,000,000	59,021,599	7.16%	231,863,806
2033	11,465,802	50,781,743	1,000,000	63,247,545	7.16%	199,587,117
2034	11,789,156	54,986,913	1,000,000	67,776,069	7.16%	161,029,172
2035	12,157,504	59,471,331	1,000,000	72,628,835	7.16%	115,422,309
2036	12,465,466	64,117,004	1,000,000	77,582,470	6.82%	61,984,247
2037	12,848,770	-	1,000,000	13,848,770	-82.15%	-
2038	13,189,078	-	1,000,000	14,189,078	2.46%	-
2039	13,607,403	-	1,000,000	14,607,403	2.95%	-
2040	14,001,047	-	1,000,000	15,001,047	2.69%	-
2041	14,427,327	-	1,000,000	15,427,327	2.84%	-
2042	14,843,598	-	1,000,000	15,843,598	2.70%	-
2043	15,273,169	-	1,000,000	16,273,169	2.71%	-
2044	15,763,789	-	1,000,000	16,763,789	3.01%	-
2045	16,303,102	-	1,000,000	17,303,102	3.22%	-
2046	16,822,541	-	1,000,000	17,822,541	3.00%	-
2047	17,365,221	-	1,000,000	18,365,221	3.04%	-
2048	17,943,464	-	1,000,000	18,943,464	3.15%	-
2049	18,547,444	-	1,000,000	19,547,444	3.19%	-
2050	19,179,490	-	1,000,000	20,179,490	3.23%	-
2051	19,775,044	-	1,000,000	20,775,044	2.95%	-
2052	20,417,229	-	1,000,000	21,417,229	3.09%	-
2053	21,155,955	-	1,000,000	22,155,955	3.45%	-
2054	21,915,036	-	1,000,000	22,915,036	3.43%	-
2055	22,775,866	-	1,000,000	23,775,866	3.76%	-

SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.2 - 30-Year Forecast of Cash Flow

Calendar Year	Market Value of Assets, BOY	Benefit Payments	Employee Contributions	Employer Contributions	Investment Return	Market Value of Assets, EOY
2025	\$574,401,141	\$64,690,936	\$13,847,791	\$37,681,038	\$41,362,233	\$602,601,267
2026	602,601,267	57,126,268	14,546,030	40,379,000	43,860,803	644,260,833
2027	644,260,833	59,377,622	15,140,324	43,270,136	46,935,589	690,229,260
2028	690,229,260	61,816,732	15,723,966	46,368,278	50,318,621	740,823,394
2029	740,823,394	64,152,710	16,369,624	49,688,246	54,049,232	796,777,786
2030	796,777,786	66,581,242	17,007,023	53,245,924	58,167,613	858,617,105
2031	858,617,105	68,859,862	17,690,535	57,058,333	62,724,682	927,230,793
2032	927,230,793	70,946,894	18,359,625	61,143,709	67,781,319	1,003,568,553
2033	1,003,568,553	72,925,388	19,077,568	65,521,598	73,406,653	1,088,648,984
2034	1,088,648,984	74,959,965	19,788,082	70,212,945	79,663,269	1,183,353,316
2035	1,183,353,316	76,952,367	20,594,305	75,001,804	86,608,683	1,288,605,741
2036	1,288,605,741	80,415,224	21,366,330	13,388,111	89,586,136	1,332,531,095
2037	1,332,531,095	84,033,909	22,219,912	13,717,099	92,606,482	1,377,040,679
2038	1,377,040,679	87,815,435	23,039,462	14,121,509	95,664,447	1,422,050,663
2039	1,422,050,663	91,767,130	23,925,710	14,502,059	98,753,987	1,467,465,289
2040	1,467,465,289	95,896,651	24,824,746	14,914,159	101,868,212	1,513,175,756
2041	1,513,175,756	100,212,000	25,779,347	15,316,584	104,999,313	1,559,059,000
2042	1,559,059,000	104,721,540	26,768,587	15,731,866	108,138,470	1,604,976,384
2043	1,604,976,384	109,434,009	27,747,967	16,206,166	111,275,763	1,650,772,271
2044	1,650,772,271	114,358,539	28,731,152	16,727,540	114,400,073	1,696,272,498
2045	1,696,272,498	119,504,673	29,786,210	17,229,700	117,498,970	1,741,282,705
2046	1,741,282,705	124,882,383	30,873,302	17,754,329	120,558,600	1,785,586,554
2047	1,785,586,554	130,502,090	31,982,425	18,313,337	123,563,558	1,828,943,784
2048	1,828,943,784	136,374,684	33,125,051	18,897,227	126,496,751	1,871,088,130
2049	1,871,088,130	142,511,545	34,300,973	19,508,249	129,339,252	1,911,725,059
2050	1,911,725,059	148,924,565	35,574,716	20,083,993	132,070,141	1,950,529,345
2051	1,950,529,345	155,626,170	36,868,112	20,704,816	134,666,334	1,987,142,437
2052	1,987,142,437	162,629,348	38,135,175	21,418,970	137,102,398	2,021,169,633
2053	2,021,169,633	169,947,669	39,451,903	22,152,801	139,350,354	2,052,177,022
2054	2,052,177,022	177,595,314	40,742,036	22,984,997	141,379,462	2,079,688,204

SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Forecast Notes

Exhibit 3.1:

- ◆ The Total Normal Cost is assumed to increase 3.5% per year and the Employee Normal Cost is assumed to increase at a rate that reflects a total payroll increase of 3.5% per year and incorporates new entrants sufficient to maintain constant active membership.
- ◆ The Unfunded Actuarial Accrued Liability ("UAL") is computed as of January 1 of each year assuming no future gains or losses.
- ◆ The Amortization Payment of UAL is an increasing payment at 4% paid over 11 years through 2036.
- ◆ Net 3(8)(c) transfers are a level dollar amount based on the net transfers expected to be paid by the Lowell Contributory Retirement Board during the current year offset by the amount received during the same period.
- ◆ Total Employer Cost is the sum of the Employer Normal Cost, net 3(8)(c) transfers and the Amortization of the UAL, all computed as of January 1 of each year and adjusted for annual payments made on July 1.
- ◆ For fiscal year 2026, we show the actual appropriation developed under the previous funding schedule of \$38,977,570. For fiscal years 2027 and later, the Board has selected a funding schedule that fully amortizes the unfunded actuarial accrued liability by 2036, with annual employer costs limited to increases of 7.16% over the prior year.
- ◆ The funding schedule adopted by the Board results in amortization payments for every year up to and including the full funded date that are greater than the interest computed on the outstanding UAL from the prior year. This amortization method fully amortizes the UAL within a reasonable time period and reduces the UAL by a reasonable amount within a sufficiently short period.

Exhibit 3.2:

- ◆ Expected benefit payments include payments expected to be made to retired members, beneficiaries, disabled members and active members expected to retire. In addition, expected benefit payments include distribution of the annuity savings fund attributed to inactive members.
- ◆ Benefit payments exclude cost-of-living increases granted to members in pay status between 1982 and 1997. In addition, benefit payments are as expected for the first ten years of the forecast, then increase by the greater of 4.5% per year thereafter or the expected future payments for the current population projected by our computer model.
- ◆ Calendar year cash flow entries are developed as of each January 1.

SECTION 4 - DISCLOSURES

4.1 - GASB 67 and GASB 68 Disclosures

In June 2012, the GASB approved two related Statements that significantly changed the way pension plans and governments account and report pension liabilities. Effective for plans with fiscal years beginning after June 15, 2013, GASB Statement No. 67, *Financial Reporting for Pension Plans*, replaced the requirements of Statement No. 25 and effective for employers with fiscal years beginning after June 15, 2014, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaced the requirements of Statement No. 27.

The pension standards reflect changes from those previously in place regarding how governments calculate total pension liability and pension expense. Further, the standards contain requirements for disclosing information in the notes to financial statements and presenting required supplementary information following the notes.

GASB 67 requires defined benefit pension plans, such as the Lowell Contributory Retirement System, to present a statement of fiduciary net position (pension plan assets) and a statement of changes in fiduciary net position. Further, the statement requires that notes to financial statements include descriptive information such as the types of benefits provided, the classes of plan members covered and the composition of the pension plan's retirement board. Finally, GASB 67 requires pension plans to present in required supplementary information the sources of the changes in the net pension liability and information about the actuarially determined contributions compared with the actual contributions made to the plan and related ratios.

GASB 67 and GASB 68 require projected benefit payments be discounted to their actuarial present value using the single rate that reflects:

- (1) a long-term expected rate of return on pension plan investments *to the extent that the pension plan's assets are sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return* and
- (2) a tax-exempt, high-quality municipal bond rate *to the extent that the conditions for use of the long-term expected rate of return are not met.*

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and pension expense by state and local governments.

The effective date for GASB 67 is for plan years beginning after June 15, 2013, which is the fiscal year ending December 31, 2014 for the Lowell Contributory Retirement System. The effective date for GASB 68 is for employers' fiscal years beginning after June 15, 2014. The GASB report, submitted under separate cover and prepared as of December 31, 2024 (the measurement date), presents information to assist the Lowell Contributory Retirement Board in providing the required information under GASB 68 to participating employers.

SECTION 4 - DISCLOSURES

4.2 - PERAC Disclosure Information

The most recent actuarial valuation of the System was prepared by KMS Actuaries, LLC as of January 1, 2025.

Normal Cost - Employees	\$13,847,791	9.6% of payroll
Normal Cost - Employers	\$9,294,954	6.5% of payroll

Actuarial Liability - Active Members	\$357,866,904	39% of total AAL
Actuarial Liability - Retired and Inactive Members	553,526,319	61% of total AAL
Total Actuarial Liability (AAL)	<u>\$911,393,223</u>	

System Assets	\$584,568,783
Unfunded Actuarial Accrued Liability	\$326,824,440

Funded Status	64.1%
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Principal actuarial assumptions used in the valuation:

Investment Return	7.00%
Rate of Salary Increase	Based on service, 6.00% graded down to 4.25% for Group 1 Based on service, 7% graded down to 4.75% for Group 4

SECTION 4 - DISCLOSURES

4.3 - Risk Measures

The Lowell Contributory Retirement System is subject to certain risks that could affect the plan's future financial condition. Here we identify the primary risks to the System, provide some background information about those risks, and provide an assessment of those risks in accordance with Actuarial Standards of Practice (ASOP) 51.

Risk is the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience. Examples of potential risks that may be reasonably anticipated to significantly affect the future financial condition of the plan include the following:

- ◆ **Investment Risk** - the potential that investment returns will be different than expected.
- ◆ **Asset/Liability Mismatch Risk** - the potential that changes in asset values are not matched by changes in the value of liabilities.
- ◆ **Interest Rate Risk** - the potential that interest rates will be different than expected.
- ◆ **Longevity and Other Demographic Risks** - the potential that mortality or other demographic experience will be different than expected.
- ◆ **Contribution Risk** - the potential of actual future contributions deviating from expected future contributions. For example, that actual contributions are not made in accordance with the plan's funding policy, that other anticipated payments to the plan are not made, or that material changes occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base.
- ◆ **Benefit Change Risk** - the potential for the provisions of the System to be changed such that the benefits and liabilities are changed materially.
- ◆ **Assumption Change Risk** - the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions.

We have provided several risk measures in this section that we believe are most significant for the plan. However, we believe that a more rigorous assessment of risk would be beneficial to the Board to understand the risks identified above, such as:

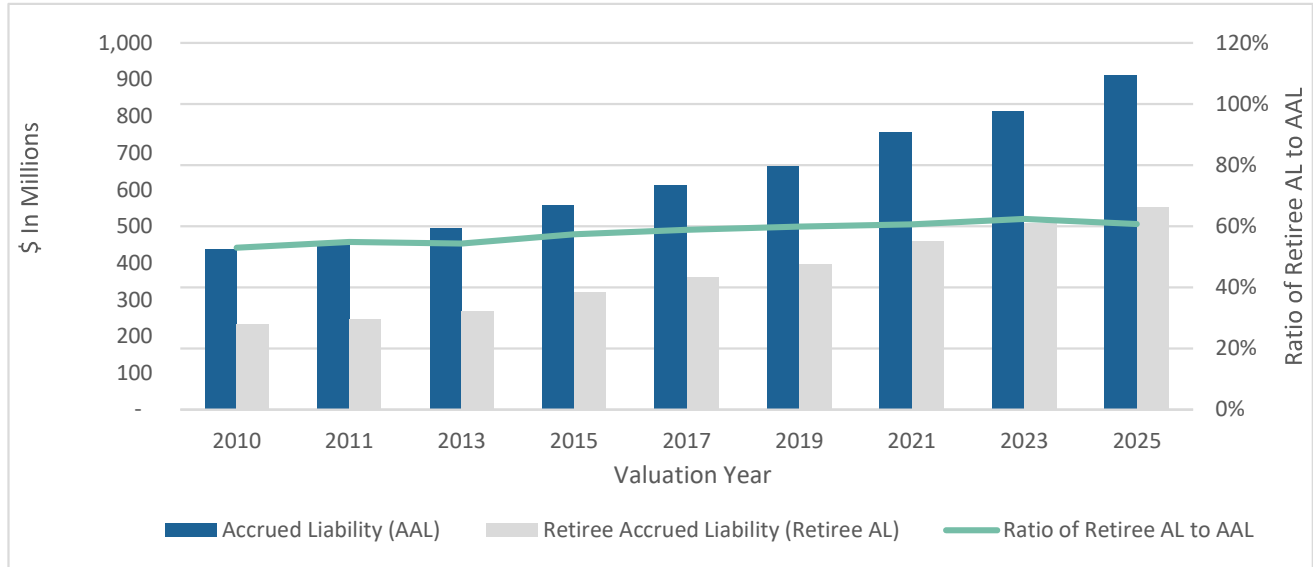
- ◆ **Scenario Test** - a process for assessing the impact of one possible event, or several simultaneous or sequentially occurring possible events, on a plan's financial condition.
- ◆ **Sensitivity Test** - a process for assessing the impact of a change in an actuarial assumption on an actuarial measurement.
- ◆ **Stochastic Modeling** - a process for generating numerous potential outcomes by allowing for random variations in one or more inputs over time for the purpose of assessing the distribution of those outcomes.
- ◆ **Stress Test** - a process for assessing the impact of adverse changes in one or relatively few factors affecting a plan's financial condition.

SECTION 4 - DISCLOSURES

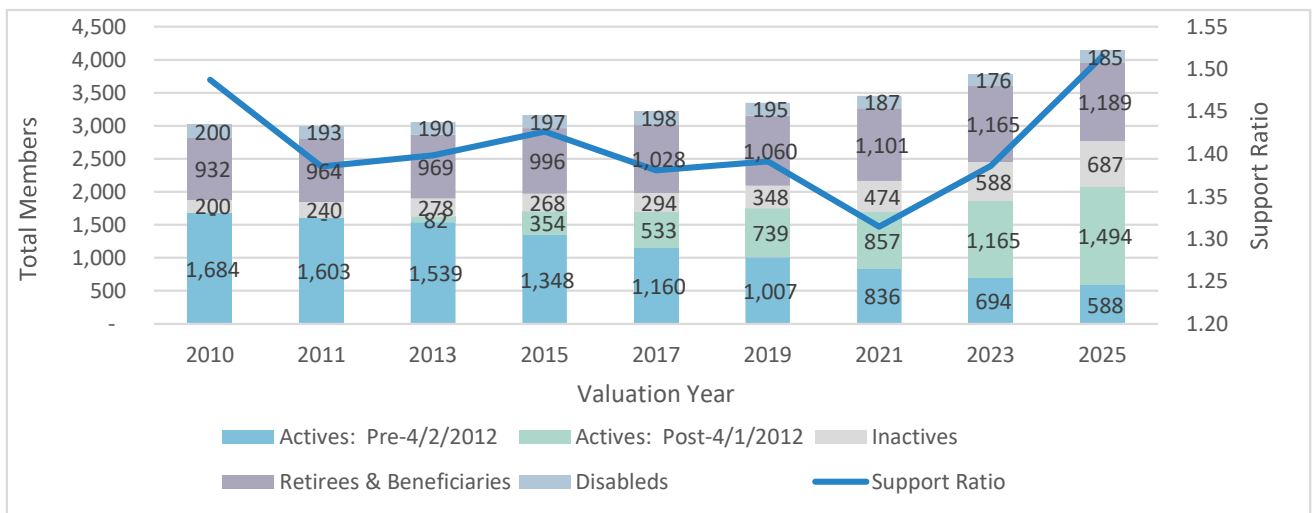
4.3 - Risk Measures

Maturity Measures

As retirement systems mature they become much more sensitive to risks. This is because a higher proportion of the actuarial liability is attributable to participants who are no longer active. Plan maturity measures are helpful in understanding the risks associated with a plan. One such maturity measure is the ratio of the system's retiree liability to its total liability. A retirement system in its infancy will have a very low ratio of retiree liability to total liability. As the system matures, the ratio starts increasing. A mature plan will often have a ratio above 60%. For the Lowell Contributory Retirement System, this ratio has remained relatively steady in recent years.



Another maturity measure is the ratio of actives to retirees, or support ratio. A retirement system in its infancy will have a very high ratio of active to retired members. As the system matures, and members retire, the support ratio starts declining. A mature system will often have a support ratio near or below one.



SECTION 4 - DISCLOSURES

4.3 - Risk Measures

Volatility Indices

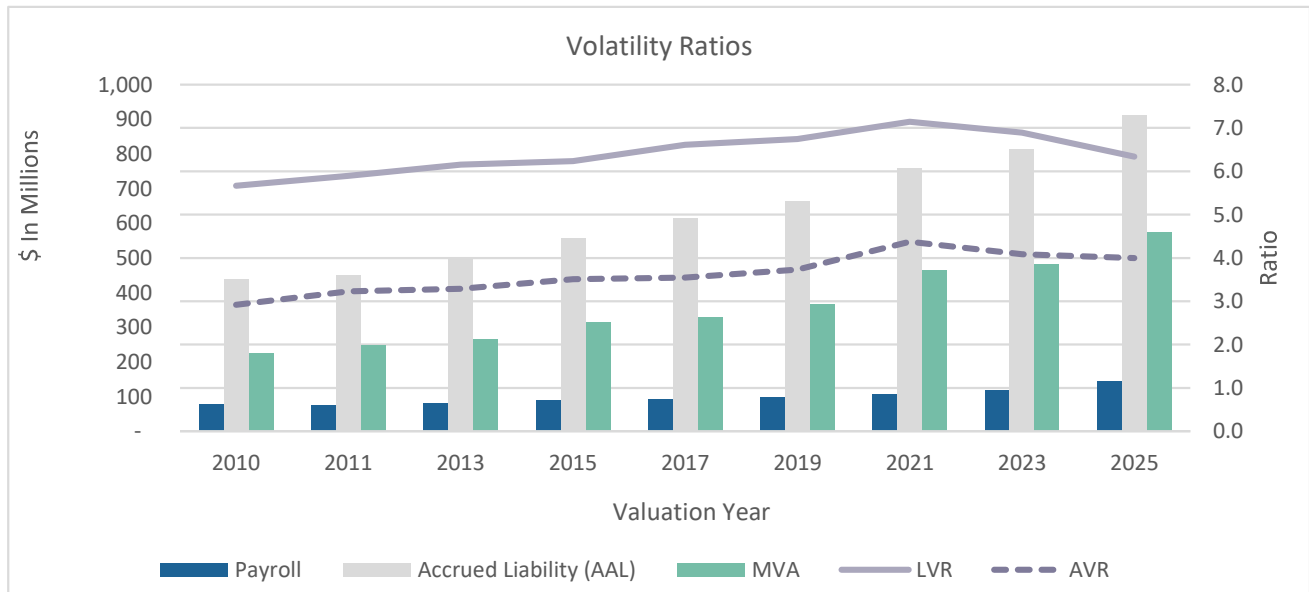
Volatility indices are measures of the relative sensitivity of employer contributions to changes in assets or liabilities. Below we present two such indices - the Asset Volatility Ratio (AVR) and the Liability Volatility Ratio (LVR):

Asset Volatility Ratio (AVR)

The Asset Volatility Ratio (AVR) is the ratio of the Market Value of Assets (MVA) to Payroll. Systems with a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. This ratio indicates a measure of the system's current contribution volatility. The AVR increases over time but generally tends to stabilize as the system matures.

Liability Volatility Ratio (LVR)

The Liability Volatility Ratio (LVR) is the ratio of the Actuarial Accrued Liability (AAL) to Payroll. Systems with a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to the investment return assumption and changes in liability. This ratio indicates a longer-term potential for contribution volatility. The AVR, described above, will tend to move close to the LVR as the system matures.

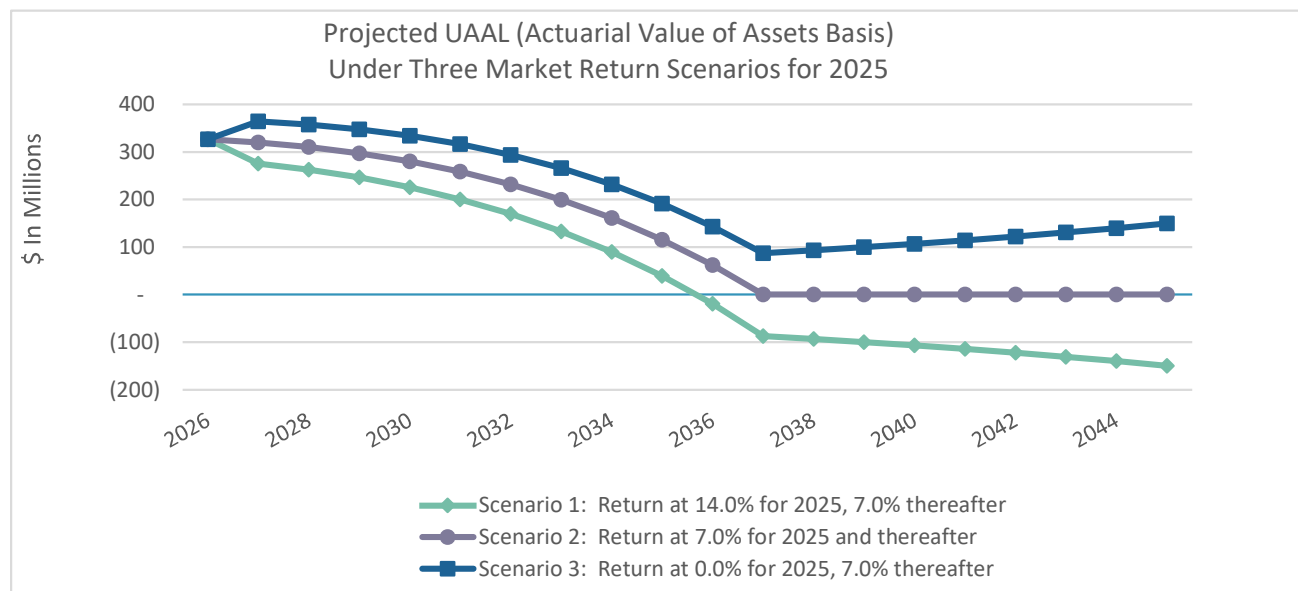


SECTION 4 - DISCLOSURES

4.3 - Risk Measures

Market Return Scenarios

Below we illustrate the projected effect on funding levels of a single year of investment return above or below the assumed investment return. Scenario 1 assumes a one-year return of 2 times the assumed return and the expected return thereafter, Scenario 2 assumes assets earn the expected return every year and Scenario 3 assumes a one-year return of 0% and the expected return thereafter.



Sensitivity Analysis

The following presents the Actuarial Accrued Liability and Funded Status calculated using the investment return rate of 7%, as well as what the Actuarial Accrued Liability and Funded Status would be if it were calculated using an investment return rate 1-percentage point lower (6%) or 1-percentage point higher (8%) than the assumed investment return rate:

	1% Decrease 6.0%	Current Investment Return Rate 7.0%	1% Increase 8.0%
Actuarial Accrued Liability	\$1,016,821,470	\$911,393,223	\$822,470,578
% Change	12%		-10%
Actuarial Value of Assets	\$584,568,783	\$584,568,783	\$584,568,783
Unfunded Actuarial Accrued Liability	432,252,687	326,824,440	237,901,795
% Change	32%	N/A	-27%
Funded Status	57.49%	64.14%	71.07%

SECTION 4 - DISCLOSURES

4.3 - Risk Measures

Low-Default Risk Obligation Measure (LDRM)

The retirement plan invests in a diversified portfolio of stocks, bonds, real estate, and other assets with the objective of maximizing investment returns at a reasonable level of risk. The potential for investment returns to be different than expected is a key risk for the plan. Reducing the plan's investment risk by investing solely in bonds, however, would also likely reduce the plan's investment returns thereby increasing the amount of contributions needed over the long term. The Low-Default-Risk Obligation Measure (LDRM) represents what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. Consequently, the difference between the plan's Actuarial Accrued Liability and the LDRM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The following presents the LDRM and Funded Status calculated using the LDRM investment return rate of 5.44%:

LDRM	\$1,062,692,599
Actuarial Value of Assets	\$584,568,783
Funded Status	55.01%

The LDRM investment return rate is based on the Short Duration FTSE Pension Liability Index published as of December 31, 2024. The index represents the single discount rate that would produce the same present value as calculated by discounting a standardized set of liabilities using the Pension Discount Curve, which is a set of yields on hypothetical AA zero coupon bonds whose maturities range from 6 months up to 30 years.

The actuarial valuation reports the funded status and develops appropriations based on the expected return of the plan's investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDRM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high appropriation requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

Duration

Duration is another measure that is used to describe how the present value of a cash flow series changes when small changes are made to the underlying interest rates. The duration of the Lowell Contributory Retirement System is 11, and this represents an approximate percentage change in the Actuarial Accrued Liability for each 1% change to the investment return rate.

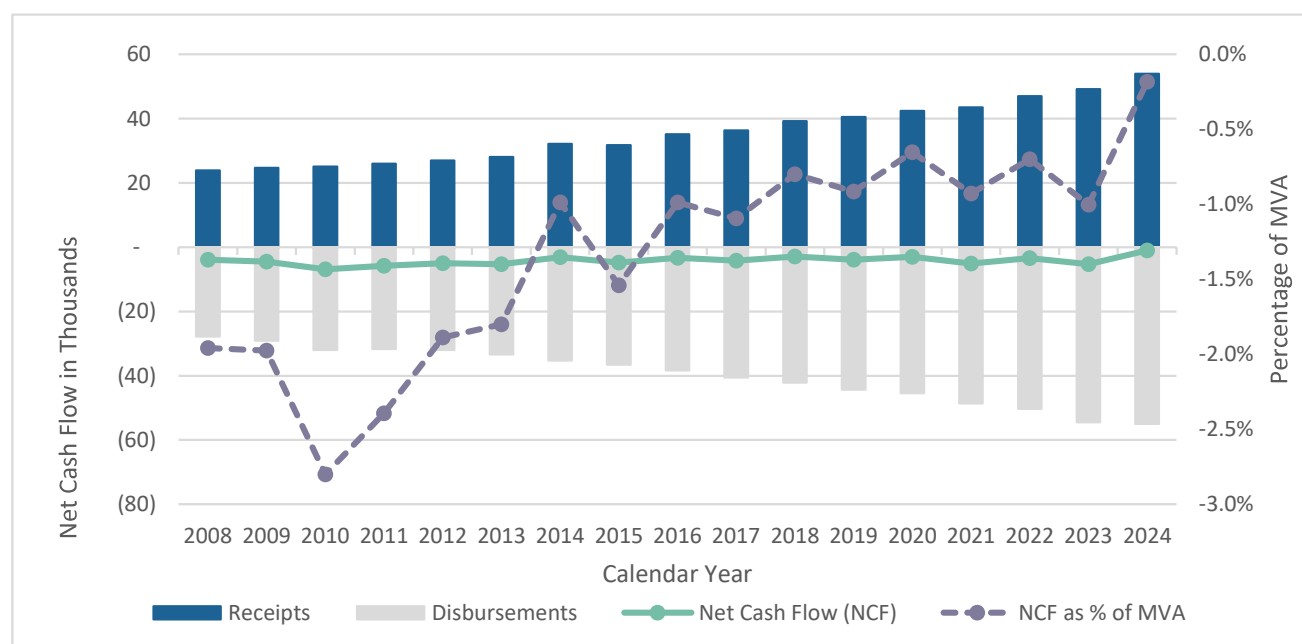
SECTION 4 - DISCLOSURES

4.3 - Risk Measures

Net Cash Flow (NCF)

Net cash flow (NCF) during a year is the difference between contributions, both employer and employee, paid into the System and benefit payments and expenses paid from the System. If the level of benefit payments plus expenses is greater than contributions, then the System has negative NCF. Mature plans generally have a negative NCF as the number of retirees grows. When a System has negative NCF, then additional cash from existing assets are needed to pay the pension benefits.

Historical NCF since 2008 is shown in the next graph. Blue bars indicate contributions, from employees and employers, and grey bars show benefit payments and administrative expenses. The NCF is represented by the green line. The dashed purple line (which corresponds to the right-hand axis) provides the NCF as a percentage of the Market Value of Assets. As of December 31, 2024, the NCF was negative \$1.1 million, which represents -0.2% of the Market Value of Assets. The NCF falls within the range of -2.8% to -0.2% of total assets over the 17-year period.



SECTION 5 - SUMMARY OF PLAN PROVISIONS

Administration	There are 104 contributory retirement systems for public employees in Massachusetts. Each system is governed by a retirement board and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws and other applicable statutes. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure for all systems.	
Participation	Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the local retirement board, and approved by PERAC. Membership is optional for certain elected officials.	
Membership Groups	There are four membership groups in the Retirement System:	
	Group 1	General employees, including clerical, administrative, technical and all other employees not otherwise classified.
	Group 2	Certain specified hazardous duty positions.
	Group 3	State police officers and inspectors.
	Group 4	Local police officers, firefighters and other specified hazardous positions.
	For members in more than one group, participation will be proportional.	
Member Contributions	Member contributions vary depending on the most recent date of membership:	
	Prior to 1975	5% of Salary
	1975 – 1983	7% of Salary
	1984 – June 30, 1996	8% of Salary
	July 1, 1996 – present	9% of Salary
	1979 – present	An additional 2% of Salary in excess of \$30,000.
	Group 1 members hired on or after April 2, 2012	6% of Salary with 30 or more years of creditable service.
Rate of Interest	Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least ten financial institutions.	

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Retirement Age

The mandatory retirement age for some Group 2 and Group 4 members is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire at age 65. There is no mandatory retirement age for members in Group 1.

Salary

Gross regular compensation. This does not include bonuses, overtime, severance pay, unused sick leave credit or other similar compensation. For employees who became members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. §401(a)(17). For 2025, the limit is 64% of \$350,000, or \$224,000.

Average Salary

Membership before April 2, 2012 ♦ Average annual rate of regular compensation received during the three consecutive years that produce the highest average, or, if greater, during the last three years (whether or not consecutive) preceding retirement.

Membership on or after April 2, 2012 ♦ Average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement.

Creditable Service

The period during which a member contributes to the retirement system plus certain periods of military service and “purchased” service.

Benefit Rate

The benefit rate varies with the member's retirement age, Group, membership date and years of creditable service at retirement. Each year a member retires prior to the age at which the 2.5% maximum benefit rate applies, a reduction is applied to each year of age under the maximum age. The maximum age and reduction for each Group and membership date is as follows:

	Group 1	Group 2	Group 4
2.5% for Membership before April 2, 2012:			
Maximum age:	65	60	55
Reduction:	0.1%	0.1%	0.1%
2.5% for Membership on or after April 2, 2012 (less than 30 years of service):			
Maximum age:	67	62	57
Reduction:	0.15%	0.15%	0.15%
2.5% for Membership on or after April 2, 2012 (30+ years of service):			
Maximum age:	67	62	57
Reduction:	0.125%	0.125%	0.125%

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Superannuation Retirement

Eligibility if membership before April 2, 2012	♦ completion of 20 years of Creditable Service, or ♦ attainment of age 55 if hired prior to 1978, or ♦ attainment of age 55 with 10 years of Creditable Service, if hired after 1978.
Eligibility if membership on or after April 2, 2012	♦ attainment of age 60 with 10 years of Creditable Service if classified in Group 1 ♦ attainment of age 55 with 10 years of Creditable Service if classified in Group 2 ♦ attainment of age 55 if classified in Group 4
Benefit Amount	Product of the member's Benefit Rate, Average Salary and Creditable Service.
Maximum Benefit	80% of the member's Average Salary.
Veteran's Benefit	Additional benefit of \$15 per year of Creditable Service, up to a maximum of \$300.

Deferred Vested

Eligibility	♦ completion of ten or more years of Creditable Service. ♦ elected officials hired prior to 1978, completion of six years of Creditable Service.
Benefit Amount	Accrued benefit payable commencing at age 55, or the completion of 20 years of Creditable Service, or may be deferred until later at the participant's option.

Withdrawal of Contributions

- Contributions may be withdrawn upon termination of employment.
- ♦ Members hired on or after January 1, 1984 who terminate with less than ten years of Creditable Service receive contributions plus interest on the Annuity Savings Account at an annual rate of 3%.
 - ♦ All other withdrawals receive contributions plus 100% of the regular interest that has accrued to the Annuity Savings Account.

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Ordinary Disability Retirement	Eligibility	Non-job related disability after completion of ten years of Creditable Service.
	Benefit Amount for Group 1 membership before April 2, 2012 or Group 2 or Group 4	Superannuation benefit determined if the member is age 55, up to a maximum of 80% of Average Salary over three years. If the member is a veteran, 50% of final rate of salary (final year) plus an annuity based on the accumulated member contributions plus credited interest, up to a maximum of 80% of Average Salary over five years.
	Benefit Amount for Group 1 membership on or after April 2, 2012	Superannuation benefit determined if the member is age 60, up to a maximum of 80% of Average Salary over three years. If the member is a veteran, 50% of final rate of salary (final year) plus an annuity based on the accumulated member contributions plus credited interest, up to a maximum of 80% of Average Salary over five years.
Accidental Disability Retirement	Eligibility	Disabled as a result of an accident in the performance of duties. There is no minimum age or service requirement.
	Benefit Amount	72% of Salary plus an annuity based on accumulated member contributions plus credited interest.
	Maximum Benefit	100% of Salary if hired before January 1, 1988, otherwise 75% of Salary.
	Veteran's Benefit	Additional allowance of \$15 per year of Creditable Service, up to a maximum of \$300.
	Supplemental Dependent Allowance	Additional allowance of \$1,125.36 per year for each child until age 18 (or age 22 if a full-time student).
Non-Occupational Death	Eligibility	For members with at least two years of creditable service who die while in active service, but not due to occupational injury.
	Benefit Amount	Benefit as if Option C had been elected. Minimum benefit of \$250 per month for surviving spouse, \$120 per month for first child and \$90 per month for each additional child.

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Accidental Death	Eligibility	For members who die as a result of an occupational injury.
	Benefit Amount	72% of Salary plus an annuity based on accumulated member contributions plus credited interest.
	Maximum Benefit	100% of Salary if hired before January 1, 1988, otherwise 75% of Salary.
	Veteran's Benefit	Additional allowance of \$15 per year of creditable service, up to a maximum of \$300.
	Supplemental Dependent Allowance	Additional allowance of \$1,125.36 per year for each child until age 18 (or age 22 if a full-time student).
Cost-of-Living Adjustment (COLA)	In accordance with the adoption of Chapter 17 of the Acts of 1997, the granting of a Cost-of-Living Adjustment will be determined by an annual vote by the Retirement Board. The amount of increase will be based upon the Consumer Price Index, limited to a maximum of 3.0%, beginning on July 1. All retirees, disabled retirees and beneficiaries who have been receiving benefit payments for at least one year as of July 1 are eligible for the adjustment. The maximum amount of pension benefit subject to a COLA is \$18,000. All COLAs granted to members after 1981 and prior to July 1, 1998 are deemed to be an obligation of the Commonwealth of Massachusetts and are not the liability of the Retirement System.	
Optional Forms of Payment	A member may elect to receive his or her retirement allowance, payable in monthly installments, in one of three forms of payment: ◆ Option A – Total annual allowance commencing at retirement and terminating at member's death. ◆ Option B – A reduced annual allowance commencing at retirement with death benefit equal to excess of member contributions plus credited interest to retirement over annuity benefit paid to member. ◆ Option C – A reduced annual allowance commencing at retirement with 66⅔% of benefit continued to designated beneficiary upon death of member. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable increases based on the factor used to determine the Option C benefit at retirement.	

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Date January 1, 2025

Investment Return Rate 7.00% per year.

The investment return assumption is a long-term assumption based on capital market expectations by asset class, historical returns and professional judgment. We considered analysis prepared by PRIM's investment advisor using a building block approach and using the target asset allocation, expected returns by asset class and risk analysis to determine a long-term expected average annual rate of return.

Low-Default Risk Obligation Measure (LDRM) Investment Return Rate 5.44% per year.

The LDRM investment return rate is based on the Short Duration FTSE Pension Liability Index published as of December 31, 2024. The index represents the single discount rate that would produce the same present value as calculated by discounting a standardized set of liabilities using the Pension Discount Curve, which is a set of yields on hypothetical AA zero coupon bonds whose maturities range from 6 months up to 30 years.

Annuity Savings Fund Interest Rate 2.00% per year

Amortization Method

Unfunded Actuarial Accrued Liability (UAL):

Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2036.

Output Smoothing Method Annual appropriations are limited to 7.16% per year.

Salary Scale

The assumed annual rates for salary increases including longevity are illustrated by the following rates:

Years of Service	Groups 1 and 2	Group 4
0	6.00%	7.00%
1	5.50%	6.50%
2	5.50%	6.00%
3	5.25%	5.75%
4	5.25%	5.25%
5	4.75%	5.25%
6	4.75%	4.75%
7	4.50%	4.75%
8	4.50%	4.75%
9+	4.25%	4.75%

The salary scale assumption is a long-term estimate derived from historical data, current and recent market expectations and professional judgment.

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Cost-of-Living Allowance Cost-of-Living Allowances (COLA) are assumed to be 3% of the pension amount, capped at \$510 per year and effective July 1, 2025, capped at \$540 per year.

Inflation 2.5% per year, based on current economic data, analyses from economists and other experts, and professional judgment.

Payroll Growth 3.5% per year, based on historical data, current and recent market expectations and professional judgment.

Mortality Rates RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

General Employees: 55% of deaths are job-related.

Police and Fire : 90% of deaths are job-related.

PERAC completed a local system retiree mortality study in 2019 and selected the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018 and subsequently updated the mortality improvement scale to MP-2021 in 2023. The underlying tables with generational mortality improvement selected reasonably reflect the mortality experience of the System as of the valuation date based on historical and current demographic data as well as professional judgement.

Turnover Rates Illustrative turnover rates are shown below:

Creditable Service	Groups 1 and 2	Group 4
0	0.1500	0.0150
10	0.0540	0.0150
20	0.0200	0.0000
30	0.0000	0.0000

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Disability Rates

Illustrative disability rates are shown below:

Attained Age	Groups 1 and 2	Group 4
20	0.0001	0.0010
30	0.0003	0.0030
40	0.0010	0.0030
50	0.0019	0.0125
60	0.0028	0.0085

General Employees: 55% of disabilities are accidental and 45% are ordinary.

Police and Fire: 90% of disabilities are accidental and 10% are ordinary.

Retirement Rates

Illustrative retirement rates are shown below:

Attained Age	Groups 1 and 2		Group 4
	Male	Female	Male & Female
50	0.0100	0.0150	0.0200
51	0.0100	0.0150	0.0200
52	0.0100	0.0200	0.0200
53	0.0100	0.0250	0.0500
54	0.0200	0.0250	0.0750
55	0.0200	0.0550	0.1500
56	0.0250	0.0650	0.1000
57	0.0250	0.0650	0.1000
58	0.0500	0.0650	0.1000
59	0.0650	0.0650	0.1500
60	0.1200	0.0500	0.2000
61	0.2000	0.1300	0.2000
62	0.3000	0.1500	0.2500
63	0.2500	0.1250	0.2500
64	0.2200	0.1800	0.3000
65	0.4000	0.1500	1.0000
66	0.2500	0.2000	1.0000
67	0.2500	0.2000	1.0000
68	0.3000	0.2500	1.0000
69	0.3000	0.2000	1.0000
70	1.0000	1.0000	1.0000

The turnover, disability and retirement rates are based on PERAC's most recent experience analysis of local retirement systems which reviewed age, gender and job group. The assumptions reflect this analysis as well as professional judgment.

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Cost Method	Individual Entry Age Normal.
Actuarial Asset Method	The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year, c) 40% of gains and losses of the third prior year, d) 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value. Previously, the actuarial valuation of assets was constrained to be not less than 90% or more than 110% of market value.
Census Data	Census data as of the valuation date were submitted by the Retirement Board.
Asset Data	Asset information is reported annually to the Public Employee Retirement Administration Commission by the Lowell Contributory Retirement Board.
Dependents	80% of all members will be survived by a spouse. Age assumption for spouses is that males are assumed to be three years older than females.
Net Section 3(8)(c) Transfers	Reimbursements paid to and received from other retirement systems for that portion of a retiree's pension that is based on service earned in another retirement system. Net 3(8)(c) transfers are assumed to be \$1,000,000 per year.
Administrative Expenses	For calendar year 2025, the administrative expenses are assumed to be \$690,000 and are anticipated to increase 3.5% per year. The administrative expense assumption is based on information relating to the Board's administrative expense budget and actual expenses provided by the Retirement System.
Use of ProVal®	KMS Actuaries has used ProVal® to develop the liabilities, normal costs and projected benefit payments in this report. We have a lease agreement with WinTech, the developer of ProVal®, and have relied on their system to perform these calculations. The actuaries signing this report and the KMS staff members who were involved in preparing it have a clear understanding of ProVal® and have used it only for its intended purpose. We have reviewed the output produced by ProVal® for reasonableness and we are not aware of any material inconsistencies, limitations or known weaknesses that would affect this report.

SECTION 7 - PLAN MEMBER INFORMATION

Exhibit 7.1 - Summary of Census Data as of January 1, 2025

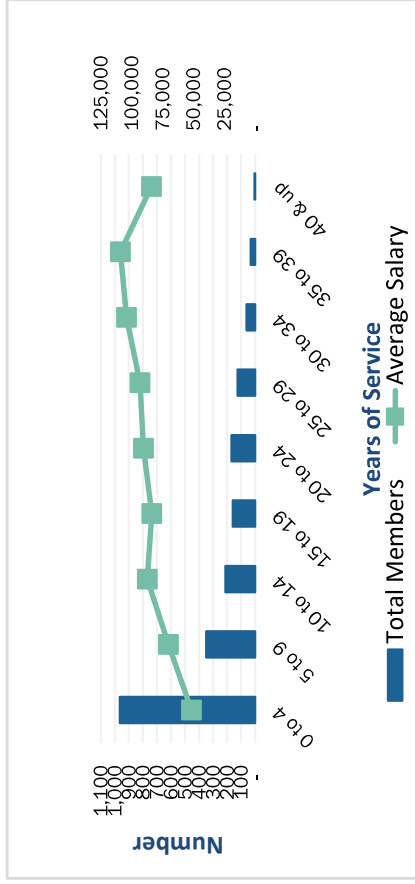
Census data as of December 31, 2024 was provided to us by the Retirement Board. We performed edits on the data to ensure that it is reasonable and complete and made certain assumptions regarding any missing or invalid data so that results are not materially affected. Presented on the following pages are summaries of the demographic profile of active members (Exhibit 7.2) and retired plan members and beneficiaries and disabled plan members (Exhibit 7.3). Below, we present a comparison of the census data from the current and prior valuations:

Valuation Date	January 1, 2025	January 1, 2023	% Change
Census Data			
Active Members	2,082	1,859	12.0%
Average Age	44.2	45.0	(1.7%)
Average Service	9.8	10.7	(8.6%)
Valuation Salary	\$143,827,919	\$118,087,298	21.8%
Average Salary	\$69,082	\$63,522	8.8%
Retired Members and Beneficiaries	1,189	1,165	2.1%
Average Age	73.3	73.0	0.4%
Total Annual Retirement Allowance	\$42,032,467	\$38,681,606	8.7%
Average Annual Retirement Allowance	\$35,351	\$33,203	6.5%
State Reimbursed COLAs	\$99,309	\$115,677	(14.1%)
Total System-Funded Retirement Allowance	\$41,933,158	\$38,565,929	8.7%
Disabled Members	185	176	5.1%
Average Age	66.1	66.4	(0.5%)
Total Annual Retirement Allowance	\$9,210,955	\$8,150,251	13.0%
Average Annual Retirement Allowance	\$49,789	\$46,308	7.5%
State Reimbursed COLAs	\$41,039	\$44,016	(6.8%)
Total System-Funded Retirement Allowance	\$9,169,916	\$8,106,235	13.1%
Inactive Members	687	588	16.8%
Annuity Savings Fund	\$9,884,825	\$10,544,577	(6.3%)

Exhibit 7.2 - Active Members by Age and Years of Service as of January 1, 2025

Average Salary	51,544	70,364	87,305	83,684	90,455	93,406	104,133	109,193	84,062
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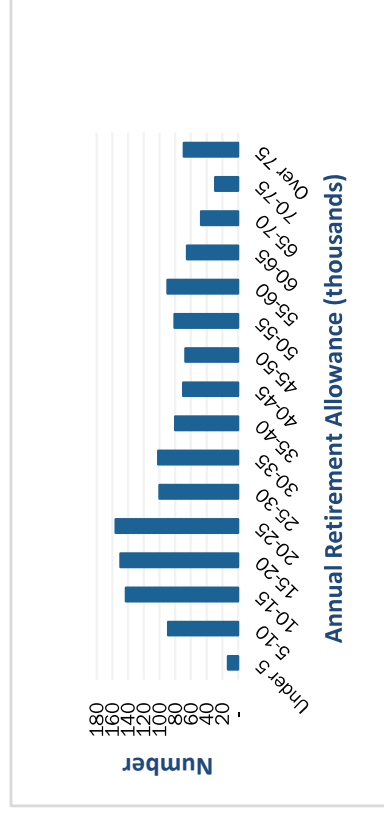
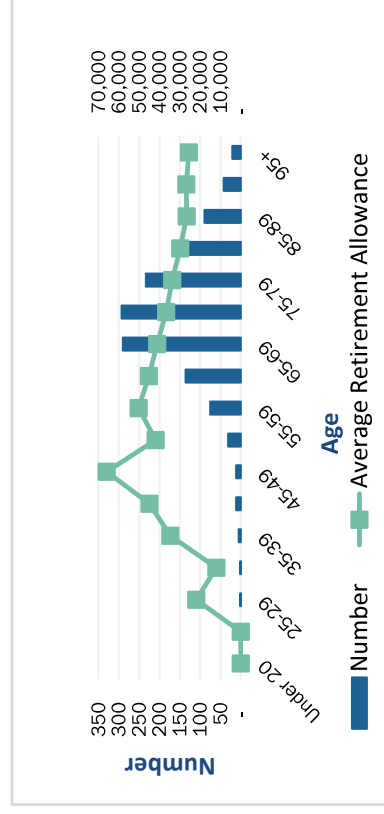
Average Age:	44.23	Average Service:	9.78
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SECTION 7 - PLAN MEMBER INFORMATION

Exhibit 7.3 - Annual Retirement Allowances as of January 1, 2025

Attained Age	Service Retirements			Disability Retirements			Beneficiaries		
	Number	Annual Retirement Allowance	Average Retirement Allowance	Number	Annual Retirement Allowance	Average Retirement Allowance	Number	Annual Retirement Allowance	Average Retirement Allowance
Under 20	-	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	1	21,991	21,991
30-34	-	-	-	-	-	-	1	12,074	12,074
35-39	-	-	-	2	121,833	60,917	3	51,714	17,238
40-44	-	-	-	6	336,274	56,046	5	156,953	31,391
45-49	-	-	-	11	725,801	65,982	-	-	-
50-54	7	219,562	31,366	21	1,031,966	49,141	3	50,064	16,688
55-59	42	2,092,034	49,810	23	1,228,188	53,399	10	445,418	44,542
60-64	108	5,018,329	46,466	18	905,591	50,311	10	230,226	23,023
65-69	252	10,346,476	41,057	27	1,265,010	46,852	11	297,617	27,056
70-74	236	8,600,209	36,442	31	1,459,703	47,087	26	717,591	27,600
75-79	174	5,648,246	32,461	27	1,346,631	49,875	32	866,405	27,075
80-84	104	3,202,703	30,795	8	320,446	40,056	23	495,552	21,546
85-89	59	1,581,410	26,804	7	296,220	42,317	23	491,313	21,361
90-94	25	678,751	27,150	3	124,315	41,438	14	321,661	22,976
95+	10	257,189	25,719	1	48,977	48,977	10	228,979	22,898
Total	1,017	37,644,909	37,016	185	9,210,955	49,789	172	4,387,558	25,509
Average Age	72.9			66.1			75.8		



SECTION 8 - GLOSSARY OF TERMS

Actuarial Accrued Liability – That portion of the Actuarial Present Value of pension plan benefits which is not provided by future Normal Costs or employee contributions. It is the portion of the Actuarial Present Value attributable to service rendered as of the Valuation Date.

Actuarial Assumptions – Assumptions, based upon past experience or standard tables, used to predict the occurrence of future events affecting the commencement, amount and duration of pension benefits, such as: changes in compensation, mortality, withdrawal, disablement and retirement; rates of investment earnings and asset appreciation or depreciation; and any other relevant items.

Actuarial Cost Method (or Funding Method) – A procedure for allocating the Actuarial Present Value of all past and future pension plan benefits to the current year (Normal Cost) and the past (Actuarial Accrued Liability).

Actuarial Gain or Loss (or Experience Gain or Loss) – A measure of the difference between actual experience and that expected based upon the set of Actuarial Assumptions, during the period between the valuation date and the most recent immediately preceding valuation date.

Actuarial Present Value – The dollar value on the valuation date of all benefits expected to be paid to current members based upon the Actuarial Assumptions and the terms of the Plan.

Actuarial Standard of Practice – Standards set by the Actuarial Standards Board for appropriate actuarial practice in the United States. These Standards describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

Actuarial Valuation – The measurement of relevant pension obligations and, when applicable, the determination of periodic costs or actuarially determined contributions.

Amortization Payment – That portion of the pension plan appropriation which represents payments made to pay interest on and the reduction of the Unfunded Accrued Liability.

Annual Statement – The statement submitted by the local retirement board to PERAC each year that describes the asset holdings and Fund balances as of December 31 and the transactions during the calendar year that affected the financial condition of the retirement system.

Annuity Reserve Fund – The fund into which total accumulated Member Contributions, including interest, is transferred at the time a member retires, and from which annuity payments are made.

Annuity Savings Fund – The fund in which Member Contributions plus interest credited are held for active members and for former members who have not withdrawn their contributions and are not yet receiving a benefit (inactive members).

Assets – The total value of the investments held by the Plan trust that are for the payment of promised benefits. Employer appropriations and Member Contributions, as well as investment earnings, are added to the Plan trust. Benefit payments and other disbursements are withdrawn from the Plan trust. For valuation purposes, assets are usually measured at market value.

SECTION 8 - GLOSSARY OF TERMS

Cost of Benefits – The estimated payment from the pension system for benefits for the fiscal year.

Expense Fund – The fund into which the appropriation for administrative expenses is paid and from which all such expenses are paid.

Funded Ratio – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

Funding Schedule – The schedule based upon the most recently approved actuarial valuation which sets forth the amount which would be appropriated to the pension system in accordance with Section 22D and Section 22F of M.G.L. Chapter 32.

GASB – Governmental Accounting Standards Board.

LDROM – Low-Default Risk Obligation Measure.

Normal Cost – Total Normal Cost is that portion of the Actuarial Present Value of pension plan benefits which is expected to accrue in the current fiscal year. The Employee Normal Cost is the amount of the expected Member Contributions for the current fiscal year. The Employer Normal Cost is the difference between the Total Normal Cost and the Employee Normal Cost.

Output Smoothing Method – A method to reduce volatility of the results of a contribution allocation procedure. Output smoothing methods include 1) phasing in the impact of assumption changes on contributions, 2) blending a prior valuation with a subsequent valuation to determine contributions, or 3) placing a corridor around changes in the dollar amount, contribution rate, or percentage change in contributions from year to year.

Pension Fund – The fund into which appropriation amounts as determined by PERAC are paid and from which pension benefits are paid.

Pension Reserve Fund – The fund which shall be credited with all amounts set aside by a system for the purpose of establishing a reserve to meet future pension liabilities. These amounts would include excess interest earnings.

Present Value of Future Benefits – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Special Fund for Military Service Credit – The fund which is credited with amounts paid by the retirement board equal to the amount which would have been contributed by a member during a military leave of absence as if the member had remained in active service of the retirement board. In the event of retirement or a non-job related death, such amount is transferred to the Annuity Reserve Fund. In the event of termination prior to retirement or death, such amount shall be transferred to the Pension Fund.

Total Pension Liability – The portion of the Actuarial Present Value attributable to past service in accordance with the Entry Age cost method as stipulated by GASB Statement Number 67 (GASB 67).

Unfunded Actuarial Accrued Liability – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.