

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

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MEMORANDUM

TO: Melrose Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: October 8, 2025

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 July 1 of each fiscal year. The schedule is effective in FY26 (since the amount under the prior schedule was maintained in FY26) and is acceptable under Chapter 32.

The schedule maintains the 7.0% investment return assumption used in the prior actuarial valuation.

This schedule completes the amortization of the unfunded actuarial liability (UAL) in FY38, the same time as the prior funding schedule. Although this is allowable, our recommendation for almost 10 years has been for systems to establish funding schedules that complete the amortization of the UAL by FY35 at the latest. This allows systems some flexibility in the event of another market downturn. Currently, 25 systems have amortization schedules that extend beyond FY35 and more than half of these complete the amortization by FY36. We believe the FY35 date would be attainable with modest adjustments to the schedule. We are available to discuss alternative ways a FY35 schedule could be accomplished.

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.



MELROSE RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Unfunded Liability	Net Normal Cost	Funding Amortization of UAAL	Amortization of Recognized Asset Loss/(Gain)	Net 3(8)(c) Payments	Schedule Contribution
2027	63,838,212	2,157,044	6,190,650	-	128,752	8,476,446
2028	61,682,892	2,254,111	6,438,276	-	128,752	8,821,139
2029	63,134,430	2,355,546	6,695,807	455,665	128,752	9,635,770
2030	59,901,765	2,461,546	6,963,639	473,892	128,752	10,027,828
2031	54,538,535	2,572,315	7,242,185	272,633	128,752	10,215,885
2032	50,315,378	2,688,069	7,531,872	283,539	128,752	10,632,232
2033	45,474,965	2,809,032	7,833,147	294,880	128,752	11,065,812
2034	39,961,223	2,935,439	8,146,473	306,676	128,752	11,517,339
2035	33,713,640	3,067,534	8,472,332	318,943	128,752	11,987,560
2036	26,666,932	3,205,573	8,811,225	331,700	128,752	12,477,250
2037	18,750,687	3,349,823	9,163,674	344,968	128,752	12,987,218
2038	9,888,988	3,500,565	9,530,221	358,767	128,752	13,518,305
2039	0	3,658,091	-	-	128,752	3,786,843
2040	-	3,822,705	-	-	128,752	3,951,457

Amortization of Unfunded Liability as of July 1, 2026

Year	Type*	Original Base	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2027	Fresh Start	63,838,212	6,190,650	4.00%	12	6,190,650	12
2029	Asset Loss	4,022,690	455,665	4.00%	10	-	10
2031	Asset Gain	(1,598,195)	(220,214)	4.00%	8	-	8

* Asset Gain/Loss is the amount recognized by the smoothing method in the year shown

Bases in the funding schedule:

- Fresh Start amortization of the unfunded liability: 12 years.
- Deferred recognition of assets gains and losses, recognized in the contributions over the course of the amortization period.