

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Methuen Retirement Board

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

RE: Approval of Funding Schedule

DATE: July 15, 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 July 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.

The revised schedule reflects a reduction in the investment return assumption from 7.15% to 7.0%, a slight revision to the mortality assumption, and an increase in the COLA base to \$18,000.

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

JWP/jfb

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Enc.



**Methuen Retirement System**  
**January 1, 2022 Actuarial Valuation**

Total cost increases 5% each year until FY33 with a final amortization payment in FY34

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Pension Holiday</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase Total Cost</u>
2023	4,310,786	100,000	10,417,417	267,716	311,308	94,746	15,501,972	113,356,577	
2024	4,504,772	100,000	10,968,210	279,763	325,317	99,009	16,277,071	109,423,969	5.0%
2025	4,707,487	100,000	11,547,665	292,352	339,956	103,465	17,090,924	104,594,287	5.0%
2026	4,919,323	100,000	12,926,147				17,945,470	98,772,609	5.0%
2027	5,140,693	100,000	13,602,051				18,842,744	91,855,714	5.0%
2028	5,372,024	100,000	14,312,857				19,784,881	83,731,420	5.0%
2029	5,613,765	100,000	15,060,360				20,774,125	74,277,862	5.0%
2030	5,866,385	100,000	15,846,447				21,812,831	63,362,728	5.0%
2031	6,130,372	100,000	16,673,101				22,903,473	50,842,421	5.0%
2032	6,406,239	100,000	17,542,408				24,048,647	36,561,172	5.0%
2033	6,694,519	100,000	18,456,559				25,251,079	20,350,078	5.0%
2034	6,995,773	100,000	2,026,064				9,121,837	2,026,064	-63.9%
2035	7,310,583	100,000					7,410,583	0	-18.8%
2036	7,639,559	100,000					7,739,559	0	4.4%
2037	7,983,339	100,000					8,083,339	0	4.4%

Appropriation payments assumed to be made on July 1 of each fiscal year.

Total appropriation assumed to increase 5.0% each year until FY33 with a final amortization payment in FY34.

FY23 normal cost includes assumed expenses of \$930,000 and is assumed to increase 4.5% per year.

FY23 appropriation was maintained at the same level as the current schedule.