

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Middlesex County Retirement Board

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

RE: Approval of Funding Schedule

DATE: September 12, 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 in equal installments on July 1 and January 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 7.30% to 7.15% and a slight revision to the mortality assumption.

The current schedule completes the amortization of the UAL in FY36 (one year sooner than under the prior schedule). We continue to recommend that systems complete the amortization of the UAL by FY35. We recommend the Board consider reducing this period when the next valuation is performed.

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

JWP/jfb

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## Section 2: Actuarial Valuation Results

### Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Accrued Liability at Beginning of Fiscal Year	(6) Percent increase in ADC over prior year
2023	\$30,039,196	\$126,310,979	\$156,350,175	\$1,623,820,534	--
2024	31,141,771	135,371,165	166,512,936	1,606,898,100	6.50%
2025	32,284,481	145,051,796	177,336,277	1,579,223,892	6.50%
2026	33,468,776	155,394,359	188,863,135	1,539,375,730	6.50%
2027	34,696,159	166,443,080	201,139,239	1,485,786,056	6.50%
2028	35,968,186	178,245,104	214,213,290	1,416,728,655	6.50%
2029	37,286,471	187,370,157	224,656,628	1,330,304,237	4.88%
2030	38,652,685	194,864,963	233,517,648	1,228,090,337	3.94%
2031	40,068,560	202,659,562	242,728,122	1,110,674,918	3.94%
2032	41,535,884	210,765,944	252,301,828	976,655,341	3.94%
2033	43,056,520	219,196,582	262,253,102	824,516,051	3.94%
2034	44,632,388	227,964,446	272,596,834	652,619,996	3.94%
2035	46,265,481	237,083,023	283,348,504	459,199,414	3.94%
2036	47,957,866	246,566,344	294,524,210	242,345,945	3.94%
2037	49,711,681	0	49,711,681	0	-83.12%
2038	51,529,140	0	51,529,140	0	3.66%

**Notes:**

Actuarially determined contribution for fiscal year 2023 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid in two equal installments on July 1 and December 31.

Item (2) reflects 3.25% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Item (3) increases at 4% per year beginning in fiscal 2030.

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.