

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Natick Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2021
DATE: December 9, 2019

Required Fiscal Year 2021 Appropriation: **\$11,395,609**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2021 which commences July 1, 2020.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2021 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Segal Consulting as part of their January 1, 2019 valuation.

The current schedule is due to be updated by Fiscal Year 2022.

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

JWP/jfb
Attachments

cc: Board of Selectmen
Town Meeting
c/o Town Clerk

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Natick Retirement Board

Projected Appropriations

Fiscal Year 2021 - July 1, 2020 to June 30, 2021

Aggregate amount of appropriation: **\$11,395,609**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2021	\$9,877,600	\$11,395,609	\$0	\$11,395,609	\$9,877,600	\$1,518,009	\$0
FY 2022	\$10,170,553	\$12,307,258	\$0	\$12,307,258	\$10,170,553	\$2,136,705	\$0
FY 2023	\$10,472,224	\$13,291,839	\$0	\$13,291,839	\$10,472,224	\$2,819,615	\$0
FY 2024	\$10,782,870	\$14,355,186	\$0	\$14,355,186	\$10,782,870	\$3,572,316	\$0
FY 2025	\$11,102,759	\$15,503,601	\$0	\$15,503,601	\$11,102,759	\$4,400,842	\$0

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

EXHIBIT E – DEPARTMENT RESULTS AS OF JANUARY 1, 2019

	General Fund	Housing	Public Safety	Water & Sewer Enterprise Fund	Sassamon Trace Enterprise Fund	All Others	Total
1 Demographics							
Actives		12	157	27	4	451	651
Inactives		0	5	2	2	152	161
Retired		<u>5</u>	<u>137</u>	<u>15</u>	<u>1</u>	<u>261</u>	<u>419</u>
Total		17	299	44	7	864	1,231
2 Total normal cost		\$87,706	\$2,608,071	\$170,731	\$24,293	\$2,722,928	\$5,613,729
3 Administrative expenses		4,375	130,084	8,516	1,212	135,813	280,000
4 Expected employee contributions		<u>-73,129</u>	<u>-1,346,198</u>	<u>-178,153</u>	<u>-17,168</u>	<u>-2,194,609</u>	<u>-3,809,257</u>
5 Employer normal cost: (2) + (3) + (4)		\$18,952	\$1,391,957	\$1,094	\$8,337	\$664,132	\$2,084,472
6 Employer normal cost as a percent of payroll		2.5%	10.3%	0.1%	4.8%	2.9%	5.4%
7 Actuarial accrued liability		\$4,003,776	\$110,673,768	\$9,970,278	\$375,947	\$111,713,929	\$236,737,698
8 Actuarial value of assets		<u>2,556,965</u>	<u>70,680,509</u>	<u>6,367,402</u>	<u>350,483</u>	<u>71,344,796</u>	<u>151,300,155</u>
9 Unfunded actuarial accrued liability: (7) – (8)		\$1,446,811	\$39,993,259	\$3,602,876	\$25,464	\$40,369,133	\$85,437,543
10 Projected payroll as of January 1, 2019		754,234	13,548,304	1,794,149	172,143	22,665,995	38,934,825
11 Fiscal Year 2020 Actuarially Determined Contributions		150,854	5,497,383	337,172	12,639	4,553,442	10,551,490
12 Fiscal Year 2021 Actuarially Determined Contributions		174,718	5,799,100	383,604	12,013	5,026,174	11,395,609
13 Fiscal Year 2022 Actuarially Determined Contributions		188,696	6,263,028	414,292	12,974	5,428,268	12,307,258

Notes: Actuarial value of assets allocated in proportion to liabilities, except for Sassamon Trace Enterprise Fund where actuarial value of assets is estimated from prior valuation plus employer and employee contributions, less benefit payments.

Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.

Fiscal year 2020 appropriation based on the January 1, 2017 valuation report dated September 27, 2017.