

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Natick Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 2, 2021

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 and January 1 of each fiscal year. The schedule is effective in FY22 (since the amount under the prior schedule was maintained in FY22) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.25% to 7.00%.

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

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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 Actuarial Accrued Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2022	\$2,385,210	\$9,901,379	\$12,307,258	\$77,948,418	--
2023	2,472,246	10,552,106	13,045,693	72,988,027	6.00%
2024	2,562,436	11,243,965	13,828,435	66,995,808	6.00%
2025	2,655,892	11,702,930	14,381,572	59,856,262	4.00%
2026	2,752,732	12,180,614	14,956,835	51,734,092	4.00%
2027	2,853,077	12,677,779	15,555,109	42,540,820	4.00%
2028	2,957,054	13,195,218	16,177,313	32,180,976	4.00%
2029	3,064,792	13,733,757	16,824,406	20,551,569	4.00%
2030	3,176,429	7,670,178	10,873,304	7,541,531	-35.37%
2031	3,292,105	0	3,319,668	0	-69.47%

Notes:

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

Assumes contribution of budgeted amount for fiscal year 2022.

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

Amortization payments of unfunded liability increase 6.00% per year for two years and 4.00% for the following five years.

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

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