

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

## MEMORANDUM

TO: Newburyport Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: November 25, 2024

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 FY25 (since the amount under the prior schedule was maintained in FY25) and is acceptable under Chapter 32.

The revised schedule maintains the 7.0% investment return assumption used in the 2022 actuarial valuation and reflects a slight adjustment to the fully generational mortality assumption.

For the past several years, PERAC has been recommending that Boards adopt schedules that complete the amortization of the unfunded actuarial liability (UAL) by FY35. The schedule adopted by the Board completes the amortization of the UAL in FY36 and has total appropriation payments that increase 5.0% each year. As a result, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions that increase the plan's liability, and it is possible appropriation increases in excess of 5.0% may be required as part of the 2026 or future actuarial valuations.

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

WTK/jfb

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Alternative 1  
 7.0% Investment Return  
 5.0% Total Cost Increasing  
 \$15,000 COLA Base

**Newburyport Retirement System  
 January 1, 2024 Actuarial Valuation**

Total cost increases 5.0% per year until FY35 with a final amortization payment in FY36

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Change in Cost</u>
2025	2,531,555	4,017,057	6,548,612	41,726,547	
2026	2,645,475	4,230,567	6,876,043	40,349,154	5.0%
2027	2,764,522	4,455,323	7,219,845	38,646,888	5.0%
2028	2,888,925	4,691,912	7,580,837	36,584,974	5.0%
2029	3,018,927	4,940,952	7,959,879	34,125,576	5.0%
2030	3,154,778	5,203,094	8,357,873	31,227,548	5.0%
2031	3,296,743	5,479,023	8,775,766	27,846,165	5.0%
2032	3,445,097	5,769,458	9,214,555	23,932,842	5.0%
2033	3,600,126	6,075,156	9,675,282	19,434,821	5.0%
2034	3,762,132	6,396,915	10,159,047	14,294,841	5.0%
2035	3,931,428	6,735,571	10,666,999	8,450,781	5.0%
2036	4,108,342	1,835,275	5,943,617	1,835,275	-44.3%
2037	4,293,217		4,293,217	0	-27.8%

Appropriation payments assumed to be made on July 1 of each fiscal year  
 FY25 Normal Cost includes assumed expenses of \$750,000 and is assumed to increase 4.5% per year  
 FY25 amount maintained at level of current funding schedule