

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Pittsfield Retirement Board

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

RE: Approval of Funding Schedule

DATE: October 5, 2023

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 October 1 of each fiscal year. The schedule is effective in FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

The revised schedule reflects a slight revision to the mortality assumption as well as an increase in the COLA base from \$14,000 to \$16,000.

Although we are approving the schedule, we would have preferred the Board adopt a schedule that completes the amortization of the unfunded actuarial liability (UAL) by FY35. With this schedule, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions or plan provisions that increase the plan's liability. We are available to discuss this issue further and will work with you on this in the next actuarial valuation.

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

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Enc.



**Pittsfield Retirement System
January 1, 2023 Actuarial Valuation**

Total appropriation increases 5.2% per year until FY36 with a final amortization payment in FY37

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Increase in Total Cost</u>
2024	4,509,255	700,000	11,935,477	17,144,732	151,108,040	
2025	4,712,172	700,000	12,624,086	18,036,258	149,126,986	5.2%
2026	4,924,219	700,000	13,349,924	18,974,143	146,282,698	5.2%
2027	5,145,809	700,000	14,114,990	19,960,799	142,475,576	5.2%
2028	5,377,371	700,000	14,921,390	20,998,760	137,596,947	5.2%
2029	5,619,352	700,000	15,771,343	22,090,696	131,528,313	5.2%
2030	5,872,223	700,000	16,667,189	23,239,412	124,140,544	5.2%
2031	6,136,473	700,000	17,611,388	24,447,862	115,293,016	5.2%
2032	6,412,615	700,000	18,606,536	25,719,150	104,832,666	5.2%
2033	6,701,182	700,000	19,655,364	27,056,546	92,592,987	5.2%
2034	7,002,735	700,000	20,760,751	28,463,487	78,392,945	5.2%
2035	7,317,859	700,000	21,925,729	29,943,588	62,035,802	5.2%
2036	7,647,162	700,000	23,153,492	31,500,654	43,307,858	5.2%
2037	7,991,285	700,000	22,348,688	31,039,972	21,977,094	-1.5%
2038	8,350,892	700,000		9,050,892	0	-70.8%

Figures may not add due to rounding.

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

Normal cost includes expenses of \$825,000 and is assumed to increase 4.5% per year.

FY24 appropriation maintained from the current schedule.