

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: Plymouth County Retirement Board

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

RE: Approval of Funding Schedule

DATE: December 8, 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.

We are approving the schedule because the schedule aggressively funds the plan by completing the amortization of the unfunded liability by FY29. However, we reiterate our past concerns about the plan assumptions. The Board once again maintained the 7.875% investment return assumption. This assumption is the highest of any Chapter 32 plan and is significantly outside the high end of PERAC's reasonable range for this assumption as of January 1, 2022. We have generally recommended an assumption of 6.75% to 7.00% for our 2022 PERAC valuations. The wider range that we consider reasonable for 2022 valuations is 6.0% to 7.35%. For comparison, 61 systems currently use an assumption of 7.0% or lower. If PERAC were your actuary, we would disclose the fact that we did not recommend a 7.875% assumption and we would need to disclose the results of the valuation using our recommended assumptions.

In our last two approvals, we noted that your actuary recommended updating the mortality assumption. The Board, instead, has once again maintained the assumption adopted in the 2017 valuation. This mortality assumption is significantly less conservative than the current standard PERAC assumption which is based on a study of local system retiree mortality completed in 2019. Based on our analysis of local systems as well as the State Retirement System, we could not justify the assumption used in your valuation. We also note there was a loss shown on page 3 of the valuation report of \$12.1 due to retiree mortality indicating actual experience did not match this assumption (retirees are outliving the assumption). There was a similar loss in the 2020 valuation.



December 8, 2022

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We estimate that if the plan used a 7.0% investment return assumption and the PERAC mortality assumption, the actuarial liability (and unfunded actuarial liability) would increase about \$230 million and the funded ratio would decrease to about 61%.

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

JWP/jfb

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[https://shermanactuary-my.sharepoint.com/personal/dm_shermanactuary_com/Documents/Recovered Data/Plymouth/Pension/Val22/Plymouth22_Val 7875_375 16COLA Current Mortality v1 FS_ult.xlsm](https://shermanactuary-my.sharepoint.com/personal/dm_shermanactuary_com/Documents/Recovered%20Data/Plymouth/Pension/Val22/Plymouth22_Val%207875_375%20COLA%20Current%20Mortality%20v1_FS_ult.xlsm) | Approp. Results

Appropriation Forecast

Fiscal Year Ending	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Unfunded Liability	Funded Ratio %**
2023	\$28,368,227	\$6,605,074	\$88,050,868	\$94,655,942	29.9	\$594,407,012	68.8
2024	\$29,673,467	\$6,597,255	\$97,334,970	\$103,932,225	31.6	\$551,704,957	71.4
2025	\$31,036,706	\$6,579,562	\$106,642,410	\$113,221,972	33.2	\$496,007,859	74.8
2026	\$32,460,461	\$6,551,264	\$114,104,693	\$120,655,957	34.1	\$426,293,991	78.8
2027	\$33,947,351	\$6,511,592	\$122,089,336	\$128,600,928	35.0	\$343,478,679	83.2
2028	\$35,500,111	\$6,459,732	\$130,632,904	\$137,092,636	36.0	\$245,997,382	88.2
2029	\$37,121,589	\$6,394,824	\$139,736,154	\$146,130,978	37.0	\$132,125,052	93.8
2030	\$38,814,756	\$6,315,965	\$0	\$6,315,965	1.5	\$0	100.0
2031	\$40,582,709	\$6,222,199	\$0	\$6,222,199	1.5	\$0	100.0
2032	\$42,428,674	\$6,112,519	\$0	\$6,112,519	1.4	\$0	100.0
2033	\$44,356,018	\$5,985,862	\$0	\$5,985,862	1.3	\$0	100.0
2034	\$46,368,247	\$5,841,111	\$0	\$5,841,111	1.2	\$0	100.0
2035	\$48,469,018	\$5,677,085	\$0	\$5,677,085	1.2	\$0	100.0
2036	\$50,662,141	\$5,492,544	\$0	\$5,492,544	1.1	\$0	100.0
2037	\$52,951,589	\$5,286,179	\$0	\$5,286,179	1.0	\$0	100.0
2038	\$55,341,501	\$5,056,612	\$0	\$5,056,612	0.9	\$0	100.0
2039	\$57,836,194	\$4,802,394	\$0	\$4,802,394	0.8	\$0	100.0
2040	\$60,440,165	\$4,521,999	\$0	\$4,521,999	0.8	\$0	100.0
2041	\$63,158,102	\$4,213,821	\$0	\$4,213,821	0.7	\$0	100.0
2042	\$65,994,890	\$3,876,170	\$0	\$3,876,170	0.6	\$0	100.0
2043	\$68,955,621	\$3,507,270	\$0	\$3,507,270	0.5	\$0	100.0
2044	\$72,045,601	\$3,105,252	\$0	\$3,105,252	0.5	\$0	100.0
2045	\$74,747,311	\$3,221,699	\$0	\$3,221,699	0.5	\$0	100.0
2046	\$77,550,335	\$3,342,513	\$0	\$3,342,513	0.5	\$0	100.0
2047	\$80,458,473	\$3,467,857	\$0	\$3,467,857	0.5	\$0	100.0
2048	\$83,475,666	\$3,597,902	\$0	\$3,597,902	0.5	\$0	100.0
2049	\$86,606,003	\$3,732,823	\$0	\$3,732,823	0.5	\$0	100.0
2050	\$89,853,728	\$3,872,804	\$0	\$3,872,804	0.5	\$0	100.0
2051	\$93,223,243	\$4,018,034	\$0	\$4,018,034	0.5	\$0	100.0
2052	\$96,719,115	\$4,168,710	\$0	\$4,168,710	0.5	\$0	100.0
2053	\$100,346,082	\$4,325,037	\$0	\$4,325,037	0.5	\$0	100.0
2054	\$104,109,060	\$4,487,226	\$0	\$4,487,226	0.5	\$0	100.0