

# 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: Plymouth County Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: November 20, 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 in equal installments on July 1 and January 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.

We are approving the schedule because the schedule aggressively funds the plan by completing the amortization of the unfunded liability by FY31. 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, 2024. We have generally recommended an assumption of 6.75% to 7.15% for our 2024 PERAC valuations. The wider range that we consider reasonable for 2024 valuations is 6.0% to 7.35%. For comparison, 77 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, but the Board voted to maintain the prior assumption. The Board updated the mortality assumption in this valuation. However, mortality improvement was only considered until 2025. Normally, we do not see this assumption limited.



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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 \$195 million and the funded ratio would decrease to about 62%.

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

WTK/jfb

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## 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 %**
2025	\$31,916,560	\$7,692,834	\$105,529,138	\$113,221,972	32.0	\$717,185,928	67.5
2026	\$33,399,030	\$7,679,063	\$117,170,146	\$124,849,209	34.0	\$666,248,061	70.3
2027	\$34,947,803	\$7,653,441	\$126,540,688	\$134,194,129	35.2	\$599,254,782	73.9
2028	\$36,565,766	\$7,615,099	\$136,660,873	\$144,275,972	36.5	\$517,432,086	77.9
2029	\$38,255,932	\$7,563,118	\$147,552,306	\$155,115,424	37.8	\$418,847,861	82.5
2030	\$40,021,439	\$7,496,530	\$159,356,491	\$166,853,021	39.2	\$301,395,805	87.6
2031	\$41,865,561	\$7,414,313	\$172,105,010	\$179,519,323	40.7	\$162,659,494	93.4
2032	\$43,791,713	\$7,315,387	\$0	\$7,315,387	1.6	\$0	100.0
2033	\$45,803,453	\$7,198,615	\$0	\$7,198,615	1.5	\$0	100.0
2034	\$47,904,491	\$7,062,799	\$0	\$7,062,799	1.4	\$0	100.0
2035	\$50,098,695	\$6,906,672	\$0	\$6,906,672	1.4	\$0	100.0
2036	\$52,390,100	\$6,728,905	\$0	\$6,728,905	1.3	\$0	100.0
2037	\$54,782,908	\$6,528,092	\$0	\$6,528,092	1.2	\$0	100.0
2038	\$57,281,504	\$6,302,756	\$0	\$6,302,756	1.1	\$0	100.0
2039	\$59,890,455	\$6,051,340	\$0	\$6,051,340	1.0	\$0	100.0
2040	\$62,614,526	\$5,772,204	\$0	\$5,772,204	0.9	\$0	100.0
2041	\$65,458,682	\$5,463,623	\$0	\$5,463,623	0.9	\$0	100.0
2042	\$68,428,097	\$5,123,781	\$0	\$5,123,781	0.8	\$0	100.0
2043	\$71,528,167	\$4,750,768	\$0	\$4,750,768	0.7	\$0	100.0
2044	\$74,764,516	\$4,342,574	\$0	\$4,342,574	0.6	\$0	100.0
2045	\$77,568,185	\$4,505,421	\$0	\$4,505,421	0.6	\$0	100.0
2046	\$80,476,992	\$4,674,374	\$0	\$4,674,374	0.6	\$0	100.0
2047	\$83,494,879	\$4,849,663	\$0	\$4,849,663	0.6	\$0	100.0
2048	\$86,625,937	\$5,031,525	\$0	\$5,031,525	0.6	\$0	100.0
2049	\$89,874,410	\$5,220,207	\$0	\$5,220,207	0.6	\$0	100.0
2050	\$93,244,700	\$5,415,965	\$0	\$5,415,965	0.6	\$0	100.0
2051	\$96,741,376	\$5,619,064	\$0	\$5,619,064	0.6	\$0	100.0
2052	\$100,369,178	\$5,829,779	\$0	\$5,829,779	0.6	\$0	100.0
2053	\$104,133,022	\$6,048,396	\$0	\$6,048,396	0.6	\$0	100.0
2054	\$108,038,011	\$6,275,210	\$0	\$6,275,210	0.6	\$0	100.0
2055	\$112,089,436	\$6,510,531	\$0	\$6,510,531	0.6	\$0	100.0
2056	\$116,292,790	\$6,754,676	\$0	\$6,754,676	0.6	\$0	100.0