

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: Quincy Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Revised Funding Schedule

DATE: March 30, 2026

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 Board had a January 1, 2024 actuarial valuation finalized on October 8, 2024. In this original report, the unfunded actuarial liability (UAL) of the system increased by approximately \$81 million (from a surplus of \$10.1 million as of January 1, 2022 to a UAL of \$71.1 million as of January 1, 2024). This result was surprising to the Board and the City due to the fact the City had issued Pension Obligation Bonds just prior to the January 1, 2022 actuarial valuation and led to the Board requesting a revised actuarial valuation performed as of January 1, 2024 which updated both the investment return and mortality assumptions.

In the revised January 1, 2024 actuarial valuation, the UAL of the system increased by approximately \$32 million dollars from the January 1, 2022 actuarial valuation (from a surplus of \$10.1 million as of January 1, 2022 to the revised UAL of \$22.1 million as of January 1, 2024). This increase in UAL is due to the asset loss over the past two years, the salary loss over the past two years, the payment of a 5% COLA in FY23 and the increase in the COLA base from \$15,000 to \$18,000 offset somewhat by the increase in the investment return assumption from 6.75% to 7.25%. Due to all these factors, the FY26 appropriation and all future appropriations increased from the prior schedule. As a result, the City's portion of the revised funding schedule now completes the amortization of the UAL in FY39 (the Housing Authority's portion is completed in FY32).



For the past several years, PERAC has been recommending that boards adopt funding schedules that complete the amortization of the UAL by FY35. The schedule adopted by the Board completes the amortization of the UAL in FY39. The system has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions/plan provisions that increase the plan's liability, and it is possible appropriations may need to increase again as part of the next actuarial valuation.

The revised schedule reflects an increase in the investment return assumption from 6.75% to 7.25% as well as an increase in the COLA base from \$15,000 to \$18,000.

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

WTK/jfb

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Enc.

QUINCY RETIREMENT SYSTEM
 FUNDING SCHEDULE
 7.250% Discount Rate

| Fiscal Year | Housing Authority | | | | | | City of Quincy | | | | | | Total Contribution |
|-------------|--------------------|-------------|------------------------------|----------------------|-----------------------|-----------------------|--------------------|-------------|------------------------------|----------------------|-----------------------|-----------------------|--------------------|
| | Unfunded Liability | Normal Cost | Funding Amortization of UAAL | Net 3(8)(c) Payments | Schedule Contribution | Adjusted Contribution | Unfunded Liability | Normal Cost | Funding Amortization of UAAL | Net 3(8)(c) Payments | Schedule Contribution | Adjusted Contribution | |
| 2026 | 11,698,647 | 227,173 | 1,758,624 | 36,718 | 2,022,514 | 2,088,025 | 17,345,592 | 7,811,316 | 537,259 | 901,424 | 9,250,000 | 9,579,446 | 11,667,471 |
| 2027 | 10,660,675 | 236,260 | 1,858,752 | 36,718 | 2,131,730 | 2,200,778 | 18,026,937 | 8,123,769 | 724,307 | 901,424 | 9,749,500 | 9,749,500 | 11,950,278 |
| 2028 | 9,440,062 | 245,710 | 1,964,415 | 36,718 | 2,246,844 | 2,319,620 | 18,557,071 | 8,448,720 | 925,829 | 901,424 | 10,275,973 | 10,275,973 | 12,595,593 |
| 2029 | 8,017,631 | 255,539 | 2,075,917 | 36,718 | 2,368,173 | 2,444,880 | 18,909,507 | 8,786,669 | 1,142,783 | 901,424 | 10,830,876 | 10,830,876 | 13,275,755 |
| 2030 | 6,372,489 | 265,760 | 2,193,576 | 36,718 | 2,496,055 | 2,576,903 | 19,054,812 | 9,138,135 | 1,376,183 | 901,424 | 11,415,743 | 11,415,743 | 13,992,646 |
| 2031 | 4,481,884 | 276,391 | 2,317,733 | 36,718 | 2,630,841 | 2,716,056 | 18,960,329 | 9,503,661 | 1,627,108 | 901,424 | 12,032,193 | 12,032,193 | 14,748,249 |
| 2032 | 2,321,052 | 287,447 | 2,321,052 | 36,718 | 2,645,216 | 2,730,897 | 18,589,880 | 9,883,807 | 1,896,700 | 901,424 | 12,681,931 | 12,681,931 | 15,412,828 |
| 2033 | - | 298,944 | - | 36,718 | 335,662 | 346,534 | 17,903,436 | 10,279,160 | 2,186,172 | 901,424 | 13,366,756 | 13,366,756 | 13,713,290 |
| 2034 | - | 310,902 | - | 36,718 | 347,620 | 358,880 | 16,856,766 | 10,690,326 | 2,496,810 | 901,424 | 14,088,560 | 14,088,560 | 14,447,440 |
| 2035 | - | 323,338 | - | 36,718 | 360,056 | 371,718 | 15,401,052 | 11,117,939 | 2,829,980 | 901,424 | 14,849,343 | 14,849,343 | 15,221,061 |
| 2036 | - | 336,272 | - | 36,718 | 372,990 | 385,071 | 13,482,475 | 11,562,656 | 3,187,127 | 901,424 | 15,651,207 | 15,651,207 | 16,036,278 |
| 2037 | - | 349,723 | - | 36,718 | 386,440 | 398,957 | 11,041,761 | 12,025,163 | 3,569,785 | 901,424 | 16,496,372 | 16,496,372 | 16,895,330 |
| 2038 | - | 363,712 | - | 36,718 | 400,429 | 413,399 | 8,013,694 | 12,506,169 | 3,979,583 | 901,424 | 17,387,177 | 17,387,177 | 17,800,576 |
| 2039 | - | 378,260 | - | 36,718 | 414,978 | 428,419 | 4,326,584 | 13,006,416 | 4,326,584 | 901,424 | 18,234,424 | 18,234,424 | 18,662,843 |
| 2040 | - | 393,390 | - | 36,718 | 430,108 | 444,040 | - | 13,526,673 | - | 901,424 | 14,428,097 | 14,428,097 | 14,872,137 |
| 2041 | - | 409,126 | - | 36,718 | 445,844 | 460,285 | - | 14,067,740 | - | 901,424 | 14,969,164 | 14,969,164 | 15,429,449 |