

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Salem Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2023
DATE: December 14, 2021

Required Fiscal Year 2023 Appropriation: **\$17,191,901**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2023 which commences July 1, 2022.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2023 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Segal Consulting as part of their January 1, 2020 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2023.

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

JWP/jfb
Attachments

cc: Office of the Mayor
City Council
c/o City Clerk

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Salem Retirement Board

Projected Appropriations

Fiscal Year 2023 - July 1, 2022 to June 30, 2023

Aggregate amount of appropriation: **\$17,191,901**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2023	\$16,451,819	\$16,903,244	\$288,657	\$17,191,901	\$16,451,819	\$740,082	\$0
FY 2024	\$17,225,347	\$17,844,404	\$301,647	\$18,146,051	\$17,225,347	\$920,704	\$0
FY 2025	\$18,036,468	\$18,837,936	\$315,221	\$19,153,157	\$18,036,468	\$1,116,689	\$0
FY 2026	\$18,887,009	\$19,886,751	\$329,406	\$20,216,157	\$18,887,009	\$1,329,148	\$0
FY 2027	\$19,778,888	\$20,993,925	\$344,229	\$21,338,154	\$19,778,888	\$1,559,266	\$0

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Section 3: Supplemental Information

Exhibit D: Department Results

	Water	South Essex Sewer	Housing	North Shore Regional VOC	City	Salem Retirement Board	Total
1 Total normal cost	\$113,029	\$495,413	\$168,235	\$575,760	\$6,260,649	\$18,714	\$7,631,800
2 Administrative expenses	5,184	22,720	7,715	26,405	287,118	858	350,000
3 Expected employee contributions	<u>-109,345</u>	<u>-424,894</u>	<u>-141,635</u>	<u>-412,392</u>	<u>-4,006,506</u>	<u>-17,144</u>	<u>-5,111,916</u>
4 Employer normal cost: (1) + (2) - (3)	\$8,868	\$93,239	\$34,315	\$189,773	\$2,541,261	\$2,428	\$2,869,884
5 Employer normal cost as a percent of payroll	0.74%	2.19%	2.37%	4.45%	6.22%	1.46%	5.50%
6 Actuarial accrued liability	\$8,681,179	\$29,141,871	\$9,642,856	\$15,159,211	\$270,906,621	\$1,682,318	\$335,214,056
7 Actuarial value of assets	<u>5,071,903</u>	<u>19,921,160</u>	<u>5,520,231</u>	<u>8,855,433</u>	<u>158,044,467</u>	<u>988,371</u>	<u>198,401,565</u>
8 Unfunded actuarial accrued liability: (6) – (7)	\$3,609,276	\$9,220,711	\$4,122,625	\$6,303,778	\$112,862,154	\$693,947	\$136,812,491
9 Reallocation of Retirement Board Unfunded actuarial accrued liability	<u>18,400</u>	<u>47,008</u>	<u>21,018</u>	<u>32,137</u>	<u>575,384</u>	<u>-693,947</u>	<u>0</u>
10 Unfunded actuarial accrued liability with reallocation: (8) + (9)	\$3,627,676	\$9,267,719	\$4,143,643	\$6,335,915	\$113,437,538	\$0	\$136,812,491
11 Reallocation of retirement board Normal Cost	8	79	29	161	2,152	-2,428	0
12 ER Normal Cost with reallocation: (4) + (11)	8,876	93,318	34,344	189,934	2,543,413	0	2,869,884
13 Employer normal cost projected to July 1, 2020	9,008	94,707	34,855	192,762	2,581,282	0	2,912,614
14 2002 ERI Payments	0	43,135	24,343	5,815	0	0	73,293
15 2003 ERI Payments	4,758	0	0	2,695	183,585	0	191,038
16 2010 ERI Payments	0	0	0	0	19,280	0	19,280
17 Payment on remaining liability	<u>339,787</u>	<u>810,156</u>	<u>340,282</u>	<u>561,326</u>	<u>10,183,698</u>	<u>0</u>	<u>12,235,249</u>
18 Budgeted appropriation for fiscal 2021: (13)+(14)+(15)+(16)+(17)	\$353,553	\$947,998	\$399,480	\$762,598	\$12,967,845	\$0	\$15,431,474
19 Fiscal 2022 appropriation with reallocation	359,422	997,333	440,260	814,104	13,676,803	0	16,287,921
20 Fiscal 2023 appropriation with reallocation	381,450	1,055,889	466,215	859,021	14,429,326	0	17,191,901

Notes:

Administrative expenses allocated in proportion to total normal cost.

Actuarial value of assets allocated in proportion to actuarial accrued liability less present value of future ERI payments and adjusted for additional contributions by South Essex Sewerage.

Recommended contributions are assumed to be paid July 1.