

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Salem Retirement Board

FROM: Bill Keefe, Executive Director *BK*

RE: Approval of Funding Schedule and Revised Appropriation for Fiscal Year 2026

DATE: June 5, 2025

Revised Appropriation for FY26: **\$20,053,547**

This Commission is hereby furnishing you with the revised amount to be appropriated for your retirement system for Fiscal Year 2026, which commences July 1, 2025.

This letter revises the appropriation figure shown in our December 12, 2024 memorandum based on the funding schedule recently adopted by the Board (copy enclosed).

Also enclosed is the allocation of the appropriation by governmental unit as developed by Segal as part of their January 1, 2024 actuarial valuation.

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

WTK/jfb

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Enclosures



Funding schedule – revised (April 2025)

(1) Fiscal year ended June 30	(2) Employer Normal Cost	(3) Amortization of ERI Liability	(4) Amortization of Remaining Unfunded Liability	(5) Actuarially Determined Contribution (ADC): (2) + (3) + (4)	(6) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(7) Percent Increase in ADC Over Prior Year
2025	\$3,941,056	\$311,703	\$14,900,399	\$19,153,158	\$105,904,677	--
2026	4,074,735	325,729	15,653,083	20,053,547	96,950,363	4.70%
2027	4,212,912	340,387	16,613,220	21,166,519	86,558,588	5.55%
2028	4,355,738	355,704	17,629,819	22,341,261	74,407,725	5.55%
2029	4,503,367	371,711	18,706,123	23,581,201	60,315,334	5.55%
2030	4,655,959	388,438	19,845,561	24,889,958	44,082,888	5.55%
2031	4,813,681	405,918	21,051,752	26,271,351	25,494,462	5.55%
2032	4,976,703	424,184	3,891,147	9,292,034	4,315,331	-64.63%
2033	5,145,203	0	0	5,145,203	0	-44.63%

Notes:

Fiscal 2025 actuarially determined contribution set to budgeted amount.

Actuarially determined contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Item (3) reflects increasing (4.50% per year) amortization of 2002 and 2003 ERI.

Projected normal cost does not reflect the impact of pension reform on future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains/losses.

January 1, 2024 Actuarial Valuation - Supplemental Information
 Department Results (Revised - April 2025)

	Water	South Essex Sewer	Housing	North Shore Regional VOC	City	Salem Retirement Board	Total
1 Total normal cost	175,076	580,999	258,439	917,204	7,887,113	33,032	9,851,863
2 Administrative expenses	10,218	33,910	15,084	53,532	460,328	1,928	575,000
3 Expected employee contributions	-157,825	-479,369	-215,658	-639,232	-5,018,999	-32,542	-6,543,625
4 Employer normal cost: (1) + (2) - (3)	27,469	135,540	57,865	331,504	3,328,442	2,418	3,883,238
5 Employer normal cost as a percent of payroll	1.76%	2.89%	2.71%	5.15%	6.65%	0.77%	5.96%
6 Actuarial accrued liability	11,332,089	32,702,485	11,737,439	20,207,330	309,111,764	1,536,660	386,627,767
7 Actuarial value of assets	8,222,467	27,838,970	8,397,285	14,662,105	223,958,197	1,118,952	284,197,976
8 Unfunded actuarial accrued liability: (6) - (7)	3,109,622	4,863,515	3,340,154	5,545,225	85,153,567	417,708	102,429,791
9 Reallocation of Retirement Board Unfunded actuarial accrued liability:	12,733	19,915	13,677	22,706	348,677	-417,708	0
10 Unfunded actuarial accrued liability with reallocation: (8) + (9)	3,122,355	4,883,430	3,353,831	5,567,931	85,502,244	0	102,429,791
11 Reallocation of retirement board Normal Cost	17	84	36	207	2,074	-2,418	0
12 ER Normal Cost with reallocation: (4) + (11)	27,486	135,624	57,901	331,711	3,330,516	0	3,883,238
13 Employer normal cost projected to July 1, 2024	27,895	137,644	58,763	336,649	3,380,104	0	3,941,056
14 2002 ERI Payments	0	50,865	28,706	6,857	0	0	86,428
15 2003 ERI Payments	5,610	0	0	3,177	216,488	0	225,275
16 2010 ERI Payments	0	0	0	0	0	0	0
17 Payment on remaining liability	457,019	875,792	476,520	718,179	12,372,889	0	14,900,399
18 Budgeted appropriation for fiscal 2025 (13)+(14)+(15)+(16)+(17)	490,524	1,064,301	563,989	1,064,863	15,969,481	0	19,153,158
19 Fiscal 2026 appropriation with reallocation	516,440	865,540	581,128	1,234,651	16,855,787	0	20,053,546
20 Fiscal 2027 appropriation with reallocation	547,231	913,860	614,617	1,300,664	17,790,147	0	21,166,519

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 (the value of the additional contribution as of December 31, 2023 was \$4,291,012).

Appropriations are assumed to be paid July 1.

Please refer to the January 1, 2024 Actuarial Valuation and Review dated August 21, 2024 for the data, assumptions and plan of benefits underlying these calculations, and for other disclosures required under the Actuarial Standards of Practice.