

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Southbridge Retirement Board

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

RE: Approval of Funding Schedule

DATE: July 15, 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 on August 15 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.

The revised schedule reflects a reduction in the investment return assumption from 7.15% to 7.0%, a slight revision to the mortality assumption, and an increase in the COLA base to \$14,000.

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

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Enc.



**Southbridge Retirement System
January 1, 2022 Actuarial Valuation**

Total cost increasing 5.5% until FY31, with a final amortization payment in FY32

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Total Cost % Increasing</u>
2023	1,920,723	350,000	2,696,844	4,967,567	26,038,821	
2024	2,007,156	350,000	2,883,627	5,240,783	25,000,106	5.5%
2025	2,097,478	350,000	3,081,548	5,529,026	23,690,499	5.5%
2026	2,191,864	350,000	3,291,258	5,833,123	22,079,219	5.5%
2027	2,290,498	350,000	3,513,446	6,153,944	20,132,641	5.5%
2028	2,393,571	350,000	3,748,841	6,492,411	17,814,054	5.5%
2029	2,501,281	350,000	3,998,213	6,849,494	15,083,406	5.5%
2030	2,613,839	350,000	4,262,377	7,226,216	11,897,021	5.5%
2031	2,731,462	350,000	4,542,196	7,623,658	8,207,303	5.5%
2032	2,854,378	350,000	3,995,906	7,200,284	3,962,408	-5.6%
2033	2,982,825	350,000		3,332,825	0	-53.7%

Appropriation payments assumed to be made August 15 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$450,000.

FY23 amount maintained at level of current funding schedule.