

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Swampscott Retirement Board

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

RE: Approval of Funding Schedule

DATE: November 8, 2023

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 FY24 (since the amount under the prior schedule was maintained in FY24) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.125% to 7.0%. In addition, a change was made to the mortality improvement scale.

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

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## Section 2: Actuarial Valuation Results

### Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Actuarially Determined Contribution
2024	\$1,059,429	\$5,235,388	\$6,294,817	\$36,767,045	--
2025	1,094,804	5,514,754	6,609,558	33,738,873	5.00%
2026	1,131,353	5,808,683	6,940,036	30,199,807	5.00%
2027	1,169,115	6,117,923	7,287,038	26,098,503	5.00%
2028	1,208,131	6,443,259	7,651,390	21,379,221	5.00%
2029	1,248,443	6,785,517	8,033,960	15,981,479	5.00%
2030	1,290,090	7,145,568	8,435,658	9,839,679	5.00%
2031	1,333,120	2,882,699	4,215,819	2,882,699	-50.02%
2032	1,377,578	0	1,377,578	0	-67.32%

**Notes:**

The fiscal 2024 actuarially determined contribution is set equal to the budgeted amount determined with the prior valuation.

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

Employer normal cost is projected based on a 3.00% growth in payroll per year, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

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

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