

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Taunton Retirement Board

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

RE: Approval of Funding Schedule

DATE: November 14, 2022

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes quarterly payments and is effective in FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The investment return assumption is outside the range we consider reasonable. The Board reduced the investment return assumption to 7.6% in this valuation. For our 2022 valuations, we are generally recommending an assumption of between 6.75% and 7.15%. For comparison, there are 86 systems currently with an assumption of 7.25% or less. Of these, 64 use an assumption of less than 7.25% and 54 use an assumption of 7.0% or less. We expect these numbers to increase slightly as more 2022 valuations are completed.

However, since PERAC is not the actuary for the plan, we will allow the schedule. Note that if PERAC were the actuary for the plan, our report would indicate that we do not believe this assumption is reasonable. We recommend the Board review this assumption in the next valuation.

Additionally, the System adopted the SOA Pub-2010 Public Retirement Plans mortality assumptions (group specific) and updated the mortality improvement scale to MP-2021 through 2025. The data used to produce these mortality tables did not include any public plans from Massachusetts. In performing our experience analysis for local system mortality (completed in 2019), we found that these tables were not consistent with our experience; they produced less deaths than our experience showed. For State retirees; we found that these tables produced more male deaths, but less female deaths than experience showed. The mortality assumption adopted is more conservative than our standard mortality assumption for local systems.



November 29, 2022

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Finally, the salary increase assumption was increased from 3.5% to 4.0% in this valuation. This is among the lowest in the state. Only 15 systems use an assumption of 4.0% or lower in valuations.

We are available to discuss these issues further. If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.

Section V - Contributions Payable Under the System (continued)

Pension Reform Act - Section 22D Funding Requirements

Fiscal Year Ending	Payroll ¹	Unfunded Accrued Liability ²	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio % ²
2023	67,958,858	107,420,755	6,247,162	3,555,384	16,008,461	19,563,845	28.8%	79.3%
2024	71,017,007	99,300,097	6,599,708	3,523,484	16,594,744	20,118,228	28.3%	81.7%
2025	74,212,772	90,098,304	6,971,332	3,602,480	17,341,507	20,943,987	28.2%	84.4%
2026	77,552,347	79,443,489	7,363,037	3,681,451	18,121,874	21,803,325	28.1%	86.8%
2027	81,042,203	67,191,305	7,775,880	3,760,233	18,701,231	22,461,464	27.7%	89.3%
2028	84,689,102	53,423,260	8,210,968	3,838,651	19,542,786	23,381,437	27.6%	91.7%
2029	88,500,112	37,759,488	8,669,468	3,916,512	20,422,212	24,338,724	27.5%	94.3%
2030	92,482,617	20,017,691	9,152,605	3,993,608	21,341,210	25,334,818	27.4%	97.1%
2031	96,644,335	0	9,661,670	4,069,711	0	4,069,711	4.2%	100.0%
2032	100,993,330	0	10,198,016	4,144,577	0	4,144,577	4.1%	100.0%
2033	105,538,030	0	10,763,068	4,217,940	0	4,217,940	4.0%	100.0%
2034	110,287,241	0	11,358,324	4,289,513	0	4,289,513	3.9%	100.0%
2035	115,250,167	0	11,985,358	4,358,985	0	4,358,985	3.8%	100.0%
2036	120,436,425	0	12,645,825	4,426,023	0	4,426,023	3.7%	100.0%
2037	125,856,064	0	13,214,887	4,625,194	0	4,625,194	3.7%	100.0%
2038	131,519,587	0	13,809,557	4,833,327	0	4,833,327	3.7%	100.0%
2039	137,437,968	0	14,430,987	5,050,827	0	5,050,827	3.7%	100.0%
2040	143,622,677	0	15,080,381	5,278,115	0	5,278,115	3.7%	100.0%
2041	150,085,697	0	15,758,998	5,515,631	0	5,515,631	3.7%	100.0%
2042	156,839,553	0	16,468,153	5,763,834	0	5,763,834	3.7%	100.0%
2043	163,897,333	0	17,209,220	6,023,206	0	6,023,206	3.7%	100.0%
2044	171,272,713	0	17,983,635	6,294,250	0	6,294,250	3.7%	100.0%
2045	178,979,985	0	18,792,898	6,577,492	0	6,577,492	3.7%	100.0%
2046	187,034,084	0	19,638,579	6,873,478	0	6,873,478	3.7%	100.0%
2047	195,450,618	0	20,522,315	7,182,784	0	7,182,784	3.7%	100.0%
2048	204,245,896	0	21,445,819	7,506,010	0	7,506,010	3.7%	100.0%
2049	213,436,961	0	22,410,881	7,843,780	0	7,843,780	3.7%	100.0%
2050	223,041,624	0	23,419,371	8,196,750	0	8,196,750	3.7%	100.0%
2051	233,078,497	0	24,473,242	8,565,604	0	8,565,604	3.7%	100.0%
2052	243,567,029	0	25,574,538	8,951,056	0	8,951,056	3.7%	100.0%
2053	254,527,545	0	26,725,392	9,353,854	0	9,353,854	3.7%	100.0%

¹Calendar year basis

²As of preceding January 1