

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

MEMORANDUM

TO: Waltham Retirement Board
FROM: William T. Keefe., Executive Director
RE: Approval of Funding Schedule
DATE: November 12, 2025

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY26 (since the amount under the prior schedule was maintained in FY26) and is acceptable under Chapter 32.

Although we are approving the schedule, we, once again, have serious concerns regarding the plan's assumptions. The System maintained the 7.75% investment return assumption that was used in the past three valuations. We continue to recommend an assumption of 7.0% (or lower) for our 2025 actuarial valuations. For comparison, 78 systems are currently using an assumption of 7.0% or below

Our reasonable range for this assumption for our 2025 valuations is 6.0% to 7.4%. Your assumption continues to be significantly greater than the high end of our reasonable range. This means that if we were the actuary for the plan, we would provide extensive detail as to what the plan liabilities would be using our recommended assumptions.

We also note that although you use a current mortality assumption, mortality improvement is only projected to 2025. PERAC's mortality assumption does not limit the length of mortality improvements to a specific year. PERAC's methodology is common practice based on our experience.

We expect the plan's actuarial liability would increase about 10% (\$50 million) using our recommended investment return assumption and PERAC's other standard assumptions. This would require a significant level of increase in the appropriation to maintain the FY32 date for the completion of the amortization of unfunded liability.

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.

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Enc.



Appropriation Forecast

Fiscal Year	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer % of Payroll	Employer Unfunded Liability**	Funded Ratio %**
<u>Ending</u>							
2026	\$7,692,741	\$1,613,525	\$23,097,812	\$24,711,337	29.7	\$161,031,441	70.4
2027	8,059,717	1,568,552	25,130,064	26,698,616	31.0	149,533,772	73.8
2028	8,442,957	1,518,454	27,391,504	28,909,958	32.5	135,037,208	77.5
2029	8,843,151	1,462,928	29,856,739	31,319,667	34.0	117,069,472	81.4
2030	9,261,017	1,401,656	32,543,845	33,945,501	35.6	95,150,256	85.7
2031	9,697,299	1,334,302	35,472,791	36,807,093	37.3	68,743,011	90.2
2032	10,152,777	1,260,516	38,665,343	39,925,859	39.1	37,248,881	94.9
2033	10,628,259	1,179,931	0	1,179,931	1.1	(0)	100.0
2034	11,124,588	1,092,160	0	1,092,160	1.0	(0)	100.0
2035	11,642,640	996,801	0	996,801	0.9	(0)	100.0
2036	12,183,329	893,428	0	893,428	0.8	(0)	100.0
2037	12,747,603	781,598	0	781,598	0.6	(0)	100.0
2038	13,193,769	808,954	0	808,954	0.6	(0)	100.0
2039	13,655,551	837,267	0	837,267	0.6	(0)	100.0
2040	14,133,495	866,572	0	866,572	0.6	(0)	100.0
2041	14,628,167	896,902	0	896,902	0.6	(0)	100.0
2042	15,140,153	928,293	0	928,293	0.6	(0)	100.0
2043	15,670,058	960,784	0	960,784	0.6	0	100.0
2044	16,218,511	994,411	0	994,411	0.6	0	100.0
2045	16,786,158	1,029,215	0	1,029,215	0.6	0	100.0
2046	17,373,674	1,065,238	0	1,065,238	0.6	0	100.0
2047	17,981,753	1,102,521	0	1,102,521	0.6	0	100.0
2048	18,611,114	1,141,109	0	1,141,109	0.6	0	100.0
2049	19,262,503	1,181,048	0	1,181,048	0.6	0	100.0
2050	19,936,690	1,222,385	0	1,222,385	0.6	0	100.0
2051	20,634,475	1,265,168	0	1,265,168	0.6	0	100.0
2052	21,356,681	1,309,449	0	1,309,449	0.6	0	100.0
2053	22,104,165	1,355,280	0	1,355,280	0.6	0	100.0
2054	22,877,811	1,402,715	0	1,402,715	0.6	0	100.0
2055	23,678,534	1,451,810	0	1,451,810	0.6	0	100.0
2056	24,507,283	1,502,623	0	1,502,623	0.6	0	100.0
2057	25,365,038	1,555,215	0	1,555,215	0.6	0	100.0

** Beginning of Fiscal Year