

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

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

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MEMORANDUM

TO: Watertown Retirement Board
FROM: John W. Parsons, Esq., Executive Director
RE: Appropriation for Fiscal Year 2021
DATE: December 10, 2019

Required Fiscal Year 2021 Appropriation: **\$14,745,742**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2021 which commences July 1, 2020.

We have not provided the projected appropriations for the next five years in this memorandum. As we mentioned in our November 26, 2019 memorandum, we approved the most recent funding schedule through FY21 only. We understand that the Board is having another valuation performed as of January 1, 2020. We will use the results of your January 1, 2020 actuarial valuation to approve the FY22 appropriation.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2021 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was determined by Sherman Actuarial Services as part of its January 1, 2019 actuarial valuation.

The current schedule is due to be updated by Fiscal Year 2022.

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

JWP/jfb
Attachment

cc: Town Council
c/o Town Clerk
Town Manager

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Breakouts

	<u>Total</u>	<u>All Others</u>	<u>Housing</u>
(1) Participants			
(a) Actives	512	499	13
(b) Retirees	362	354	8
(c) Inactives	183	183	0
(d) Disabled Retirees	<u>64</u>	<u>64</u>	<u>0</u>
(e) Total	1121	1100	21
(2) Payroll of Active Participants	\$33,927,238	\$33,025,822	\$901,416
(3) Normal Cost			
(a) Total Normal Cost	3,968,349	3,872,374	95,975
(b) Expected Employee Contributions	3,033,932	2,955,620	78,312
(c) Administrative Expenses	<u>340,000</u>	<u>331,777</u>	<u>8,223</u>
(d) Net Employer Normal Cost (a) - (b)	934,417	916,754	17,663
(4) Actuarial Accrued Liability	223,592,023	217,720,008	5,872,015
(5) Assets*	<u>199,018,792</u>	<u>193,792,123</u>	<u>5,226,668</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	24,573,231	23,927,885	645,347
(7) Amortizations*	12,279,101	12,064,785	214,316
(8) Total Required Employer Contributions (3d) + (7)	13,213,518	12,981,539	231,979
(9) Fiscal 2020 Cost	\$8,300,956	\$8,093,393	\$207,563
(10) Fiscal 2021 Cost	\$14,745,742	\$14,538,179	\$207,563
(11) Fiscal 2022 Cost	\$1,215,839	\$1,008,276	\$207,563
(12) Fiscal 2023 Cost	\$1,225,900	\$1,018,337	\$207,563
(13) Fiscal 2024 Cost	\$974,507	\$766,944	\$207,563
(14) Fiscal 2025 Cost	\$971,767	\$900,628	\$71,139
Percentage of Total Cost	100.0%	98.6%	1.4%

* Allocation is based on the ratio of the Unfunded Actuarial Accrued Liability
The Housing Authority's Unfunded Liability is amortized to 2023