

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Wellesley 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 average, on October 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 slight revision to the generational mortality assumption as well as a phased-in increase in the COLA base to \$21,000 by FY26.

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

JWP/jrl

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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) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2024	\$3,947,808	\$6,390,767	\$10,338,575	\$30,700,145	--
2025	4,069,054	6,579,678	10,648,732	25,865,907	3.00%
2026	4,194,002	6,774,192	10,968,194	20,544,265	3.00%
2027	4,322,764	6,974,476	11,297,240	14,700,121	3.00%
2028	4,455,459	7,180,698	11,636,157	8,296,098	3.00%
2029	4,592,205	1,311,363	5,903,568	1,292,399	-49.27%
2030	4,733,123	0	4,733,123	0	-19.83%

Notes:

Actuarially Determined Contribution for fiscal year 2024 is set equal to the budgeted amount.

Actuarially Determined Contributions are assumed to be paid October 1.

Item (2) reflects 2.75% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

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

Projected unfunded actuarial accrued liability does not reflect the recognition for deferred investment gains or losses.