PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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M E M O R A N D U M

TO: Wellesley Retirement Board

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

RE: Approval of Funding Schedule

DATE: September 2, 2021

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 FY22 (since the amount under the prior schedule was maintained in FY22) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 6.625% to 6.0%.

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

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Enc.

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Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2010 ERI Liability	(4) Amortization of Remaining Unfunded Actuarial Accrued Liability	(5) Actuarially Determined Contribution (ADC): (2) + (3) + (4)	(6) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(7) Percent Increase in ADC Over Prior Year
2022	$3,830,120	$15,970	$5,910,119	$9,756,209	$44,379,276	--
2023	3,947,535	0	6,087,423	10,034,958	40,867,904	2.86%
2024	4,068,530	0	6,270,045	10,338,575	36,960,626	3.03%
2025	4,193,213	0	6,458,146	10,651,359	32,628,131	3.03%
2026	4,321,697	0	6,651,891	10,973,588	27,839,183	3.03%
2027	4,454,097	0	6,851,448	11,305,545	22,560,499	3.03%
2028	4,590,531	0	7,056,992	11,647,523	16,756,622	3.02%
2029	4,731,123	0	7,268,701	11,999,824	10,389,788	3.02%
2030	4,875,997	0	3,469,958	8,345,955	3,419,777	-30.45%
2031	5,025,284	0	0	5,025,284	0	-39.79%

Notes:
Actuarially Determined Contributions are assumed to be paid on October 1.
Assumes contribution of budgeted amount for fiscal year 2022.
Item (2) reflects 2.75% growth in payroll, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.
Amortization payments of unfunded liability increase 3.00% per year.
Projected normal cost does not reflect the future impact of pension reform for future hires.