

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: Woburn Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: September 3, 2024

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 July 1 of each fiscal year. The schedule is effective in FY25 (since the amount under the prior schedule was maintained in FY25) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.5% to 7.25% as well as an increase in the COLA base from \$15,000 to \$18,000.

Although we are approving the schedule, we would have preferred the Board adopt a schedule that completes the amortization of the unfunded actuarial liability (UAL) by FY35. With this schedule, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions or plan provisions that increase the plan's liability. We are available to discuss this issue further and will work with you on this in the next actuarial valuation.

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

WTK/jfb

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Enc.



Alternative 2
 7.25% Investment Return
 Total Cost Increasing 5.95% Annually to FY38
 \$18,000 COLA base

**Woburn Retirement System
 January 1, 2024 Actuarial Valuation**

Total Cost increases 5.95% annually until FY37 with a final amortization payment in FY38

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Change in Cost</u>
2025	3,727,193	75,000	7,833,114	11,635,307	105,516,629	
2026	3,894,917	75,000	8,357,691	12,327,608	104,765,570	5.95%
2027	4,070,188	75,000	8,915,912	13,061,100	103,397,450	5.95%
2028	4,253,347	75,000	9,509,889	13,838,236	101,331,450	5.95%
2029	4,444,747	75,000	10,141,864	14,661,611	98,478,624	5.95%
2030	4,644,761	75,000	10,814,216	15,533,977	94,741,175	5.95%
2031	4,853,775	75,000	11,529,473	16,458,248	90,011,664	5.95%
2032	5,072,195	75,000	12,290,319	17,437,514	84,172,150	5.95%
2033	5,300,444	75,000	13,099,602	18,475,046	77,093,264	5.95%
2034	5,538,964	75,000	13,960,348	19,574,312	68,633,202	5.95%
2035	5,788,217	75,000	14,875,766	20,738,983	58,636,636	5.95%
2036	6,048,687	75,000	15,849,266	21,972,953	46,933,533	5.95%
2037	6,320,878	75,000	16,884,465	23,280,343	33,337,877	5.95%
2038	6,605,317	75,000	17,646,284	24,326,602	17,646,284	4.49%
2039	6,902,557	75,000	0	6,977,557	0	-71.32%

Appropriation payments assumed to be made on July 1 of each fiscal year
 Normal cost assumed to increase 4.5% per year
 Assumed expenses of \$650,000
 FY25 amount maintained at level of current funding schedule