

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Worcester Retirement Board

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

RE: Approval of Funding Schedule

DATE: August 16, 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 July 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.

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

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Section 2: Actuarial Valuation Results

Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Special Legislations	(4) Amortization of Remaining Unfunded 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
2024	\$17,107,286	\$170,990	\$49,455,533	\$66,733,809	\$463,940,500	--
2025	17,680,892	170,990	52,080,834	69,932,716	442,487,327	4.79%
2026	18,273,611	170,990	53,935,761	72,380,362	416,771,517	3.50%
2027	18,886,076	170,990	55,856,609	74,913,675	387,325,970	3.50%
2028	19,518,942	170,990	57,845,722	77,535,654	353,826,660	3.50%
2029	20,172,886	170,990	59,905,526	80,249,402	315,925,024	3.50%
2030	20,848,605	170,990	62,038,536	83,058,131	273,246,207	3.50%
2031	21,546,820	170,990	64,247,356	85,965,166	225,387,175	3.50%
2032	22,268,278	170,990	66,534,679	88,973,947	171,914,709	3.50%
2033	23,013,745	170,990	68,903,300	92,088,035	112,363,255	3.50%
2034	23,784,019	170,990	46,061,625	70,016,634	46,232,615	-23.97%
2035	24,579,921	0	0	24,579,921	0	-64.89%

Notes:

Actuarially determined contribution for fiscal year 2024 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% 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 of deferred investment gains or losses.