

# 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: Worcester Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: November 20, 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 maintains the 6.80% investment return assumption used in the 2023 actuarial valuation. In addition, the COLA base was increased from \$15,000 to \$16,000 in this 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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## 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
2025	\$18,234,042	\$170,990	\$51,527,684	\$69,932,716	\$425,353,870	--
2026	18,783,585	170,990	53,425,786	72,380,361	399,063,749	3.50%
2027	19,414,811	170,990	55,327,873	74,913,674	368,958,727	3.50%
2028	20,067,111	170,990	57,297,552	77,535,653	334,775,135	3.50%
2029	20,741,183	170,990	59,337,228	80,249,401	296,163,441	3.50%
2030	21,437,750	170,990	61,449,390	83,058,130	252,747,778	3.50%
2031	22,157,560	170,990	63,636,615	85,965,165	204,124,061	3.50%
2032	22,901,383	170,990	65,901,573	88,973,946	149,857,975	3.50%
2033	23,670,014	170,990	68,247,030	92,088,034	89,482,820	3.50%
2034	24,464,278	170,990	22,326,216	46,961,484	22,497,206	-49.00%
2035	25,285,026	0	0	25,285,026	0	-46.16%

**Notes:**

Actuarially determined contribution for fiscal year 2025 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.