

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Adams Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 18, 2018

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 January 1 of each fiscal year. The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.0% to 6.85% and a slight adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Adams Retirement System
January 1, 2018 Actuarial Valuation

Total cost increases 6.1% per year until FY34 with a final amortization payment in FY35

| <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> |
|--------------------|--------------------|--------------------|----------------------|-------------------|----------------------------|-----------------------|
| 2019 | 737,525 | 100,000 | 793,565 | 1,631,090 | 14,110,187 | |
| 2020 | 770,713 | 100,000 | 859,873 | 1,730,586 | 14,255,990 | 6.1% |
| 2021 | 805,395 | 100,000 | 930,757 | 1,836,152 | 14,343,201 | 6.1% |
| 2022 | 841,638 | 100,000 | 1,006,519 | 1,948,158 | 14,363,075 | 6.1% |
| 2023 | 879,512 | 100,000 | 1,087,483 | 2,066,995 | 14,305,953 | 6.1% |
| 2024 | 919,090 | 100,000 | 1,173,992 | 2,193,082 | 14,161,181 | 6.1% |
| 2025 | 960,449 | 100,000 | 1,266,411 | 2,326,860 | 13,917,021 | 6.1% |
| 2026 | 1,003,669 | 100,000 | 1,365,129 | 2,468,798 | 13,560,551 | 6.1% |
| 2027 | 1,048,834 | 100,000 | 1,470,561 | 2,619,395 | 13,077,564 | 6.1% |
| 2028 | 1,096,032 | 100,000 | 1,583,146 | 2,779,178 | 12,452,450 | 6.1% |
| 2029 | 1,145,353 | 100,000 | 1,703,355 | 2,948,708 | 11,668,074 | 6.1% |
| 2030 | 1,196,894 | 100,000 | 1,831,685 | 3,128,579 | 10,705,642 | 6.1% |
| 2031 | 1,250,754 | 100,000 | 1,968,668 | 3,319,422 | 9,544,558 | 6.1% |
| 2032 | 1,307,038 | 100,000 | 2,114,869 | 3,521,907 | 8,162,266 | 6.1% |
| 2033 | 1,365,855 | 100,000 | 2,270,889 | 3,736,744 | 6,534,077 | 6.1% |
| 2034 | 1,427,318 | 100,000 | 2,437,366 | 3,964,685 | 4,632,995 | 6.1% |
| 2035 | 1,491,548 | 100,000 | 2,509,964 | 4,101,512 | 2,429,509 | 3.5% |
| 2036 | 1,558,667 | 100,000 | | 1,658,667 | 0 | -59.6% |

Appropriation payments assumed to be made on January 1 of each fiscal year
 Normal cost assumed to increase 4.5% per year
 Assumed expenses of \$200,000
 FY19 amount maintained at level of current funding schedule