

ESSEX REGIONAL RETIREMENT SYSTEM

491 Maple Street, Suite 202, Danvers MA 01923

Telephone: 978-739-9151

Email: info@essexrrs.org

www.essexregional.com

Charles E. Kostro
Executive Director

Board Members:

H. Joseph Maney, Chair
Susan J. Yaskell, Vice Chair
Alan J. Benson
Kevin A. Merz
Vincent R. Malgeri

October 25, 2016

James Lamenzo
Actuary
Public Employee Retirement Administration Commission
5 Middlesex Avenue, Suite 304
Somerville, MA 02145

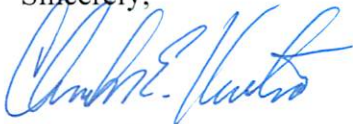
Dear Mr. Lamenzo:

At their meeting held on October 24, 2016, the Board of the Essex Regional Retirement System voted to adopt the enclosed funding schedule. The funding schedule adopted by the Board uses generational mortality, Scale BB, with a discount rate of 7.75%. The full funding date of 2035 in the enclosed funding schedule remains unchanged. The approved funding schedule requires 7.41% increases in the annual appropriation to Fiscal 2022 with 4.0% annual increases thereafter. In addition, the enclosed funding schedule anticipates the cost of an increase to \$14,000 in the base to which a Cost-of-Living Adjustment (COLA) is applied. I would note that the COLA Base increase to \$14,000 has not yet been approved by the Board or submitted to the Advisory Council.

Also enclosed for your information is the presentation of our actuary, Stone Consulting, Inc., which was made to the Essex Regional Retirement System Advisory Council on September 28, 2016.

If you have any questions regarding this action by the Board of any of the enclosed information, please do not hesitate to contact me or our actuary, Larry Stone.

Sincerely,



Charles E. Kostro
Executive Director

cc: Board Members
Larry Stone, Stone Consulting, Inc.

ESSEX REGIONAL RETIREMENT SYSTEM

FUNDING SCHEDULE with 3(8)(C) - 18 years: Five years of 7.41% increases, 4% thereafter

Generational Mortality, Scale BB; 7.75% Discount Rate, \$14,000 COLA Base

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2018	6,446,958	378,731,600	24,534,864	1,081,739	32,063,561	32,661,826	7.41%
2019	6,704,836	381,646,983	26,652,895	1,081,739	34,439,471	35,082,067	7.41%
2020	6,973,030	381,381,102	28,936,667	1,081,739	36,991,435	37,681,648	7.41%
2021	7,251,951	379,758,879	31,398,811	1,081,739	39,732,501	40,473,858	7.41%
2022	7,542,029	384,883,337	34,052,911	1,081,739	42,676,679	43,472,971	7.41%
2023	7,843,710	378,019,783	35,458,297	1,081,739	44,383,746	45,211,890	4.00%
2024	8,157,459	369,110,001	36,919,899	1,081,739	46,159,096	47,020,366	4.00%
2025	8,483,757	357,934,836	38,439,964	1,081,739	48,005,460	48,901,180	4.00%
2026	8,823,107	344,255,724	40,020,832	1,081,739	49,925,678	50,857,227	4.00%
2027	9,176,031	327,813,096	41,664,935	1,081,739	51,922,705	52,891,517	4.00%
2028	9,543,073	308,324,643	43,374,802	1,081,739	53,999,614	55,007,177	4.00%
2029	9,924,796	285,483,454	45,153,064	1,081,739	56,159,598	57,207,464	4.00%
2030	10,321,787	258,955,995	47,002,456	1,081,739	58,405,982	59,495,763	4.00%
2031	10,734,659	228,379,939	48,925,824	1,081,739	60,742,221	61,875,593	4.00%
2032	11,164,045	193,361,809	50,926,126	1,081,739	63,171,910	64,350,617	4.00%
2033	11,610,607	153,474,449	53,006,441	1,081,739	65,698,787	66,924,642	4.00%
2034	12,075,031	108,254,279	55,169,968	1,081,739	68,326,738	69,601,628	4.00%
2035	12,558,033	57,198,345	57,198,345	1,081,739	70,838,117	72,159,865	3.68%
2036	13,060,354	-	-	1,081,739	14,142,093	14,405,966	-80.04%

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	2002 ERI	4,357	4.50%	26	8,342	11
2003	2002 ERI	336,771	0.00%	17	336,396	2
2004	2003 ERI	4,229	4.50%	25	7,747	11
2004	2003 ERI	193,085	0.00%	17	192,661	3
2018	Fresh Start	N/A	N/A	18	N/A	18

*Includes recognition of the following asset gains/(losses) in Fiscal 2020 and 2022:

2020	\$1,125,028
2022	(\$9,525,364)

**Contribution is set to be the amount resulting from a 7.41% increase on the prior year's contribution, followed by four years of 7.41% increases, and 4% increases thereafter. The contribution in FY2035 increases by 3.68%.