

#### COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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### MEMORANDUM

TO:

Essex Regional Retirement Board

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

RE:

Approval of Funding Schedule

DATE:

September 12, 2022

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 FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.30% to 7.0% and a slight adjustment to the mortality assumption. The schedule also reflects an increase in the COLA base to \$16,000.

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

JWP/ifb

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Enc.





## Section 2: Actuarial Valuation Results

# **Funding schedule**

(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of Remaining Liability	(6) Actuarially Determined Contribution (ADC): (2)+(3)+(4)+(5)	(7) Total UAL at Beginning of Fiscal Year	(8) Percent Increase in ADC Over Prior Year
\$9,856,270	\$10,049	\$9,333	\$34,637,093	\$44,512,745	\$432,172,282	
10,165,422	10,501	9,753	37,220,397	47,406,073	425,341,913	6.50%
10,484,183	10,974	10,191	, 39,982,120	50,487,468	415,268,350	6.50%
10,812,848	11,468	10,650	42,934,187	53,769,153	401,533,620	6.50%
11,151,722	11,984	11,129	46,089,313	57,264,148	383,677,727	6.50%
11,501,123	12,523	11,630	49,461,042	60,986,318	361,194,872	6.50%
11,861,372	0	. 0	53,089,057	64,950,429	333,529,354	6.50%
12,232,806	0	. 0	55,315,640	67,548,446	300,071,118	4.00%
12,615,768	0	0	57,634,616	70,250,384	261,888,361	4.00%
13,010,614	0	. 0	60,049,785	73,060,399	218,551,507	4.00%
13,417,709	0	0	62,565,106	75,982,815	169,596,843	4.00%
13,837,432	0	0	65,184,696	79,022,128	,114,523,959	4.00%
14,270,171	0	. 0	52,793,011	67,063,182	52,793,011	-15.13%
14,716,326	0	0	0	14,716,326	0	-78.06%
	Employer Normal Cost \$9,856,270 10,165,422 10,484,183 10,812,848 11,151,722 11,501,123 11,861,372 12,232,806 12,615,768 13,010,614 13,417,709 13,837,432 14,270,171	(2) Employer Normal Cost       Amortization of ERI (2002) Liability         \$9,856,270       \$10,049         10,165,422       10,501         10,484,183       10,974         10,812,848       11,468         11,151,722       11,984         11,501,123       12,523         11,861,372       0         12,232,806       0         13,010,614       0         13,417,709       0         13,837,432       0         14,270,171       0	(2) Employer Normal Cost         Amortization of ERI (2002) Liability         Amortization of ERI (2003) Liability           \$9,856,270         \$10,049         \$9,333           10,165,422         10,501         9,753           10,484,183         10,974         10,191           10,812,848         11,468         10,650           11,151,722         11,984         11,129           11,501,123         12,523         11,630           11,861,372         0         0           12,232,806         0         0           13,010,614         0         0           13,417,709         0         0           13,837,432         0         0           14,270,171         0         0	(2) Employer Normal Cost         Amortization of ERI (2002) Liability         Amortization of ERI (2003) Liability         Amortization of ERI (2003) Liability           \$9,856,270         \$10,049         \$9,333         \$34,637,093           10,165,422         10,501         9,753         37,220,397           10,484,183         10,974         10,191         39,982,120           10,812,848         11,468         10,650         42,934,187           11,151,722         11,984         11,129         46,089,313           11,501,123         12,523         11,630         49,461,042           11,861,372         0         0         53,089,057           12,232,806         0         0         57,634,616           13,010,614         0         0         60,049,785           13,417,709         0         0         62,565,106           13,837,432         0         0         65,184,696           14,270,171         0         0         52,793,011	(2) Employer Normal Cost         Amortization of ERI (2002) Liability         Amortization of ERI (2003) Liability         Amortization of ERI (2003) Liability         Amortization of ERI (2003) (2)+(3)+(4)+(5)           \$9,856,270         \$10,049         \$9,333         \$34,637,093         \$44,512,745           10,165,422         10,501         9,753         37,220,397         47,406,073           10,484,183         10,974         10,191         39,982,120         50,487,468           10,812,848         11,468         10,650         42,934,187         53,769,153           11,151,722         11,984         11,129         46,089,313         57,264,148           11,501,123         12,523         11,630         49,461,042         60,986,318           11,861,372         0         0         53,089,057         64,950,429           12,232,806         0         0         55,315,640         67,548,446           12,615,768         0         0         57,634,616         70,250,384           13,010,614         0         0         62,565,106         75,982,815           13,837,432         0         0         65,184,696         79,022,128           14,270,171         0         0         52,793,011         67,063,182 <td>  Carrial   Carr</td>	Carrial   Carr

#### Notes:

Fiscal 2023 Actuarially Determined Contribution set equal to budgeted amount

Actuarially Determined Contributions are assumed to be paid on July 1

Item (2) reflects 2.75% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption

Projected normal cost does not reflect the impact of pension reform for future hires
Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains/losses