

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Saugus Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: September 26, 2017

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 FY18 (since the amount under the prior schedule was maintained in FY18) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.60% to 7.40%. The schedule also reflects the impact of the adoption of a \$14,000 COLA base.

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

Enc.



**Saugus Retirement System
January 1, 2017 Actuarial Valuation**

Total Cost increasing 3.5% per year until FY25 with a final amortization payment in FY26

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERIP</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Change</u>
2018	1,857,438	60,000	4,556,640	218,179	6,692,257	35,072,176	
2019	1,941,023	60,000	4,700,739	224,724	6,926,486	32,716,029	3.5%
2020	2,028,369	60,000	4,849,079	231,466	7,168,913	30,029,310	3.5%
2021	2,119,645	60,000	5,001,770	238,410	7,419,825	26,982,954	3.5%
2022	2,215,029	60,000	5,158,928	245,562	7,679,519	23,545,627	3.5%
2023	2,314,706	60,000	5,320,668	252,929	7,948,302	19,683,547	3.5%
2024	2,418,867	60,000	5,487,108	260,517	8,226,493	15,360,310	3.5%
2025	2,527,716	60,000	5,658,371	268,332	8,514,420	10,536,686	3.5%
2026	2,641,464	60,000	5,078,506	276,382	8,056,352	5,170,409	-5.4%
2027	2,760,329	60,000		284,674	3,105,003	0	-61.5%
2028	2,884,544	60,000		293,214	3,237,758		4.3%
2029	3,014,349	60,000			3,074,349		-5.0%

All amounts assume payments will be made January 1 of each fiscal year.
Normal Cost increases 4.5% per year.
FY18 appropriation was maintained at the same level as the prior schedule.