

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Saugus Retirement Board

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

RE: Approval of Funding Schedule

DATE: September 5, 2019

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 average on November 15 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32. Note that the assumed payment date was adjusted from January 1, to reflect that the Town makes appropriation payments at the beginning of each quarter.

The revised schedule reflects a reduction in the investment return assumption from 7.40% to 7.25% and a slight revision to the mortality assumption.

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

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Enc.



**Saugus Retirement System
January 1, 2019 Actuarial Valuation**

Total Cost increasing 5.2% 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>
2020	2,129,500	50,000	4,761,414	227,999	7,168,913	32,339,198	
2021	2,225,327	50,000	4,963,797	234,839	7,473,963	29,469,449	4.3%
2022	2,325,467	50,000	5,245,258	241,884	7,862,609	26,172,990	5.2%
2023	2,430,113	50,000	5,542,211	249,141	8,271,465	22,336,024	5.2%
2024	2,539,468	50,000	5,855,498	256,615	8,701,581	17,902,955	5.2%
2025	2,653,744	50,000	6,186,006	264,313	9,154,063	12,813,268	5.2%
2026	2,773,162	50,000	6,400,018	272,243	9,495,423	7,001,125	3.7%
2027	2,897,955	50,000		280,410	3,228,365	535,654	-66.0%
2028	3,028,363	50,000		288,822	3,367,185	281,438	4.3%
2029	3,164,639	50,000			3,214,639	0	-4.5%

All amounts assume payments will be made November 15 of each fiscal year.
 Normal Cost includes expenses of \$550,000.
 Normal Cost increases 4.5% per year.
 FY20 appropriation was maintained at the same level as the prior schedule.