

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Quincy Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 10, 2014

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 each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

Although we are approving this schedule, we would have preferred a schedule be adopted that more aggressively amortizes the unfunded actuarial liability. For the past year, we have been recommending that systems determine schedules to be fully funded by FY35. This provides more flexibility in the event of a market downturn. We believe this could be accomplished with relatively small increases to current appropriation levels.

The assets used in the actuarial valuation include an account receivable from the Housing Authority of approximately \$4.0 million pertaining to the privatization of the Hospital. If this receivable were excluded from the valuation assets, and the funding schedule determined on the same basis as provided, the appropriation in each year would increase by more than \$200,000. Alternatively, using the schedule's 5.4% increase in appropriation each year, the schedule would extend to FY37.

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

JEC/jrl

Enc.





QUINCY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Net Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**
2016	3,782,355	359,163,389	21,021,184	(60,749)	24,742,790
2017	3,933,649	365,193,581	22,206,001	(60,749)	26,078,901
2018	4,090,995	365,270,637	23,456,916	(60,749)	27,487,162
2019	4,254,635	369,158,819	24,777,583	(60,749)	28,971,469
2020	4,424,820	369,361,768	26,171,857	(60,749)	30,535,928
2021	4,601,813	370,645,104	27,643,804	(60,749)	32,184,868
2022	4,785,886	370,441,405	29,197,714	(60,749)	33,922,851
2023	4,977,321	368,543,186	30,838,113	(60,749)	35,754,685
2024	5,176,414	364,721,479	32,569,773	(60,749)	37,685,438
2025	5,383,471	358,723,843	34,397,730	(60,749)	39,720,451
2026	5,598,809	350,272,202	36,327,295	(60,749)	41,865,356
2027	5,822,762	339,060,499	38,364,072	(60,749)	44,126,085
2028	6,055,672	324,752,141	40,513,970	(60,749)	46,508,894
2029	6,297,899	306,977,224	42,783,224	(60,749)	49,020,374
2030	6,549,815	285,329,520	45,178,408	(60,749)	51,667,474
2031	6,811,808	259,363,201	47,706,459	(60,749)	54,457,518
2032	7,084,280	228,589,282	50,374,693	(60,749)	57,398,224
2033	7,367,651	192,471,756	53,190,825	(60,749)	60,497,728
2034	7,662,357	150,423,405	56,162,997	(60,749)	63,764,605
2035	7,968,852	101,801,241	59,299,791	(60,749)	67,207,894
2036	8,287,606	45,901,566	45,901,566	(60,749)	54,128,423
2037	8,619,110	-	-	(60,749)	8,558,361

Amortization of Unfunded Liability as of July 1, 2015

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2005	ERI - HA(2002)	27,716	4.50%	24	44,978	13
2005	ERI - City(2002)	317,193	4.50%	24	514,757	13
2006	ERI - City(2003)	404,362	4.50%	23	627,962	13
2006	ERI - HA(2003)	24,895	4.50%	23	38,661	13
2016	Fresh Start	N/A	N/A	21	N/A	21

* Fiscal Years 2018 and 2020 include recognition of the following deferred gains:

2018:	\$5,155,950
2020:	\$2,569,967

** Fresh Start amortization is set to be the amount needed to result in an adjusted payment which is 5.4% higher than the prior fiscal year for the next 20 years with a smaller payment in year 21. The increase to lower (approximately 4.7%) due to a change in contribution timing.

Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established. Type is the reason for the creation of the base. Examples are Gain/(Loss) or Fresh Start. Original Amortization Amount is the annual amortization amount when the base was established. Percentage Increasing is the percentage that the Original Amortization Amount increases per year. Original # of Years is the number of years over which the base is being amortized. Current Amortization Amount is the amortization payment amount for this year. Years Remaining is the number of years left to amortize the base.