

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Wellesley Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 5, 2015

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 October 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

The System uses an asset smoothing methodology in which investment gains and losses are recognized over 5 years. However, the revised schedule reflects a “fresh start” basis, and the market value of assets was used as of January 1, 2015. The 2015 valuation also reflects a reduction in the investment return assumption from 7.00% to 6.75% and the adoption of a fully generational mortality assumption.

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

Enc.



SECTION 2: Valuation Results for the Town of Wellesley Contributory Retirement System

**CHART 16
Funding Schedule**

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2010 ERI Liability	(4) Amortization of Remaining Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Total Unfunded Actuarial Accrued Liability at Beginning of Year
2016	\$2,552,698	\$15,582	\$4,717,617	\$7,285,897	\$56,797,335
2017	2,651,080	15,582	4,895,610	7,562,273	55,660,305
2018	2,753,236	15,582	5,066,957	7,835,775	54,259,595
2019	2,859,310	15,582	5,244,300	8,119,192	52,584,387
2020	2,969,451	15,582	5,427,851	8,412,884	50,609,855
2021	3,083,815	15,582	5,617,826	8,717,223	48,309,276
2022	3,202,563	15,582	5,814,450	9,032,595	45,653,894
2023	3,325,862	--	6,017,955	9,343,818	42,612,777
2024	3,453,887	--	6,228,584	9,682,471	39,169,026
2025	3,586,817	--	6,446,585	10,033,402	35,271,618
2026	3,724,840	--	6,672,215	10,397,055	30,882,188
2027	3,868,151	--	6,905,742	10,773,893	25,959,513
2028	4,016,950	--	7,147,444	11,164,394	20,459,304
2029	4,171,447	--	7,397,604	11,569,051	14,333,994
2030	4,331,860	--	7,656,520	11,988,380	7,532,505
2031	4,498,415	--	--	4,498,415	--

*Notes: Recommended contributions are assumed to be paid on October 1.
Assumes amortization payments of remaining liability increase at 3.50% per year.
Assumes contribution of budgeted amount for fiscal year 2016.
Projected normal cost does not reflect the impact of pension reform for future hires.
Item (2) increases at 3.5% per year, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.*