

Worcester Retirement Financial Board Meeting
Actuarial Review
May 26th, 2022

The Worcester Retirement Board met at 10:00 A.M. on Thursday May 26th, 2022 for their annual actuarial review in the Levi Lincoln Chambers. E.Early, M. Wally, R. Stearns and J. Mahan were present. Kathy Riley and Andrew Luongo from Segal Co. were in attendance to present the 1/1/2022 valuation.

The valuation is a review based on the 2021 retirement system data.

There was a (1.0%) decrease in total number of active employees from 2020 to 2021. The number of active employees have decreased over the last two valuations. Average Payroll increased 1.4%.

In regards to pensioners there was an increase in the number of pensioners by 1% with the average payroll increasing 2.6% there were more deaths in 2021 in retirees than expected, and at the same time there were more retirements as well which offset each other.

During 2021 there was a Market Value return of 19.67%; 14.30% on an actuarial basis. There are \$134M in gains that are not reflected in the actuarial value of assets; this will be used to buffer adverse investment results for future valuations. The unfunded liability as of 1/1/22 is \$422 Million which is \$94 Million lower than expected.

The Board was presented with different funding schedules, specifically one with the current return rate of 6.9 and one with a return rate of 6.8. In both schedules the System plan is to be fully funded by June 30th 2034.

After review and discussion the board voted to accept the valuation funding schedule base off of the 6.8IRR rate
(5-0)

The Assumed Rate of return then changes to 6.8%. The System is currently 72.98%, this compared to last year is a 5.85% increase. Each year there is a 6.33% increase until year 2025 which will change to a 3.5% increase annually. The final year there where there will be a (60.72)% decrease in the final payment. The FY 2023 total appropriation has been set to \$62,761,035.

The Board recessed at approximately 10:47 A.M.

Respectfully Submitted,

Lisa M. Poske, Executive Secretary

Matthew Wally, Appointed Member

Elizabeth A. Early, Elected Member, Chair

John F. Mahan, Elected Member

Robert V. Stearns, Ex Officio Member

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Tamara Cullen, Fifth Member