



Middlesex County Retirement Assessment

Additional Payment to Unfunded Liability

Middlesex Country Retirement System

Impact of extra contributions - Town of Ayer

Fiscal year ended June 30:	Amortization Payment on Unfunded Actuarial Accrued Liability		
	Without Extra Contributions	With Extra Contributions	Difference
	of \$300,000	of \$300,000	
2019	\$ 1,096,000	\$ 1,096,000	\$ -
2020	1,339,000	1,291,000	(48,000)
2021	1,445,000	1,392,000	(53,000)
2022	1,548,000	1,492,000	(56,000)
2023	1,659,000	1,598,000	(61,000)
2024	1,777,000	1,712,000	(65,000)
2025	1,902,000	1,833,000	(69,000)
2026	2,036,000	1,962,000	(74,000)
2027	2,180,000	2,100,000	(80,000)
2028	2,300,000	2,213,000	(87,000)
2029	2,392,000	2,302,000	(90,000)
2030	2,487,000	2,394,000	(93,000)
2031	2,587,000	2,490,000	(97,000)
2032	2,690,000	2,589,000	(101,000)
2033	2,798,000	2,693,000	(105,000)
2034	2,910,000	2,801,000	(109,000)
2035	3,026,000	2,913,000	(113,000)
2036	-	-	-
	Savings estimate through 2035 =		(1,301,000)

Notes:

Based on funding schedule included in January 1, 2018 valuation.
Assumes a contribution of \$300,000 on December 31, 2016 and
a contribution of \$300,000 on December 31, 2017.

Fiscal year ended June 30:	Amortization Payment on Unfunded Actuarial Accrued Liability		
	Without Extra Contributions	With Extra Contributions	Difference
	of \$400,000	of \$400,000	
2019	\$ 1,096,000	\$ 1,096,000	\$ -
2020	1,339,000	1,274,000	(65,000)
2021	1,445,000	1,375,000	(70,000)
2022	1,548,000	1,473,000	(75,000)
2023	1,659,000	1,578,000	(81,000)
2024	1,777,000	1,690,000	(87,000)
2025	1,902,000	1,810,000	(92,000)
2026	2,036,000	1,937,000	(99,000)
2027	2,180,000	2,073,000	(107,000)
2028	2,300,000	2,185,000	(115,000)
2029	2,392,000	2,272,000	(120,000)
2030	2,487,000	2,363,000	(124,000)
2031	2,587,000	2,457,000	(130,000)
2032	2,690,000	2,556,000	(134,000)
2033	2,798,000	2,658,000	(140,000)
2034	2,910,000	2,764,000	(146,000)
2035	3,026,000	2,875,000	(151,000)
2036	-	-	-
	Savings estimate through 2035 =		(1,736,000)

Notes:

Based on funding schedule included in January 1, 2018 valuation.
Assumes a contribution of \$400,000 on December 31, 2016 and
a contribution of \$400,000 on December 31, 2017.

SUMMARY

- Additional payments provide savings in the annual pension assessment:
 - \$200,000 payments save an estimated \$868,000
 - \$300,000 payments save an estimated \$1,301,000
 - \$400,000 payments save an estimated \$1,736,000
- The Town is in a financial position to make extra payments.
- Additional payments provide budget relief in future years.
- \$300,000 additional paid in FY 2021.
- Continued additional payments could fully fund our pension liability sooner than currently estimated.

RECOMMENDATIONS

- \$300,000 additional funding in FY 2022
- Consider additional funding in FY 2023+