



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 of \$300,000 | With Extra Contributions of \$300,000 | Difference |
| | | | |
| 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 of \$400,000 | With Extra Contributions of \$400,000 | Difference |
| | | | |
| 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.
- Continued additional payments could fully fund our pension liability sooner than currently estimated.

RECOMMENDATIONS

- \$300,000 additional funding in FY 2021
- Include additional funding in the FY 2022 budget discussion
- Consider additional funding in FY 2023+