

SCHEDULES OF EMPLOYER ALLOCATIONS AND  
PENSION AMOUNTS BY EMPLOYER

Boston Retirement System  
(A Component Unit of the City of Boston, Massachusetts)  
As of and for the Year Ended December 31, 2023  
With Report of Independent Auditors

Ernst & Young LLP



**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Schedules of Employer Allocations and  
Pension Amounts by Employer**

As of and for the  
Year Ended December 31, 2023

**Contents**

Report of Independent Auditors .....	1
Schedule of Employer Allocations .....	4
Schedule of Pension Amounts by Employer .....	5
Notes to Schedules of Employer Allocations and Pension Amounts by Employer .....	6



## Report of Independent Auditors

Management and The Boston Retirement Board

### **Report on the Audit of the Schedules**

#### *Opinion*

We have audited the accompanying Schedule of Employer Allocations of Boston Retirement System (the System), a component unit of the City of Boston, Massachusetts, as of and for the year ended December 31, 2023, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense, excluding that attributable to employer-paid member contributions included in the accompanying Schedule of Pension Amounts by Employer of Boston Retirement System, as of and for the year ended December 31, 2023 (the specified column totals and, collectively with the Schedule of Employer Allocations, the Schedules), and the related notes.

In our opinion, the accompanying Schedules present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense, excluding that attributable to employer-paid member contributions totals for all participating entities of Boston Retirement System, as of and for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Schedules***

Management is responsible for the preparation and fair presentation of these Schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

In preparing the Schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the Schedules' date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Financial Statements as of December 31, 2023**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Boston Retirement System as of and for the year ended December 31, 2023, and our report thereon, dated July 17, 2024, expressed an unmodified opinion on those financial statements.

### **Restriction on Use**

Our report is intended solely for the information and use of Boston Retirement System management, the Boston Retirement Board, Boston Retirement System employers, and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

July 17, 2024

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Schedule of Employer Allocations**

As of and for the Year Ended December 31, 2023

<b>Employer</b>	<b>2023 Actual Employer Contributions</b>	<b>Employer Allocation Percentage</b>
<b>Group A</b>		
City of Boston (the City)*	\$ 375,184	84.8637%
Boston Housing Authority*	18,405	4.1630
Boston Planning and Development Agency*	3,153	.7132
Boston Water and Sewer Commission*	15,543	3.5157
Boston Public Health Commission*	29,817	6.7444
Subtotal Participating Employers, excluding Sheriff of Suffolk County	442,102	100.0000
<b>Group B</b>		
Sheriff of Suffolk County (retirees as of December 31, 2009, funded by the City)*	2,889	100.0000
Subtotal Participating Employers		
<b>Group C</b>		
Commonwealth of Massachusetts (other contributing entity – City of Boston Teachers)	238,472	100.0000
Total actuarially determined contributions	683,463	
Excess contributions	23,500	
Total employer contributions	\$ 706,963	

\* Indicates participating employer of the Plan

*See accompanying notes.*

Boston Retirement System  
(A Component Unit of the City of Boston, Massachusetts)

Schedule of Pension Amounts by Employer

As of and for the Year Ended December 31, 2023

Entity	Deferred Outflows of Resources						Deferred Inflows of Resources					Pension Expense				
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		Proportionate Share of Allocable Plan Pension Expense	Pension Expense Related to Specific Liabilities of Individual Employers	Net Amortization of Deferred Amounts From Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		Total Employer Pension Expense, Excluding That Attributable to Employer-Paid Member Contributions
					Total Deferred Outflows of Resources	Proportionate Share of Contributions				Total Deferred Inflows of Resources	Proportionate Share of Contributions			Net Amortization of Deferred Amounts From Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		
<b>Group A</b>																
City of Boston (the City)*	\$ 1,379,913,532	\$ -	\$ 321,177,664	\$ 115,164,470	\$ 18,502,806	\$ 454,844,940	\$ 59,489,571	\$ -	\$ -	\$ 891,776	\$ 60,381,347	\$ 270,353,658	\$ -	\$ 9,197,319	\$ 279,550,977	
Boston Housing Authority*	67,692,531	-	15,755,573	5,649,466	976,767	22,381,806	2,918,299	-	-	6,574,088	9,492,387	13,262,370	-	(3,023,428)	10,238,942	
Boston Planning and Development Agency*	11,596,225	-	2,699,045	967,795	282,749	3,949,589	499,926	-	-	2,557,492	3,057,418	2,271,941	-	(742,295)	1,529,646	
Boston Water and Sewer Commission*	57,166,074	-	13,305,519	4,770,952	80,252	18,156,723	2,464,492	-	-	5,905,067	8,369,559	11,200,019	-	(2,517,597)	8,682,422	
Boston Public Health Commission*	109,665,724	-	25,524,919	9,152,454	1,232,823	35,910,196	4,727,809	-	-	5,146,974	9,874,783	21,485,788	-	(2,913,999)	18,571,789	
Subtotal Participating Employers, excluding Sheriff of Suffolk County	1,626,034,086	-	378,462,720	135,705,137	21,075,397	535,243,254	70,100,097	-	-	21,075,397	91,175,494	318,573,776	-	-	318,573,776	
<b>Group B</b>																
Sheriff of Suffolk County (retirees as of December 31, 2009, funded by the City)*	6,367,119	-	-	-	-	-	-	-	-	-	-	504,199	-	-	504,199	
Subtotal Participating Employers, including Sheriff of Suffolk County	1,632,401,205	-	378,462,720	135,705,137	21,075,397	535,243,254	70,100,097	-	-	21,075,397	91,175,494	319,077,975	-	-	319,077,975	
<b>Group C</b>																
Commonwealth of Massachusetts (other contributing entity - City of Boston Teachers)	2,586,900,889	6,560,090	89,157,672	48,371,536	-	144,089,298	43,552,839	-	-	-	43,552,839	194,109,935	-	-	194,109,935	
Commonwealth of Massachusetts (state reimbursed COLA)	10,410,826	-	(4,489,887)	106,639	-	(4,383,248)	452,387	-	-	-	452,387	(2,127,382)	-	-	(2,127,382)	
Subtotal Commonwealth of Massachusetts	2,597,311,715	6,560,090	84,667,785	48,478,175	-	139,706,050	44,005,226	-	-	-	44,005,226	191,982,553	-	-	191,982,553	
Total for all entities	\$ 4,229,712,920	\$ 6,560,090	\$ 463,130,505	\$ 184,183,312	\$ 21,075,397	\$ 674,949,304	\$ 114,105,323	\$ -	\$ -	\$ 21,075,397	\$ 135,180,720	\$ 511,060,528	\$ -	\$ -	\$ 511,060,528	

\* Indicates participating employer of the Plan

See accompanying notes.

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer**

December 31, 2023

**1. Plan Description**

The following description of the Boston Retirement System (formerly, the State-Boston Retirement System) (the System, BRS or the Plan) is provided for general information purposes only. Participants should refer to Chapter 32 of the Massachusetts General Law (M.G.L.) for more detailed information. The Board of Trustees is primarily responsible for the administration of the System and consists of five members as follows: the City Auditor (who serves as an ex officio member), a second member appointed by the Mayor, a third and fourth member elected by active or retired members, and a fifth member chosen by the other four members (or appointed by the Mayor if the other four members do not agree on a selection within 30 days of a vacancy).

**General**

The Plan is a cost-sharing, multiple-employer qualified defined benefit governmental pension plan established under Chapter 32 of the M.G.L. The Plan provides pension benefits for participating employees of the following plan member governmental units:

- City of Boston (the City)\*
- Commonwealth of Massachusetts (other contributing entity – contributing towards City of Boston Teachers pensions)
- Boston Planning and Development Agency\*
- Boston Housing Authority\*
- Boston Water and Sewer Commission\*
- Boston Public Health Commission\*
- Sheriff of Suffolk County (retirees as of December 31, 2009, funded by the City)\*

\* Indicates participating employer of the Plan



**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**1. Plan Description (continued)**

At December 31, 2023, System membership consisted of the following:

Active plan members	20,511
Retirees and beneficiaries receiving benefits	15,005
Inactive members entitled to, but not yet receiving benefits	1,482
Inactive members entitled to a return of contributions	<u>14,038</u>
Total membership	<u><u>51,036</u></u>
Number of participating employers	6

The Commonwealth of Massachusetts (the Commonwealth) is responsible for funding the employer portion of all teacher pensions in the Commonwealth. All teachers in the Commonwealth are members of the Massachusetts Teachers Retirement System, with the exception of teachers employed by the City (Boston Teachers), who are members of the System. Although Boston Teachers are members of the System, the Commonwealth is the responsible contributing entity. Additionally, the Commonwealth reimburses the Plan for all cost-of-living increases paid to recipients that were awarded before 1997.

**Significant Provisions and Requirements**

Participation in the System is mandatory for all permanent, full-time, and certain part-time employees immediately upon the commencement of employment. Participants who resign from employment or are receiving workers' compensation benefits and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. In addition, those participants who resign voluntarily with less than ten years of service are entitled to receive 3% per year interest; all others receive interest that has accrued on their cumulative deductions at the regular interest rate (0.10% at December 31, 2023).

Employees with ten or more years of service having attained age 55 are entitled to pension benefits; an earlier retirement is allowed upon completion of 20 years of service. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three-year average annual rate of regular compensation (highest consecutive five-year average for those members who join the System on or after April 2, 2012). Benefit payments are based upon a participant's age, length of creditable service, regular compensation, and group classification.

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**1. Plan Description (continued)**

Participants become vested after ten years of creditable service. Effective July 1, 1998, Chapter 32 of the M.G.L. assigned the authority to establish and amend benefit provisions and grant cost-of-living increases for the Plan to the Boston Retirement Board.

If a member in service dies due to causes unrelated to his or her job, the surviving spouse and/or surviving dependent children may receive retirement allowance benefits, either in a lump sum or in the form of an annuity, based on the length of service, contributions, and age. In the event there is no spouse and/or dependent children named, other beneficiaries may be entitled to a lump-sum distribution. Participants who become permanently and totally disabled from further duty may be eligible to receive accidental or ordinary disability retirement benefits.

Accidental disability is provided to members with incapacitation resulting from a work-related injury or hazard. Generally, annual pension benefits are provided based on 72% of the annual rate of regular compensation that a member earned while an active employee on date of injury or average annual rate of regular compensation. Ordinary disability is available to any member whose permanent incapacitation is not work related and has attained ten years of creditable service. Such benefits are provided as if the member had attained the age of 55 (or actual age if over 55), based on the amount of creditable service actually earned. Limits are placed on how much a disability employee can earn from other sources while collecting a disability retirement pension.

**2. Summary of Significant Accounting Policies**

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Following is a description of the valuation techniques and inputs used for each major class of assets and liabilities measured at fair value:

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Short-Term, Equity and Fixed Income Investments**

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Certain fixed income securities not traded on an exchange are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Pooled Funds**

The fair value of shares in managed investment pools is based on unit values reported by the funds.

**Alternative Investments**

Alternative investments include hedge funds, holdings through commingled limited partnerships of venture capital funds, including equity interests in early, middle, and later stage companies, as well as debt and equity interests in buyouts, acquisitions, restructurings, mezzanine structures and special situations, such as litigation or spin-off activities. These investments are carried at the limited partnership interest or redemption value, the equivalent of net asset value, which approximates fair value. Values assigned to such investments are based on available information and do not necessarily represent amounts that may ultimately be realized in liquidation. Liquidation values depend largely on future circumstances, including marketability, and frequently cannot reasonably be estimated until at, or near, the liquidation date.

**Real Estate**

Real estate investments consist of interests in commercial properties held by various partnerships and other limited liability entities, some of which utilize debt financing. Fair values of such holdings are reported based on the net asset values of the entities, which are estimated using third-party appraisals and other information provided by property managers.

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting**

The Schedules of Employer Allocations and Pension Amounts by Employer for the System (Schedules) present amounts that are considered elements of the financial statements of the System or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the System or of its participating employers. The amounts presented on the Schedules were prepared in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of the System to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**3. Allocation Percentage Methodology**

Although the System administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rates by group for: (a) the participating employers of the Plan, excluding Sheriff of Suffolk County, (b) Sheriff of Suffolk County, and (c) the Commonwealth. The measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, excluding that attributable to employer-paid member contributions, is determined separately for each group.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, requires participating employers in the System to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense, excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each participating employer's contributions to the total actuarially determined employer contributions of the respective group during the year ended December 31, 2023. The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculate individual employer amounts presented on the Schedule of Employer Pension Amounts may result in immaterial differences due to this rounding.

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**4. Contributions**

Participating employers are required to pay into the System their share of the remaining actuarially determined contribution and plan administration costs, which are apportioned among the participating employers based on an actuarial computation.

As a condition of participation, employees are required to contribute 5% of their salary if hired prior to January 1, 1975, 7% if hired on or after January 1, 1975 and before January 1, 1984, 8% if hired on or after January 1, 1984 and before July 1, 1996, and 9% if hired on or after July 1, 1996. Employees hired on or after January 1, 1979 contribute an additional 2% of earnings in excess of \$30,000 per year. Additionally, teachers who became members of the System on or after June 30, 2001, or other teachers who elect this option, are required by law to contribute 11% of their salary. Overtime and certain additional earnings are not subject to these assessments and are not considered in the determination of final average salary.

**5. Collective Net Pension Liability and Actuarial Information**

The components of the net pension liability of the participating employers are as follows:

	<b>December 31, 2023</b>
Total pension liability	\$ 13,816,143,577
Plan fiduciary net position	<u>9,586,430,657</u>
Employers' net pension liability	<u>\$ 4,229,712,920</u>
Plan fiduciary net position as a percentage of the total pension liability	69.39%

*Actuarial assumptions:* The total pension liability was measured by an actuarial valuation as of January 1, 2022, with update procedures used to roll forward the total pension liability to December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.25% for BRS excluding Boston Teachers, 3.25% for Boston Teachers

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**5. Collective Net Pension Liability and Actuarial Information (continued)**

Salary increases:

<u>Years of Service</u>	<u>Boston Teachers</u>	<u>BRS Excluding Boston Teachers</u>		
		<u>Group 1</u>	<u>Group 2</u>	<u>Group 4</u>
0	7.50%	4.00%	4.25%	4.50%
1	7.10	4.00	4.25	4.50
2	7.10	4.00	4.25	4.50
3	6.90	4.00	4.25	4.50
4	6.80	4.00	4.25	4.50
5	6.70	4.00	4.25	4.50
6	6.60	4.00	4.25	4.50
7	6.50	4.00	4.25	4.50
8	6.30	4.00	4.25	4.50
9	6.10	4.00	4.25	4.50
10	5.90	4.00	4.25	4.50
11	5.70	4.00	4.25	4.50
12	5.20	4.00	4.25	4.50
13	4.70	4.00	4.25	4.50
14	4.35	4.00	4.25	4.50
15–16	4.20	4.00	4.25	4.50
17–19	4.10	4.00	4.25	4.50
20 and later	4.00	4.00	4.25	4.50

Investment rate of return      6.90% for BRS excluding Boston Teachers and 7.00% for Boston Teachers, net of investment expenses, including inflation

Cost of living adjustments      5% of first \$15,000 for employers' fiscal year ended June 30, 2023 (previously and thereafter 3% of first \$15,000)

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**5. Collective Net Pension Liability and Actuarial Information (continued)**

**Mortality Rates:**

Healthy: Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and Pub-2010 Safety Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Group 4 for BRS excluding Boston Teachers and Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Boston Teachers.

Disabled: Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and the Pub-2010 Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2021 for Group 4 for BRS excluding Boston Teachers and Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally using Scale MP-2021 for Boston Teachers.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation (approved by the Boston Retirement Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption, are summarized in the following table:

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)

**5. Collective Net Pension Liability and Actuarial Information (continued)**

<b>Asset Class</b>	<b>BRS Excluding Boston Teachers – Target Allocation</b>	<b>Boston Teachers – Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	23.00%	22.00%	6.29%
International developed markets equity	16.00	9.50	6.39
International emerging markets equity	8.00	4.50	7.63
Core fixed income	18.00	15.00	1.72
High yield fixed income	5.00	9.00	3.43
Emerging market debt	4.00	–	3.53
Real estate	10.00	10.00	3.24
Timber	–	4.00	3.72
Hedge fund, global tactical asset allocation, risk parity	5.00	10.00	2.87
Private equity	11.00	16.00	9.43
	<u>100.00%</u>	<u>100.00%</u>	

*Discount rate:* The discount rates used to measure the Total Pension Liability (TPL) as of December 31, 2023 and 2022 were 6.90% for the BRS excluding Boston Teachers and 7.00% for Boston Teachers. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate, and employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2023 and 2022.



**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**5. Collective Net Pension Liability and Actuarial Information (continued)**

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the System as of December 31, 2023, calculated using the discount rate of 6.90% for the BRS excluding Boston Teachers and 7.00% for Boston Teachers, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90% for the BRS excluding Boston Teachers and 6.00% for the Boston Teachers) or 1-percentage-point higher (7.90% for the BRS excluding Boston Teachers and 8.00% for the Boston Teachers) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
Group A	\$ 2,647,538,026	\$ 1,626,034,086	\$ 765,150,787
Group B	7,102,133	6,367,119	5,747,678
Group C	3,188,217,180	2,597,311,715	2,109,897,194
System's net pension liability as of December 31, 2023	\$ 5,842,857,339	\$ 4,229,712,920	\$ 2,880,795,659

**6. Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended December 31, 2023:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience in the Total Pension Liability	\$ 6,560,090	\$ 114,105,323
Changes in proportion and differences between employer's contributions and proportionate share of contributions	21,075,397	21,075,397
Changes of assumptions	184,183,312	-
Net difference between projected and actual earnings on pension plan investments	463,130,505	-
Total	\$ 674,949,304	\$ 135,180,720

**Boston Retirement System**  
(A Component Unit of the City of Boston, Massachusetts)

**Notes to Schedules of Employer Allocations and  
Pension Amounts by Employer (continued)**

**6. Collective Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Total</b>
Participating employers’ fiscal year ending June 30:				
2025	\$ 164,243,259	\$ –	\$ 16,185,269	\$ 180,428,528
2026	138,694,713	–	11,774,420	150,469,133
2027	204,181,797	–	81,370,649	285,552,446
2028	(63,052,009)	–	(13,629,514)	(76,681,523)
2029	–	–	–	–
<b>Total</b>	<b>\$ 444,067,760</b>	<b>\$ –</b>	<b>\$ 95,700,824</b>	<b>\$ 539,768,584</b>

**7. Pension Expense**

The components of allocable pension expense for the year ended December 31, 2023 are as follows:

Service cost	\$ 304,906,138
Interest	917,819,411
Current-period benefit changes	44,522,250
Contributions – employee	(211,194,496)
Projected earnings on pension plan investments	(597,026,842)
Administrative expenses	7,995,774
Recognized portion of current period difference between projected and actual earnings on pension plan investments	(60,987,210)
Recognition of deferred inflows of resources	(357,606,670)
Recognition of deferred outflows of resources	462,632,173
<b>Total pension expense</b>	<b>\$ 511,060,528</b>

## **EY | Building a better working world**

**EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.**

**Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.**

**Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.**

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.  
All Rights Reserved.

**[ey.com](https://ey.com)**