

April 12, 2024

Ms. Sonia T. Walthour, IPMA-SCP  
Assistant Director, Human Resources Department  
1700 Convention Center Drive  
Miami Beach, FL 33139

Re: *City of Miami Beach Employees' Retirement Plan  
Actuarial Analysis*

Dear Sonia:

As requested, we have performed a special actuarial analysis to determine the estimated impact on the minimum funding requirements and GASB 67 Net Pension Liability (NPL) associated with including the Inspector General as part of the benefit structure for the other Charter Officers (City Manager, City Attorney, and City Clerk). Specifically, benefit changes include increasing the benefit accrual rate to 4% for benefits earned as an Inspector General and allowing total W-2 compensation included in earnings when determining the benefits.

The estimated impact on the City's GASB 67 Net Pension Liability and the City's minimum contribution requirements, determined as of October 1, 2023 (applicable to the fiscal year ending September 30, 2025), are illustrated below.

	Current	Proposed
(1) Actuarial Accrued Liability	\$ 1,030,244,448	\$ 1,030,374,554
(2) Actuarial Value of Assets	790,477,876	790,477,876
(3) UAAL, (1) – (2)	239,766,572	239,896,678
<b>Estimated Increase in GASB 67 NPL</b>		<b>130,106</b>
 (4) Impact on City's Contribution		
Normal Cost	17,042,588	17,064,732
Administrative Expenses	823,429	823,429
Payment Required to Amortize UAAL	23,388,518	23,398,711
Interest from 10/1/2023 to 10/1/2024	2,970,327	2,972,655
Minimum Required Contribution	44,224,862	44,259,527
Expected Member Contributions	10,382,624	10,387,999
<b>Balance from City</b>	<b>33,842,238</b>	<b>33,871,528</b>
<b>Increase in City's Contribution</b>		<b>\$ 29,290</b>

The UAAL is based on the actuarial value of assets and will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

Unless otherwise noted, all data, assumptions, methods and plan provisions are the same as in the October 1, 2023 actuarial valuation report. It should also be noted that this change to retirement benefits could potentially affect participants' retirement behavior. The results of this analysis do not reflect any change in the retirement assumption, but we will monitor the assumption should benefits be changed in order to ensure that the assumption is in line with anticipated future plan experience.

Future actuarial measurements may differ significantly from the current measurements presented in this analysis for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of this analysis, we did not perform an analysis of the potential range of such future measurements.

Please note the contents of this analysis and the October 1, 2023 actuarial valuation report are considered integral parts of the actuarial opinions. In reviewing the results presented in this study, it should be noted there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2023 actuarial valuation report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

If you have any questions, concerns, or would like to discuss the results in greater detail, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Sara Carlson". The signature is fluid and cursive, with the first name "Sara" and last name "Carlson" clearly distinguishable.

Sara E. Carlson, ASA, EA, MAAA