



November 11, 2024

Ms. Donna Brito  
Executive Director  
City Pension Fund for Firefighters and Police Officers  
in the City of Miami Beach  
1691 Michigan Avenue, Suite 355  
Miami Beach, Florida 33139

**Re: City Pension Fund for Firefighters and Police Officers in the City of Miami Beach  
Actuarial Impact Statement**

Dear Donna:

As requested, we are pleased to enclose twenty (20) copies of our Actuarial Impact Statement as of October 1, 2023 for filing the proposed Ordinance under the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach (Fund) with the State of Florida (copy enclosed) prior to second reading.

**Background** – Currently, the Fund provides:

- Off-duty pay is not included as pensionable pay for command staff members.
- Final Average Monthly Earnings (FAME) is the greater of the average of the five (5) highest paid years or the five (5) last paid years prior to date of retirement after taking into consideration the overtime limit for Tier 3, Tier 4 and Tier 5 active members.
- The service incurred disability benefit is the accrued benefit with a minimum of 85% of current salary at time of disability for all active members.
- Members who enter the DROP on or after June 8, 2016 for Fire Department members may participate in DROP for a period not to exceed ninety-six (96) months.
- Firefighters hired on or after May 8, 2019 (Tier 5) who transfer funds attributable to the members' accumulated total service in the other City System to this System receive credited service under this System for the same period of service.

**Proposed Ordinance** – The proposed Ordinance provides:

- Include off-duty pay for active command staff members, subject to the eleven percent (11%) limitation.

- FAME is the greater of the average of the three (3) highest paid years or last three (3) years prior to date of retirement for Tier 3, Tier 4 and Tier 5 active Firefighters.
- The service incurred disability benefit is the accrued benefit with a minimum of 50% of current salary at time of disability for active Firefighters.
- Firefighters who entered the DROP on or after June 8, 2016 may participate in DROP for a period not exceed one-hundred twenty (120) months.
- Firefighters hired on or after May 8, 2019 (Tier 5) who transfer funds attributable to up to 10 years of the members' accumulated total service in the other City System to this System will receive credited service under this System for the same period of service.

**Cost** – The total impact of the proposed Ordinance results in an expected decrease in the first year Net City Minimum Required Contribution of \$(70,168) (-0.1% / -0.1%). The figures in parentheses is the Net City Minimum Required Contribution expressed as a percentage of projected annual pensionable payroll excluding DROP payroll (\$86,197,130) and projected annual pensionable payroll including DROP payroll (\$112,771,837) respectively for fiscal year ending September 30, 2024.

**Filing Requirements** – We have prepared the Actuarial Impact Statement for filing with the State of Florida. Please note that this Statement must be signed and dated on behalf of the Board of Trustees. Copies of the Ordinance upon passage at first reading along with the signed and dated Actuarial Impact Statement are generally required to be filed with the State at the following address:

Mr. Douglas E. Beckendorf, A.S.A.  
Bureau of Local Retirement Services  
Division of Retirement  
Building 8  
Post Office Box 9000  
Tallahassee, Florida 32315-9000

We understand the State requires funding any increases in costs no later than the fiscal year next following the effective date of the Ordinance.

Please forward a signed copy of the Ordinance upon passage to update our files.

**Actuarial assumptions and methods, Fund provisions, financial data and member census data** – The actuarial assumptions and methods, member census data and financial data employed for purposes of our Actuarial Impact Statement are the same actuarial





assumptions and methods, member census data and financial data utilized for the October 1, 2023 Actuarial Valuation with the following exceptions:

- Thirteen (13) active command staff members were identified, members' off-duty pays were provided by the Pension Board for fiscal year ending 2023 and used to individually adjust the 2023 pensionable pay. For the command staff members who did not have off-duty pay in the fiscal year ending 2023, an average of the group off-duty pay was used. DROP member payroll was unchanged.
- 15% of disabilities are assumed to be non-service incurred – 85% service incurred for Firefighters

The Fund provisions employed for purposes of our Actuarial Impact Statement are the same Fund provisions utilized in the October 1, 2023 Actuarial Valuation with the exception of the proposed changes described above.

**Other Considerations** – Additionally, under Governmental Accounting Standards Board (GASB) Statement Number 68, we understand the full cost of benefit changes must be recognized immediately in the Pension Expense (for accounting, not funding).

**Risk Assessment** – Risk assessment may include scenario tests, sensitivity, or stress tests, stochastic modeling and a comparison of the present value of benefits at low-risk discount rates. We are prepared to perform such assessment to aid in the decision-making process. Please refer to the October 1, 2023 Actuarial Valuation Report dated April 11, 2024 for additional discussion regarding the risks associated with measuring the accrued liability and the minimum funding payment.

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This Actuarial Impact Statement describes the estimated future financial effect of the proposed provision benefit changes on the Fund from a neutral perspective and is not intended as a recommendation in favor of the benefit changes nor in opposition to the benefit changes.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid, Fund assets will be sufficient to pay all Fund benefits, future contributions are expected to remain relatively stable as a percent of payroll and the funded status is expected to improve. Fund minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act, Firefighters Retirement Chapter 175 and Police Officers Retirement Chapter 185 with normal cost determined as a level percent of covered payroll and with a level percent amortization payment using a closed amortization period of 30-years.



The Unfunded Actuarial Accrued Liability (UAAL) may not be appropriate for assessing the sufficiency of Fund assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions. The UAAL would be different if it reflected the market value of assets rather than the smoothed value of assets.

These calculations are based upon assumptions regarding future events. However, the Fund's long term costs will be determined by actual future events, which may differ materially from the assumptions made. These calculations are also based upon present and proposed Fund provisions that are outlined or referenced in this Actuarial Impact Statement.

All actuarial assumptions used in this Actuarial Impact Statement are reasonable for the purposes of this statement. The combined effect of the assumptions is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the statement follow the guidance in the applicable Actuarial Standards of Practice.

If you have reason to believe the assumptions used are unreasonable, the Fund provisions are incorrectly described or referenced, important Fund provisions relevant to this Actuarial Impact Statement are not described or that conditions have changed since the calculations were made, you should contact the undersigned prior to relying on information in this Actuarial Impact Statement.

If you have reason to believe that the information provided in this Actuarial Impact Statement is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the undersigned prior to making such decision.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Fund experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in Fund provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

This Actuarial Impact Statement should not be relied upon for any purpose other than the purpose described in the primary communication. Determinations of the financial results





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associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This Report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.

This Actuarial Impact Statement has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This Actuarial Impact Statement was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This Statement may be provided to parties other than the Board only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this Statement.

The signing actuaries are independent of the Fund sponsor.

The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,  
Gabriel, Roeder, Smith & Company

*Michelle Jones*

Shelly L. Jones, ASA, EA, MAAA, FCA, CFA  
Consultant and Actuary

*Jennifer Borregard*

Jennifer M. Borregard, EA, MAAA, FCA  
Consultant and Actuary

Enclosures

cc: Mr. Frank Estevez



Actuarial Impact Statement as of October 1, 2023

A. Description of Proposed Amendment

Pensionable Pay

Include off-duty pay for active command staff members, subject to the eleven percent (11%) limitation.

Disability Benefits

The service incurred disability benefit is the accrued benefit with a minimum of 50% of current salary at time of disability for active Firefighters.

Deferred Retirement Option Program (DROP)

Firefighters who entered the DROP on or after June 8, 2016 may participate in DROP for a period not exceed one-hundred twenty (120) months.

Final Average Monthly Earnings (FAME)

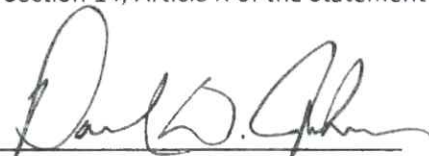
FAME is the greater of the average of the three (3) highest paid years or last three (3) years prior to retirement for active Firefighters who were hired on or after September 30, 2013 (Tier 3, Tier 4 and Tier 5).

Credited Service

Firefighters hired on or after May 8, 2019 (Tier 5) who transfer funds attributable to up to 10 years of the members' accumulated total service credit in the other city system to this System will receive credited service under this System for the same period of service.

B. An estimate of the cost implementing this amendment (see attachment)

C. In my opinion, the proposed changes are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution.

  
Chairman, Retirement Committee

11/12/2024  
\_\_\_\_\_  
Date

# Actuarial Impact Statement as of October 1, 2023

## All Members

	Valuation 10/01/2023	Proposed Ordinance 10/01/2023
<b>A. Participant Data</b>		
1. Active participants	516	516
2. Retired participants and beneficiaries receiving benefits (including DROPs)	770	770
3. Disabled participants receiving benefits	48	48
4. Terminated vested participants (including dormants)	30	30
5. Annual Pensionable Payroll	\$ 82,874,315	\$ 83,282,251
6. Projected Annual Pensionable Payroll	\$ 85,774,916	\$ 86,197,130
7. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 85,488,022	\$ 85,488,022
<b>B. Value of Assets</b>		
1. Smoothed Value	\$ 1,156,905,670	\$ 1,156,905,670
2. Market Value	\$ 1,077,274,635	\$ 1,077,274,635
<b>C. Liabilities</b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 530,626,749	\$ 535,195,502
b. Vesting benefits	22,036,067	22,285,235
c. Death benefits	7,151,825	7,160,125
d. Disability benefits	40,604,763	36,979,849
e. Total	\$ 600,419,404	\$ 601,620,711
2. Actuarial present value of future expected benefit payments for terminated vested members (including dormants)	\$ 7,325,680	\$ 7,325,680
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (includes DROPs)	\$ 1,101,598,783	\$ 1,101,598,783
b. Beneficiaries	61,786,495	61,786,495
c. Disability retired	50,470,383	50,470,383
d. Total	\$ 1,213,855,661	\$ 1,213,855,661
4. Total actuarial present value of future expected benefit payments	\$ 1,821,600,745	\$ 1,822,802,052
5. Actuarial accrued liabilities	\$ 1,558,188,336	\$ 1,559,695,831
6. Unfunded actuarial liabilities	\$ 401,282,666	\$ 402,790,161



# Actuarial Impact Statement as of October 1, 2023

## All Members

	Valuation 10/01/2023	Proposed Ordinance 10/01/2023
<b>D. Statement of Accumulated Fund Benefits</b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 1,213,855,661	\$ 1,213,855,661
b. Other participants	250,235,881	248,212,612
c. Total	\$ 1,464,091,542	\$ 1,462,068,273
2. Actuarial present value of accumulated non-vested fund benefits	\$ 13,336,965	\$ 13,480,154
3. Total actuarial present value of accumulated fund benefits	\$ 1,477,428,507	\$ 1,475,548,427
<b>E. Pension Cost</b>		
1. Total normal cost (including admin expenses)	\$ 28,420,733	\$ 28,310,401
2. Payment required to amortize unfunded liability	32,777,927	32,858,697
3. Interest adjustment	298,132	299,572
4. Expected service buyback	246,150	247,374
5. Total required contribution	\$ 61,742,942	\$ 61,716,044
6. Item 5 as a percentage of projected pensionable payroll	72.0%	71.6%
7. Estimated employee contributions	\$ 8,764,291	\$ 8,806,620
8. Item 7 as a percentage of projected pensionable payroll	10.2%	10.2%
9. Estimated State contributions	\$ 120,549	\$ 120,549
10. Item 9 as a percentage of projected pensionable payroll	0.1%	0.1%
11. Net amount payable by City	\$ 55,019,105	\$ 54,948,937
12. Item 11 as a percentage of projected pensionable payroll	64.1%	63.7%
<b>F. Disclosure of Following Items:</b>		
1. Actuarial present value of future salaries excluding DROP payroll - attained age	\$ 824,274,854	\$ 825,958,219
2. Actuarial present value of future employee contributions - attained age	\$ 84,892,459	\$ 85,060,795
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 77,373,909	\$ 77,373,909
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A





# Actuarial Impact Statement as of October 1, 2023

Amortization balances are written down in proportion to amortization payments.

Valuation Date Established	Unfunded Actuarial Accrued Liabilities	Current Unfunded Liabilities	Current Assumptions Amortization Payment	Remaining Funding Period
10/01/2001	Initial Unfunded Liability	\$ 8,732,239	\$ 1,234,134	8 years
10/01/2002	Method Update	10,498,071	1,341,603	9 years
10/01/2003	Fund Amendment	949,343	111,062	10 years
10/01/2003	Actuarial (Gain) / Loss	28,582,614	3,343,817	10 years
10/01/2004	Actuarial (Gain) / Loss	31,919,560	3,452,563	11 years
10/01/2005	Method Update	(29,302,271)	(2,954,524)	12 years
10/01/2005	Assumption Update	5,893,869	594,274	12 years
10/01/2005	Actuarial (Gain) / Loss	21,886,940	2,206,843	12 years
10/01/2006	Method Update	(4,537,758)	(429,446)	13 years
10/01/2006	Actuarial (Gain) / Loss	19,643,039	1,858,987	13 years
10/01/2007	Actuarial (Gain) / Loss	23,494,004	2,099,119	14 years
10/01/2008	Assumption Update	5,723,519	485,211	15 years
10/01/2008	Actuarial (Gain) / Loss	31,590,634	2,678,093	15 years
10/01/2009	Assumption Update	22,920,436	1,851,679	16 years
10/01/2009	Actuarial (Gain) / Loss	65,965,885	5,329,201	16 years
10/01/2010	Assumption Update	4,515,656	348,974	17 years
10/01/2010	Actuarial (Gain) / Loss	17,064,502	1,318,758	17 years
10/01/2011	Fund Amendment	(3,111,811)	(230,820)	18 years
10/01/2011	Assumption Update	17,185,034	1,274,706	18 years
10/01/2011	Actuarial (Gain) / Loss	30,568,972	2,267,465	18 years
10/01/2012	Assumption Update	7,950,242	567,707	19 years
10/01/2012	Actuarial (Gain) / Loss	26,767,462	1,911,399	19 years
10/01/2012	Fund Amendment	(20,458,284)	(1,460,876)	19 years
10/01/2013	Actuarial (Gain) / Loss	1,605,555	110,666	20 years
10/01/2013	Method Update	(66,606,547)	(4,590,970)	20 years
10/01/2014	Actuarial (Gain) / Loss	(6,215,349)	(414,512)	21 years
10/01/2014	Assumption Update	6,007,958	400,681	21 years
10/01/2015	Actuarial (Gain) / Loss	9,138,938	591,007	22 years
10/01/2015	Assumption Update	2,587,739	167,347	22 years
10/01/2015	Fund Amendment	(8,805,492)	(569,443)	22 years
10/01/2016	Actuarial (Gain) / Loss	(11,928,002)	(749,448)	23 years
10/01/2016	Assumption Update	36,992,353	2,324,266	23 years
10/01/2017	Actuarial (Gain) / Loss	8,420,625	514,958	24 years
10/01/2017	Assumption Update	7,314,573	447,318	24 years
10/01/2018	Actuarial (Gain) / Loss	6,883,895	410,416	25 years
10/01/2018	Assumption Update	7,634,664	455,177	25 years
10/01/2019	Actuarial (Gain) / Loss	(1,348,970)	(78,525)	26 years
10/01/2019	Fund Amendment and Assumption Update	(16,601,767)	(966,402)	26 years
10/01/2020	Actuarial (Gain) / Loss	(2,424,622)	(137,993)	27 years
10/01/2020	Assumption Update	19,658,862	1,118,852	27 years
10/01/2021	Actuarial (Gain) / Loss	(31,830,877)	(1,773,476)	28 years
10/01/2021	Assumption Update	24,322,584	1,355,147	28 years



### Actuarial Impact Statement as of October 1, 2023

Amortization balances are written down in proportion to amortization payments.

Valuation Date Established	Unfunded Actuarial Accrued Liabilities	Current Unfunded Liabilities	Current Assumptions Amortization Payment	Remaining Funding Period
10/01/2022	Actuarial (Gain) / Loss	19,915,854	1,087,545	29 years
10/01/2022	Assumption Update	11,042,773	603,013	29 years
10/01/2023	Actuarial (Gain) / Loss	52,234,466	2,798,655	30 years
10/01/2023	Assumption Update	8,841,556	473,719	30 years
10/01/2023	Proposed Ordinance	1,507,495	80,770	30 years
	TOTAL	\$ 402,790,161	\$ 32,858,697	

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the fund and / or paid from fund assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in fund costs or required contribution rates have been taken into account in the valuation.

*Michelle Jones*

Shelly L. Jones, A.S.A., E.A.  
Enrollment Number: 23-08646

*Jennifer Borregard*

Jennifer Borregard, E.A.  
Enrollment Number: 23-07624

Dated: November 11, 2024



## Outline of Principal Provisions of the Pension Fund

### A. Relevant Provisions:

The Fund was created under Chapter 23414, Laws of Florida, Special Act of 1945, as most recently amended by Ordinance No. 2023-4533 adopted February 1, 2023 and reflecting the most recent Collectively Bargained Agreements executed December 2, 2022 and January 10, 2023 for Firefighters and Police Officers, respectively.

### B. Eligibility Requirements:

Any full-time employee of the City who is certified as a Firefighter or Police Officer as a condition of employment.

### C. Membership Tiers:

Tier 1 - Members hired prior to July 14, 2010

Tier 2 - Members hired on or after July 14, 2010 but prior to September 30, 2013

Tier 3 - Members hired on or after September 30, 2013 but prior to June 8, 2016 for the Fire Department and July 20, 2016 for the Police Department

Tier 4 - Members hired on or after June 8, 2016 but prior to May 8, 2019 for the Fire Department and hired on or after July 20, 2016 but prior to July 31, 2019 for the Police Department

Tier 5 - Members hired on or after May 8, 2019 for the Fire Department and July 31, 2019 for the Police Department

### D. Credited Service:

All periods of employment as an Employee for which contributions have been made to the Fund together with all service in the uniformed services of the United States required to be included.

### E. Pre-Employment Service:

Members with at least 5 years of credited service (10 years for Tier 5 members) may purchase pre-employment military service. Pre-employment military service must be purchased within 24 months following the date the member completes 5 years of credited service (10 years for Tier 5 members) under the pension fund. A member may purchase up to two years of pre-employment military service at the accrual rate of 3% per year.

The price for each year purchased shall be of 10.0% (10.5% for members hired on or after September 30, 2013) of the member's Salary during the 12 calendar months immediately preceding the date of such purchase.



## Outline of Principal Provisions of the Pension Fund

### F. Pensionable Pay:

Pensionable pay is defined as base pay, any premiums that longevity is calculated on, longevity pay, pensionable overtime and any other pay negotiated as pensionable. Effective July 14, 2010, off-duty pay is pensionable for any member who is eligible for overtime and receives off-duty compensation through the City. Effective September 30, 2013, pensionable overtime is limited to 300 hours per calendar year. Effective [effective date of the ordinance], off-duty pay is pensionable for any member who is not eligible for overtime and receives off-duty compensation through the City.

#### 1. Overtime and Off-Duty pay included in pension computation for Police Officers:

- Pensionable overtime pay not exceeding 300 hours per calendar year and off duty is limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement.
- The 11% limitation shall not apply to any member who holds the rank of sergeant or lieutenant on September 30, 2013, or any Police Officer promoted to the rank of sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expired in 2015. For these members, the inclusion of overtime and / or off duty in the member's salary shall be limited in each year to an amount which is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.
- For any members who self-demote they will become subject to the eleven percent (11%) limitation on overtime and off-duty compensation.

#### 2. Overtime and Off-Duty pay included in pension computation for Firefighters:

- Pensionable overtime pay not exceeding 300 hours per calendar year and off duty is limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement.

### G. Final Average Monthly Earnings (FAME):

Tier 1 and eligible to retire on or after September 30, 2015 - the greater of the average of the 3 highest paid years or the 3 last paid years prior to date of retirement after taking into consideration the overtime limit.

Tier 2 - the greater of the average of the 3 highest paid years or the 3 last paid years prior to date of retirement after taking into consideration the overtime limit.

Tier 3, Tier 4 and Tier 5 - the greater of the average of the 5 highest paid years (3 highest paid years for Firefighters) or the 5 last paid years (3 last paid years for Firefighters) prior to date of retirement after taking into consideration the overtime limit.

## Outline of Principal Provisions of the Pension Fund

### H. Normal Retirement:

#### 1. Eligibility:

Tier 1 and eligible to retire on or after September 30, 2013 - the earlier of attainment of age 50 or Rule of 70 (must attain age 47) or reach the 85% maximum pension benefit regardless of age

Tier 2 and Tier 3 - the earlier of attainment of age 50 with 5 years of creditable service or Rule of 70 (must attain age 48) or reach the 85% maximum pension benefit regardless of age

Tier 4 and Tier 5 - the earlier of attainment of age 52 with 5 years of creditable service or Rule of 70 (must attain age 48) or reach the 85% maximum pension benefit regardless of age

#### 2. Benefit:

All Tiers and eligible to retire on or after September 30, 2015:

3% x FAME x Credited Service up to 20 years plus 4% x Credited Service after 20 years

Benefit shall not exceed 85% of FAME.

A member's benefit multiplier for credited service earned before October 1, 2013 shall not be reduced.

### I. Deferred Retirement:

#### 1. Eligibility:

Any first day of the month past Normal Retirement Date.

#### 2. Benefit:

Benefit calculated as for Normal Retirement based upon service and pay to Deferred Retirement Date.

### J. Disability Retirement:

#### 1. Eligibility:

Totally and permanently disabled meaning incapacity to perform regular duty as Firefighter or Police Officer (and completion of at least 5 years of Credited Service for non-service incurred disability).

Effective July 1, 2019, a Firefighter who becomes totally and permanently unable to perform useful and efficient service as a Firefighter due to a diagnosis of cancer or circumstances that arise out of the treatment of such cancer will be presumed to be disabled in-line of duty subject to the limitations in Chapter 112.1816, Florida Statutes.

#### 2. Benefit:

Accrued benefit (minimum of 85% of current salary for Police Officers and 50% of current salary for Firefighters at time of disability for service incurred disability).

## Outline of Principal Provisions of the Pension Fund

### K. Pre-Retirement Death Benefit:

#### 1. Service Incurred:

Greater of accrued benefit or 85% of members salary payable as a monthly benefit to the spouse until death or remarriage, to a Domestic Partner until death, marriage or entry into another Domestic Partnership, to unmarried children in equal shares until age 18 (until age 22 if a full-time student or until recovery from handicap if handicapped), or to dependent parents in equal shares.

#### 2. Non-Service Incurred:

For members with at least 5 years of service, accrued benefit is payable for the first 12 months after death and 75% of the accrued benefit is payable thereafter (with a minimum benefit of 25% of average monthly salary); Benefits are payable to the spouse until death or remarriage, to a Domestic Partner until death, marriage or entry into another Domestic Partnership, to unmarried children in equal shares until age 18 (until age 22 if a full-time student or until recovery from handicap or until marriage if handicapped), or to dependent parents in equal shares. However, if the member has been married or in a domestic partnership for less than 10 years, benefits are payable to the spouse or domestic partner only for the life expectancy of the deceased member at time of death.

### L. Vested Benefit:

#### 1. Eligibility:

Any age prior to 50 with at least 5 years (10 years for Tier 5 members) of service for members who terminate employment on or after September 30, 2013.

#### 2. Benefit:

Return of employee contributions or accrued benefit upon attainment of age 50. If a member terminates employment with less than 10 years of service and passes away prior to the normal retirement date, the return of employee contributions is the only benefit.

### M. Employee Contributions:

10.0% of pensionable wages (on a pre-tax basis) for members hired prior to September 30, 2013 and 10.5% of pensionable wages (on a pre-tax basis) for members hired on or after September 30, 2013; If contributions are refunded to the member or to his or her beneficiaries, then interest is credited at the rate of 3% per annum.



## Outline of Principal Provisions of the Pension Fund

### N. Payment of Retirement Benefit:

Benefit is payable to the member for his or her life. Upon death of member, except those retiring prior to November 5, 2003, the standard benefit is a 75% joint and survivor annuity with a specified beneficiary as provided under the plan. The specified beneficiary will receive a survivor annuity equal to 100% of the total benefit for one year following the death of the member and thereafter 75% of the total benefit until death or remarriage. However, upon death, if the member has been married or in a domestic partnership for less than 10 years, the survivor annuity is payable only for the life expectancy of the deceased member at time of death.

In lieu of the standard benefit, the members may elect the actuarial equivalent of the 10 year certain and life annuity, with a designated beneficiary, any of the following optional forms of payment:

- 75% joint and contingent survivor annuity with a designated beneficiary
- 66  $\frac{2}{3}$ % joint and contingent survivor annuity with a designated beneficiary
- 50% joint and contingent survivor annuity with a designated beneficiary
- 25% joint and contingent survivor annuity with a designated beneficiary
- 10 year certain and life annuity with a designated beneficiary
- Life of member only

Members who retired prior to November 5, 2003 were subject to different normal and optional forms of payment.

### O. Deferred Retirement Option Program (DROP):

Police Officers and Firefighters are eligible to participate in a Deferred Retirement Option Program (DROP) upon meeting eligibility for a normal service retirement.

#### Operations of the DROP:

1. Member contributions to the Pension Plan will cease upon entering the DROP.
2. The member's monthly retirement benefit, based on final average earnings and service, will be calculated as of the date prior to them entering the DROP.
3. The member will cease to accrue additional pension benefits (with the exception of the COLA under the pension plan).
4. The member will no longer be eligible for Disability or Pre-Retirement Service Connected Death benefits from the Pension Plan.
5. The member's monthly pension will be deposited into the selected investment vehicles.
6. Fire Department members who enter the DROP on or after June 8, 2016 may participate in DROP for a period not to exceed one-hundred twenty (120) months; and Police Department members who enter the DROP on or after July 20, 2016 may participate in DROP for a period not to exceed ninety-six (96) months.

## Outline of Principal Provisions of the Pension Fund

Notwithstanding the above, participation may not continue beyond the date when the member's combined years of creditable service and time in the DROP equals 456 months for members who enter the DROP on or after September 1, 2012.

Members who enter the DROP on or after October 1, 2015 but prior to June 8, 2016 for Fire Department members and July 20, 2016 for Police Department members may extend their DROP participation period by up to 36 months for a total maximum DROP participation period not to exceed ninety-six (96) months.

Members who enter the DROP on or after June 8, 2016 but prior to [effective date of the ordinance] for Fire Department members may extend their DROP participation period by up to 24 months for a total maximum DROP participation period not to exceed one-hundred twenty (120) months.

7. The member will not have access or be able to borrow against any of the funds accumulated in their DROP account.
8. The member may sever employment with the City at any time during the DROP period. Such separation will terminate their participation in the DROP.
9. No payment will be made from the DROP account until the member severs employment with the City.
10. Following severance of employment, the funds in the DROP will be paid under the *DROP Account Payment Options* the member selected. The member will also start receiving their monthly pension which was previously being deposited in the DROP.
11. A 2.5% COLA (1.5% per year for participants hired on or after July 14, 2010) is paid annually on the anniversary date of the member's retirement.

Members hired before June 8, 2016 for Fire Department members and July 20, 2016 for Police Department members who elect to extend or enter the DROP and participate for more than 5 years will have no COLA adjustment applied for years six (6), seven (7), and eight (8) while participating in the DROP. Members hired on or after June 8, 2016 for Fire Department members and July 20, 2016 for Police Department members will receive a zero percent (0%) COLA for the first (1st), second (2nd), third (3rd) and fourth (4th) annual adjustment dates while participating in the DROP.

### P. Cost-of-Living Adjustment:

Effective October 1, 2010, after 1 year of retirement, benefits are increased by 2.5% per year (1.5% per year for participants hired on or after July 14, 2010), compounded annually, on the anniversary date of each member's retirement.

For members retired prior to October 1, 2010, benefit increases occur on the first of October each year.

Members whose grandfathered Base Plan benefit is greater than the benefit otherwise provided by this plan will receive the applicable cost-of-living adjustment on that basis (2% a year beginning the October three years after retirement) until such time as the benefit from this plan with 2.5% cost-of-living exceeds that comparable grandfathered Base Plan benefit.

## Outline of Principal Provisions of the Pension Fund

### Q. Changes Since Previous Actuarial Valuation

#### a. Pensionable pay:

Pensionable pay is defined as base pay, any premiums that longevity is calculated on, longevity pay, pensionable overtime and any other pay negotiated as pensionable. Effective July 14, 2010, off-duty pay is pensionable for any member who is eligible for overtime and receives off-duty compensation through the City. Effective September 30, 2013, pensionable overtime is limited to 300 hours per calendar year.

##### 1. Overtime and Off-Duty pay included in pension computation for Police Officers:

- Pensionable overtime pay not exceeding 300 hours per calendar year and off duty is limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement.
- The 11% limitation shall not apply to any member who holds the rank of sergeant or lieutenant on September 30, 2013, or any Police Officer promoted to the rank of sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expired in 2015. For these members, the inclusion of overtime and / or off duty in the member's salary shall be limited in each year to an amount which is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.
- For any members who self-demote they will become subject to the eleven percent (11%) limitation on overtime and off-duty compensation.

##### 2. Overtime and Off-Duty pay included in pension computation for Firefighters:

- Pensionable overtime pay not exceeding 300 hours per calendar year and off duty is limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at time of retirement.

#### b. Final Average Monthly Earnings (FAME):

Tier 3, Tier 4 and Tier 5 - the greater of the average of the 5 highest paid years or the 5 last paid years prior to date of retirement after taking into consideration the overtime limit.

#### c. Disability Benefit:

Accrued benefit (minimum of 85% of current salary at time of disability for service incurred disability).



## Outline of Principal Provisions of the Pension Fund

d. DROP:

Members who enter the DROP on or after June 8, 2016 for Fire Department members and July 20, 2016 for Police Department members may participate in DROP for a period not to exceed ninety-six (96) months.

Notwithstanding the above, participation may not continue beyond the date when the member's combined years of creditable service and time in the DROP equals 456 months for members who enter the DROP on or after September 1, 2012.

Members who enter the DROP on or after October 1, 2015 but prior to June 8, 2016 for Fire Department members and July 20, 2016 for Police Department members may extend their DROP participation period by up to 36 months for a total maximum DROP participation period not to exceed ninety-six (96) months.

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

**A. Mortality**

For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

Sample Ages (2023)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
45	40.93	44.88	37.48	41.66
50	35.78	39.69	32.65	36.48
55	30.70	34.54	27.87	31.44
60	25.74	29.47	23.27	26.64
62	23.80	27.46	21.53	24.79

Sample Ages (2043)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
45	42.65	46.42	39.54	43.56
50	37.46	41.20	34.62	38.35
55	32.33	36.03	29.77	33.27
60	27.31	30.92	25.06	28.39
62	25.35	28.88	23.27	26.50

**B. Investment Return**

7.30%, compounded annually, net of investment expenses includes inflation at 3.00%. The investment return is scheduled to be scaled down to 7.20% in the October 1, 2024 Actuarial Valuation and thereafter.

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

C. Expenses

Prior year's actual administrative expenses.

D. Employee Withdrawal Rates

Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

<u>Age</u>	<u>Withdrawal Rate</u>	<u>Age</u>	<u>Withdrawal Rate</u>
20	2.00%	35	1.25%
25	1.75%	40	1.00%
30	1.50%	45	0.75%

E. Disability Rates

Representative values of the assumed annual rates of disability among members in active service are as follows:

<u>Age</u>	<u>Disability Rates</u>	<u>Age</u>	<u>Disability Rate</u>
20	0.07%	45	0.58%
25	0.11%	50	0.99%
30	0.16%	55	1.42%
35	0.22%	60	2.00%
40	0.32%	64	2.69%

For Firefighters, 15% of disabilities are assumed to be non-service incurred - 85% service incurred.

For Police Officers, 35% of disabilities are assumed to be non-service incurred - 65% service incurred.



**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

**F. Salary Increase Factors**

Representative values of the assumed annual rates of future salary increase are as follows:

<u>Age</u>	<u>Merit Salary Increase</u>	<u>Age</u>	<u>Merit Salary Increase</u>
20	3.7%	45	2.7%
25	7.7%	50	2.7%
30	6.7%	55	2.7%
35	3.7%	60	1.7%
40	2.7%	64	0.7%

In addition to the average assumed salary increase rates shown above the expected cost of living increases are as follows:

<u>FYE</u>	<u>COLA Salary Increase</u>	<u>Weighted Average Increase *</u>
2024	3.00%	6.68%
2025 and thereafter	2.18%	5.66%

The cost of living increases shown above are based long term expected increases of 2.18% annually.

\* The weighted average increase shown is based on aging of the current active census demographics.

**G. Payroll Growth Assumption**

The aggregate compensation used to compute the accrued liability contribution rate is assumed to increase at a rate of 3.5% per year. For purposes of financing the unfunded liabilities, the payroll growth assumption is assumed to increase at a rate of 3.5% per year - not greater than historical 10-year average (5.1% as of October 1, 2023) and not less than 0%.

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

**H. Retirement**

All members are assumed to retire at age 50 with 26.25 years of service, but not later than age 65. Retirement is assumed to occur in accordance with the following rates:

Service	Rate of Retirement	
	Meeting Rule of 70	Not Meeting Rule of 70
Less than 20	30%	8%
20	45%	8%
21	45%	8%
22	50%	8%
23	50%	20%
24	70%	60%
25	70%	60%
More than 25	100%	100%

**I. DROP Assumption**

80% of all active participants will participate in the DROP.

Leave DROP	Enter the DROP on or after October 1, 2015
Prior to 5 years	0%
After 5 years	5%
After 6 years	5%
After 7 years	10%
After 8 years	100%

The recent extension of the DROP may alter the retirement experience of the Fund.

DROP assumptions will need to be monitored in light of future DROP experience.

**J. Overtime and Off-Duty Pay Limitation**

No members excluded from the eleven percent (11%) limitation on overtime and off-duty compensation are assumed to self-demote.

## Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation

### K. Loadings for Contingencies

Pre-Employment Service: A City contribution of 0.275% of annual pensionable payroll is added to provide for the purchase (or *buyback*) of pre-employment military service and any probationary service by the membership.

Transfers into Fund from other City pension systems: A City contribution of 0.025% of annual pensionable payroll is added to provide for the transfer of service under another City pension system. This load does not apply to Tier 5 Police members.

### L. Marital Assumptions

1. 77% of members are assumed married or entitled to benefits for dependents, including registered domestic partners.
2. Male spouses are assumed to be three years older than female spouses.

### M. Smoothed Asset Valuation Method

The method used for determining the smoothed value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The smoothed value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of fund assets and whose upper limit is 120% of the fair market value of fund assets.

### N. Actuarial Cost Methods

#### Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Actuarial Cost Method

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his age at hire to his assumed retirement age to fund his estimated benefits, assuming the Fund had always been in effect. The normal cost for the Fund is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Fund is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the smoothed value of assets of the Fund.

#### Vested Normal Retirement, Termination, Disability, and Death Benefits: Unit Credit Cost Method

Under this method, the actuarial present value of vested accrued benefits is an amount calculated to be the sum of the present values of each individual's vested accrued or earned benefit under the Fund as of the valuation date. Each individual's calculation is based on pay and service as of the valuation date.

The DROP accounts balance is included in the assets and liabilities as of the valuation date.



## Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation

### O. Disclosure of Assumptions

The retirement assumption was updated based on the most recent experience study performed for the five years ending September 30, 2019. The salary increases and withdrawal assumptions were updated based on the experience study performed for the five years ending September 30, 2014. The investment return assumption was lowered from 7.35% to 7.30%, as adopted by the Board on March 16, 2023, based upon an Investment Return Assumption Study completed in 2023 along with recommendations from the Investment Consultant. The mortality rates are based upon the July 1, 2023 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

### P. Changes Since Previous Actuarial Valuation

#### 1. Disability Rates:

For Firefighters, 30% of disabilities are assumed to be non-service incurred - 70% service incurred.