

CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026



January 16, 2025

Board of Trustees
City of Palm Beach Gardens
Firefighters' Pension Board

Re: City of Palm Beach Gardens Firefighters' Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palm Beach Gardens Firefighters' Pension Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets 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. Future actuarial measurements may differ significantly from the current measurements presented in this report 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 the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Palm Beach Gardens, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palm Beach Gardens, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

By: 

Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #23-7783

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Beach Gardens Firefighters' Pension Fund, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

The contribution requirements, compared with those set forth in the October 1, 2023 actuarial valuation report, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2025</u>
 Minimum Required Contribution % of Projected Annual Payroll	 56.84%	 53.38%
 Member Contributions (Est.) % of Projected Annual Payroll	 6.00%	 6.00%
 City And State Required Contribution % of Projected Annual Payroll	 50.84%	 47.38%
 State Contribution (Est.) ¹ % of Projected Annual Payroll (Est.)	 \$1,102,599 9.76%	 \$1,102,599 9.76%
 City Required Contribution (Est.) ² % of Projected Annual Payroll (Est.)	 41.08%	 37.62%

¹ Represents the amount received in calendar 2024. Per a Mutual Consent Agreement between the Membership and the City, the City may use up to \$750,072.76 annually in State Monies to meet the City's required contribution. Excess State Monies are split equally between the City as a funding credit and Membership Share Plan.

² The required contribution from the combination of City and State sources for the year ending September 30, 2026, is 50.84% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 41.08% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of \$1,483,607.55 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2023 actuarial valuation report. The increase is attributable to unfavorable plan experience described in the next paragraph and a reduction in the investment return assumption.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included interest crediting on DROP and Share Balances, inactive mortality experience and unfavorable turnover experience. These losses were offset in part by a gain associated with an investment return of 8.18% (Actuarial Asset Basis) which exceeded the 6.85% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

As approved by its July 24, 2024 Board meeting, the following assumption and method changes are incorporated in this valuation of the Plan:

- The net-of-fees investment return assumption has been reduced from 6.85% to 6.75%.
- Consolidate the existing UAAL basis into on single base.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2023	37.25%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	0.37%
Change in Normal Cost Rate	0.06%
Change in Administrative Expense Percentage	-0.04%
Payroll Change Effect on UAAL Amortization	-1.93%
Investment Return (Actuarial Asset Basis)	-1.77%
Salary Increases	-0.10%
Active Decrements	0.44%
Inactive Mortality	0.33%
UAAL Amortization Impact from Contribution Policy	1.50%
Assumption/Method Change	2.70%
DROP/ Share Interest Crediting more than the Investment Assumption	2.63%
UAAL basis Consolidation	0.32%
Other	<u>-0.68%</u>
Total Change in Contribution	3.83%
(3) Contribution Determined as of October 1, 2024	41.08%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Asmp/Mthd <u>10/1/2024</u>	Old Asmp/Mthd <u>10/1/2024</u>	<u>10/1/2023</u>
A. Participant Data			
Actives	120	120	113
Service Retirees	63	63	58
DROP Retirees	17	17	21
Beneficiaries	4	4	4
Disability Retirees	4	4	4
Terminated Vested	<u>32</u>	<u>32</u>	<u>28</u>
Total	240	240	228
 Projected Annual Payroll	 11,296,497	 11,296,497	 10,424,205
 Annual Rate of Payments to:			
Service Retirees	5,127,561	5,127,561	4,602,720
DROP Retirees	1,277,945	1,277,945	1,578,957
Beneficiaries	145,686	145,686	144,640
Disability Retirees	121,705	121,705	121,705
Terminated Vested	119,025	119,025	119,025
 B. Assets			
Actuarial Value (AVA) ¹	152,154,319	152,154,319	141,998,439
Market Value (MVA) ¹	162,195,298	162,195,298	133,698,453
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	67,118,844	65,715,566	59,768,398
Disability Benefits	903,616	888,337	837,742
Death Benefits	167,806	165,037	158,898
Vested Benefits	5,225,896	5,088,956	4,826,803
Refund of Contributions	92,191	92,034	86,647
Service Retirees	85,502,608	84,519,649	76,771,698
DROP Retirees ¹	33,927,316	33,650,743	37,355,373
Beneficiaries	1,805,774	1,787,249	1,797,796
Disability Retirees	1,335,831	1,324,264	1,343,259
Terminated Vested	1,317,582	1,293,058	1,192,830
Share Plan Balances ¹	<u>10,626,906</u>	<u>10,626,906</u>	<u>10,205,447</u>
 Total	 208,024,370	 205,151,799	 194,344,891

C. Liabilities - (Continued)	New Asmp/Mthd <u>10/1/2024</u>	Old Asmp/Mthd <u>10/1/2024</u>	<u>10/1/2023</u>
Present Value of Future Salaries	98,311,992	97,697,499	91,622,779
Present Value of Future Member Contributions	5,898,720	5,861,850	5,497,367
Normal Cost (Retirement)	2,786,405	2,728,048	2,502,526
Normal Cost (Disability)	70,902	69,786	66,155
Normal Cost (Death)	9,113	8,960	8,570
Normal Cost (Vesting)	303,383	295,279	276,816
Normal Cost (Refunds)	23,423	23,383	24,052
Total Normal Cost	<u>3,193,226</u>	<u>3,125,456</u>	<u>2,878,119</u>
Present Value of Future Normal Costs	29,812,306	29,018,424	27,338,753
Accrued Liability (Retirement)	40,593,363	39,893,223	35,415,337
Accrued Liability (Disability)	436,537	430,431	405,648
Accrued Liability (Death)	89,167	88,023	85,210
Accrued Liability (Vesting)	2,530,923	2,473,825	2,393,807
Accrued Liability (Refunds)	46,057	46,004	39,733
Accrued Liability (Inactives) ¹	123,889,111	122,574,963	118,460,956
Share Plan Balances ¹	10,626,906	10,626,906	10,205,447
Total Actuarial Accrued Liability (PUC AL)	<u>178,212,064</u>	<u>176,133,375</u>	<u>167,006,138</u>
Unfunded Actuarial Accrued Liability (UAAL)	26,057,745	23,979,056	25,007,699
Funded Ratio (AVA / EAN AL)	85.4%	86.4%	85.0%

D. Actuarial Present Value of Accrued Benefits	New Asmp/Mthd <u>10/1/2024</u>	Old Asmp/Mthd <u>10/1/2024</u>	<u>10/1/2023</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	134,516,017	133,201,869	128,666,403
Actives	20,587,612	20,174,553	16,459,911
Member Contributions	<u>4,739,772</u>	<u>4,739,772</u>	<u>4,244,726</u>
Total	159,843,401	158,116,194	149,371,040
Non-vested Accrued Benefits	<u>3,474,223</u>	<u>3,429,530</u>	<u>2,870,782</u>
Total Present Value			
Accrued Benefits (PVAB)	163,317,624	161,545,724	152,241,822
Funded Ratio (MVA / PVAB)	99.3%	100.4%	87.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption/Method Changes	1,771,900	0	
Plan Experience	0	7,859,466	
Benefits Paid	0	(8,686,612)	
Interest	0	10,131,048	
Other	<u>0</u>	<u>0</u>	
Total	1,771,900	9,303,902	

	New Asmp/Mthd	Old Asmp/Mthd	
Valuation Date	10/1/2024	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2026</u>	<u>9/30/2025</u>

E. Pension Cost

Normal Cost (with interest) % of Projected Annual Payroll ²	29.22	28.62	28.56
Administrative Expenses (with interest) % of Projected Annual Payroll ²	1.27	1.27	1.31
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 13 years (as of 10/1/2024, with interest) % of Projected Annual Payroll ²	26.35	24.25	23.51
Minimum Required Contribution % of Projected Annual Payroll ²	56.84	54.14	53.38
Expected Member Contributions % of Projected Annual Payroll ²	6.00	6.00	6.00
Expected City and State Contribution % of Projected Annual Payroll ²	50.84	48.14	47.38

F. Past Contributions

Plan Years Ending:	<u>9/30/2024</u>
City and State Requirement	6,342,930
Actual Contributions Made:	
City	5,240,331
State	<u>1,102,599</u>
Total	6,342,930

G. Net Actuarial (Gain)/Loss 1,267,829

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024 and 9/30/2023.

² Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of \$11,296,497.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2024	26,057,745
2025	24,742,845
2026	23,339,189
2029	18,533,727
2032	12,687,998
2034	8,103,610
2037	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2024	5.24%	4.52%
Year Ended	9/30/2023	6.28%	4.47%
Year Ended	9/30/2022	10.97%	4.54%
Year Ended	9/30/2021	7.92%	4.41%
Year Ended	9/30/2020	8.98%	5.15%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended	9/30/2024	22.05%	8.18%	6.85%
Year Ended	9/30/2023	10.04%	3.71%	6.85%
Year Ended	9/30/2022	-14.40%	3.87%	6.95%
Year Ended	9/30/2021	19.86%	9.64%	7.05%
Year Ended	9/30/2020	5.32%	7.88%	7.15%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	\$11,296,497
	10/1/2014	7,891,466
(b) Total Increase		43.15%
(c) Number of Years		10.00
(d) Average Annual Rate		3.65%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my 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 plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(Before Method Change)

(1) Unfunded Actuarial Accrued Liability as of October 1, 2023	\$25,007,699
(2) Sponsor Normal Cost developed as of October 1, 2023	2,252,667
(3) Expected administrative expenses for the year ended September 30, 2024	131,666
(4) Expected interest on (1), (2) and (3)	1,871,845
(5) Sponsor contributions to the System during the year ended September 30, 2024	6,342,930
(6) Expected interest on (5)	209,720
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	22,711,227
(8) Change to UAAL due to Assumption/Method Change	2,078,689
(9) Change to UAAL due to Actuarial (Gain)/Loss	1,267,829
(10) Unfunded Actuarial Accrued Liability as of October 1, 2024	26,057,745

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2024 Amount</u>	<u>Amortization Amount</u>
Benefit Change	10/1/2002	8	1,201,440	186,658
Experience Loss	10/1/2006	9	406,929	57,888
Assum/Method Chg	10/1/2006	9	(1,277,142)	(181,681)
Experience Gain	10/1/2007	9	(171,373)	(24,379)
Experience Loss	10/1/2008	9	810,773	115,337
Experience Loss	10/1/2009	9	508,655	72,359
Experience Loss	10/1/2010	9	266,125	37,858
Experience Loss	10/1/2011	9	2,291,613	325,996
Benefit Change	10/1/2011	9	(1,336,243)	(190,088)
Experience Loss	10/1/2012	9	162,248	23,081
Assumption Change	10/1/2013	9	918,332	130,638
Assumption Change	10/1/2014	10	1,039,901	137,098
Experience Gain	10/1/2015	1	(346,678)	(346,678)
Assumption Change	10/1/2015	11	1,239,857	152,965
Experience Loss	10/1/2016	2	618,026	319,102
Assumption Changes	10/1/2016	12	4,013,727	467,095
Experience Gain	10/1/2017	3	(203,541)	(72,324)
Assumption Changes	10/1/2017	13	2,013,932	222,544
Experience Gain	10/1/2018	4	(85,857)	(23,611)
Benefit Change	10/1/2018	24	11,135	890
Actuarial Gain	10/1/2019	5	(683,988)	(155,225)
Assumption Change	10/1/2019	15	1,135,655	114,967
Actuarial Loss	10/1/2020	11	595,685	73,492
Asmp/Mthd Change	10/1/2020	11	1,821,467	224,721
Actuarial Gain	10/1/2021	12	(119,498)	(13,907)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2024 <u>Amount</u>	Amortization <u>Amount</u>
Assumption Change	10/1/2021	12	1,369,133	159,332
Actuarial Gain	10/1/2022	13	(180,086)	(19,900)
Assump Change	10/1/2022	13	1,589,621	175,657
Actuarial Loss	10/1/2023	14	5,101,379	538,269
Actuarial Loss	10/1/2024	15	1,267,829	128,347
Asmp/Mthd Change	10/1/2024	15	2,078,689	210,434
			<u>26,057,745</u>	<u>2,846,935</u>

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(After Method Change)

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	\$25,007,699
(2)	Sponsor Normal Cost developed as of October 1, 2023	2,252,667
(3)	Expected administrative expenses for the year ended September 30, 2024	131,666
(4)	Expected interest on (1), (2) and (3)	1,871,845
(5)	Sponsor contributions to the System during the year ended September 30, 2024	6,342,930
(6)	Expected interest on (5)	209,720
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	22,711,227
(8)	Change to UAAL due to Assumption/Method Change	2,078,689
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,267,829
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	26,057,745

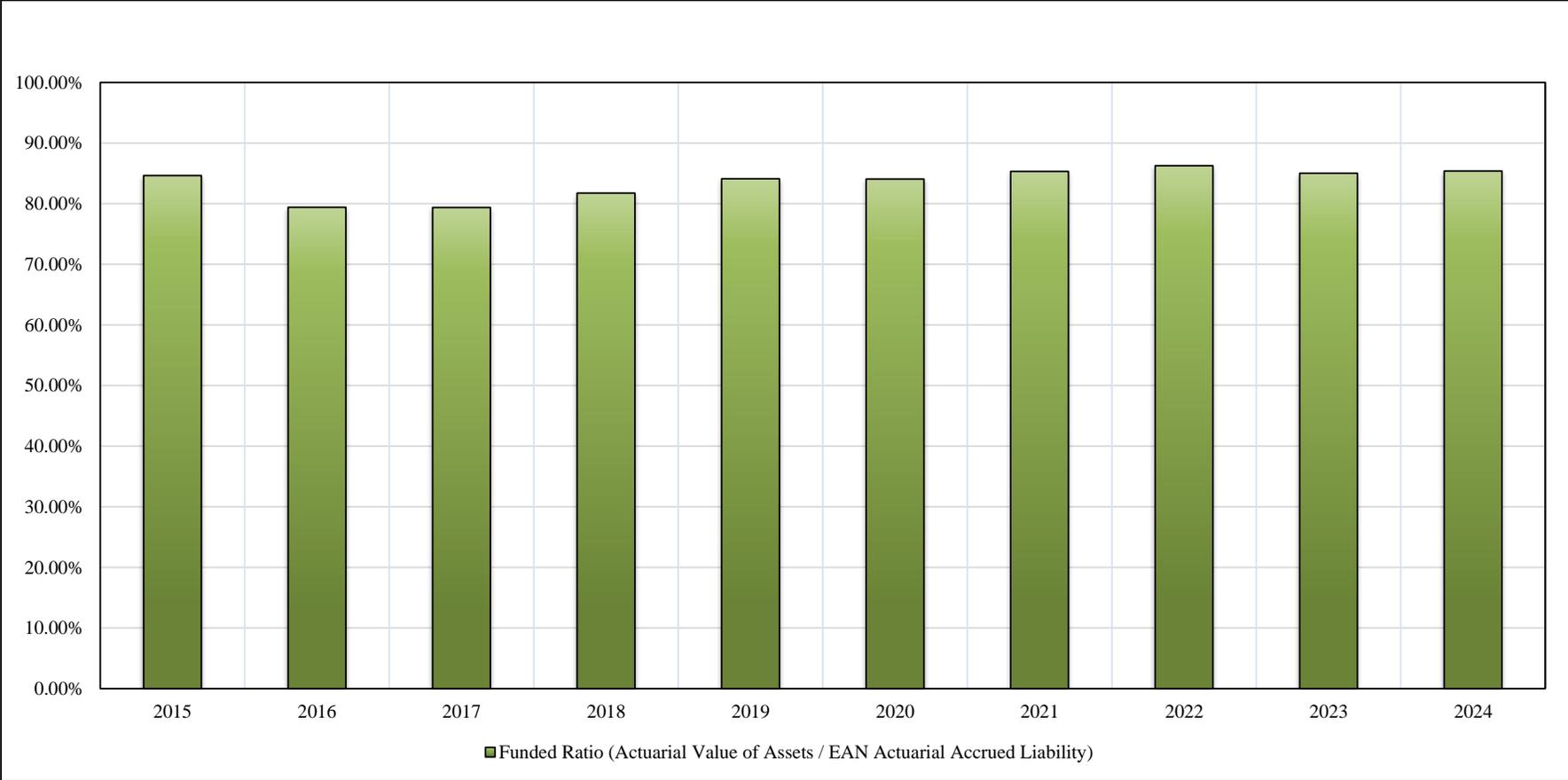
<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2024 Amount</u>	<u>Amortization Amount</u>
Consolidation Base	10/1/2024	13	26,057,745	2,879,436

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	\$25,007,699
(2) Expected UAAL as of October 1, 2024	22,711,227
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,899,328)
Salary Increases	(110,827)
Active Decrements	474,460
Inactive Mortality	353,781
Interest Crediting on Share Plan and DROP Balances ¹	2,825,559
Other	<u>(375,816)</u>
Increase in UAAL due to (Gain)/Loss	1,267,829
Assumption/Method Changes	<u>2,078,689</u>
(4) Actual UAAL as of October 1, 2024	\$26,057,745

¹ Crediting of investment earning to DROP and Share Balances that were above the 6.85% actuarial assumption for investment return.

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees.

Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2023 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

6.75% (prior year 6.85%) per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

<u>Service</u>	<u>Increase</u>
<5	5.50%
5+	4.00

This is based on the results of an actuarial experience study dated October 20, 2020.

Final Pay Load

For Members hired prior to October 1, 2011, active Liabilities are increased by 3.00% to account for assumed payments of unused sick and annual leave time. Members hired on and after October 1, 2011 are valued with no final pay load.

Retirement Rates

<u>% Retiring During the Year</u>	
<u>Age</u>	<u>Current Rate</u>
50	10.00%
51	10.00%
52	55.00%
53	10.00%
54	10.00%
55	50.00%
56	50.00%
57	75.00%
58	100.00%

For those Members who attain 25 years of Credited Service, regardless of Age, the probability of retirement is 100%. This is based on the results of an actuarial experience study dated October 20, 2020.

Disability Rates

Sample rates are as follows:

<u>Age</u>	<u>% Become Disabled within Next Year</u>
20	0.0545%
25	0.0545
30	0.0580
35	0.0895
40	0.1210
45	0.2750
50	0.4290

It is assumed that 90% of disablements service related. The assumption was reviewed and left unchanged as part of the October 20, 2020 actuarial experience study.

Termination Rates

% Terminating During the Year

Age	Years of Service	Current Rate
All Ages	0	8.00%
	1	7.00%
	2	6.00%
	3	5.00%
	4	5.00%
	5 & Over	2.00%

The assumed rates were approved in conjunction with an actuarial experience study dated October 20, 2020.

Payroll Growth

None for amortization of the Unfunded Actuarial Accrued Liability.

Administrative Expenses

\$138,725 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Projected Unit Credit Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - A half year, based on current 6.75% assumption.

Salary - None.

Actuarial Value of Assets

The Actuarial Value of Assets utilizes a four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a four-year period.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is determined for each participant as the present value of the increase in the accrued benefit for the plan year, utilizing projected salary.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Projected Unit Credit Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability is the present value of accrued benefits, utilizing projected salary for active Plan Participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Projected Unit Credit Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 288.6% on October 1, 2014 to 130.4% on October 1, 2024, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 69.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 80.5% on October 1, 2014 to 85.4% on October 1, 2024.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 2.8% on October 1, 2014 to -0.9% on October 1, 2024. The current Net Cash Flow Ratio of -0.9% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 11 in terms of member data, plan provisions, and assumptions/methods, under the Projected Unit Credit Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of \$256,968,710. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2019</u>	<u>10/1/2014</u>
<u>Support Ratio</u>				
Total Actives	120	113	97	101
Total Inactives ¹	92	91	65	35
Actives / Inactives ¹	130.4%	124.2%	149.2%	288.6%

Asset Volatility Ratio

Market Value of Assets (MVA)	162,195,298	133,698,453	110,968,045	68,881,378
Total Annual Payroll	11,296,497	10,424,205	8,327,887	8,142,582
MVA / Total Annual Payroll	1,435.8%	1,282.6%	1,332.5%	845.9%

Accrued Liability (AL) Ratio

Inactive Accrued Liability	123,889,111	118,460,956	80,139,134	33,762,746
Total Accrued Liability (EAN)	178,212,064	167,006,138	131,140,084	80,891,632
Inactive AL / Total AL	69.5%	70.9%	61.1%	41.7%

Funded Ratio

Actuarial Value of Assets (AVA)	152,154,319	141,998,439	110,297,515	65,148,793
Total Accrued Liability (EAN)	178,212,064	167,006,138	131,140,084	80,891,632
AVA / Total Accrued Liability (EAN)	85.4%	85.0%	84.1%	80.5%

Net Cash Flow Ratio

Net Cash Flow ²	(1,495,624)	1,064,970	1,584,458	1,908,191
Market Value of Assets (MVA)	162,195,298	133,698,453	110,968,045	68,881,378
Ratio	-0.9%	0.8%	1.4%	2.8%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	217,419.61	_____%
1999	232,559.93	7.0%
2000	264,843.64	13.9%
2001	263,961.26	-0.3%
2002	314,273.52	19.1%
2003	381,459.32	21.4%
2004	483,590.48	26.8%
2005	576,004.73	19.1%
2006	652,630.47	13.3%
2007	902,590.01	38.3%
2008	845,949.60	-6.3%
2009	654,147.88	-22.7%
2010	658,616.71	0.7%
2011	704,573.07	7.0%
2012	746,253.46	5.9%
2013	750,072.76	0.5%
2014	843,532.97	12.5%
2015	726,993.10	-13.8%
2016	568,403.22	-21.8%
2017	483,484.98	-14.9%
2018	723,847.11	49.7%
2019	699,764.46	-3.3%
2020	723,646.97	3.4%
2021	696,406.47	-3.8%
2022	795,210.80	14.2%
2023	1,361,924.78	71.3%
2024	1,455,126.06	6.8%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	2,052,455.85	2,052,455.85
Cash	186,447.87	186,447.87
Total Cash and Equivalents	2,238,903.72	2,238,903.72
Receivables:		
State Contributions	521,201.89	521,201.89
Investment Income	162,073.06	162,073.06
Total Receivable	683,274.95	683,274.95
Investments:		
U. S. Bonds and Bills	8,144,259.96	7,884,498.20
Federal Agency Guaranteed Securities	11,824,522.39	11,645,395.04
Corporate Bonds	9,106,593.62	8,547,780.55
Stocks	5,946,911.08	9,519,359.12
Mutual Funds:		
Fixed Income	7,597,050.55	7,408,741.57
Equity	63,927,304.55	90,426,612.96
Pooled/Common/Commingled Funds:		
Fixed Income	4,500,000.00	4,598,568.00
Equity	2,896,215.11	8,220,916.05
Real Estate	10,809,148.24	12,815,987.28
Total Investments	124,752,005.50	161,067,858.77
Total Assets	127,674,184.17	163,990,037.44
<u>LIABILITIES</u>		
Payables:		
Benefit Payments	1,695.15	1,695.15
Investment Expenses	131,486.02	131,486.02
Administrative Expenses	21,086.06	21,086.06
To Broker for Investments Purchased	156,864.20	156,864.20
Prepaid City Contribution	1,483,607.55	1,483,607.55
Total Liabilities	1,794,738.98	1,794,738.98
NET POSITION RESTRICTED FOR PENSIONS	125,879,445.19	162,195,298.46

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS

Contributions:

Member	634,822.04	
City	5,240,330.80	
State	1,455,126.06	
 Total Contributions		 7,330,278.90
 Investment Income:		
Net Realized Gain (Loss)	(327,721.12)	
Unrealized Gain (Loss)	26,051,035.35	
Net Increase in Fair Value of Investments	25,723,314.23	
Interest & Dividends	4,681,692.58	
Less Investment Expense ¹	(412,537.70)	
 Net Investment Income		 29,992,469.11
 Total Additions		 37,322,748.01

DEDUCTIONS

Distributions to Members:

Benefit Payments	5,049,399.41	
Lump Sum DROP Distributions	1,780,289.77	
Lump Sum Share Distributions	1,847,049.33	
Refunds of Member Contributions	9,873.57	
 Total Distributions		 8,686,612.08
 Administrative Expense		 139,290.92
 Total Deductions		 8,825,903.00
 Net Increase in Net Position		 28,496,845.01
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		133,698,453.45
 End of the Year		 162,195,298.46

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2024

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/(Losses) Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2024	2025	2026	2027
09/30/2021	15,322,241	0	0	0	0
09/30/2022	(30,256,551)	(7,564,137)	0	0	0
09/30/2023	3,996,971	1,998,485	999,242	0	0
09/30/2024	20,808,842	15,606,631	10,404,420	5,202,209	0
Total		10,040,979	11,403,662	5,202,209	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2023	134,448,654
Contributions Less Benefit Payments & Admin Expenses	(762,218)
Expected Investment Earnings*	9,183,627
Actual Net Investment Earnings	29,992,469
2024 Actuarial Investment Gain/(Loss)	<u>20,808,842</u>

*Expected Investment Earnings = 0.0685 * [134,448,654 + 0.5 * (762,218)]

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2024	162,195,298
(2) Gains/(Losses) Not Yet Recognized	<u>10,040,979</u>
(3) Actuarial Value of Assets, 09/30/2024, (1) - (2)	152,154,319
(4) Limited Actuarial Value of Assets, 09/30/2024	152,154,319

(A) 09/30/2023 Actuarial Assets, including Prepaid Contributions: 142,748,640

(I) Net Investment Income:	
1. Interest and Dividends	4,681,693
2. Realized Gain (Loss)	(327,721)
3. Unrealized Gain (Loss)	26,051,035
4. Change in Actuarial Value	(18,340,965)
5. Investment Expenses	<u>(412,538)</u>
Total	11,651,504

(B) 09/30/2024 Actuarial Assets, including Prepaid Contributions: 153,637,927

Actuarial Asset Rate of Return = 2I/(A+B-I): 8.18%
Market Value of Assets Rate of Return: 22.05%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) 1,899,328

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2024
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	634,822.04	
City	5,240,330.80	
State	1,455,126.06	
Total Contributions		7,330,278.90
Earnings from Investments:		
Interest & Dividends	4,681,692.58	
Net Realized Gain (Loss)	(327,721.12)	
Unrealized Gain (Loss)	26,051,035.35	
Change in Actuarial Value	(18,340,965.00)	
Total Earnings and Investment Gains		12,064,041.81

EXPENDITURES

Distributions to Members:		
Benefit Payments	5,049,399.41	
Lump Sum DROP Distributions	1,780,289.77	
Lump Sum Share Distributions	1,847,049.33	
Refunds of Member Contributions	9,873.57	
Total Distributions		8,686,612.08
Expenses:		
Investment related ¹	412,537.70	
Administrative	139,290.92	
Total Expenses		551,828.62
Change in Net Assets for the Year		10,155,880.01
Net Assets Beginning of the Year		141,998,439.45
Net Assets End of the Year²		152,154,319.46

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

Beginning of the Year Balance	10,080,688.24
Plus Additions	1,433,866.38
Investment Return Earned	2,139,687.94
Less Distributions	(1,780,289.77)
End of the Year Balance	11,873,952.79

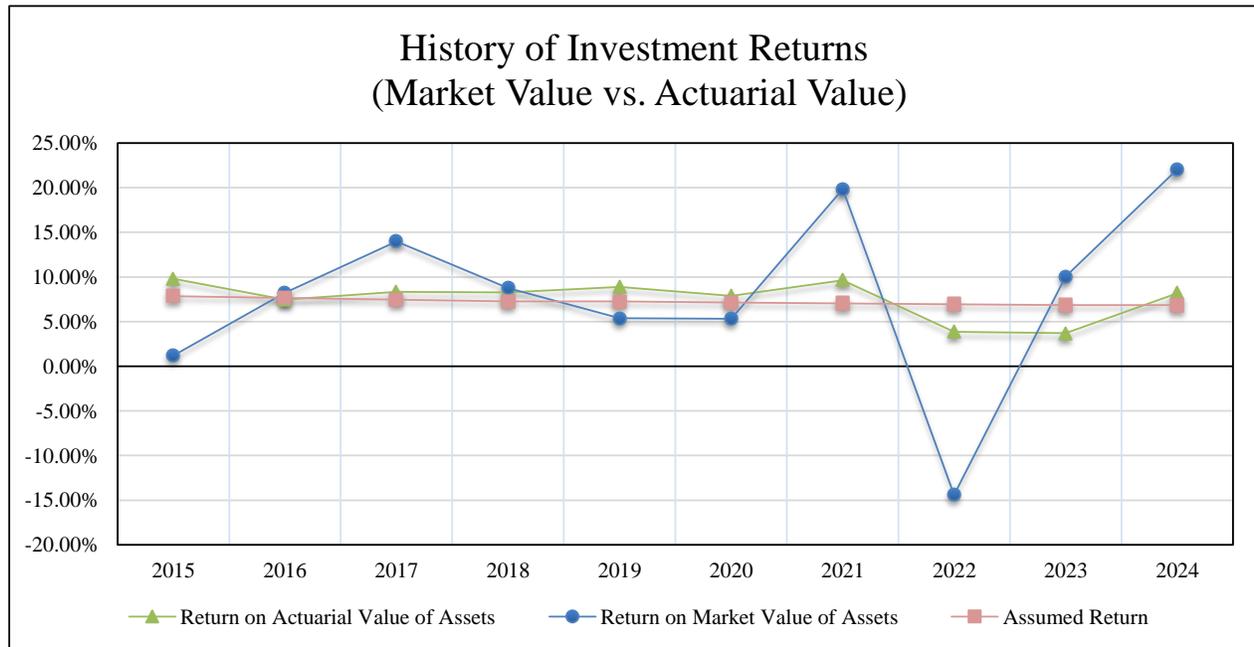
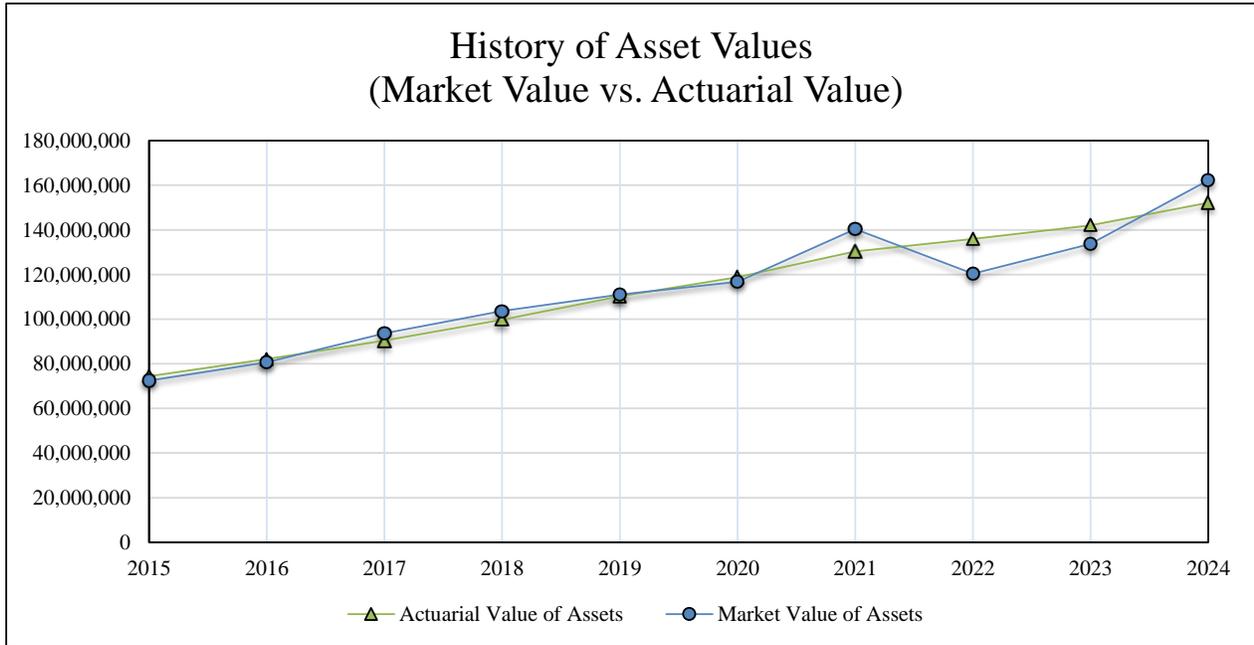
SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY
October 1, 2023 through September 30, 2024

9/30/2023 Balance	10,205,447.31
Prior Year Adjustment	0.00
Plus Additions	352,526.65
Investment Return Earned (Est.)	1,949,366.30
Administrative Fees (Est.)	(33,384.82)
Less Distributions	<u>(1,847,049.33)</u>
9/30/2024 Balance (Est.)	10,626,906.11

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

(1)	Total Required Contribution Rate	65.95%
(2)	Pensionable Payroll Derived from Member Contributions	\$10,580,367.33
(3)	Total Required Contribution (1) x (2)	6,977,752.25
(4)	Less Actual Member Contributions	(634,822.04)
(5)	Less Allowable State Contribution	<u>(1,102,599.41)</u>
(6)	Equals Required City Contribution for Fiscal 2024	5,240,330.80
(7)	Less 2023 Prepaid Contribution	(750,200.96)
(8)	Less Actual City Contributions	<u>(5,973,737.39)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024	(\$1,483,607.55)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	120	113	96	99
Average Current Age	36.0	35.9	37.6	38.6
Average Age at Employment	27.4	27.5	27.8	28.0
Average Past Service	8.6	8.4	9.8	10.6
Average Annual Salary	\$94,137	\$92,250	\$94,896	\$90,327
<u>Service Retirees</u>				
Number	63	58	55	54
Average Current Age	60.8	60.0	59.2	58.5
Average Annual Benefit	\$81,390	\$79,357	\$78,172	\$78,447
<u>DROP Retirees</u>				
Number	17	21	20	14
Average Current Age	55.3	55.1	54.9	55.1
Average Annual Benefit	\$75,173	\$75,188	\$74,863	\$72,127
<u>Beneficiaries</u>				
Number	4	4	4	3
Average Current Age	62.9	61.9	60.9	65.4
Average Annual Benefit	\$36,422	\$36,160	\$35,906	\$28,022
<u>Disability Retirees</u>				
Number	4	4	4	4
Average Current Age	58.5	57.5	56.5	55.5
Average Annual Benefit	\$30,426	\$30,426	\$30,426	\$30,426
<u>Terminated Vested</u>				
Number	32	28	20	15
Average Current Age ¹	44.3	43.3	42.3	43.3
Average Annual Benefit ¹	\$29,756	\$29,756	\$29,756	\$29,141

¹ The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	8	4		1								13
25 - 29		9	4	6		1						20
30 - 34	1	6	3	1	2	9	2					24
35 - 39	2		1	2	2	7	3					17
40 - 44	1	1				4	1	5	8			20
45 - 49				2		2	3	1	6			14
50 - 54								4	5			9
55 - 59								1	1			2
60 - 64				1								1
65+												0
Total	12	20	8	13	4	23	9	11	20	0	0	120

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	113
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(4)
iii. Refund of member contributions or full lump sum distribution	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	108
h. New entrants / Rehires	<u>12</u>
i. Total active life participants in valuation	120

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	58	21	4	4	4	24	115
Retired	5	(5)					0
DROP		1					1
Vested (Deferred Annuity)							0
Vested (Due Refund)						4	4
Hired/Terminated in Same Year						2	2
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions						(2)	(2)
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	63	17	4	4	4	28	120

SUMMARY OF CURRENT PLAN
(Through Ordinance 1, 2021)

<u>Eligibility</u>	Full-time certified Firefighters.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter while making Member contributions.
<u>Salary</u>	Total compensation, excluding overtime and payments for unused accrued sick and annual leave for salary earned after September 13, 2012.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	6.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 52 with 10 years of Credited Service, or 2) Attainment of 25 years of Credited Service, regardless of Age.
Benefit	3.00% of Average Final Compensation times Credited Service, not to exceed 75% of Average Final Compensation.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.00% per year that the benefit commencement date precedes age 52.

Vesting

Schedule	25% after 5 years of Credited Service, then 15% for each additional year until 100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at age 50 (reduced) or age 52.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred	60% of Average Final Compensation, but not less than 2.00% of Average Final Compensation times Credited Service.
Non-Service Incurred	2.50% of Average Final Compensation times Credited Service.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits

10 or more years of Credited Service	Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.
Less than 10 years of Credited Service	Refund of Member contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Cost of Living Adjustment

Eligibility	Normal and Early Retirees and Beneficiaries (including Vested Terminated Retirees). COLA is not payable to Disability Retirees.
Amount	1.00% increase for members who are Age 53, 2.00% increase for members who are Age 54, and 3.00% increase for members who are Age 55 and greater. For those members who were not eligible for Normal Retirement as of September 12, 2012, the COLA beginning at age 55 is based on 3.00% for service prior to September 12, 2012, and 1.50% for service thereafter.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Maximum participation period of 60 months.
Rate of Return	At the Member's option, a fixed rate, actual rate of investment return for the Plan, or returns generated by self-directed accounts.
Distribution	Cash lump sum (options available) at termination of employment.

Chapter 175 Share Accounts

Allocation	Premium tax monies received in excess of \$750,072.76 are allocated annually to each individual Share Account based on Credited Service, determined as of September 30.
Investment Earnings	Net rate of investment return realized by the Plan for the preceding Plan Year.
Vesting Schedule	Active Members who terminate employment with less than 5 years of Credited Service forfeit their Share.
Distribution	Active Members with 5 or more years of Credited Service will be paid a lump sum upon separation from service.