

January 7, 2013

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
c/o Lynn Wenguer, Administrator (LWenguer@fortlauderdale.gov)
888 South Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

Actuarial Impact Statement:
Remarriage of Surviving Spouse

Dear Board Members:

The purpose of this letter is to provide the Actuarial Impact Statement for Ordinance No. C-12-_____. This Ordinance would result in the elimination of the System's forfeiture provision when a surviving spouse remarries.

This Ordinance amendment would apply to remarriage after the adoption date of surviving spouses of members who retired prior to 2000.

Our understanding is that there has been only one forfeiture in the past 12 years.

Actuarial Basis

In many aspects this request mirrors an earlier request in 2002. The following principals summarized in our April 3, 2002 letter continue to apply:

Actuarial cost calculations are based on probabilities, including mortality, turnover, retirement incidence, disability, compensation increases, and investment return. For each assumption, deviations of actual experience from expected experience emerge as experience gains or losses. If there is no assumption in use for a particular type of event, any occurrence of that event which impacts benefit payments will result in an actuarial gain or loss.

Our actuarial assumption basis does not include remarriage probabilities, which is consistent with our experience and professional actuarial standards. This means that the System's liabilities and costs are not discounted for any benefit forfeitures as a result of the remarriage of any surviving spouse(s).

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Therefore, to the extent that there would previously have been any benefit forfeitures due to surviving spouse remarriages, they would have emerged as experience gains. Alternatively stated, the cost for this change would be a potential reduction in future experience gains.

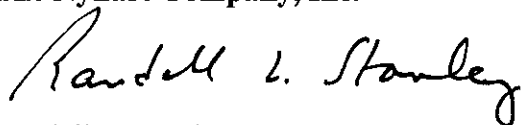
Previous Impact Statements

This subject has previously been considered, not only in our April 3, 2002 letter, but also in an earlier letter from the Board's previous actuary.

Our April 3, 2002 letter indicated a potential impact due to the elimination of future experience gains. This potential continues. However, if it were de minimus in 2002, (and the change is prospective only) it is even less significant now, since the affected members are part of a closed group, 12 years older than it was previously.

Respectfully submitted:

The Nyhart Company, Inc.



Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

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