



November 7, 2023

Mr. Nick Schiess, Pension Administrator
City of Fort Lauderdale
General Employees Retirement System
316 NE Fourth Street, Suite 2
Fort Lauderdale, Florida 33301

Re: City of Fort Lauderdale General Employees Retirement System

Dear Nick:

As requested, we have reviewed Ordinance No. C-23- (copy enclosed) that would amend the City of Fort Lauderdale General Employees Retirement System as follows:

- Amends Section 20-110, to restore eligibility to participate in the Deferred Retirement Option Program (DROP) for members of the general employees bargaining unit (Teamsters). Eligibility for DROP participation was closed for Teamsters effective January 14, 2004.
- Specifies the DROP interest crediting rate in Section 20-110, Retirement Benefits, for such members to be the actual investment return Plan assets on Plan assets, but not less than 3% and not more than 6%.

In our opinion, these changes will not result in a measurable change in employer contribution or unfunded liability in the short-term or the long-term. Nevertheless, it is worth noting that restoration of DROP eligibility increases plan exposure to adverse selection. Under the current plan provisions, current active members of the general employees bargaining unit are not eligible to enter the DROP. Because members entering DROP are considered as retiring, restoration of DROP eligibility offers employees greater flexibility in timing their retirement. While individual choices made by members of a diverse group are typically not expected to increase the plan's cost, a large group of members entering DROP earlier than they would retire in the absence of this option, may expose the plan to modest experience losses.

Because these changes will not have an immediate actuarial impact on the cost of the Retirement System, it is our opinion that a formal Actuarial Impact Statement is not required. However, we recommend that you send a copy of this letter and the ordinance to the Bureau of Local Retirement Systems.

Melissa R. Zrelack is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Ms. Zrelack is independent of the Plan sponsor.

CAM # 24-0071
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We welcome your questions and comments.

Sincerely yours,

A handwritten signature in blue ink that reads "Melissa R. Zrelack". The signature is written in a cursive style.

Melissa R. Zrelack, FCA, EA, MAAA
Consultant & Actuary

Enclosure

The above communication shall not be construed to provide tax advice, legal advice or investment advice.

