

November 5, 2021

VIA EMAIL

Mr. J. Scott Bayne
IAFF Local 765

*Re: City of Fort Lauderdale Police and Firefighters' Retirement System
Funding Impact Associated with Proposed Benefit Change*

Dear Scott:

As requested, we have performed a special actuarial analysis to determine the impact on the plan's funding requirements associated with the benefit change described below:

Tier 1 benefits are restored to Firefighters hired on or after October 1, 2014, which includes the following:

- Average Final Compensation is determined as the average compensation during the highest 2 years of Credited Service (currently highest 5 years).
- The benefit rate is increased from 3.00% to 3.38% for all years of Credited Service. The maximum benefit accrual is increased from 75% to 81% of Average Final Compensation.
- The normal form of annuity is a 60% Joint and Survivor annuity, with an additional 40% death benefit during the first year of retirement (currently 10-year certain and life).

The actuarial impact, determined as of October 1, 2020 (applicable to the fiscal year ending September 30, 2022) is shown below and on the following page. The assumed City contribution date is October 1, 2021.

Impact on Contribution Requirement

	<u>Proposed</u>	<u>Current</u>
Normal Cost	\$21,960,555	\$21,553,789
Administrative Expenses	\$644,700	\$644,700
Payment Required to Amortize UAAL	\$11,297,057	\$11,207,045
Minimum Required Contribution	\$33,902,312	\$33,405,534
Member Contributions (Est.)	\$8,031,948	\$8,031,948
City And State Required Contribution	\$25,870,364	\$25,373,586
State Contribution (Est.)	\$4,750,363	\$4,750,363
City Required Contribution	\$21,120,001	\$20,623,223
<i>Increase/(Decrease)</i>	<i>\$496,778</i>	

Impact on Unfunded Actuarial Accrued Liability (UAAL)

	<u>Proposed</u>	<u>Current</u>
UAAL	\$87,610,351	\$86,527,578
<i>Change in UAAL</i>	<i>1,082,773</i>	

The change in UAAL associated with the benefit change was amortized over 20 years.

This analysis is based on the same data, assumptions, and methods as utilized in the October 1, 2020 actuarial valuation except as otherwise noted.

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

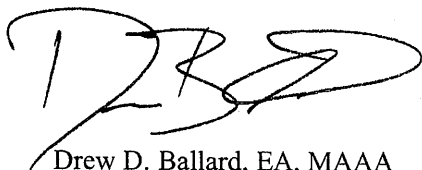
Please note the contents of this analysis and the October 1, 2020 actuarial valuation report are considered integral parts of the actuarial opinions. In reviewing the results presented in this study, it should be noted there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2020 actuarial valuation report.

In performing the analysis, 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 to generate the costs. All internally developed models are reviewed as part of the 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.

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 analysis, we did not perform an analysis of the potential range of such future measurements.

If you have any questions, please let me know.

Sincerely,



Drew D. Ballard, EA, MAAA
Enrolled Actuary #20-8193