



April 9, 2018

Ms. Johnna Morris
Finance Director
City of Fort Pierce Retirement
and Benefit System
100 North U.S. Highway One
Fort Pierce, Florida 34950

**Re: City of Fort Pierce Retirement and Benefit System
Actuarial Impact Statement as of September 30, 2017**

Dear Johnna:

As requested, we have prepared the enclosed Actuarial Impact Statements (AIS) to measure the financial impact of changing the vesting period for members hired after October 1, 2012.

Present Provision: The current vesting provisions are as follows:

- For Members hired prior to October 1, 2012: 5 or more years of service. For Members hired on or after October 1, 2012: 10 or more years of service.

Proposed Provisions:

- **Proposal 1:** For Members hired prior to October 1, 2012: 5 or more years of service. For Members hired on or after October 1, 2012: 8 or more years of service.
- **Proposal 2:** For all Members: 5 or more years of service.

Summary of Findings

- It is our understanding that benefits for current inactive or retired members would not be affected by the proposed benefit changes. They were excluded from this study.
- **Proposal 1**
 - The City's Contribution for Fiscal Year 2019 increases by \$14,267, or 0.04% of covered payroll.
 - The System's funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 89.38% to 89.37%.
 - The Unfunded Accrued Liability increases by \$33,649.

- **Proposal 2**

- The City's Contribution for Fiscal Year 2019 increases by \$51,924, or 0.17% of covered payroll.
- The System's funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 89.38% to 89.34%.
- The Unfunded Accrued Liability increases by \$108,845.

Actuarial Disclosures

This report was prepared at the request of the City and is intended for use by the City and those designated or approved by the City. This report may be provided to parties other than the City only in its entirety and only with the permission of the City.

This report is intended to describe the financial effect of the proposed plan changes on the retirement system. Except as otherwise noted, potential effects on other benefit plans were not considered. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

The actuarial assumptions and methods, financial data, and participant census data utilized in these calculations are the same actuarial assumptions and methods, financial data, and participant census data used in the actuarial valuation as of September 30, 2017 as presented in our report dated March 8, 2018, except for the changes noted above.

The date of the valuation was September 30, 2017. This means that the results of the supplemental valuation indicates what the September 30, 2017 valuation would have shown if the proposed benefit changes had been in effect on that date. Supplemental valuations do **not** predict the result of future actuarial valuations. Rather, supplemental valuations give an indication of the cost of the **benefit change only** without comment on the complete end result of future valuations.

If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

In the event that more than one plan change is being considered, it is important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

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Brad Lee Armstrong is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuary is independent of the plan sponsor.


This report 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 Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

If there are any questions, or if we can be of further assistance, please contact us.

The Impact Statement should be transferred to the City of Fort Pierce letterhead and signed. A copy of the Impact Statement and Actuarial Cost Estimate should be sent prior to the second reading together with a copy of the proposed ordinance to:

Division of Retirement
Department of Management Services
Bureau of Program Services
P.O. Box 9000
Tallahassee, Florida 32315-9000

Sincerely,



Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:sc

Enclosures

City of Fort Pierce Retirement and Benefit System

Actuarial Impact Statement, April 9, 2018

Description of Amendments

Current Provisions of Interest

- **Vested Benefit** – For Members hired prior to October 1, 2012: 5 or more years of service. For Members hired on or after October 1, 2012: 10 or more years of service.

Proposed Provisions of Interest

- **Vested Benefit** – For Members hired prior to October 1, 2012: 5 or more years of service. For Members hired on or after October 1, 2012: 8 or more years of service.

Funding Implications of the Amendments

An actuarial cost estimate for the amendments is attached.

Certification of Administrator

The actuary has been furnished with a description of the amendments.

I believe the amendments to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X, of the Constitution of the State of Florida.

_____, Administrator
City of Fort Pierce
Retirement and Benefit System

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, April 9, 2018

Actuarial Valuation Information

Valuation Date

September 30, 2017

Report Requested by

City of Fort Pierce

Group Valued

All active members.

Actuarial Assumptions and Methods

Assumptions and methods are the same as the September 30, 2017 actuarial valuation report dated March 8, 2018.

Amortization Period for Any Change in Actuarial Accrued Liability

30 years.

Summary of Data Used in Report

Same as the data used for the September 30, 2017 actuarial valuation.

Actuarial Impact of Proposal(s)

See attached pages.

Description of Amendments

Current Provisions of Interest

- **Vested Benefit** – For Members hired prior to October 1, 2012: 5 or more years of service. For Members hired on or after October 1, 2012: 10 or more years of service.

Proposed Provisions of Interest

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City of Fort Pierce Retirement and Benefit System
Actuarial Cost Estimate, April 9, 2018

Contribution Implications of the Amendments

Before Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.24 %	14.49 %	16.16 %
Unfunded Actuarial Accrued Liability	3.87	6.41	0.00
Full funding credit	0.00	0.00	(0.50)
FS 112.64 (5) Compliance	2.31	2.64	0.77
Administrative Expenses	0.73	0.73	0.73
Total	22.15	24.27	17.16
Member portion	5.16	6.16	5.16
Employer portion	16.99	18.11	12.00
Illustrative Employer Portion	\$1,627,793	\$2,500,994	\$900,394


After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.31 %	14.51 %	16.17 %
Unfunded Actuarial Accrued Liability	3.88	6.42	0.00
Full funding credit	0.00	0.00	(0.50)
FS 112.64 (5) Compliance	2.32	2.64	0.78
Administrative Expenses	0.73	0.73	0.73
Total	22.24	24.30	17.18
Member portion	5.16	6.16	5.16
Employer portion	17.08	18.14	12.02
Illustrative Employer Portion	\$1,636,416	\$2,505,137	\$901,895

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member portion	0.00 %	0.00 %	0.00 %
Employer portion	0.09	0.03	0.02
Illustrative Employer Portion	\$8,623	\$4,143	\$1,501

City of Fort Pierce Retirement and Benefit System
Actuarial Cost Estimate, April 9, 2018

Actuarial Present Values (thousands of dollars)

	Before Amendment				After Amendment			
	General Members	Utilities Authority	Police Members	Total	General Members	Utilities Authority	Police Members	Total
Actuarial present value of active member benefits:								
Service retirement	\$26,942	\$39,995	\$25,464	\$ 92,401	\$26,942	\$39,995	\$25,464	\$ 92,401
Vested termination benefits	2,735	3,877	1,485	8,097	2,838	4,012	1,566	8,416
Disability retirement	664	867	945	2,476	664	867	945	2,476
Survivor benefits (pre-retirement)	854	1,270	444	2,568	854	1,270	444	2,568
Termination benefits - refunds	266	421	241	928	223	330	171	724
Total	31,461	46,430	28,579	106,470	31,521	46,474	28,590	106,585
Actuarial present value of terminated vested members	1,687	2,071	407	4,165	1,687	2,071	407	4,165
Actuarial present value of retired members & beneficiaries	40,956	60,335	33,118	134,409	40,956	60,335	33,118	134,409
Total actuarial present value of future benefit payments	74,104	108,836	62,104	245,044	74,164	108,880	62,115	245,159
Actuarial Accrued Liability	64,855	96,438	53,848	215,142	64,872	96,452	53,852	215,175
Unfunded Actuarial Accrued Liability	7,352	12,801	2,690	22,842	7,368	12,814	2,693	22,876
Present value of active member future payroll	61,633	88,071	52,663	202,367	61,633	88,071	52,663	202,367
Present value of future active member contributions	3,180	5,425	2,717	11,323	3,180	5,425	2,717	11,323
Active member accumulated contributions	4,484	8,256	3,568	16,309	4,484	8,256	3,568	16,309


 4/9/2018
 Brad Lee Armstrong, ASA, EA, FCA, MAAA [17-5614]

City of Fort Pierce Retirement and Benefit System Actuarial Impact Statement, April 9, 2018

Description of Amendments

Current Provisions of Interest

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City of Fort Pierce Retirement and Benefit System
Actuarial Cost Estimate, April 9, 2018

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Full funding credit	0.00	0.00	(0.50)
FS 112.64 (5) Compliance	2.31	2.64	0.77
Administrative Expenses	0.73	0.73	0.73
Total	22.15	24.27	17.16
Member portion	5.16	6.16	5.16
Employer portion	16.99	18.11	12.00
Illustrative Employer Portion	\$1,627,793	\$2,500,994	\$900,394


After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.47 %	14.61 %	16.19 %
Unfunded Actuarial Accrued Liability	3.90	6.43	0.00
Full funding credit	0.00	0.00	(0.50)
FS 112.64 (5) Compliance	2.33	2.66	0.78
Administrative Expenses	0.73	0.73	0.73
Total	22.43	24.43	17.20
Member portion	5.16	6.16	5.16
Employer portion	17.27	18.27	12.04
Illustrative Employer Portion	\$1,654,620	\$2,523,090	\$903,395

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member portion	0.00 %	0.00 %	0.00 %
Employer portion	0.28	0.16	0.04
Illustrative Employer Portion	\$26,827	\$22,096	\$3,001

City of Fort Pierce Retirement and Benefit System
Actuarial Cost Estimate, April 9, 2018

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Total	31,461	46,430	28,579	106,470	31,655	46,581	28,594	106,830
Actuarial present value of terminated vested members	1,687	2,071	407	4,165	1,687	2,071	407	4,165
Actuarial present value of retired members & beneficiaries	40,956	60,335	33,118	134,409	40,956	60,335	33,118	134,409
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Actuarial Accrued Liability	64,855	96,438	53,848	215,142	64,908	96,490	53,853	215,251
Unfunded Actuarial Accrued Liability	7,352	12,801	2,690	22,842	7,404	12,852	2,694	22,951
Present value of active member future payroll	61,633	88,071	52,663	202,367	61,633	88,071	52,663	202,367
Present value of future active member contributions	3,180	5,425	2,717	11,323	3,180	5,425	2,717	11,323
Active member accumulated contributions	4,484	8,256	3,568	16,309	4,484	8,256	3,568	16,309


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