



October 31, 2019

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 Supplemental Valuation as of September 30, 2018**

Dear Johnna:

As requested, we have prepared the enclosed Actuarial Supplemental Valuation to measure the financial impact of changing the maximum annual pension benefit.

The date of the valuation was September 30, 2018. This means that the results of the supplemental valuation indicates what the September 30, 2018 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 proposed **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.

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.

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.

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, 2018 as presented in our report dated March 15, 2019, except for the changes noted above.

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.

Sincerely,



Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:sc

Enclosure



City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, October 31, 2019

Actuarial Valuation Information

Valuation Date

September 30, 2018.

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, 2018 actuarial valuation report dated March 15, 2019.

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, 2018 actuarial valuation.

Actuarial Impact of Proposal(s)

See attached pages.

Description of Amendments

Present Provision: The current annual benefit maximum provisions are as follows:

- The maximum annual pension benefit is \$100,000 (and also may not exceed 75% of final average salary for members hired on or after October 1, 2012).

Proposed Provisions:

- **Proposal 1:** The maximum annual pension benefit is \$110,000 (and also may not exceed 75% of final average salary for members hired on or after October 1, 2012).
- **Proposal 2:** The maximum annual pension benefit is \$125,000 (and also may not exceed 75% of final average salary for members hired on or after October 1, 2012).

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, October 31, 2019

Contribution Implications of the Amendments – Proposal 1

Before Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.41 %	14.74 %	16.30 %
Unfunded Actuarial Accrued Liability	3.64	6.02	0.00
Full funding credit	0.00	0.00	(0.68)
FS 112.64 (5) Compliance	2.17	2.27	0.82
Administrative Expenses	0.71	0.71	0.71
Total	21.93	23.74	17.15
Member portion	5.16	6.16	5.16
Employer portion	16.77	17.58	11.99
Illustrative Employer Portion	\$1,596,725	\$2,592,714	\$885,165

After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.49 %	14.88 %	16.71 %
Unfunded Actuarial Accrued Liability	3.75	6.18	0.00
Full funding credit	0.00	0.00	(0.51)
FS 112.64 (5) Compliance	2.23	2.34	0.89
Administrative Expenses	0.71	0.71	0.71
Total	22.18	24.11	17.80
Member portion	5.16	6.16	5.16
Employer portion	17.02	17.95	12.64
Illustrative Employer Portion	\$1,620,528	\$2,647,282	\$933,152

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member portion	0.00 %	0.00 %	0.00 %
Employer portion	0.25	0.37	0.65
Illustrative Employer Portion	\$23,803	\$54,568	\$47,987

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, October 31, 2019

Actuarial Present Values (thousands of dollars) – Proposal 1

	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	\$27,608	\$41,986	\$25,208	\$ 94,802	\$27,830	\$42,519	\$25,683	\$ 96,032
Vested termination benefits	2,968	4,412	1,671	9,051	2,974	4,422	1,676	9,072
Disability retirement	645	883	920	2,448	647	886	923	2,456
Survivor benefits (pre-retirement)	812	1,310	431	2,553	815	1,319	434	2,568
Termination benefits - refunds	223	205	99	527	223	205	99	527
Total	32,256	48,796	28,329	109,381	32,489	49,351	28,815	110,655
Actuarial present value of terminated vested members	2,263	2,232	393	4,888	2,263	2,232	393	4,888
Actuarial present value of retired members & beneficiaries	41,265	61,605	35,057	137,927	41,265	61,605	35,057	137,927
Total actuarial present value of future benefit payments	75,784	112,633	63,779	252,196	76,017	113,188	64,265	253,470
Actuarial Accrued Liability	66,446	99,402	55,583	221,431	66,625	99,790	55,789	222,204
Unfunded Actuarial Accrued Liability	6,802	12,283	2,260	21,344	6,981	12,671	2,465	22,117
Present value of active member future payroll	61,411	92,801	51,822	206,035	61,411	92,801	51,822	206,035
Present value of future active member contributions	3,169	5,717	2,674	11,559	3,169	5,717	2,674	11,559
Active member accumulated contributions	4,541	8,611	3,634	16,786	4,541	8,611	3,634	16,786

City of Fort Pierce Retirement and Benefit System Actuarial Cost Estimate, October 31, 2019

Contribution Implications of the Amendments – Proposal 2

Before Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.41 %	14.74 %	16.30 %
Unfunded Actuarial Accrued Liability	3.64	6.02	0.00
Full funding credit	0.00	0.00	(0.68)
FS 112.64 (5) Compliance	2.17	2.27	0.82
Administrative Expenses	0.71	0.71	0.71
Total	21.93	23.74	17.15
Member portion	5.16	6.16	5.16
Employer portion	16.77	17.58	11.99
Illustrative Employer Portion	\$1,596,725	\$2,592,714	\$885,165

After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	15.58 %	15.04 %	17.10 %
Unfunded Actuarial Accrued Liability	3.87	6.32	0.00
Full funding credit	0.00	0.00	(0.38)
FS 112.64 (5) Compliance	2.29	2.41	0.96
Administrative Expenses	0.71	0.71	0.71
Total	22.45	24.48	18.39
Member portion	5.16	6.16	5.16
Employer portion	17.29	18.32	13.23
Illustrative Employer Portion	\$1,646,236	\$2,701,850	\$976,708

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member portion	0.00 %	0.00 %	0.00 %
Employer portion	0.52	0.74	1.24
Illustrative Employer Portion	\$49,511	\$109,136	\$91,543

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, October 31, 2019

Actuarial Present Values (thousands of dollars) – Proposal 2

	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	\$27,608	\$41,986	\$25,208	\$ 94,802	\$28,066	\$43,035	\$26,104	\$ 97,205
Vested termination benefits	2,968	4,412	1,671	9,051	2,980	4,429	1,679	9,088
Disability retirement	645	883	920	2,448	648	888	925	2,461
Survivor benefits (pre-retirement)	812	1,310	431	2,553	818	1,327	436	2,581
Termination benefits - refunds	223	205	99	527	223	205	99	527
Total	32,256	48,796	28,329	109,381	32,735	49,884	29,243	111,862
Actuarial present value of terminated vested members	2,263	2,232	393	4,888	2,263	2,232	393	4,888
Actuarial present value of retired members & beneficiaries	41,265	61,605	35,057	137,927	41,265	61,605	35,057	137,927
Total actuarial present value of future benefit payments	75,784	112,633	63,779	252,196	76,263	113,721	64,693	254,677
Actuarial Accrued Liability	66,446	99,402	55,583	221,431	66,817	100,147	55,955	222,919
Unfunded Actuarial Accrued Liability	6,802	12,283	2,260	21,344	7,172	13,029	2,631	22,832
Present value of active member future payroll	61,411	92,801	51,822	206,035	61,411	92,801	51,822	206,035
Present value of future active member contributions	3,169	5,717	2,674	11,559	3,169	5,717	2,674	11,559
Active member accumulated contributions	4,541	8,611	3,634	16,786	4,541	8,611	3,634	16,786