



August 13, 2021

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, 2020**

Dear Johnna:

As requested, we have prepared the enclosed Actuarial Impact Statement (AIS) to measure the financial impact of changing the benefit maximum provision for members hired before October 1, 2012.

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

- **Proposal 1:**
 - **No maximum annual pension benefit** for members hired before October 1, 2012.
 - 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.
- **Proposal 2:**
 - **The maximum annual pension benefit is \$150,000** for members hired before October 1, 2012.
 - 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.

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.

The impact of each proposal is summarized below:

Proposal 1

General:

- The City's Contribution for the Fiscal Year 2022 increases by \$81,766, or 0.74% of total projected General group payroll (\$11,049,451).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 88.84% to 87.86%.
- The Unfunded Accrued Liability (UAL) increases by \$811,037.
- The UAL portion of the increase in the City's contribution rate is 0.52% and will persist for 30 years under the Retirement Board's current amortization policy.

Utilities Authority:

- The City's Contribution for the Fiscal Year 2022 increases by \$124,452, or 0.75% of total projected Utilities Authority group payroll (\$16,593,629).
- The funded ratio for (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 88.61% to 87.57%.
- The Unfunded Accrued Liability (UAL) increases by \$1,277,717.
- The UAL portion of the increase in the City's contribution rate is 0.51% and will persist for 30 years under the Retirement Board's current amortization policy.

Police:

- The City's Contribution for the Fiscal Year 2022 increases by \$34,409, or 0.45% of total projected Police group payroll (\$7,576,859).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 95.07% to 94.58%.
- The Unfunded Accrued Liability (UAL) increases by \$313,331.
- The UAL portion of the increase in the City's contribution rate is 0.27% and will persist for 30 years under the Retirement Board's current amortization policy.



Proposal 2

General:

- The City's Contribution for the Fiscal Year 2022 increases by \$61,877, or 0.56% of total projected General group payroll (\$11,049,451).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 88.84% to 88.06%.
- The Unfunded Accrued Liability (UAL) increases by \$644,648.
- The UAL portion of the increase in the City's contribution rate is 0.41% and will persist for 30 years under the Retirement Board's current amortization policy.

Utilities Authority:

- The City's Contribution for the Fiscal Year 2022 increases by \$111,177, or 0.67% of total projected Utilities Authority group payroll (\$16,593,629).
- The funded ratio for (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 88.61% to 87.68%.
- The Unfunded Accrued Liability (UAL) increases by \$1,143,387.
- The UAL portion of the increase in the City's contribution rate is 0.46% and will persist for 30 years under the Retirement Board's current amortization policy.

Police:

- The City's Contribution for the Fiscal Year 2022 increases by \$32,943, or 0.43% of total projected Police group payroll (\$7,576,859).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 95.07% to 94.59%.
- The Unfunded Accrued Liability (UAL) increases by \$301,311.
- The UAL portion of the increase in the City's contribution rate is 0.26% and will persist for 30 years under the Retirement Board's current amortization policy.

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, 2020 as presented in our report dated January 29, 2021, except for the changes noted above.

The date of the valuation was September 30, 2020. This means that the results of the supplemental valuation indicate what the September 30, 2020 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. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions (such as actual future salary increases); changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

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.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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.




Ms. Johnna Morris
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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:ah
Enclosure



City of Fort Pierce Retirement and Benefit System Actuarial Impact Statement, August 13, 2021

Description of Amendments

Present Provision of Interest: The current annual benefit maximum provision is 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 of Interest: The proposed annual benefit maximum provision is as follows:

- No maximum annual pension benefit for members hired before October 1, 2012.
- 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.

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, August 13, 2021

Actuarial Valuation Information

Valuation Date

September 30, 2020.

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, 2020 actuarial valuation report dated January 29, 2021.

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, 2020 actuarial valuation.

Actuarial Impact of Proposal(s)

See attached pages.

Description of Amendments

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City of Fort Pierce Retirement and Benefit System Actuarial Cost Estimate, August 13, 2021

Contribution Implications of the Amendments

Before Amendment	General Members	Utilities Authority	Police Members
Normal Cost	16.05 %	15.00 %	16.46 %
Unfunded Actuarial Accrued Liability	3.89	5.98	0.68
Full Funding Credit	0.00	0.00	0.00
FS 112.64 (5) Compliance	0.94	0.67	0.28
Administrative Expenses	0.68	0.68	0.68
Total	21.56	22.33	18.10
Member Portion	5.16	6.16	5.16
Employer Portion	16.40	16.17	12.94
Illustrative Employer Portion	\$1,812,110	\$2,683,190	\$980,336

After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	16.27 %	15.24 %	16.64 %
Unfunded Actuarial Accrued Liability	4.31	6.42	0.91
Full Funding Credit	0.00	0.00	0.00
FS 112.64 (5) Compliance	1.04	0.74	0.32
Administrative Expenses	0.68	0.68	0.68
Total	22.30	23.08	18.55
Member Portion	5.16	6.16	5.16
Employer Portion	17.14	16.92	13.39
Illustrative Employer Portion	\$1,893,876	\$2,807,642	\$1,014,745

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member Portion	0.00 %	0.00 %	0.00 %
Employer Portion	0.74	0.75	0.45
Illustrative Employer Portion	\$81,766	\$124,452	\$34,409

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, August 13, 2021

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	\$32,136	\$47,722	\$24,916	\$ 104,774	\$33,090	\$49,266	\$25,324	\$ 107,680
Vested termination benefits	3,238	5,094	1,887	10,219	3,255	5,106	1,890	10,251
Disability retirement	712	1,042	1,048	2,802	717	1,046	1,049	2,812
Survivor benefits (pre-retirement)	627	1,104	315	2,046	634	1,117	317	2,068
Termination benefits - refunds	223	209	107	539	223	209	107	539
Total	36,936	55,171	28,273	120,380	37,919	56,744	28,687	123,350
Actuarial present value of terminated vested members	1,497	1,960	364	3,821	1,497	1,960	364	3,821
Actuarial present value of retired members & beneficiaries	44,856	65,823	40,186	150,865	44,856	65,823	40,186	150,865
Total actuarial present value of future benefit payments	83,289	122,954	68,823	275,066	84,272	124,527	69,237	278,036
Actuarial Accrued Liability	72,269	107,688	59,887	239,844	73,080	108,966	60,201	242,246
Unfunded Actuarial Accrued Liability	8,064	12,262	2,952	23,277	8,875	13,539	3,265	25,679
Present value of active member future payroll	69,486	105,532	56,115	231,132	69,486	105,532	56,115	231,132
Present value of future active member contributions	3,585	6,501	2,896	12,982	3,585	6,501	2,896	12,982
Active member accumulated contributions	4,747	9,509	3,248	17,504	4,747	9,509	3,248	17,504

City of Fort Pierce Retirement and Benefit System Actuarial Impact Statement, August 13, 2021

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City of Fort Pierce Retirement and Benefit System
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Member Portion	5.16	6.16	5.16
Employer Portion	16.40	16.17	12.94
Illustrative Employer Portion	\$1,812,110	\$2,683,190	\$980,336

After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	16.20 %	15.21 %	16.63 %
Unfunded Actuarial Accrued Liability	4.22	6.37	0.90
Full Funding Credit	0.00	0.00	0.00
FS 112.64 (5) Compliance	1.02	0.74	0.32
Administrative Expenses	0.68	0.68	0.68
Total	22.12	23.00	18.53
Member Portion	5.16	6.16	5.16
Employer Portion	16.96	16.84	13.37
Illustrative Employer Portion	\$1,873,987	\$2,794,367	\$1,013,279

Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member Portion	0.00 %	0.00 %	0.00 %
Employer Portion	0.56	0.67	0.43
Illustrative Employer Portion	\$61,877	\$111,177	\$32,943

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, August 13, 2021

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