



September 6, 2023

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, 2022**

Dear Ms. Morris:

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 on or after October 1, 2012.

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

For members hired prior to October 1, 2012:

- The maximum annual pension benefit shall not exceed 100% of final average salary.

For members hired on or after October 1, 2012:

- The maximum annual pension benefit shall not exceed **75%** of final average salary.
- **The maximum pension benefit is \$100,000 annually.**

Proposed Provisions: The proposed annual benefit maximum provisions are as follows:

For members hired prior to October 1, 2012:

- The maximum annual pension benefit shall not exceed 100% of final average salary.

For members hired on or after October 1, 2012:

- The maximum annual pension benefit shall not exceed **100%** of final average salary.

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 the proposal is summarized below:

Proposal

General:

- The City's Contribution for the Fiscal Year 2024 increases by \$97,729, or 0.75% of total projected General group payroll (\$13,030,603).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 84.42% to 84.07%.
- The Unfunded Accrued Liability (UAL) increases by \$336,104.
- The UAL portion of the increase in the City's contribution rate is 0.14% and will persist for 30 years under the Retirement Board's current amortization policy.

Utilities Authority:

- The City's Contribution for the Fiscal Year 2024 increases by \$187,541, or 1.21% of total projected Utilities Authority group payroll (\$15,499,243).
- The funded ratio for (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 84.44% to 83.77%.
- The Unfunded Accrued Liability (UAL) increases by \$947,500.
- The UAL portion of the increase in the City's contribution rate is 0.34% and will persist for 30 years under the Retirement Board's current amortization policy.

Police:

- The City's Contribution for the Fiscal Year 2024 increases by \$288,462, or 3.37% of total projected Police group payroll (\$8,559,720).
- The funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability) decreases from 89.16% to 87.41%.
- The Unfunded Accrued Liability (UAL) increases by \$1,331,666.
- The UAL portion of the increase in the City's contribution rate is 0.86% 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.

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, 2022 as presented in our report dated March 7, 2023, except for the changes noted above.

The date of the valuation was September 30, 2022. This means that the results of the supplemental valuation indicate what the September 30, 2022 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.

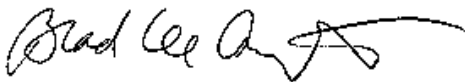
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have 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.

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,
Gabriel, Roeder, Smith & Company



Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:sc
Enclosure



City of Fort Pierce Retirement and Benefit System Actuarial Impact Statement, September 6, 2023

Description of Amendments

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

For members hired prior to October 1, 2012:

- The maximum annual pension benefit shall not exceed 100% of final average salary.

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- The maximum annual pension benefit shall not exceed **75%** of final average salary.
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Proposed Provisions: The proposed annual benefit maximum provisions are as follows:

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For members hired on or after October 1, 2012:

- The maximum annual pension benefit shall not exceed **100%** of final average salary.
-

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, September 6, 2023

Actuarial Valuation Information

Valuation Date

September 30, 2022.

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, 2022 actuarial valuation report dated March 7, 2023.

Amortization Period for Any Change in Benefits

30 years.

Summary of Data Used in Report

Same as the data used for the September 30, 2022 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, September 6, 2023

Contribution Implications of the Amendments

Before Amendment	General Members	Utilities Authority	Police Members
Normal Cost	16.94 %	15.86 %	16.72 %
Unfunded Actuarial Accrued Liability	4.70	9.03	4.60
Full Funding Credit	0.00	0.00	0.00
FS 112.64 (5) Compliance	0.41	1.49	0.10
Administrative Expenses	0.67	0.67	0.67
Total	22.72	27.05	22.09
Member Portion	5.16	6.16	5.16
Employer Portion	17.56	20.89	16.93
Illustrative Employer Portion	\$2,288,174	\$3,237,792	\$1,449,161

After Amendment	General Members	Utilities Authority	Police Members
Normal Cost	17.54 %	16.65 %	19.21 %
Unfunded Actuarial Accrued Liability	4.84	9.37	5.46
Full Funding Credit	0.00	0.00	0.00
FS 112.64 (5) Compliance	0.42	1.57	0.12
Administrative Expenses	0.67	0.67	0.67
Total	23.47	28.26	25.46
Member Portion	5.16	6.16	5.16
Employer Portion	18.31	22.10	20.30
Illustrative Employer Portion	\$2,385,903	\$3,425,333	\$1,737,623


Allocation of Contribution Increase	General Members	Utilities Authority	Police Members
Member Portion	0.00 %	0.00 %	0.00 %
Employer Portion	0.75	1.21	3.37
Illustrative Employer Portion	\$97,729	\$187,541	\$288,462

City of Fort Pierce Retirement and Benefit System

Actuarial Cost Estimate, September 6, 2023

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	\$39,002	\$47,307	\$26,484	\$ 112,793	\$39,999	\$49,247	\$29,799	\$ 119,045
Vested termination benefits	3,850	5,508	2,476	11,834	3,878	5,552	2,526	11,956
Disability retirement	805	1,085	1,271	3,161	813	1,097	1,298	3,208
Survivor benefits (pre-retirement)	721	1,076	367	2,164	728	1,095	381	2,204
Termination benefits - refunds	305	176	96	577	305	176	96	577
Total	44,683	55,152	30,694	130,529	45,723	57,167	34,100	136,990
Actuarial present value of terminated vested members	1,723	1,778	389	3,890	1,723	1,778	389	3,890
Actuarial present value of retired members & beneficiaries	47,819	77,464	46,220	171,503	47,819	77,464	46,220	171,503
Total actuarial present value of future benefit payments	94,225	134,394	77,303	305,922	95,265	136,409	80,709	312,383
Actuarial Accrued Liability	80,312	118,738	66,295	265,345	80,648	119,686	67,626	267,960
Unfunded Actuarial Accrued Liability	12,509	18,477	7,185	38,170	12,845	19,424	8,516	40,785
Present value of active member future payroll	83,499	101,642	68,540	253,681	83,499	101,642	68,540	253,681
Present value of future active member contributions	4,309	6,261	3,537	14,106	4,309	6,261	3,537	14,106
Active member accumulated contributions	5,051	8,679	3,187	16,917	5,051	8,679	3,187	16,917



 9/6/2023
 Brad Lee Armstrong, ASA, EA, FCA, MAAA [23-5614]