

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/CS/HB 901 City of West Palm Beach, Palm Beach County

SPONSOR(S): Oversight, Transparency & Public Management Subcommittee, Local, Federal & Veterans Affairs Subcommittee, Willhite

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local, Federal & Veterans Affairs Subcommittee	12 Y, 0 N, As CS	Rivera	Miller
2) Oversight, Transparency & Public Management Subcommittee	13 Y, 0 N, As CS	Moore	Harrington
3) State Affairs Committee	19 Y, 0 N	Rivera	Williamson

SUMMARY ANALYSIS

The Marvin B. Clayton Firefighters Pension Trust Fund Act, enacted to encourage uniformity among local firefighter retirement systems, incentivizes municipalities and fire districts to conform their retirement plans to statutory minimum benefits and standards by providing access to state tax revenue. These requirements include a normal retirement benefit calculated with a minimum 2.75 percent benefit accrual factor per year of credited service.

The West Palm Beach Firefighters Pension Fund (Plan) was created in 1947 by the Legislature and serves as the retirement system for West Palm Beach firefighters. As of September 30, 2018, the Plan has 208 active members, 98 retired members, and 111 members in the Deferred Retirement Option Program. The Plan's normal retirement benefit has a minimum benefit accrual factor of 2 percent per year of credited service. However, the actual factor applied is 3 percent, which is contingent on the Plan adopting and maintaining actuarial assumptions, including an 8 percent assumed investment return rate.

The Plan includes an appeals process for applicants who are denied benefits. Formal rules of evidence and procedure do not apply under this process, but hearings must comply with the essential requirements of due process and law. Applicants may seek judicial review of a final order in circuit court.

The bill increases the Plan's normal retirement minimum benefit accrual factor to meet the statutory minimum of 2.75 percent. The bill decreases the assumed investment return rate of the Plan from 8 percent to 7.5 percent to maintain the Plan's 3 percent benefit accrual factor. The bill also modifies the Plan's appeal process, allowing the plan administrator to record a hearing and maintain the recording in addition to the separate record maintained by the pension secretary, and extending the five-day deadline for board action after a hearing to an unspecified reasonable time.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida Protection of Public Employee Retirement Benefits Act

A government responsible for a publicly funded retirement or pension system may not increase benefits without an actuarially sound funding scheme.¹ The “Florida Protection of Public Employee Retirement Benefits Act” (Benefits Act)² sets minimum standards for operating and funding public retirement or pension systems.³ Special laws conflicting with the Benefits Act are prohibited.⁴

The Benefits Act requires the Department of Management Services (DMS) to review local government retirement systems for compliance with the act⁵ and to submit annual reports on local government retirement systems to the President of the Senate and the Speaker of the House of Representatives.⁶ Additionally, DMS cooperates with local governments on matters of mutual concern and provides technical assistance on assessments and revisions of local government retirement systems and plans.⁷

Local governments cannot change a retirement or pension plan benefit without submitting a statement of the actuarial impact of the proposed change to DMS.⁸ The statement must indicate that the proposed change complies with Art. X, s. 14 of the Florida Constitution and s. 112.64, F.S., pertaining to the administration of funds and the amortization of unfunded liability.⁹

Marvin B. Clayton Firefighters Pension Trust Fund Act

The “Marvin B. Clayton Firefighters Pension Trust Fund Act” (Clayton Act) encourages uniformity among local firefighter retirement plans.¹⁰ The Clayton Act provides municipalities and special fire control districts access to premium tax revenues for establishing firefighter retirement plans that conform to the Benefits Act.¹¹

The Department of Revenue collects premium tax revenue¹² through an excise tax on insurance companies, corporations, or insurers holding property insurance policies within the boundaries of a participating municipality or district.¹³ Each local government must set up a trust fund to receive the tax

¹ See art. X, s. 14, Fla. Const.; s. 112.62, F.S.

² Ch. 112, part VII, F.S.

³ S. 112.61, F.S. See also s. 112.62, F.S.; art. X, s. 14, Fla. Const. Provisions of the statute supplement existing laws and local ordinances relating to covered retirement plans but prevail where there is a conflict of law.

⁴ See s. 112.67, F.S., and art. III, s. 11(a)(21), Fla. Const.

⁵ S. 112.665(1)(f), F.S.

⁶ S. 112.665(1)(d), F.S.

⁷ S. 112.665(1)(c), F.S.

⁸ Ss. 112.63(3), 121.021(4) and (7), F.S.

⁹ S. 112.63(3), F.S.

¹⁰ See s. 175.021, F.S.

¹¹ Special fire control districts were included under the Clayton Act in 1993. See DMS, *Overview, Legislative History of Chapter 175/185 Program*, available at:

http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/municipal_police_and_fire_plans/overview (last visited Mar. 21, 2019).

¹² S. 175.121, F.S.

¹³ S. 175.101, F.S.

revenues,¹⁴ but these trust funds are also funded by employee contributions, mandatory municipal payments to keep the plans solvent, and any other lawful revenue source.¹⁵

The Clayton Act requires retirement plans to comply with statutory minimum benefits and standards. Minimum requirements under the Clayton Act include the use of a benefit formula providing at least a 2.75 percent retirement benefit for each year of service for full-time firefighters,¹⁶ a 10-year vesting period for normal retirement eligibility,¹⁷ and a five-member board of trustees (board) to govern the plan.¹⁸

The Clayton Act requires the board to exercise powers and duties by majority vote.¹⁹ The board has the sole and exclusive responsibility to administer and operate the trust fund and carry out the provisions of the Clayton Act, but cannot modify retirement plan provisions without municipal or district approval.²⁰ Board actions on retirement claims are final if the board complies with its own rules and regulations.²¹

West Palm Beach Firefighters Pension Fund

The West Palm Beach Firefighters Pension Fund (Plan) was created in 1947 by special act of the Legislature²² and was most recently amended in 2015.²³ As of September 30, 2018, the Plan has 208 active members, 98 retired members, and 111 members in the Deferred Retirement Option Program.²⁴ The Plan's normal retirement age is either 55 with 10 years of credited service, 50 with 15 or more years of service, or any age with 26 years of credited service.²⁵

For plan members actively employed on or after October 1, 2003, the Plan's normal retirement benefit is based on a minimum benefit accrual factor of 2 percent per year of credited service. For firefighters retiring after May 13, 2012, the actual benefit accrual factor is 3 percent. For firefighters retiring on or before May 13, 2012, the actual benefit accrual factor was 4 percent.²⁶ The current 3 percent benefit accrual factor is contingent on the Plan maintaining certain actuarial assumptions,²⁷ including an 8 percent assumed investment rate of return.²⁸

The Plan allows applicants who have been denied benefits to appeal the denial within 20 days, and requires the Board to hold a hearing within 45 days of the request.²⁹ Hearing procedures must comply with the essential requirements of due process and law, but formal rules of evidence and civil procedure do not apply to the proceedings.³⁰ Hearings must be recorded and maintained by the pension secretary, and the Board must overturn or finalize the denial within five days of the first

¹⁴ S. 175.041, F.S.

¹⁵ S. 175.091(1)(a)-(g), F.S.

¹⁶ S. 175.162, F.S.

¹⁷ S. 175.162(1)-(2), F.S. *See also* DMS, *Overview, Legislative History of Chapter 175/185 Program*, available at: http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/municipal_police_and_fire_plans/overview (last visited Mar. 21, 2019).

¹⁸ S. 175.061(1), F.S.

¹⁹ S. 175.071, F.S. Two members of the board of trustees are chosen by the municipality or district, two members are chosen by a majority of covered firefighters, and the last is elected by the other trustees to serve two- or four-year terms. S. 175.061(1)(a), F.S. There is no limit on the number of terms a board member may serve.

²⁰ *Id.*

²¹ S. 175.071(3), F.S.

²² Ch. 24981, Laws of Fla. (1947), as amended.

²³ Ch. 2015-195, Laws of Fla.

²⁴ DMS, "2018 Local Government Annual Report," Appendix F, p. 16, available at https://www.rol.frs.state.fl.us/forms/Appendix_F.pdf (last visited on Mar. 21, 2019) (hereinafter DMS Local Government Report).

²⁵ Ch. 24981, s. 17(5), Laws of Fla., as amended by ch. 2004-462, s. 1, Laws of Fla.

²⁶ Ch. 24981, s. 17(5)(a)2., Laws of Fla., as amended by ch. 2012-260, s. 1, Laws of Fla.

²⁷ Ch. 24981, s. 17(5)(a)3., Laws of Fla., as amended by ch. 2012-260, s. 1, Laws of Fla.

²⁸ Ch. 24981, s. 17(22), Laws of Fla., as amended by ch. 2015-195, s. 1, Laws of Fla.

²⁹ Ch. 24981, s. 17(15), Laws of Fla. (1947), as amended by ch. 2012-260, s. 1, Laws of Fla.

³⁰ *Id.*

hearing.³¹ Applicants may seek judicial review of a final order in circuit court by filing a petition for writ of certiorari within 30 days.³²

Effect of Proposed Changes

The bill increases the Plan's minimum normal retirement benefit accrual factor to the statutory minimum of 2.75 percent per credited year of service. This increase does not appear to create retroactive benefits for firefighters that retired after October 1, 2003, because the increase is lower than the actual benefit accrual factors in place before and after May 31, 2012.

The bill also decreases the assumed investment return rate of the Plan from 8 percent to 7.5 percent retroactively, beginning October 1, 2018, to maintain the Plan's 3 percent accrual factor. The bill modifies the Plan's review procedures to:

- Allow the plan administrator, in addition to the pension secretary, to record a hearing and maintain the recording; and
- Change the deadline for board action after any hearing to a reasonable time, instead of a five-day limit.

B. SECTION DIRECTORY:

Section 1. Amends ch. 24981, Laws of Fla. (1947), as amended, to conform the normal retirement benefit accrual factor to the statutory minimum, decrease the assumed investment rate of return, and modify review procedures for claim denials.

Section 2. Provides that the bill will take effect upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 20, 2018

WHERE? *The Palm Beach Post*, Palm Beach County, Florida

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

³¹ Ch. 24981, s. 17(15)(c)-(d), Laws of Fla. (1947), as amended by ch. 2012-260, s.1, Laws of Fla.

³² Ch. 24981, s. 17(15)(g), Laws of Fla. (1947), as amended by ch. 2012-260, s. 1, Laws of Fla. *See* Fla. R. App. P. 9.030(c).

B. RULE-MAKING AUTHORITY:

The bill neither provides authority nor requires rulemaking by executive branch agencies.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 12, 2019, the Local, Federal & Veterans Affairs Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removes a provision requiring judicial deference to the Board's legal interpretation of the special act governing the Plan and specifies the adjusted assumed investment rate of return will apply retroactively as of October 1, 2018.

On March 20, 2019, the Oversight, Transparency & Public Management adopted one amendment and reported the bill favorably as a committee substitute. The amendment corrected a scrivener's error in the bill.

This analysis is drafted to the committee substitute as approved by the Oversight, Transparency & Public Management Subcommittee.

HOUSE OF REPRESENTATIVES

2019 - 2020 LOCAL BILL CERTIFICATION FORM

BILL #: _____

SPONSOR(S): Rep. Matt Willhite

RELATING TO: West Palm Beach Firefighters' Pension Fund
[Indicate Area Affected (City, County, or Special District) and Subject]

NAME OF DELEGATION: Palm Beach County

CONTACT PERSON: Christine Shaw

PHONE NO.: 561-818-8833 **E-Mail:** CShaw1@pbcgov.org

- I. *House local bill policy requires the following steps must occur before a committee or subcommittee of the House considers a local bill:*
- (1) *The members of the local legislative delegation must certify that the purpose of the bill cannot be accomplished at the local level;*
 - (2) *The legislative delegation must hold a public hearing in the area affected for the purpose of considering the local bill issue(s);*
 - (3) *The bill must be approved by a majority of the legislative delegation, or a higher threshold if so required by the rules of the delegation, at the public hearing or at a subsequent delegation meeting; and*
 - (4) *An Economic Impact Statement for local bills must be prepared at the local level and filed with the Clerk of the House. Under House policy, a local bill will not be considered by a committee or subcommittee without an Economic Impact Statement.*

(1) Does the delegation certify the purpose of the bill cannot be accomplished by ordinance of a local governing body without the legal need for a referendum?

YES NO

Brief Explanation as to why the purpose of the bill cannot be accomplished at the local level:

The agreed upon amendment to the pension plan cannot be accomplished locally as the pension plan is a creation of the Florida Legislature.

(2) Did the delegation conduct a public hearing on the subject of the bill?

YES NO

Date hearing held: December 6, 2018

Location: Green Cay Nature Center in Boynton Beach

(3) Was this bill formally approved by a majority of the delegation members?

YES NO UNANIMOUSLY APPROVED

(4) Was an Economic Impact Statement prepared at the local level and filed with the Clerk of the House?

YES NO

II. *Article III, Section 10 of the State Constitution prohibits passage of any special act unless notice of intention to seek enactment of the bill has been published as provided by general law (s. 11.02, F. S.) or*

the act is conditioned to take effect only upon approval by referendum vote of the electors in the area affected.

Has this constitutional notice requirement been met?

Notice published: YES NO DATE 12/20/18

Where? The Palm Beach Post County Palm Beach County

Referendum in lieu of publication: YES NO

Date of Referendum

III. *Article VII, section 9(b) of the State Constitution prohibits passage of any bill creating a special taxing district, or changing the authorized millage rate for an existing special taxing district, unless the bill subjects the taxing provision to approval by referendum vote of the electors in the area affected.*

(1) Does the bill create a special district and authorize the district to impose an ad valorem tax?

YES NO

(2) Does this bill change the authorized ad valorem millage rate for an existing special district?

YES NO

If the answer to question (1) or (2) is YES, does the bill require voter approval of the ad valorem tax provision(s)?

YES NO

Please file this completed, original form with the Clerk of the House.



Delegation Chair (Original Signature)

1/9/19

Date

Rep. Matt Willhite

Printed Name of Delegation Chair

**HOUSE OF REPRESENTATIVES
2019 ECONOMIC IMPACT STATEMENT FORM**

Read all instructions carefully.

House local bill policy requires that no local bill will be considered by a committee or a subcommittee without an Economic Impact Statement. This form must be prepared by an individual who is qualified to establish fiscal data and impacts and has personal knowledge of the information given (for example, a chief financial officer of a particular local government). Please file this completed, original form with the Clerk of the House as soon as possible after a bill is filed. Additional pages may be attached as necessary.

BILL #:	HB 901
SPONSOR(S):	Rep. Matt Willhite
RELATING TO:	West Palm Beach Firefighters' Pension Fund

[Indicate Area Affected (City, County or Special District) and Subject]

Check if this is a revised Economic Impact Statement

I. REVENUES:

These figures are new revenues that would not exist but for the passage of the bill. The term "revenue" contemplates, but is not limited to, taxes, fees and special assessments. For example, license plate fees may be a revenue source. If the bill will add or remove property or individuals from the tax base, include this information as well.

	FY 19-20	FY 20-21
Revenue decrease due to bill:	\$ 0	\$ 0
Revenue increase due to bill:	\$ 0	\$ 0

II. COST:

Include all costs, both direct and indirect, including start-up costs. If the bill repeals the existence of a certain entity, state the related costs, such as satisfying liabilities and distributing assets.

Expenditures for Implementation, Administration and Enforcement:

	FY 19-20	FY 20-21
	\$ (10,953)	\$ (11,048)

Please include explanations and calculations regarding how each dollar figure was determined in reaching total cost.

See attached Actuarial Impact Statement and Actuarial Cost Estimate with cover letter dated November 9, 2018. The dollar figure for FY 20-21 was increased from the FY 19-20 dollar figure by the difference in the wage inflation assumptions.

III. FUNDING SOURCE(S):

State the specific sources from which funding will be received, for example, license plate fees, state funds, borrowed funds, or special assessments.

If certain funding changes are anticipated to occur beyond the following two fiscal years, explain the change and at what rate taxes, fees or assessments will be collected in those years.

	<u>FY 19-20</u>	<u>FY 20-21</u>
Local:	\$ (10,953)	\$ (11,048)
State:	\$ 0	\$ 0
Federal:	\$ 0	\$ 0

IV. ECONOMIC IMPACT:

Potential Advantages:

Include all possible outcomes linked to the bill, such as increased efficiencies, and positive or negative changes to tax revenue. If an act is being repealed or an entity dissolved, include the increased or decreased efficiencies caused thereby.

Include specific figures for anticipated job growth.

1. Advantages to Individuals:	Clarification of administrative processes; reduced assumed rate; and implementation of minimum benefit per statute
2. Advantages to Businesses:	None
3. Advantages to Government:	Clarification of administrative processes; reduced assumed rate; and cost savings due to assumption changes

Potential Disadvantages:

Include all possible outcomes linked to the bill, such as inefficiencies, shortages, or market changes anticipated.

Include reduced business opportunities, such as reduced access to capital or training.

State any decreases in tax revenue as a result of the bill.

1. Disadvantages to Individuals:

None

2. Disadvantages to Businesses:

None

3. Disadvantages to Government:

None

V. DESCRIBE THE POTENTIAL IMPACT OF THE BILL ON PRESENT GOVERNMENTAL SERVICES:

None


VI. SPECIFIC DATA USED IN REACHING ESTIMATES:

Include the type(s) and source(s) of data used, percentages, dollar figures, all assumptions made, history of the industry/issue affected by the bill, and any audits.

See attached Actuarial Impact Statement and Actuarial Cost Estimate with cover letter dated November 9, 2018. The dollar figure for FY 20-21 was increased from the FY 19-20 dollar figure by the difference in the wage inflation assumptions.

VII. CERTIFICATION BY PREPARER

I hereby certify I am qualified to establish fiscal data and impacts and have personal knowledge of the information given. I have reviewed all available financial information applicable to the substance of the above-stated local bill and confirm the foregoing Economic Impact Statement is a true and accurate estimate of the economic impact of the bill.

PREPARED BY: 
[Must be signed by Preparer]

Print preparer's name: **Brad Lee Armstrong**

January 3, 2019
Date

TITLE (such as Executive Director, Actuary, Chief Accountant, or Budget Director):

Actuary

REPRESENTING: **West Palm Beach Firefighters' Pension Fund**

PHONE: **1-800-521-0498**

E-MAIL ADDRESS: **Brad.Armstrong@grsconsulting.com**



November 9, 2018

Ms. Bonni S. Jensen, Esq.
Klausner, Kaufman, Jensen & Levinson
7080 N.W. 4th Street
Plantation, Florida 33317

Re: West Palm Beach Firefighters Pension Fund Impact Statement and Actuarial Cost Estimate

Dear Bonni,

Enclosed is the Actuarial Impact Statement and Actuarial Cost Estimate for the amendments to the Special Act. A copy of each and the amendments should be forwarded to all appropriate parties in Tallahassee, including the Division of Retirement, Bureau of Local Retirement Systems for approval pursuant to Chapter 112, Florida Statutes.

The purpose of this report is to describe the financial effect of the proposed plan changes. This report should not be relied on for any purpose other than the purpose.

The calculations in this report are based upon information furnished by the plan administrator for the September 30, 2017 actuarial valuation and the Experience Study dated May 31, 2018 concerning benefit provisions, financial data, and member data for actives, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the plan administrator.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report. 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; changes in economic or demographic assumptions; 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. 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.

Ms. Bonni S. Jensen, Esq.
November 9, 2018
Page 2

In the event that more than one plan change is being considered, it is very 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 the changes. The total can be considerably greater than the sum of the parts due to the interaction of the various plan provisions with each other, and with the assumptions that must be used.

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 signing actuaries are 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 September 30, 2017 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.

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, MAAA, FCA

BLA:bd
Enclosures

cc: Ms. Audrey Ross, Plan Administrator



**West Palm Beach Firefighters Pension Fund
Actuarial Impact Statement – November 9, 2018**

Description of Amendments

The Special Act shall be modified as follows:

- In all cases, a member is entitled to at least 2.75 percent per year of credited service.
- Regarding review procedures:
 - A tape recording of a hearing is to be taped and maintained as part of the official files of the Board of Trustees by the pension's secretary or plan's Administrator.
 - Within a reasonable period after the hearing, the Board shall either grant the pension benefits by overturning the proposed order by a majority vote, or deny the benefits and approve the proposed order as a final order after making any changes in the order the Board feels is necessary.
 - In reviewing the Board's decision, the court or administrative agency shall defer to the Board's interpretation of this special act.
- Effective October 1, 2018, the assumed investment rate of return shall be 7.5 percent.

Funding Implications of Amendments

An actuarial cost estimate for the amendments is attached.



West Palm Beach Firefighters Pension Fund
Actuarial Impact Statement – November 9, 2018

Certification of Administrator

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

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



Plan Administrator
West Palm Beach Firefighters Pension Fund



**West Palm Beach Firefighters Pension Fund
Actuarial Impact Statement – November 9, 2018**

Description of Proposed Amendments

The Special Act shall be modified as follows:

- In all cases, a member is entitled to at least 2.75 percent per year of credited service.
- Regarding review procedures:
 - A tape recording of a hearing is to be taped and maintained as part of the official files of the Board of Trustees by the pension's secretary or plan's Administrator.
 - Within a reasonable period after the hearing, the Board shall either grant the pension benefits by overturning the proposed order by a majority vote, or deny the benefits and approve the proposed order as a final order after making any changes in the order the Board feels is necessary.
 - In reviewing the Board's decision, the court or administrative agency shall defer to the Board's interpretation of this special act.
- Effective October 1, 2018, the assumed investment rate of return shall be 7.5 percent.

Data and Actuarial Assumptions

The data and assumptions used for the cost estimate were the same as those used for the September 30, 2017 actuarial valuation and the Experience Study dated May 31, 2018.



**West Palm Beach Firefighters Pension Fund
Actuarial Impact Statement – November 9, 2018**

Contribution Implications of the Amendments

	<u>Before Amendment</u>	<u>After Amendment</u>	<u>Change</u>
Normal Cost	22.18 %	21.85 %	(0.33) %
Payment to Amortize Unf'd Act. Accr. Liab.	34.58	37.55	2.97
FS112.64(5) Compliance	5.71	3.66	(2.05)
Administrative Expenses	0.55	0.55	0.00
Total	<u>63.02 %</u>	<u>63.61 %</u>	<u>0.59 %</u>
Less Member Portion	13.10	13.10	0.00
Less Chapter 175 Portion	0.00	0.00	0.00
City Portion	<u>49.92 %</u>	<u>50.51 %</u>	<u>0.59 %</u>
City Dollars	\$ 9,421,022	\$ 9,410,069	\$ (10,953)

Allocation of Contribution Increase

To Member	0.00 %	\$ -
To City	0.59	(10,953)
To Chapter 175	0.00	-

Comments

Due to other assumption changes that were made at the same time as the reduction in the assumed rate of return, the City did not have an increase in City contributions. As a result, there was no change necessary to the 3% accrual factor in subsection (5) (a) 2. Please refer to the 2012-2017 Experience Study dated May 31, 2018 for further details on other assumption changes.



West Palm Beach Firefighters Pension Fund
Actuarial Impact Statement – November 9, 2018

Actuarial Present Values (thousands of dollars)

	<u>Before</u>		<u>After</u>		<u>Change</u>
	Amendment		Amendment		Change
Actuarial Present Value (APV) for:					
Retirees & beneficiaries (includes DROP accounts)	\$ 180,554	\$	184,098	\$	3,544
Vested terminated members	-		-		-
 Active members					
Service pension	\$ 93,093	\$	96,340	\$	3,247
Vested term pension	2,279		2,489		210
Disability pension	5,938		3,122		(2,816)
Survivor pension (pre-retirement)	2,144		2,401		256
Survivor pension (post-retirement)	6,358		6,597		239
Termination refunds	421		434		13
Share Accounts	34,736		34,736		-
Total - Active members	\$ 144,970	\$	146,118	\$	1,148
 Total APV of Prospective Benefits	\$ 325,525	\$	330,216	\$	4,692
 Actuarial Accrued Liability	283,795		289,014		5,219
 Unfunded Actuarial Accrued Liability	81,732		86,951		5,219
 APV of Member Future Salary	188,988		189,126		137
 APV of Member Future Contributions	24,757		24,775		18

Totals may not add due to rounding.

 11/9/2018
 Brad Lee Armstrong, ASA, MAAA, EA, FCA [17-5614]

