

December 4, 2019

Pompano Beach Police & Firefighters' Retirement System
Board of Trustees
c/o Debra Tocarchick, Executive Director
2335 E. Atlantic Blvd., Suite 400
Pompano Beach, FL 33062

Actuarial Impact Statement: Ground Zero Service-Incurred Disability

Dear Board Members:

The purpose of this letter is to provide the Actuarial Impact Statement for changes to the Pompano Beach Police & Firefighters' Retirement Plan ("Plan"). Section 112.63(3) of the Florida Statutes specifies that an actuarial impact statement is to be issued before a change to retirement benefits is adopted and that a copy of such statement is to be forwarded to the Division of Retirement. It is our understanding that the City of Pompano Beach is considering amending section 34.057, concerning disability benefits, to allow for a 9/11 service-incurred disability determination.

Based on the language in the proposed ordinance, any member who is deemed disabled as a result of 9/11 Ground Zero service shall be eligible to change his or her retirement status from the elected Normal Retirement benefit to a Service Connected Disability Retirement, with benefits equal to 75% of the participants' monthly earnings in effect on the date of his or her Normal Retirement.

From discussions with staff, it is our understanding that only two members would be affected by this language, and one of those members is not currently exhibiting signs of disability. The other member is currently receiving a monthly benefit which is slightly larger than the 75% of his final monthly earnings at the date of Normal Retirement. If he were to elect the status change, it is our understanding that the pension fund would be obligated to pay a lower monthly benefit going forward. According to data provided by staff, the net change would be roughly \$53 per month; it is our opinion that this difference is immaterial in terms of the plan's total measured liability and contribution obligation. We believe there would be no additional funding requirements under Section 112.64 or Section 14 of Article X resulting from the proposed change.

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There may be tax-related or legal implications associated with this change which are outside of our area of expertise. We would advise consulting outside counsel if there are any questions or concerns.

In our opinion this change is in compliance with Section 14, Article X of the State Constitution and with Section 112.64 Florida Statutes.

Sincerely,

A handwritten signature in black ink that reads "Lawrence Watts, Jr." with a stylized flourish at the end.

Lawrence Watts, Jr., FSA, CFA, EA, MAAA
Actuary

cc: Paul O'Connell, Chairman (poconnell@wmpd.org)