

July 28, 2023

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:

Dear Board Members:

The purpose of this letter is to provide an 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:

1. An amendment to Section 34.0571, concerning Internal Revenue Code compliance, to update language related to the legislated change in the Required Beginning Date under the Setting Every Community Up for Retirement Enhancement ("SECURE") Act;
2. An amendment to Section 34.059, concerning the Accrued Benefit, to change the vesting amount from ten to seven years; and
3. An amendment to Section 34.050(B), concerning the Conditions of Eligibility, to clarify the language related to the purchase of prior service for rehires.

Based on the October 1, 2022 valuation and assumptions, we estimate that the net effect of the updates to the pension plan would be no material change to the liability or calculated contributions. According to our data, there are currently no terminated vested participants approaching their required beginning dates. To our knowledge, no retirees or participants have ever approached this date before beginning benefits, so we do not believe it to be a major concern in practice. The seven-year vesting cliff was already valued in the most recent valuation report, based on our previous understanding of the ordinances. Therefore, these changes would not have a material impact on the plan's calculated liabilities or contributions.

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As we have noted in the past, the prior service purchase provision, depending on the particulars of an individual's situation at the time of rehire, could result in a cost to the plan. The clarification detailed in the proposed amendment theoretically opens the door for people who would not have otherwise been eligible to repurchase service to take advantage of this opportunity. That said, it is our understanding that the amendment merely reflects intended administrative practice. We do not currently assume that previously terminated employees will be rehired (or repurchase service), and thus this provision will not have a measurable impact on our recommend contribution or calculated liabilities.

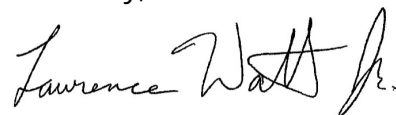
This analysis has been prepared in accordance with generally accepted actuarial principles and practice. Future actuarial measurements may differ significantly from the current measurements presented in this analysis due to such factors as the following:

- 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; and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. The undersigned is compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

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,



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