

May 27, 2020

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: SECURE Act

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, in order to update language related to the legislated change in the Required Beginning Date from 70½ to 72 under the Setting Every Community Up for Retirement Enhancement ("SECURE") Act; and
2. An amendment to Section 34.0603, concerning the Deferred Retirement Option Plan (DROP), to lower the quarterly fee charged to participant balances to cover administrative expenses, from 0.75% annually to 0.60% annually.

Based on the October 1, 2019 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. It is our understanding that the DROP administrative expenses are an adjustment to reflect actual costs; these changes would not have a material impact on the plan.

Board of Trustees  
Pompano Beach Police & Firefighters' Retirement System  
Re: Actuarial Impact Statement  
May 27, 2020  
Page 2

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, appearing to read "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)