

July 8, 2021

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:

An amendment to Section 34.053 concerning an early retirement incentive for employees hired after March 1, 2015 who have attained age 55 and 6 years of service as of August 1, 2021. The eligible employees will be entitled to make an election by July 31, 2021 to commence an unreduced retirement benefit on August 1, 2021.

For the purposes of estimating the impact of this change, we have presumed eligible participants will elect to retire on August 1, 2021. All other assumptions remained as published in the October 1, 2020 valuation report.

**Early Retirement Incentive Allowing Eligible Employees Unreduced Retirement on August 1, 2021**

The estimated impact of the early retirement incentive, as previously described, is detailed below:

	10/1/2020 Valuation	10/1/2020 Actuarial Impact Statement
Entry Age Accrued Liability	\$342,655,039	\$342,727,182
Actuarial Value of Assets	234,435,540	234,435,540
Unfunded Actuarial Accrued Liability (UAAL)	\$108,219,499	\$108,291,642
Net Normal Cost	\$2,910,472	\$2,919,178
Administrative Expenses	613,939	613,939
Amortization of UAAL	9,226,291	9,231,569
Applicable Interest	930,802	931,822
Total required contribution	\$13,681,504	\$13,696,508
Expected non-employer contributions	1,973,481	1,973,481
Total recommended contribution	\$11,708,023	\$11,723,027

<b>Change in accrued liability</b>	<b>\$72,143</b>
<b>Change in recommended contribution</b>	<b>\$15,004</b>

The increase in the recommended contribution is due to any impacted employees beginning to receive benefit payments in 2021 rather than further in the future based on the retirement eligibility and assumptions used in the October 1, 2020 valuation.

Please note that if any eligible employees do not retire as assumed, the ultimate value of benefits may be higher or lower than presented in this letter.

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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 are 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,

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