

CITY OF TAMPA
GENERAL EMPLOYEES' PENSION PLAN
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 21, 2024

Board of Trustees
City of Tampa
General Employees' Pension Board

Re: City of Tampa General Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Tampa General Employees' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Tampa, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the

information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.


The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Tampa, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.


If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

By: 

Lindsey E. Redman, ASA, EA, MAAA
Enrolled Actuary #23-9001

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Tampa General Employees' Pension Plan, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2023 <u>9/30/2025</u>	10/1/2022 <u>9/30/2024</u>
Minimum Required Contribution % of Projected Annual Payroll	15.6%	13.4%
Member Contributions (Est.) % of Projected Annual Payroll	0.0%	0.0%
City Required Contribution % of Projected Annual Payroll	15.6%	13.4%

The Minimum Required Contribution reflects an increase compared to the results set forth in the October 1, 2022 actuarial valuation report. The increase is attributable to a decrease in the assumed rate of investment return from 7.25% to 7.00%, resulting in an increase in the actuarial accrued liability of \$26.3 million. In addition, there was unfavorable experience on the basis of the Plan’s actuarial assumptions. Sources of actuarial loss included an average salary increase of 20.15% which exceeded the 4.50% assumption and an investment return of 3.83% (Actuarial Asset Basis) which fell short of the 7.25% assumption. These losses were offset in part by a gain associated with inactive mortality experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

The investment return assumption was decreased from 7.25% to 7.00% per year compounded annually, net of investment expenses.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2023</u>	Old Assump <u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data			
Actives	2,680	2,680	2,601
Service Retirees	1,701	1,701	1,681
DROP Retirees	174	174	178
Beneficiaries	471	471	480
Disability Retirees	72	72	73
Terminated Vested	<u>614</u>	<u>614</u>	<u>621</u>
 Total	 5,712	 5,712	 5,634
 Projected Annual Payroll	 227,984,606	 227,984,606	 190,927,905
 Annual Rate of Payments to:			
Service Retirees	43,024,277	43,024,277	42,485,893
DROP Retirees	4,451,341	4,451,341	4,440,859
Beneficiaries	7,415,152	7,415,152	7,286,527
Disability Retirees	1,117,073	1,117,073	1,112,139
Terminated Vested	5,989,344	5,989,344	5,938,980
 B. Assets			
Actuarial Value (AVA) ¹	797,770,711	797,770,711	796,121,807
Market Value (MVA) ¹	745,146,853	745,146,853	695,720,510
 C. Liabilities			
 Present Value of Benefits			
Actives			
Retirement Benefits	408,520,474	389,773,685	329,521,557
Disability Benefits	19,863,695	19,024,447	17,157,299
Death Benefits	4,542,998	4,390,343	3,743,632
Vested Benefits	27,370,003	25,400,593	21,555,706
Service Retirees	468,179,732	458,892,005	458,642,687
DROP Retirees ¹	69,342,219	68,037,975	66,355,774
Beneficiaries	67,528,486	66,298,396	65,286,767
Disability Retirees	12,222,131	11,950,104	11,677,200
Terminated Vested	<u>48,313,137</u>	<u>46,454,667</u>	<u>45,518,772</u>
 Total	 1,125,882,875	 1,090,222,215	 1,019,459,394

C. Liabilities - (Continued)	New Assump <u>10/1/2023</u>	Old Assump <u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	1,786,928,946	1,759,472,295	1,481,639,979
Present Value of Future Member Contributions	9,314	9,306	16,015
Normal Cost (Retirement)	12,322,785	11,588,088	9,821,774
Normal Cost (Disability)	785,505	746,308	681,809
Normal Cost (Death)	219,649	212,113	184,425
Normal Cost (Vesting)	<u>2,216,759</u>	<u>2,061,391</u>	<u>1,721,795</u>
Total Normal Cost	15,544,698	14,607,900	12,409,803
Present Value of Future Normal Costs	118,878,197	109,518,092	92,787,322
Accrued Liability (Retirement)	317,142,250	305,539,128	258,418,677
Accrued Liability (Disability)	13,413,328	13,008,352	11,671,374
Accrued Liability (Death)	2,862,698	2,795,689	2,365,340
Accrued Liability (Vesting)	8,000,697	7,727,807	6,735,481
Accrued Liability (Inactives) ¹	<u>665,585,705</u>	<u>651,633,147</u>	<u>647,481,200</u>
Total Actuarial Accrued Liability (EAN AL)	1,007,004,678	980,704,123	926,672,072
Unfunded Actuarial Accrued Liability (UAAL)	209,233,967	182,933,412	130,550,265
Funded Ratio (AVA / EAN AL)	79.2%	81.3%	85.9%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2023</u>	Old Assump <u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits			
Inactives ¹	665,585,705	651,633,147	647,481,200
Actives	211,933,897	204,124,589	183,588,528
Member Contributions	<u>169,812</u>	<u>169,812</u>	<u>296,040</u>
Total	877,689,414	855,927,548	831,365,768
Non-vested Accrued Benefits	<u>10,297,607</u>	<u>9,960,776</u>	<u>9,533,019</u>
Total Present Value			
Accrued Benefits (PVAB)	887,987,021	865,888,324	840,898,787
Funded Ratio (MVA / PVAB)	83.9%	86.1%	82.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	22,098,697	0	
Plan Experience	0	20,344,467	
Benefits Paid	0	(54,349,908)	
Interest	0	58,994,978	
Other	<u>0</u>	<u>0</u>	
Total	22,098,697	24,989,537	

	New Assump	Old Assump	
Valuation Date	10/1/2023	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2025</u>	<u>9/30/2024</u>

E. Pension Cost

Normal Cost (with interest)			
% of Projected Annual Payroll ²	7.1	6.6	6.7
Administrative Expenses (with interest)			
% of Projected Annual Payroll ²	0.3	0.3	0.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2023, with interest)			
% of Projected Annual Payroll ²	8.2	7.4	6.4
Minimum Required Contribution			
% of Projected Annual Payroll ²	15.6	14.3	13.4
Expected Member Contributions			
% of Projected Annual Payroll ²	0.0	0.0	0.0
Expected City Contribution			
% of Projected Annual Payroll ²	15.6	14.3	13.4

F. Past Contributions

Plan Years Ending:	<u>9/30/2023</u>
Total Required Contribution	27,474,106
City Requirement	27,458,133
Actual Contributions Made:	
Members (excluding buyback)	15,973
City	<u>27,458,133</u>
Total	27,474,106

G. Net Actuarial (Gain)/Loss 57,486,511

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023 and 9/30/2022.

² Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of \$227,984,606.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	209,233,967
2024	204,576,313
2025	200,045,905
2031	166,487,963
2037	116,126,540
2042	55,366,444
2048	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	20.15%	4.50%
Year Ended 9/30/2022	8.87%	4.63%
Year Ended 9/30/2021	5.85%	4.63%
Year Ended 9/30/2020	9.55%	4.62%
Year Ended 9/30/2019	11.19%	4.63%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

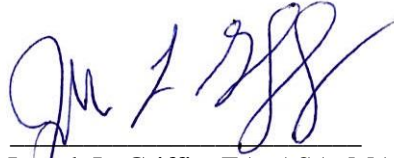
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2023	11.40%	3.83%	7.25%
Year Ended 9/30/2022	-15.31%	4.39%	7.25%
Year Ended 9/30/2021	21.09%	9.88%	7.50%
Year Ended 9/30/2020	8.58%	7.53%	7.65%
Year Ended 9/30/2019	12.35%	9.25%	7.80%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	\$227,984,606
	1/1/2014	129,775,717
(b) Total Increase		75.68%
(c) Number of Years		9.75
(d) Average Annual Rate		5.95%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Joseph L. Griffin, EA, ASA, MAAA
Enrolled Actuary #23-6938

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

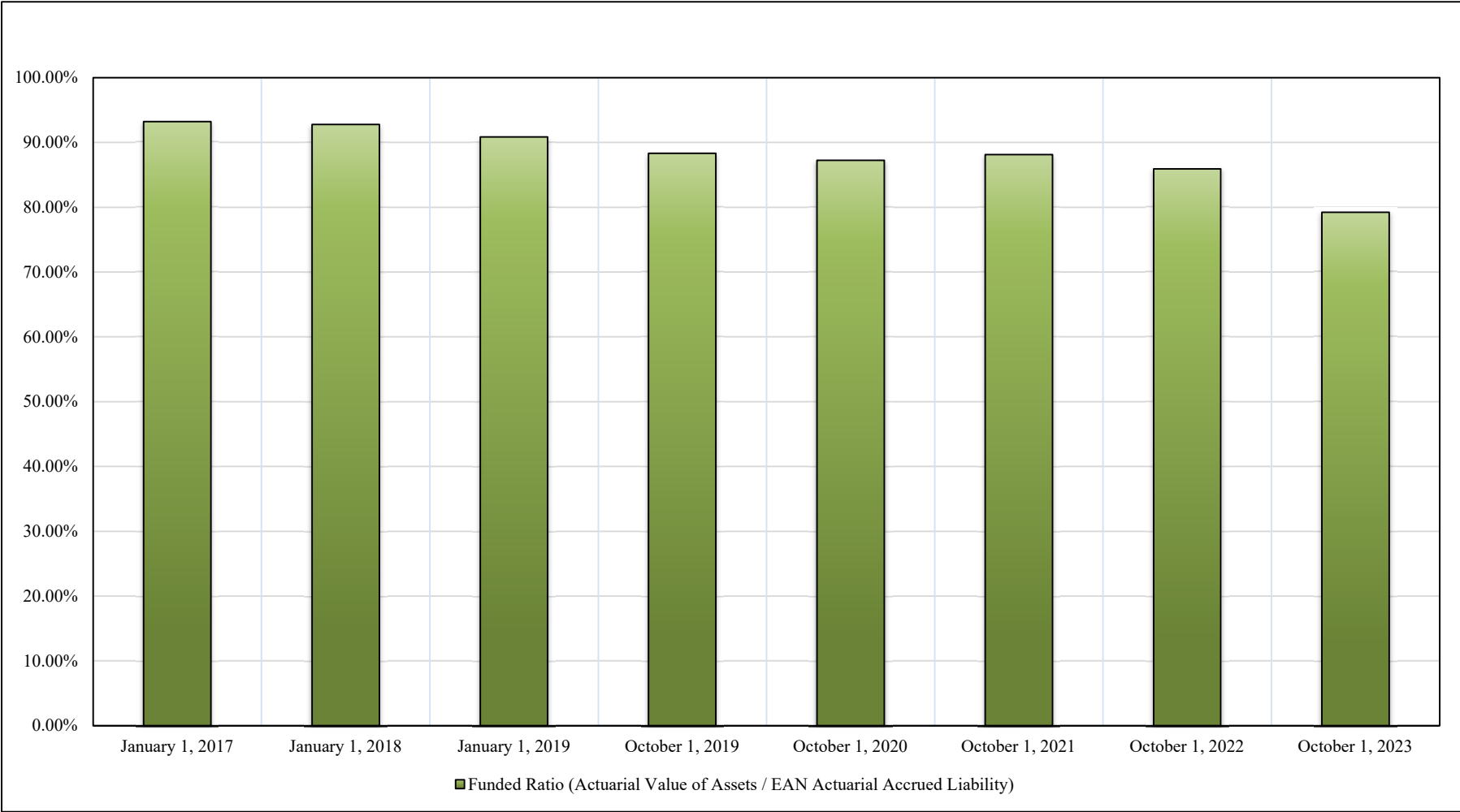
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	\$130,550,265
(2)	Sponsor Normal Cost developed as of October 1, 2022	12,393,830
(3)	Expected administrative expenses for the year ended September 30, 2023	572,110
(4)	Expected interest on (1), (2) and (3)	10,384,186
(5)	Sponsor contributions to the System during the year ended September 30, 2023	27,458,133
(6)	Expected interest on (5)	995,357
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	125,446,901
(8)	Change to UAAL due to Assumption Change	26,300,555
(9)	Change to UAAL due to Actuarial (Gain)/Loss	57,486,511
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	209,233,967

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2023 Amount</u>	<u>Amortization Amount</u>
Benefit Change	1/1/2006	1.25	706,181	569,682
Asmp/Mthd Change	1/1/2019	20	70,793,929	6,245,277
Actuarial Loss	10/1/2019	21	2,503,716	215,949
Assump Change	10/1/2019	21	11,618,225	1,002,088
Actuarial Loss	10/1/2020	22	2,578,339	217,847
Assump Change	10/1/2020	22	12,171,808	1,028,413
Actuarial Gain	10/1/2021	23	(22,426,650)	(1,859,398)
Assump Change	10/1/2021	23	21,887,500	1,814,697
Actuarial Loss	10/1/2022	24	25,613,853	2,087,147
Actuarial Loss	10/1/2023	25	57,486,511	4,610,231
Assump Change	10/1/2023	25	26,300,555	2,109,219
			209,233,967	18,041,152

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	\$130,550,265
(2) Expected UAAL as of October 1, 2023	125,446,901
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	26,777,976
Salary Increases	38,179,678
Active Decrements	2,247,103
Inactive Mortality	(11,517,362)
New Hires/Rehires	232,617
Other	<u>1,566,499</u>
Increase in UAAL due to (Gain)/Loss	57,486,511
Assumption Changes	<u>26,300,555</u>
(4) Actual UAAL as of October 1, 2023	\$209,233,967

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubG.H-2010 (Above Median) for Employees.

Male: PubG.H-2010 for Employees, set back one year.

Healthy Retiree Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward 3 years.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.00% (prior year 7.25%) per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Administrative Expenses

\$558,533 annually, based on the average of actual expenses incurred in the prior two fiscal years, excluding implementation expenses for the new administration system.

Inflation

2.50% annually.

Marital Assumptions

70% of active males and 55% of active females are assumed to be married, with males 3 years older than females. To reflect the impact of remarriage, Division A members are valued assuming a 73.63% survivor annuity for active, vested terminated, retired and disabled participants, and 99.16% of the actual monthly benefit for beneficiaries currently in receipt.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Salary Increases

Rates of salary increases are shown below. The assumed salary increase rates are supported by an actuarial experience study dated September 10, 2018.

<u>Age</u>	<u>Salary Increase</u>	<u>Age</u>	<u>Salary Increase</u>
< 20	10.0%	45-49	4.5%
20-24	9.0	50-54	4.0
25-29	8.0	55-59	3.5
30-34	7.0	60-64	3.0
35-39	6.0	65+	2.5
40-44	5.0		

Retirement Rates

Rates of retirement are shown below. The assumed rates of retirement for Division B are based on an actuarial experience study dated September 10, 2018.

Division A:

<u>Age</u>	<u>Retirement Rates</u>	<u>Age</u>	<u>Retirement Rates</u>
55	95%	61	70%
56	85	62	90
57	40	63	10
58	50	64	10
59	20	65	70
60	60	66+	100

Division B:

<u>Age</u>	<u>Retirement Rates</u>	<u>Age</u>	<u>Retirement Rates</u>
55	7.0%	62	50%
56-58	4.0	63-65	35
59-60	10.0	66	45
61	25	67-69	30
		70+	100

Terminated vested participants are assumed to retire at age 62.

Disability Rates

Sample rates of disability are shown below. The assumed rates of disability are based on an actuarial experience study dated September 1, 2018.

<u>Age</u>	<u>Disability Rates</u>	<u>Age</u>	<u>Disability Rates</u>
20	0.0675%	50	0.2475%
25	0.0750	55	0.435
30	0.0825	60	0.885
35	0.0900	65	1.785
40	0.1125	70	3.225
45	0.1613	75	3.225

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Termination Rates

Rates of termination are shown below. The assumed rates of termination are based on an actuarial experience study dated September 10, 2018.

<u>Years of Service</u>	<u>Termination Rates</u>
0-3	15.0%
4	8.0
5-8	6.5
9-11	5.0
12-20	4.0
21-24	3.0
25+	2.0

Payroll Growth

Not Applicable. Unfunded liabilities are amortized on a level dollar basis.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - A half year, based on current 7.00% assumption.

Salary - None.

Actuarial Asset Method

Assets are smoothed by recognizing investment gains or losses ratably over a five-year period. The investment gain or loss is determined based on the difference between the actual investment return for the year and the expected investment return by applying the assumed rate of return to the beginning of year market value of assets and cash flows during the year. The resulting asset value is constrained to no less than 80% nor greater than 120% of the market value of assets.

Amortization Periods

Changes in unfunded liability are amortized on a level dollar basis over 25 years. Outstanding bases established for benefit improvements (under the Frozen Initial Liability method) are continued to be amortized under the existing schedule as of January 1, 2018.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

GLOSSARY (CONTINUED)

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

1. Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
2. Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
3. Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.
4. Contribution risk: Risks associated with items 1 and 2 above will inherently create varying liabilities and assets resulting in volatility in contribution requirements. Actuarial losses on assets and liabilities will lead to higher contribution amounts, while actuarial gains on assets and liabilities will lead to lower contribution amounts. It should be noted that investment risk is generally a greater risk to most plans than demographic risk. Prolonged periods of investment performance below the assumed rate of return can result in a decrease in funded status (i.e. increases unfunded liabilities) and an increase in contributions required in future years.

DISCUSSION OF RISK (CONTINUED)

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has stayed about the same from October 1, 2020 to October 1, 2023, indicating that the plan's maturity level has not significantly changed during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 66.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 87.3% on October 1, 2020 to 79.2% on October 1, 2023.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from October 1, 2020 to October 1, 2023. The current Net Cash Flow Ratio of -3.8% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

DISCUSSION OF RISK (CONTINUED)

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of \$1,286,798,301. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Support Ratio</u>				
Total Actives	2,680	2,601	2,524	2,571
Total Inactives	3,032	3,033	2,986	2,961
Actives / Inactives	88.4%	85.8%	84.5%	86.8%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	745,146,853	695,720,510	860,399,903	741,084,321
Total Annual Payroll	229,248,534	191,945,618	175,987,704	172,684,981
MVA / Total Annual Payroll	325.0%	362.5%	488.9%	429.2%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	665,585,705	647,481,200	635,583,209	613,961,818
Total Accrued Liability (EAN) ¹	1,007,004,678	926,672,072	905,069,018	868,440,081
Inactive AL / Total AL	66.1%	69.9%	70.2%	70.7%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	797,770,711	796,121,807	797,524,134	757,720,855
Total Accrued Liability (EAN) ¹	1,007,004,678	926,672,072	905,069,018	868,440,081
AVA / Total Accrued Liability (EAN)	79.2%	85.9%	88.1%	87.3%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(28,267,263)	(35,654,047)	(33,426,700)	(32,600,392)
Market Value of Assets (MVA)	745,146,853	695,720,510	860,399,903	741,084,321
Ratio	-3.8%	-5.1%	-3.9%	-4.4%

¹ The investment rate of return assumption was 7.50%, 7.25%, 7.25%, 7.00% for 2020, 2021, 2022, and 2023, respectively.

² Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	724,100
Total Cash and Equivalents	724,100
Receivables:	
Accounts Receivable, Net	126,163
Investment Income	23,606
Total Receivable	149,769
Investments:	
Debt and Other Interest Bearing Investments	161,784,503
Equities	486,755,761
Real Estate Investments	96,613,085
Total Investments	745,153,349
Total Assets	746,027,218
 <u>LIABILITIES</u>	
Payables:	
Accounts Payable	880,365
Total Liabilities	880,365
 NET POSITION RESTRICTED FOR PENSIONS	 745,146,853

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS

Contributions:

Member	15,973
City	27,458,133

Total Contributions 27,474,106

Investment Income:

Realized & Unrealized Gain (Loss)	67,654,761
Interest & Dividends	12,944,005
Less Investment Expense ¹	(2,905,160)

Net Investment Income 77,693,606

Total Additions 105,167,712

DEDUCTIONS

Distributions to Members:

Benefit Payments	50,993,987
Lump Sum DROP Distributions	3,355,921
Refunds of Member Contributions	0

Total Distributions 54,349,908

Administrative Expense 1,391,461

Total Deductions 55,741,369

Net Increase in Net Position 49,426,343

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 695,720,510

End of the Year 745,146,853

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2023	2024	2025	2026	2027
09/30/2019	(42,179,565)	0	0	0	0	0
09/30/2020	5,697,506	1,139,502	0	0	0	0
09/30/2021	97,567,103	39,026,840	19,513,419	0	0	0
09/30/2022	(190,980,810)	(114,588,486)	(76,392,324)	(38,196,162)	0	0
09/30/2023	27,247,857	21,798,286	16,348,715	10,899,144	5,449,573	0
Total		(52,623,858)	(40,530,190)	(27,297,018)	5,449,573	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2022	695,720,510
Contributions Less Benefit Payments & Admin Expenses	(28,267,263)
Expected Investment Earnings*	50,445,749
Actual Net Investment Earnings	77,693,606
2023 Actuarial Investment Gain/(Loss)	<u>27,247,857</u>

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	745,146,853
(2) Gains/(Losses) Not Yet Recognized	(52,623,858)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	<u>797,770,711</u>
(4) Limited Actuarial Value of Assets, 09/30/2023	797,770,711
 (A) 09/30/2022 Actuarial Assets:	 796,121,807
 (I) Net Investment Income:	
1. Interest and Dividends	12,944,005
2. Realized & Unrealized Gains (Losses)	67,654,761
3. Change in Actuarial Value	(47,777,439)
4. Investment Expenses	(2,905,160)
Total	<u>29,916,167</u>
 (B) 09/30/2023 Actuarial Assets:	 797,770,711
 Actuarial Assets Rate of Return = 2I/(A+B-I):	 3.83%
Market Value of Assets Rate of Return:	11.40%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (26,777,976)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2023
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	15,973	
City	27,458,133	
Total Contributions		27,474,106
Earnings from Investments:		
Interest & Dividends	12,944,005	
Realized & Unrealized Gain (Loss)	67,654,761	
Change in Actuarial Value	(47,777,439)	
Total Earnings and Investment Gains		32,821,327

EXPENDITURES

Distributions to Members:		
Benefit Payments	50,993,987	
Lump Sum DROP Distributions	3,355,921	
Refunds of Member Contributions	0	
Total Distributions		54,349,908
Expenses:		
Investment related ¹	2,905,160	
Administrative	1,391,461	
Total Expenses		4,296,621
Change in Net Assets for the Year		1,648,904
Net Assets Beginning of the Year		796,121,807
Net Assets End of the Year²		797,770,711

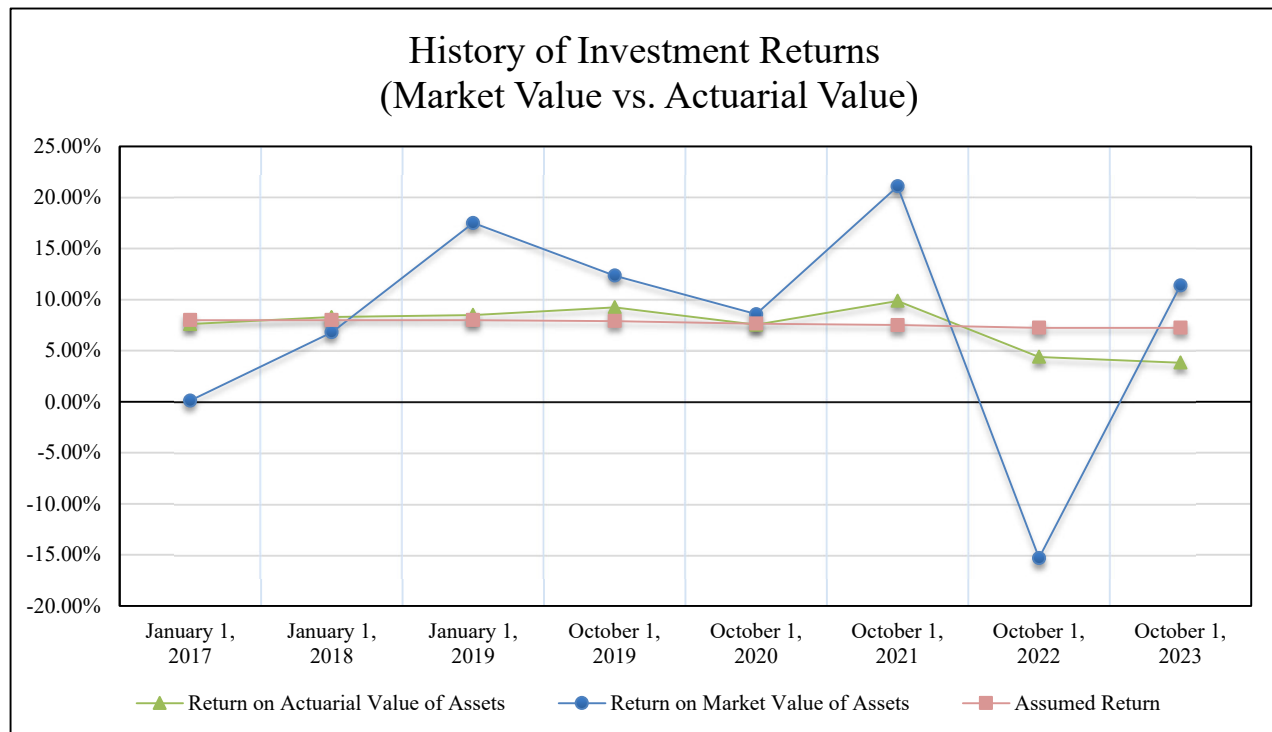
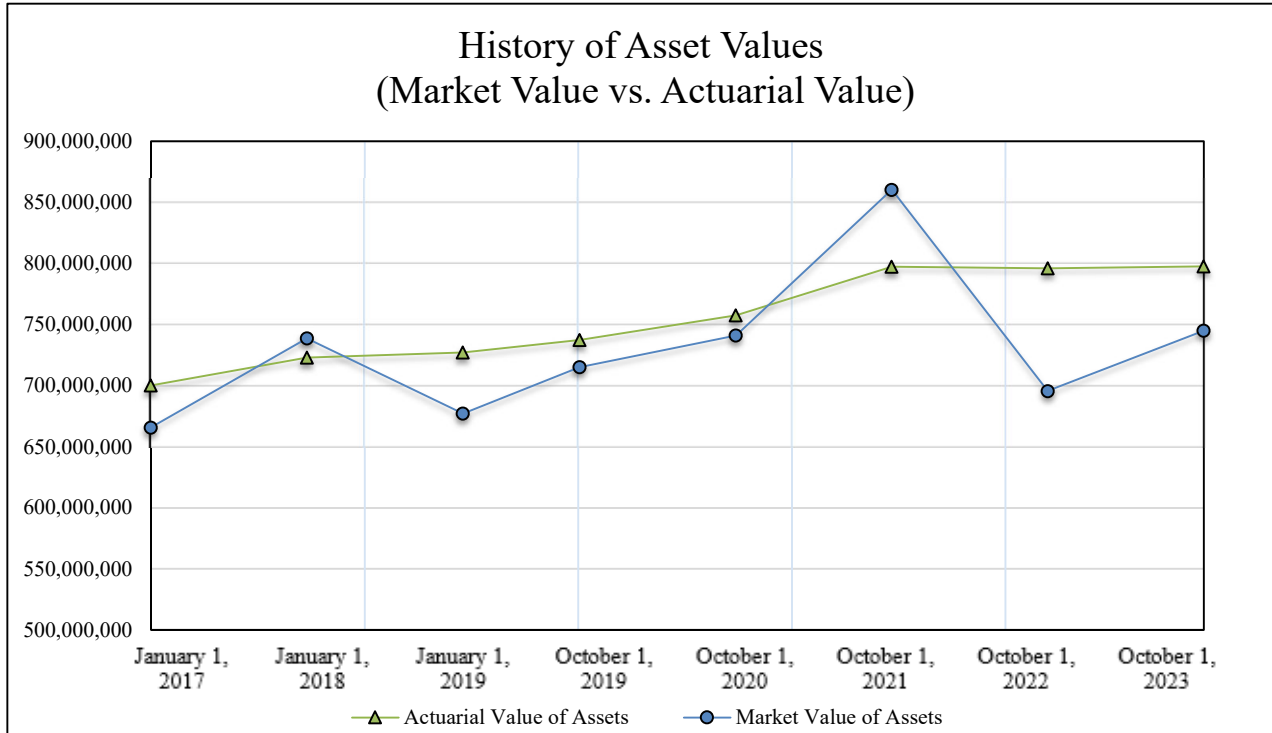
¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

Beginning of the Year Balance	10,424,354.72
Plus Additions	4,545,700.81
Investment Return Earned	1,046,432.84
Less Distributions	(3,355,920.92)
Less Admin Fee	(3,150.00)
End of the Year Balance	12,657,417.45

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	2,680	2,601	2,524	2,571
Average Current Age	47.1	47.0	47.1	46.8
Average Age at Employment	35.8	35.6	35.2	35.0
Average Past Service	11.3	11.4	11.9	11.8
Average Annual Salary	\$85,540	\$73,797	\$69,726	\$67,166
<u>Service Retirees</u>				
Number	1,701	1,681	1,629	1,601
Average Current Age	73.2	73.1	72.9	72.8
Average Annual Benefit	\$25,294	\$25,274	\$25,299	\$25,434
<u>DROP Retirees</u>				
Number	174	178	179	175
Average Current Age	64.7	64.3	64.6	64.6
Average Annual Benefit	\$25,582	\$24,949	\$23,204	\$22,414
<u>Beneficiaries</u>				
Number	471	480	484	479
Average Current Age	75.9	75.8	75.8	76.8
Average Annual Benefit	\$15,743	\$15,180	\$14,878	\$14,081
<u>Disability Retirees</u>				
Number	72	73	76	80
Average Current Age	63.5	63.3	62.8	62.4
Average Annual Benefit	\$15,515	\$15,235	\$14,872	\$14,299
<u>Terminated Vested</u>				
Number	614	621	618	626
Average Current Age	51.6	51.5	51.5	51.6
Average Annual Benefit	\$9,755	\$9,564	\$9,735	\$8,819

STATISTICAL DATA BY DIVISION

	Division A		Division B	
	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2023</u>	<u>10/1/2022</u>
<u>Actives</u>				
Number	2	3	2,678	2,598
Average Current Age	66.5	63.9	47.1	47.0
Average Age at Employment	23.4	22.1	35.9	35.6
Average Past Service	43.1	41.8	11.2	11.4
Average Annual Salary	\$112,232	\$88,603	\$85,521	\$73,780
<u>Service Retirees</u> ¹				
Number	531	572	1,170	1,109
Average Current Age	76.7	76.4	71.6	71.4
Average Annual Benefit	\$47,906	\$45,893	\$15,031	\$14,639
<u>DROP Retirees</u>				
Number	1	3	173	175
Average Current Age	64.8	62.0	64.7	64.3
Average Annual Benefit	\$45,625	\$60,351	\$25,467	\$24,342
<u>Beneficiaries</u>				
Number	273	289	198	191
Average Current Age	79.7	79.6	70.6	69.9
Average Annual Benefit	\$22,681	\$21,207	\$6,178	\$6,061
<u>Disability Retirees</u>				
Number	9	11	63	62
Average Current Age	75.7	75.2	61.7	61.2
Average Annual Benefit	\$26,544	\$28,008	\$13,939	\$12,969
<u>Terminated Vested</u> ²				
Number	0	0	614	621
Average Current Age	N/A	N/A	51.6	51.5
Average Annual Benefit	N/A	N/A	\$9,755	\$9,564

¹ There are 6 retirees who are receiving Service Retiree benefits in both Division A and Division B.

² Includes deferred beneficiaries.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	10	1										11
20 - 24	43	11	12	11	2	2						81
25 - 29	50	32	32	15	12	27	2					170
30 - 34	40	26	20	25	14	53	18	1				197
35 - 39	39	34	14	27	14	81	29	17	1			256
40 - 44	36	35	23	28	16	85	50	46	22	4		345
45 - 49	32	28	22	20	16	77	40	50	37	18		340
50 - 54	23	28	14	23	17	86	45	55	57	47	24	419
55 - 59	18	23	18	24	15	63	39	56	71	56	79	462
60 - 64	15	9	11	18	10	43	26	44	40	33	59	308
65+	3	2	2	1	3	16	21	12	13	6	12	91
Total	309	229	168	192	119	533	270	281	241	164	174	2,680

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	2,601
b. Terminations	
i. Vested (partial or full) with deferred annuity	(40)
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(140)
c. Deaths	
i. Beneficiary receiving benefits	(1)
ii. No future benefits payable	0
d. Disabled	(2)
e. Retired	(25)
f. DROP	(32)
g. Continuing participants	2,361
h. New entrants / Rehires	319
i. Total active life participants in valuation	2,680

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	<u>Total</u>
a. Number prior valuation	1,681	178	480	73	621	3,033
Retired	92	(36)	2		(33)	25
DROP		32				32
Vested (Deferred Annuity)					40	40
Vested (Due Refund)						0
Death, With Survivor	(22)		25	(2)		1
Death, No Survivor	(49)		(35)	(1)	(7)	(92)
Disabled				2		2
Refund of Contributions						0
Rehires	(1)				(8)	(9)
Expired Annuities			(1)			(1)
Data Corrections					1	1
b. Number current valuation	1,701	174	471	72	614	3,032

SUMMARY OF CURRENT PLAN

<u>Plan Effective Date</u>	Created as Chapter 23559, Laws of Florida of 1945. Restated in its present form as of October 1, 1981. Summary includes all amendments through Chapter 2013-253, Special Act of 2013
<u>Plan Year</u>	October 1 to September 30
<u>Eligibility</u>	Full-time, part-time, or temporary employees who have taken the required physical exam. Elective officers, department heads, and appointive officers eligible to participate in the Plan. Division A covers those hired before October 1, 1981. Division B covers employees hired on or after October 1, 1981 or former Division A employees who made an election to participate in Division B
<u>Salaries</u>	Salaries shall equal the base amounts earned plus regular longevity bonuses, overtime, and shift premiums. Salaries shall also include elective amounts that are excludible from the Employee's gross income under Sections 125, 403(b), 457, and 132(f)(4) of the Internal Revenue Code. Salaries shall exclude other premiums, other than shift premiums, allowances, special payments, or any casual nonrecurring or unpredictable bonuses; payments for unused accrued bona fide sick, vacation, or other leave; payments received by an Employee pursuant to a nonqualified unfunded deferred salary plan; and severance pay that is paid after an Employee severs employment with the City (provided it was not earned by the severance date).
<u>Member Contributions</u>	Division A: 7.0% of Salaries Division B: None
<u>Continuous Service</u>	Continuous Service ("Service") is unbroken service by an employee credited in completed months. Temporary interruptions due to Military Service, illness or involuntary severance through no fault of the employee, provided the employee is reinstated, shall not be deemed to be breaks in service. Certain time spent on authorized leave of absence shall be recognized. Military service for up to five years, or as required by the Uniformed Services Employee and Re-Employment Rights Act may be counted as years of Service.
<u>Average Monthly Salary ("AMS")</u>	The average of an employee's salary for the highest three (3) of the last six (6) years of Service, divided by twelve (12).

SUMMARY OF CURRENT PLAN (CONTINUED)

Accrued Pension

Division A: 2.0% of AMS times years of Service plus an additional 0.5% of AMS times years of Service in excess of 15 years, for years after January 1, 1975, with a maximum of 30 years of Service.

Division B: 1.2% of AMS times years of Service.

Vesting

Schedule

100% after six (6) years of Service.

Benefit Amount

Accrued Pension payable at Normal Retirement Date, provided no refund of contributions occurred for a Division A member.

Refund of Contributions

Division A members who terminate with less than six (6) years of Service are eligible for refund of employee contributions without interest.

Retirement – Division A

Normal Retirement Date

Attainment of age fifty-five (55) and completion of at least six (6) years of Service.

Normal Retirement Benefit

Accrued Pension.

Early Retirement Date

None.

Cost-of-Living Adjustment (“COLA”)

2.2% commencing January 1st for each retiree or beneficiary (whether attributable to retirement, termination, death, or disability benefits)

Retirement – Division B

Normal Retirement Date

Attainment of age sixty-two (62) and completion of at least six (6) years of Service.

Normal Retirement Benefit

Accrued Pension.

Early Retirement Date

Attainment of age fifty-five (55) and completion of at least six (6) years of Service.

Early Retirement Benefit

Accrued Pension reduced 5/12 of 1.0% for each month the Early Retirement date precedes the Normal Retirement date.

Cost-of-Living Adjustment

1.2% commencing January 1st for each retiree or beneficiary (whether attributable to retirement, termination, death, or disability benefits)

Disability

Eligibility

Total and permanent disability after the completion of at least six (6) years of Service. DROP members are not eligible for disability benefits.

Benefit

Accrued Pension, payable immediately.

SUMMARY OF CURRENT PLAN (CONTINUED)

Death Benefits – Division A

Post-Retirement Death

The following benefits are payable:

1. Spouse shall receive monthly benefit of 75% of the member's Accrued Pension. The benefit ceases upon death of the spouse and reduces to 50% of the member's benefit upon remarriage of spouse.
2. Dependent children under 18 shall receive \$100 a month until marriage or the attainment of age 18. Total benefit payable to spouse and children shall not exceed the amount of the member's Accrued Pension.
3. If there is no spouse or dependent children, dependent parents, who are solely dependent on the earnings of the member, shall receive spouse's benefit until their death or withdraw employee contributions in lieu of the monthly benefit.
4. Orphaned children under 18 shall receive monthly benefit of 75% of the member's Accrued Pension until marriage or the attainment of age 18.
5. If a member dies and is not survived by a spouse, children, or dependent parents, the excess, if any, of member's total contributions without interest over total benefits received until death shall be paid in a lump sum to the legal heirs.

Pre-Retirement Death Benefits

Active Non-Vested Death

The full amount of the contributions without interest shall be paid to the legal heirs.

Active Vested Death

The spouse, children, or dependent parents of an active vested member who dies shall receive the immediate survivor annuity payable as of the date of death as if the death occurred under the Post-Retirement Death section above. If the member is not survived by a spouse, children, or dependent parents, the full amount of contributions without interest shall be paid to the legal heirs.

Terminated Vested Death

The death benefits, as described in the Post-Retirement Death section above, is payable on or after the date the member would have attained age fifty-five (55).

SUMMARY OF CURRENT PLAN (CONTINUED)

Death Benefits – Division B

Post-Retirement	Spouse shall receive monthly benefit of 50% of the member's benefit.
Pre-Retirement Death Benefits	
Active Vested Death	A lump sum equal to member's annual salary is paid to the legal heirs. Additionally, a surviving spouse shall receive a monthly benefit equal to 50% of the member's Accrued Pension payable at the member's normal or early retirement date.
Terminated Vested	Upon death of terminated vested member, a surviving spouse shall receive a monthly benefit equal to 50% of the member's Accrued Pension payable at the date the member would have attained age sixty-two (62).

Deferred Retirement Option Plan ("DROP")

Eligibility	Attainment of age fifty-five (55) and completion of at least six (6) years of Service .
Participation	A maximum of 7 years.
DROP Accrued Benefit	Accrued Pension calculated as of the date of entry into DROP.
Balance Accumulation	Member's accrued monthly normal or early retirement pension, calculated at the beginning of the DROP period, accumulated with interest (positive or negative), including annual COLAs, less the cost of administering the DROP program.
Rate of Return	Members elect to have interest accumulate annually during the DROP calculation period at either: <ol style="list-style-type: none">1. Rate reflecting the Fund's net investment performance, as determined by the Board of Trustees, or2. Rate reflective of low risk variable rate selected annually by the Board of Trustees, in its sole discretion.