



April 30, 2024

Mr. Robert Miracle  
Deputy Town Manager  
Town of Palm Beach  
360 S. County Road  
Palm Beach, Florida 33480

**Re: Town of Palm Beach Retirement System – Actuarial Impact Statement and Supplemental Actuarial Valuation Report**

Dear Bob:

As requested, we are enclosing an Actuarial Impact Statement for the proposed Ordinance, illustrating the first-year impact of proposed plan changes to the Town of Palm Beach Retirement System. The results are based on census and asset data as of September 30, 2023.

Please refer to the enclosed exhibits for details. The following is a brief description of the proposed changes included in this Actuarial Impact Statement.

- **Current Plan** – Same plan provisions as described in the September 30, 2023 Actuarial Valuation Report, as amended by the Actuarial Impact Statement for Police Officers, dated April 30, 2024. Current plan provisions for Plan B (benefits earned after April 30, 2012) include the following:
  - Benefit Accrual Rate
    - General/Ocean Rescue: 1.25% per year of credited service between May 1, 2012 and April 30, 2017, plus 1.70% per year of credited service on and after May 1, 2017.
    - Police Officers: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service on and after October 1, 2016.
    - Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and August 11, 2017, plus 2.75% per year of credited service on and after August 12, 2017.
    - Non-Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service on and after October 1, 2016.
  - Vesting Requirement (All Groups): 100% after 10 years.
  - Normal Retirement Eligibility
    - General/Ocean Rescue: Age 62 with at least 10 years of service.
    - Police Officers/Firefighters: Earlier of age 55 with at least 10 years of service or age 52 with at least 25 years of service.
- **Plan Changes** – The following plan changes will occur as a result of the proposed Ordinance:
  - Benefit Accrual Rate
    - General/Ocean Rescue: 1.25% per year of credited service between May 1, 2012 and April 30, 2017, plus 1.70% per year of credited service between May 1, 2017 and May 31, 2024, plus 2.0% per year of credited service on and after June 1, 2024.

- Police Officers: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service between October 1, 2016 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024.
- Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and August 11, 2017, plus 2.75% per year of credited service between August 12, 2017 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024. Note that this increase in benefit accrual rate will not apply until it is implemented through the collective bargaining process, but it is assumed to be retroactive to June 1, 2024 once implemented.
- Non-Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service between October 1, 2016 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024.
- Vesting Requirement
  - General/Ocean Rescue: 100% after 5 years.
  - Police Officers/Firefighters: 100% after 8 years. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.
- Normal Retirement Eligibility
  - General/Ocean Rescue: Age 62 with at least 5 years of service.
  - Police Officers/Firefighters: Earlier of age 55 with at least 8 years of service or 25 years of service regardless of age. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.

The proposed Ordinance would also amend the plan by changing the maximum DROP participation period for all members who enter the DROP on or after to June 1, 2024 (excluding any Police Officer who is appointed town manager while participating in the DROP) from 60 months (5 years) to 96 months (8 years). Effective June 1, 2024, members who are participating in the DROP may extend their DROP participation period for up to 36 months beyond the 60-month maximum DROP participation period. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process. In our opinion, this proposed change will not have an immediate impact on the current cost of the Plan for prefunding purposes, as we are not changing the retirement rates of the Plan at this time. The extension of members' DROP participation periods may delay the employment of future replacement employees, which could then reduce the cost of the Plan in future years, but this depends on future experience and is difficult to measure at this time.

### Summary of Findings

- When compared to the September 30, 2023 Actuarial Valuation Report, as amended by the Actuarial Impact Statement for Police Officers, dated April 30, 2024, the proposed Plan changes will increase the aggregate Town Contribution requirement by 2.54% of covered payroll (from 55.42% to 57.96%), or by a total dollar amount of \$644,055 (from \$14,016,198 to \$14,660,253), for the fiscal year ending September 30, 2025 (assuming October 1<sup>st</sup>, 2024 payment timing).
- As a result of the plan changes, the aggregate funded ratio (the actuarial value of assets divided by the actuarial accrued liability) will decrease by 0.5% (from 74.1% to 73.6%). The overall unfunded liability will increase by \$2,752,073.



### **Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution**

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The assumptions used to determine the contribution requirement and accrued liability in this report are the same as those used in the September 30, 2023 Actuarial Valuation Report, dated March 11, 2024, and the Actuarial Impact Statement for Police Officers, dated April 30, 2024.

Future actuarial measurements may differ significantly from the current measurements presented in this report 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 due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Please refer to the September 30, 2023 Actuarial Valuation Report for additional discussion regarding the risks associated with measuring the accrued liability and the actuarially determined contribution.

The scope of this actuarial impact statement / supplemental valuation does not include an analysis of the potential range of such future measurements or a quantitative measurement of the future risks of not achieving the assumptions. In certain circumstances, detailed or quantitative assessments of one or more of these risks, as well as various plan maturity measures and historical actuarial measurements, may be requested from the actuary. Additional risk assessments are generally outside the scope of an Actuarial Impact Statement. Additional assessments may include stress tests, scenario tests, sensitivity tests, stochastic modeling, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

### **Additional Disclosures**

This report was prepared at the request of the Town of Palm Beach and is intended for use by the Town and the Retirement System and those designated or approved by the Town or the System. This report may be provided to parties other than the System only in its entirety and only with the permission of the Town or Board of Trustees.

The purpose of this report is to describe the immediate financial effect of the proposed plan changes. This report should not be relied on for any purpose other than the purpose described above.

The actuarial assumptions and methods, financial data, and participant census data utilized in these calculations are the same actuarial assumptions and methods, financial data, and participant census data used in the September 30, 2023 Actuarial Valuation Report dated March 11, 2024, and the Actuarial Impact Statement for Police Officers, dated April 30, 2024.

The date of the valuation was September 30, 2023. This means that the results of the supplemental valuation indicate what the September 30, 2023 valuation would have looked like if the proposed



benefit changes had been in effect on that date. Supplemental valuations do not predict the result of future actuarial valuations. Rather, supplemental valuations give an indication of the cost of the benefit change only without comment on the complete end result of future valuations.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

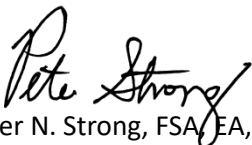
This report complements the September 30, 2023 Actuarial Valuation Report previously delivered to the Plan Administrator and the Town and should be considered in conjunction with that report. Please see the Actuarial Valuation Report as of September 30, 2023, dated March 11, 2024, and the Actuarial Impact Statement for Police Officers, dated April 30, 2024, for additional discussion of the nature of actuarial calculations and information related to participant data, economic and demographic assumptions, and benefit provisions.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

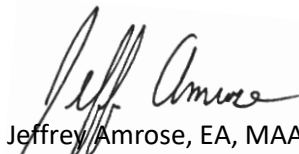
The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,



Peter N. Strong, FSA, EA, MAAA  
Senior Consultant and Actuary



Jeffrey Amrose, EA, MAAA  
Senior Consultant and Actuary

Enclosures

cc: Edemir K. Estrada, Plan Administrator (electronic)



## OWN OF PALM BEACH RETIREMENT SYSTEM

### Impact Statement – April 30, 2024

#### Description of Amendments

The proposed Ordinance amends the Plan as follows:

- Vesting or vested status for members employed by the Town on June 1, 2024 or hired on or after that date is changed from the attainment of ten or more years of service (for all groups) to the attainment of 5 or more years of service for general employees and lifeguards and the attainment of 8 or more years of service for police officers and firefighters. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.
- Effective June 1, 2024, the Normal Retirement eligibility condition under Plan B (post April 30, 2012 benefits) for general employees and lifeguards is changed from age 62 with at least 10 years of service to age 62 with at least 5 years of service.
- Effective June 1, 2024, the Normal Retirement eligibility condition under Plan B (post April 30, 2012 benefits) for police officers and firefighters is changed from the earlier of age 55 with at least 10 years of service or age 52 with at least 25 years of service to the earlier of age 55 with at least 8 years of service or 25 years of service regardless of age. This change applies to police officers and firefighters who are participating in the DROP on June 1, 2024, and to members who retire or enter the DROP on or after that date, but shall not apply to members who retired or separated from employment before June 1, 2024. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.
- For General Employees and Ocean Rescue, the benefit multiplier in the benefit formula increases from 1.70% of average final compensation to 2.00% of average final compensation for credited service earned after May 31, 2024.
- For Police Officers and Firefighters, the benefit multiplier in the benefit formula increases from 2.75% of average final compensation to 3.00% of average final compensation for credited service earned after May 31, 2024. Note that this increase in benefit accrual rate will not apply for bargaining Firefighters until it is implemented through the collective bargaining process, but it is assumed to be retroactive to June 1, 2024 once implemented.

The proposed Ordinance would also amend the plan by changing the maximum DROP participation period for all members who enter the DROP on or after to June 1, 2024 (excluding any Police Officer who is appointed town manager while participating in the DROP) from 60 months (5 years) to 96 months (8 years). Effective June 1, 2024, members who are participating in the DROP may extend their DROP participation period for up to 36 months beyond the 60-month maximum DROP participation period. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process. In our opinion, this proposed change will not have an immediate impact on the current cost of the Plan for prefunding purposes, as we are not changing the retirement rates of the Plan at this time. The extension of members' DROP participation periods may delay the employment of future replacement employees, which

could then reduce the cost of the Plan in future years, but this depends on future experience and is difficult to measure at this time.

#### **Funding Implications of Amendment**

An actuarial cost estimate is attached.

#### **Certification of Administrator**

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

---

For the Board of Trustees  
as Plan Administrator

## SUPPLEMENTAL ACTUARIAL VALUATION REPORT

**Plan**

Town of Palm Beach Retirement System

**Valuation Date**

September 30, 2023

**Date of Report**

April 30, 2024

**Report Requested by**

Town of Palm Beach

**Prepared by**

Peter N. Strong and Jeffrey Amrose

**Group Valued**

All active and inactive members of the Plan

**Changes in Plan Provisions****Present Provision Before Change:**

- **Benefit Accrual Rate**
  - General/Ocean Rescue: 1.25% per year of credited service between May 1, 2012 and April 30, 2017, plus 1.70% per year of credited service on and after May 1, 2017.
  - Police Officers: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service on and after October 1, 2016.
  - Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and August 11, 2017, plus 2.75% per year of credited service on and after August 12, 2017.
  - Non-Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service on and after October 1, 2016.
- **Vesting Requirement (All Groups):** 100% after 10 years.
- **Normal Retirement Eligibility**
  - General/Ocean Rescue: Age 62 with at least 10 years of service.
  - Police Officers/Firefighters: Earlier of age 55 with at least 10 years of service or age 52 with at least 25 years of service.

**Proposed Provision After Change:**

- **Benefit Accrual Rate**
  - General/Ocean Rescue: 1.25% per year of credited service between May 1, 2012 and April 30, 2017, plus 1.70% per year of credited service between May 1, 2017 and May 31, 2024, plus 2.0% per year of credited service on and after June 1, 2024.
  - Police Officers: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service between October 1, 2016 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024.

- Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and August 11, 2017, plus 2.75% per year of credited service between August 12, 2017 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024. Note that this increase in benefit accrual rate will not apply until it is implemented through the collective bargaining process, but it is assumed to be retroactive to June 1, 2024 once implemented.
- Non-Bargaining Firefighters: 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus 2.75% per year of credited service between October 1, 2016 and May 31, 2024, plus 3.0% per year of credited service on and after June 1, 2024.
- Vesting Requirement
  - General/Ocean Rescue: 100% after 5 years.
  - Police Officers/Firefighters: 100% after 8 years. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.
- Normal Retirement Eligibility
  - General/Ocean Rescue: Age 62 with at least 5 years of service.
  - Police Officers/Firefighters: Earlier of age 55 with at least 8 years of service or 25 years of service regardless of age. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process.

The proposed Ordinance would also amend the plan by changing the maximum DROP participation period for all members who enter the DROP on or after to June 1, 2024 (excluding any Police Officer who is appointed town manager while participating in the DROP) from 60 months (5 years) to 96 months (8 years). Effective June 1, 2024, members who are participating in the DROP may extend their DROP participation period for up to 36 months beyond the 60-month maximum DROP participation period. For bargaining unit firefighters, this change will not apply until it is implemented through the collective bargaining process. In our opinion, this proposed change will not have an immediate impact on the current cost of the Plan for prefunding purposes, as we are not changing the retirement rates of the Plan at this time. The extension of members' DROP participation periods may delay the employment of future replacement employees, which could then reduce the cost of the Plan in future years, but this depends on future experience and is difficult to measure at this time.

#### **Changes in Actuarial Assumptions and Methods**

All actuarial assumptions and methods are the same as those used in the September 30, 2023 Actuarial Valuation Report dated March 11, 2024, as amended by the Actuarial Impact Statement for Police Officers, dated April 30, 2024.

Some of the key assumptions/methods are:

Investment Return	6.2%
Payroll Growth Assumption	2.75%
Cost Method	Entry Age Normal
Mortality	Mortality rates from the July 1, 2023 FRS actuarial valuation report

#### **Amortization Period for New Changes in Actuarial Accrued Liability**

15 years for plan changes; level percent of payroll amortization.



**Actuarial Impact of Proposal(s)**

See attached page(s). This Actuarial Impact Statement measures the first-year financial impact of the proposed ordinance.

**Special Risks Involved with the Proposal That the Plan Has Not Been Exposed to Previously**

None

**Other Cost Considerations**

None

ACTUARIALY DETERMINED CONTRIBUTION (ADC) COMPARISON						
A. Valuation Date	September 30, 2023					
	General and Ocean Rescue			Police Officers	Firefighters	
	Total	General	Ocean Rescue			
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2025	9/30/2025	9/30/2025	9/30/2025	9/30/2025
C. Total Covered Annual Payroll (expected)	\$ 26,040,591	\$ 13,606,569	\$ 82,145	\$ 13,688,714	\$ 5,571,117	\$ 6,780,760
Baseline: Benefit Multiplier - General/Ocean Rescue: 1.25% from 5/1/12 to 4/30/17; 1.70% on and after 5/1/17; Police/Non-Bargaining Firefighters: 1.25% from 5/1/12 to 9/30/16; 2.75% on and after 10/1/16; Bargaining Firefighters: 1.25% from 5/1/12 to 8/11/17; 2.75% on and after 8/12/17; Vesting Requirement - 100% after 10 Years (all groups); Normal Retirement Eligibility - General/Ocean Rescue: Age 62 with 10 years of service; Police/Firefighters: Earlier of age 55 with 10 years of service or age 52 with 25 years of service.						
D. Adjusted Contribution Rate						
Employer Normal Cost	14.99 %	10.45 %	10.48 %	10.45 %	20.17 %	19.90 %
Amortization of UAAL	<u>40.43</u>	<u>21.98</u>	<u>270.53</u>	<u>23.47</u>	<u>60.57</u>	<u>58.10</u>
Total	55.42	32.43	281.01	33.92	80.74	78.00
E. i) Total Adjusted ADC as Illustrative \$	\$ 14,430,559	\$ 4,412,610	\$ 230,836	\$ 4,643,446	\$ 4,498,120	\$ 5,288,993
ii) Total Adjusted ADC if Contributed October 1 <sup>st</sup>	\$ 14,016,198	\$ 4,285,906	\$ 224,208	\$ 4,510,114	\$ 4,368,960	\$ 5,137,124
F. UAAL	\$ 97,885,831	\$ 30,435,910	\$ 2,083,877	\$ 32,519,787	\$ 28,879,775	\$ 36,486,269
G. Funded Ratio	74.1 %	76.2 %	70.9 %	75.9 %	75.5 %	70.8 %
Plan Changes: Benefit Multiplier - General/Ocean Rescue: 2.00% on and after 6/1/24; Police/Firefighters: 3.00% on and after 6/1/24; Vesting Requirement - General/Ocean Rescue: 100% after 5 Years; Police/Firefighters: 100% after 8 years; Normal Retirement Eligibility - General/Ocean Rescue: Age 62 with 5 years of service; Police/Firefighters: Earlier of age 55 with 8 years of service or 25 years of service regardless of age.						
H. Adjusted Contribution Rate						
Employer Normal Cost	16.62 %	12.10 %	12.51 %	12.10 %	21.77 %	21.50 %
Amortization of UAAL	<u>41.34</u>	<u>22.84</u>	<u>270.73</u>	<u>24.33</u>	<u>61.35</u>	<u>59.26</u>
Total	57.96	34.94	283.24	36.43	83.12	80.76
I. i) Total Adjusted ADC as Illustrative \$	\$ 15,093,655	\$ 4,754,135	\$ 232,667	\$ 4,986,802	\$ 4,630,712	\$ 5,476,141
ii) Total Adjusted ADC if Contributed October 1 <sup>st</sup>	\$ 14,660,253	\$ 4,617,624	\$ 225,986	\$ 4,843,610	\$ 4,497,745	\$ 5,318,898
J. UAAL	\$ 100,637,904	\$ 31,780,572	\$ 2,085,793	\$ 33,866,365	\$ 29,381,611	\$ 37,389,928
K. Funded Ratio	73.6 %	75.4 %	70.9 %	75.2 %	75.2 %	70.3 %
Change in ADC as a % of Payroll	2.54 %	2.51 %	2.23 %	2.51 %	2.38 %	2.76 %
Change in ADC as Illustrative \$	\$ 663,096	\$ 341,525	\$ 1,831	\$ 343,356	\$ 132,592	\$ 187,148
Change in ADC if Contributed October 1st	\$ 644,055	\$ 331,718	\$ 1,778	\$ 333,496	\$ 128,785	\$ 181,774
Change in UAAL	\$ 2,752,073	\$ 1,344,662	\$ 1,916	\$ 1,346,578	\$ 501,836	\$ 903,659
Change in Funded Ratio	(0.5) %	(0.8) %	0.0 %	(0.7) %	(0.3) %	(0.5) %

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>General Employees Valuation</i>	<i>General Employees Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2025	
C. Covered Annual Payroll (expected)	\$ 13,606,569	\$ 13,606,569	\$ 0
D. Annual Payment to Amortize Unfunded Actuarial Liability Rate	21.98 %	22.84 %	0.86 %
As Illustrative \$	2,990,724	3,107,740	117,016
E. Total Employer Normal Cost Rate	10.45 %	12.10 %	1.65 %
As Illustrative \$	1,421,886	1,646,395	224,509
F. Total Unadjusted Contribution Rate			
Employer Normal Cost	10.45 %	12.10 %	1.65 %
Amortization	<u>21.98</u>	<u>22.84</u>	<u>0.86</u>
Total	32.43	34.94	2.51
G. Adjustments to Computed Contribution			
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	0.00 %	0.00 %	0.00 %
b. Additional Member Cost Sharing	0.00	0.00	0.00
c. Full funding credit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
d. Total Adjustments	0.00	0.00	0.00
As Illustrative \$	0	0	0
H. Total Adjusted ADC as % of Covered Payroll	32.43 %	34.94 %	2.51 %
I. Total Adjusted ADC as Illustrative \$	\$ 4,412,610	\$ 4,754,135	\$ 341,525
J. Total Adjusted ADC if Contributed October 1st	\$ 4,285,906	\$ 4,617,624	\$ 331,718

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>General Employees Valuation</i>	<i>General Employees Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 36,237,208	\$ 39,043,213	\$ 2,806,005
b. Vesting Benefits	1,541,982	1,895,929	353,947
c. Disability Benefits	2,081,752	2,219,830	138,078
d. Preretirement Death Benefits	690,744	790,254	99,510
e. Return of Member Contributions	305,411	147,138	(158,273)
f. Total	40,857,097	44,096,364	3,239,267
2. Inactive Members			
a. Retired Members & Beneficiaries	96,521,297	96,521,297	0
b. Terminated Vested Members	6,694,798	6,694,798	0
c. DROP and Share Account Balances	1,123,310	1,123,310	0
d. Total	104,339,405	104,339,405	0
3. Total for All Members	145,196,502	148,435,769	3,239,267
C. Actuarial Present Value of Future Normal Costs	17,226,714	19,121,319	1,894,605
D. Actuarial Accrued (Past Service) Liability	127,969,788	129,314,450	1,344,662
E. Plan Assets			
1. Market Value	89,684,486	89,684,486	0
2. Actuarial Value	97,533,878	97,533,878	0
F. Unfunded Actuarial Accrued Liability:	30,435,910	31,780,572	1,344,662
G. Funded Ratio: E2/D	76.2 %	75.4 %	(0.8) %
H. Actuarial Present Value of Projected Covered Payroll	133,957,469	131,031,935	(2,925,534)
I. Actuarial Present Value of Projected Member Contributions	4,688,511	4,586,118	(102,393)
J. Accumulated Value of Active Member Contributions	4,715,607	4,715,607	0

# **CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	September 30, 2023		September 30, 2023			
	<i>General Employees Valuation</i>		<i>General Employees Plan Changes</i>		<i>Increase/ (Decrease)</i>	
B. Normal Cost for						
1. Service Retirement Benefits	\$ 1,347,145	10.39%	\$ 1,514,741	11.78%	\$ 167,596	1.39%
2. Vesting Benefits	83,686	0.65%	116,937	0.91%	33,251	0.26%
3. Disability Benefits	120,356	0.93%	128,665	1.00%	8,309	0.07%
4. Preretirement Death Benefits	35,162	0.27%	42,784	0.34%	7,622	0.07%
5. Return of Member Contributions	77,776	0.60%	58,020	0.45%	(19,756)	(0.15)%
6. Total for Future Benefits	1,664,125	12.84%	1,861,147	14.48%	197,022	1.64%
7. Assumed Amount for Administrative Expenses	143,909	1.11%	143,992	1.12%	83	0.01%
8. Total Normal Cost	1,808,034	13.95%	2,005,139	15.60%	197,105	1.65%
C. Expected Member Contribution	453,766	3.50%	449,976	3.50%	(3,790)	0.00%
D. Employer Normal Cost: B8-C	1,354,268	10.45%	1,555,163	12.10%	200,895	1.65%
E. Employer Normal Cost as a % of Covered Payroll	10.45	%	12.10	%	1.65	%

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Ocean Rescue Valuation</i>	<i>Ocean Rescue Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2025	
C. Covered Annual Payroll (expected)	\$ 82,145	\$ 82,145	\$ 0
D. Annual Payment to Amortize Unfunded Actuarial Liability Rate	270.53 %	270.73 %	0.20 %
As Illustrative \$	222,227	222,391	164
E. Total Employer Normal Cost Rate	10.48 %	12.51 %	2.03 %
As Illustrative \$	8,609	10,276	1,667
F. Total Unadjusted Contribution Rate			
Employer Normal Cost	10.48 %	12.51 %	2.03 %
Amortization	<u>270.53</u>	<u>270.73</u>	<u>0.20</u>
Total	281.01	283.24	2.23
G. Adjustments to Computed Contribution			
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	0.00 %	0.00 %	0.00 %
b. Additional Member Cost Sharing	0.00	0.00	0.00
c. Full funding credit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
d. Total Adjustments	0.00	0.00	0.00
As Illustrative \$	0	0	0
H. Total Adjusted ADC as % of Covered Payroll	281.01 %	283.24 %	2.23 %
I. Total Adjusted ADC as Illustrative \$	\$ 230,836	\$ 232,667	\$ 1,831
J. Total Adjusted ADC if Contributed October 1st	\$ 224,208	\$ 225,986	\$ 1,778

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Ocean Rescue Valuation</i>	<i>Ocean Rescue Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 64,335	\$ 75,053	\$ 10,718
b. Vesting Benefits	14,329	22,105	7,776
c. Disability Benefits	17,843	19,080	1,237
d. Preretirement Death Benefits	6,053	6,277	224
e. Return of Member Contributions	5,750	2,665	(3,085)
f. Total	108,310	125,180	16,870
2. Inactive Members			
a. Retired Members & Beneficiaries	6,028,516	6,028,516	0
b. Terminated Vested Members	311,665	311,665	0
c. DROP and Share Account Balances	816,684	816,684	0
d. Total	7,156,865	7,156,865	0
3. Total for All Members	7,265,175	7,282,045	16,870
C. Actuarial Present Value of Future Normal Costs	98,210	113,164	14,954
D. Actuarial Accrued (Past Service) Liability	7,166,965	7,168,881	1,916
E. Plan Assets			
1. Market Value	4,674,008	4,674,008	0
2. Actuarial Value	5,083,088	5,083,088	0
F. Unfunded Actuarial Accrued Liability:	2,083,877	2,085,793	1,916
G. Funded Ratio: E2/D	70.9 %	70.9 %	0.0 %
H. Actuarial Present Value of Projected Covered Payroll	786,089	786,089	0
I. Actuarial Present Value of Projected Member Contributions	27,513	27,513	0
J. Accumulated Value of Active Member Contributions	2,516	2,516	0

# **CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	September 30, 2023		September 30, 2023			
	<i>Ocean Rescue Valuation</i>		<i>Ocean Rescue Plan Changes</i>		<i>Increase/ (Decrease)</i>	
B. Normal Cost for						
1. Service Retirement Benefits	\$	5,734 7.55%	\$	6,686 8.81%	\$	952 1.26%
2. Vesting Benefits		1,157 1.52%		1,896 2.50%		739 0.98%
3. Disability Benefits		1,711 2.25%		1,809 2.38%		98 0.13%
4. Preretirement Death Benefits		599 0.79%		617 0.81%		18 0.02%
5. Return of Member Contributions		573 0.76%		293 0.39%		(280) (0.37)%
6. Total for Future Benefits		9,774 12.87%		11,301 14.89%		1,527 2.02%
7. Assumed Amount for Administrative Expenses		842 1.11%		850 1.12%		8 0.01%
8. Total Normal Cost		10,616 13.98%		12,151 16.01%		1,535 2.03%
C. Expected Member Contribution		2,657 3.50%		2,657 3.50%		0 0.00%
D. Employer Normal Cost: B8-C		7,959 10.48%		9,494 12.51%		1,535 2.03%
E. Employer Normal Cost as a % of Covered Payroll		10.48 %		12.51 %		2.03 %



ACTUARIALLY DETERMINED CONTRIBUTION (ADC)			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Police Officers AIS as of 4/26/2024</i>	<i>Police Officers Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2025	
C. Covered Annual Payroll (expected)	\$ 5,571,117	\$ 5,571,117	\$ 0
D. Annual Payment to Amortize Unfunded Actuarial Liability Rate As Illustrative \$	60.57 % 3,374,426	61.35 % 3,417,880	0.78 % 43,454
E. Total Employer Normal Cost Rate As Illustrative \$	20.17 % 1,123,694	21.77 % 1,212,832	1.60 % 89,138
F. Total Unadjusted Contribution Rate Employer Normal Cost Amortization Total	20.17 % <u>60.57</u> 80.74	21.77 % <u>61.35</u> 83.12	1.60 % <u>0.78</u> 2.38
G. Adjustments to Computed Contribution			
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	0.00 %	0.00 %	0.00 %
b. Additional Member Cost Sharing	0.00	0.00	0.00
c. Full funding credit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
d. Total Adjustments As Illustrative \$	0.00 0	0.00 0	0.00 0
H. Total Adjusted ADC as % of Covered Payroll	80.74 %	83.12 %	2.38 %
I. Total Adjusted ADC as Illustrative \$	\$ 4,498,120	\$ 4,630,712	\$ 132,592
J. Total Adjusted ADC if Contributed October 1st	\$ 4,368,960	\$ 4,497,745	\$ 128,785

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Police Officers AIS as of 4/26/2024</i>	<i>Police Officers Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 25,981,259	\$ 26,541,877	\$ 560,618
b. Vesting Benefits	1,160,786	1,120,476	(40,310)
c. Disability Benefits	1,155,309	997,446	(157,863)
d. Preretirement Death Benefits	463,866	414,454	(49,412)
e. Return of Member Contributions	238,544	148,950	(89,594)
f. Total	28,999,764	29,223,203	223,439
2. Inactive Members			
a. Retired Members & Beneficiaries	96,657,215	96,657,215	0
b. Terminated Vested Members	4,108,278	4,108,278	0
c. DROP and Share Account Balances	3,466,326	3,466,326	0
d. Total	104,231,819	104,231,819	0
3. Total for All Members	133,231,583	133,455,022	223,439
C. Actuarial Present Value of Future Normal Costs	15,216,734	14,938,337	(278,397)
D. Actuarial Accrued (Past Service) Liability	118,014,849	118,516,685	501,836
E. Plan Assets			
1. Market Value	81,920,847	81,920,847	0
2. Actuarial Value	89,135,074	89,135,074	0
F. Unfunded Actuarial Accrued Liability:	28,879,775	29,381,611	501,836
G. Funded Ratio: E2/D	75.5 %	75.2 %	(0.3) %
H. Actuarial Present Value of Projected Covered Payroll	57,073,356	52,229,134	(4,844,222)
I. Actuarial Present Value of Projected Member Contributions	4,851,236	4,439,477	(411,759)
J. Accumulated Value of Active Member Contributions	2,796,126	2,796,126	0

# **CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	September 30, 2023		September 30, 2023			
	<i>Police Officers</i>		<i>Police Officers</i>		<i>Increase/</i>	
	<i>AIS as of 4/26/2024</i>		<i>Plan Changes</i>		<i>(Decrease)</i>	
B. Normal Cost for						
1. Service Retirement Benefits	\$ 1,158,120	21.91%	\$ 1,248,010	23.61%	\$ 89,890	1.70%
2. Vesting Benefits	61,549	1.16%	67,217	1.27%	5,668	0.11%
3. Disability Benefits	86,299	1.63%	83,099	1.57%	(3,200)	(0.06)%
4. Preretirement Death Benefits	37,111	0.71%	36,408	0.69%	(703)	(0.02)%
5. Return of Member Contributions	47,548	0.90%	40,811	0.77%	(6,737)	(0.13)%
6. Total for Future Benefits	1,390,627	26.31%	1,475,545	27.91%	84,918	1.60%
7. Assumed Amount for Administrative Expenses	124,758	2.36%	124,758	2.36%	0	0.00%
8. Total Normal Cost	1,515,385	28.67%	1,600,303	30.27%	84,918	1.60%
C. Expected Member Contribution	449,342	8.50%	449,342	8.50%	0	0.00%
D. Employer Normal Cost: B8-C	1,066,043	20.17%	1,150,961	21.77%	84,918	1.60%
E. Employer Normal Cost as a % of Covered Payroll	20.17	%	21.77	%	1.60	%

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Firefighters Valuation</i>	<i>Firefighters Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2025	
C. Covered Annual Payroll (expected)	\$ 6,780,760	\$ 6,780,760	\$ 0
D. Annual Payment to Amortize Unfunded Actuarial Liability Rate	58.10 %	59.26 %	1.16 %
As Illustrative \$	3,939,622	4,018,278	78,656
E. Total Employer Normal Cost Rate	19.90 %	21.50 %	1.60 %
As Illustrative \$	1,349,371	1,457,863	108,492
F. Total Unadjusted Contribution Rate			
Employer Normal Cost	19.90 %	21.50 %	1.60 %
Amortization	<u>58.10</u>	<u>59.26</u>	<u>1.16</u>
Total	78.00	80.76	2.76
G. Adjustments to Computed Contribution			
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	0.00 %	0.00 %	0.00 %
b. Additional Member Cost Sharing	0.00	0.00	0.00
c. Full funding credit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
d. Total Adjustments	0.00	0.00	0.00
As Illustrative \$	0	0	0
H. Total Adjusted ADC as % of Covered Payroll	78.00 %	80.76 %	2.76 %
I. Total Adjusted ADC as Illustrative \$	\$ 5,288,993	\$ 5,476,141	\$ 187,148
J. Total Adjusted ADC if Contributed October 1st	\$ 5,137,124	\$ 5,318,898	\$ 181,774

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	September 30, 2023	September 30, 2023	
	<i>Firefighters Valuation</i>	<i>Firefighters Plan Changes</i>	<i>Increase/ (Decrease)</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 36,300,298	\$ 37,607,857	\$ 1,307,559
b. Vesting Benefits	1,531,952	1,535,844	3,892
c. Disability Benefits	1,548,089	1,409,485	(138,604)
d. Preretirement Death Benefits	647,633	610,623	(37,010)
e. Return of Member Contributions	240,444	135,133	(105,311)
f. Total	40,268,416	41,298,942	1,030,526
2. Inactive Members			
a. Retired Members & Beneficiaries	97,092,627	97,092,627	0
b. Terminated Vested Members	3,786,212	3,786,212	0
c. DROP and Share Account Balances	2,971,123	2,971,123	0
d. Total	103,849,962	103,849,962	0
3. Total for All Members	144,118,378	145,148,904	1,030,526
C. Actuarial Present Value of Future Normal Costs	19,278,317	19,405,184	126,867
D. Actuarial Accrued (Past Service) Liability	124,840,061	125,743,720	903,659
E. Plan Assets			
1. Market Value	81,123,247	81,123,247	0
2. Actuarial Value	88,353,792	88,353,792	0
F. Unfunded Actuarial Accrued Liability:	36,486,269	37,389,928	903,659
G. Funded Ratio: E2/D	70.8 %	70.3 %	(0.5) %
H. Actuarial Present Value of Projected Covered Payroll	70,975,373	66,876,400	(4,098,973)
I. Actuarial Present Value of Projected Member Contributions	6,032,907	5,684,494	(348,413)
J. Accumulated Value of Active Member Contributions	4,328,559	4,328,559	0

# **CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	September 30, 2023		September 30, 2023			
	<i>Firefighters Valuation</i>		<i>Firefighters Plan Changes</i>		<i>Increase/ (Decrease)</i>	
B. Normal Cost for						
1. Service Retirement Benefits	\$ 1,456,270	22.11%	\$ 1,546,267	23.74%	\$ 89,997	1.63%
2. Vesting Benefits	85,568	1.30%	93,476	1.44%	7,908	0.14%
3. Disability Benefits	108,636	1.65%	103,425	1.59%	(5,211)	(0.06)%
4. Preretirement Death Benefits	46,858	0.71%	45,976	0.70%	(882)	(0.01)%
5. Return of Member Contributions	53,428	0.81%	43,968	0.68%	(9,460)	(0.13)%
6. Total for Future Benefits	1,750,760	26.58%	1,833,112	28.15%	82,352	1.57%
7. Assumed Amount for Administrative Expenses	119,889	1.82%	120,492	1.85%	603	0.03%
8. Total Normal Cost	1,870,649	28.40%	1,953,604	30.00%	82,955	1.60%
C. Expected Member Contribution	559,922	8.50%	553,610	8.50%	(6,312)	0.00%
D. Employer Normal Cost: B8-C	1,310,727	19.90%	1,399,994	21.50%	89,267	1.60%
E. Employer Normal Cost as a % of Covered Payroll	19.90	%	21.50	%	1.60	%

PARTICIPANT DATA									
September 30, 2023									
Valuation and Plan Changes									
General and Ocean Rescue									
Total									
GeneralOcean RescueTotalPolice OfficersFirefighters									
ACTIVE MEMBERS									
Number	304	176	2	178	59	67			
Total Current Payroll	\$ 25,002,199	\$ 13,063,995	\$ 78,869	\$ 13,142,864	\$ 5,348,964	\$ 6,510,371			
Average Annual Salary	\$ 82,244	\$ 74,227	\$ 39,435	\$ 73,836	\$ 90,660	\$ 97,170			
Average Age	43.4	46.6	32.0	46.4	39.4	38.8			
Average Past Service	8.4	8.5	1.0	8.4	7.4	9.3			
Average Age at Hire	35.0	38.1	31.0	38.0	32.0	29.5			
RETIREES, BENEFICIARIES & DROP									
Number	418	206	12	218	104	96			
Annual Benefits	\$ 20,477,242	\$ 7,138,331	\$ 445,912	\$ 7,584,043	\$ 6,663,210	\$ 6,229,989			
Average Annual Benefit	\$ 48,989	\$ 34,651	\$ 37,159	\$ 34,789	\$ 64,069	\$ 64,896			
Average Age	68.4	70.5	66.2	70.3	67.0	65.9			
DISABILITY RETIREES									
Number	19	8	0	8	4	7			
Annual Benefits	\$ 791,588	\$ 297,218	\$ 0	\$ 297,218	\$ 179,974	\$ 314,396			
Average Annual Benefit	\$ 41,663	\$ 37,152	\$ 0	\$ 37,152	\$ 44,994	\$ 44,914			
Average Age	63.7	64.9	0.0	64.9	56.3	66.6			
TERMINATED VESTED MEMBERS									
Number	93	45	3	48	21	24			
Annual Benefits	\$ 1,276,871	\$ 644,441	\$ 25,427	\$ 669,868	\$ 300,139	\$ 306,864			
Average Annual Benefit	\$ 13,730	\$ 14,321	\$ 8,476	\$ 13,956	\$ 14,292	\$ 12,786			
Average Age	50.4	53.6	53.0	53.6	48.5	45.7			