

**PRIVILEGED AND CONFIDENTIAL ATTORNEY- CLIENT COMMUNICATION
INFORMATION - NOT A PUBLIC RECORD**

March 14, 2019

Ms. Jane Le Clainche, CPA
Director of Finance
Town of Palm Beach
360 S. County Road
Palm Beach, Florida 33480

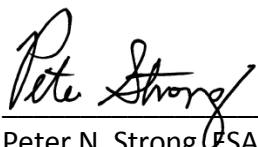
**Re: Town of Palm Beach Retirement System –
Firefighters Benefits Supplemental Valuation**

Dear Ms. Le Clainche:

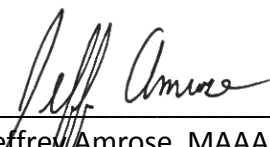
As requested, enclosed is a supplemental actuarial valuation (study) for Firefighters of the Town of Palm Beach Retirement System.

Please call if you have any questions regarding the calculations enclosed.

Sincerely,



Peter N. Strong, FSA, MAAA, FCA
Enrolled Actuary No. 17-06975



Jeffrey Amrose, MAAA, FCA
Enrolled Actuary No. 17-06599

PS: jc
Enclosures

TOWN OF PALM BEACH RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL REPORT
AS OF SEPTEMBER 30, 2018

Requested By: Jane Le Clainche, CPA, Director of Finance
Date: March 14, 2019
Submitted By: Peter N. Strong, FSA, EA, FCA, MAAA and Jeffrey Amrose, EA, MAAA, FCA
Gabriel, Roeder, Smith & Company

This report contains an actuarial study to evaluate the effects of proposed benefit scenarios for Firefighters of the Town of Palm Beach Retirement System. Peter N. Strong and Jeffrey Amrose are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The results of the proposed benefit changes are shown below:

Summary of Results for Firefighters	Valuation	Proposed Benefit Changes Scenario 1	Proposed Benefit Changes Scenario 2
Plan B Normal Retirement Eligibility	Age 56 & 10	Age 56 & 10 or 25 & Out	Age 56 & 10 or 30 & Out
Employer Normal Cost Rate	9.20 %	10.09 %	9.36 %
Town Pension Contribution for Firefighters	92.38 %	94.07 %	92.64 %
As Illustrative \$	\$ 3,989,487	\$ 4,062,470	\$ 4,000,714
if Contributed October 1st	\$ 3,854,982	\$ 3,925,504	\$ 3,865,830
Unfunded Actuarial Accrued Liability (UAAL)	\$ 38,555,061	\$ 38,926,481	\$ 38,600,351
Funded Ratio	63.9 %	63.7 %	63.9 %
Change in Town Contribution for Firefighters	N/A %	1.69 %	0.26 %
As Illustrative \$	\$ N/A	\$ 72,983	\$ 11,227
if Contributed October 1st	\$ N/A	\$ 70,522	\$ 10,848
Change in UAAL	\$ N/A	\$ 371,420	\$ 45,290
Change in Funded Ratio	N/A %	(0.2) %	0.0 %

The date of the valuation was September 30, 2018 and determines the contribution rates for the fiscal year ending September 30, 2020. Supplemental valuations do **not** predict the result of future actuarial valuations. Rather, supplemental valuations give an indication of the probable annual cost of the **proposed changes only** without comment on the complete end result of future valuations.

Actuarial assumptions and methods were consistent with those in September 30, 2018 Actuarial Valuation Report, dated February 26, 2019, unless otherwise noted. Actuarial assumptions are adopted by the Retirement Board of Trustees.

TOWN OF PALM BEACH RETIREMENT SYSTEM
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Current Provisions for Firefighters under Plan B (post April 30, 2012 benefits):

- Normal Retirement eligibility condition is age 56 with at least 10 years of service.

Proposed Provisions for Firefighters under Plan B (post April 30, 2012 benefits):

- Scenario 1: Normal Retirement eligibility conditions are age 56 with at least 10 years of service or 25 years of service regardless of age.
- Scenario 2: Normal Retirement eligibility conditions are age 56 with at least 10 years of service or 30 years of service regardless of age.

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Comments

Comment 1 — 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; 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.

Comment 2 — If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

Comment 3 — This report is intended to describe the financial effect of the proposed changes. This report is not intended to make a formal recommendation. This would be a separate process and involve the Board and other professionals.

Comment 4 — In the event that more than one change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes.

Comment 5 — This report is intended to describe the financial effect of the proposed changes on the Retirement System. Except as otherwise noted, potential effects on other benefit programs were not considered.

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Comments (Concluded)

Comment 6 — The reader of this report should keep in mind that actuarial calculations are mathematical estimates based on current data and assumptions about future events (which may or may not materialize). Please note that actuarial calculations can and do vary from one valuation year to the next, sometimes significantly. As a result, the cost impact of a proposed change may fluctuate over time, as the dynamics and circumstances of the Retirement System change.

Comment 7 — The assumptions for retirement were adjusted for Firefighters in conjunction with the proposed benefit provisions. Normal retirement rates for this supplemental valuation are shown below:

Current Retirement Rates		Proposed Retirement Rates	
Retirement Ages	Percent Retiring	Year of Normal Retirement Eligibility	Percent Retiring
	All Police Officers		All Police Officers
56	70%	1	70%
57	70%	2	70%
58	70%	3	70%
59	70%	4	70%
60	100%	5	100%

Comment 8 — This report complements the September 30, 2018 Actuarial Valuation Report previously delivered to the Plan Administrator and the Town and should be considered in conjunction with that report. Except as otherwise noted above, all assumptions, methods, plan provisions and data used in this report were the same as those used in the September 30, 2018 Actuarial Valuation Report. Please refer to the September 30, 2018 Actuarial Valuation report, dated February 26, 2019, for this information and all associated disclosures.