
Town of Palm Beach, Florida***Subject Policy: Funding Policy for the Town of Palm Beach Retirement System******Effective Date: October 1, 2017******Revised: September 30, 2019***

Purpose: The Mayor and Town Council along with the Retirement Board recognizes its fiduciary duty to set prudent funding policies that promote benefit security and intergenerational equity in compliance with all federal, state and local statutes, ordinances and regulations. This Funding Policy constitutes the Town's intentions that the Retirement Systems benefit obligations be funded on a systematic and actuarially sound basis in accordance with State Statutes.

This Funding Policy is intended to guide the Town, the Board members, and the plan's actuary in the discharge of their respective services to the Plan.

Policy: Each year the Town of Palm Beach will budget and contribute an amount equal to the Actuarially Determined Employer Contribution (ADEC). The contribution will be made to the Retirement Fund in either one annual payment during the first month of the fiscal year or quarterly installments throughout the fiscal year, depending on what is in the best interest of the Town. The ADEC amount will be derived from the annual valuation report and determined based on the current actuarial assumptions in place each year that is adjusted by the Board and/or the Town Council.

In addition, the Town of Palm Beach will contribute additional funds over and above the ADEC during the first month of the fiscal year. These additional funds serve to reduce the Town's Unfunded Actuarially Accrued Liability (UAAL) and will be reflected as receivable contributions in the actuarial valuation for the year ending September 30th immediately preceding the deposit date of the additional funds. An additional amount of \$5,420,000 will be paid annually until the Plan is fully funded, subject to the funds being budgeted annually. In the event the amount exceeds the cap on contributions as described in this policy, this additional amount shall be reduced to meet the cap. The total Town contribution (including the ADEC) shall be capped at \$16 million (indexed after 2017 at 2.75% per annum).

When deemed appropriate, the Town Council may authorize an additional one-time contribution to the Plan in excess of the cap to further reduce the UAAL. Such contributions shall be made on a case-by case basis.

It is the intent of this policy that the additional contribution will be budgeted and paid each year unless one of the following circumstances are met:

1. A force majeure, including a catastrophic storm or other unforeseen event that would prohibit the Town from meeting this obligation.
2. A financial circumstance such as a severe recession or other unforeseen financial event that would cause the Town to not be able to meet this obligation.
3. The Retirement Fund achieves the 100% actuarial funding objective.

Responsibility: It is the responsibility of the Town Manager and the Finance Director to, appropriate funds for this contribution in the Town's annual budget process.

Initial Approval Date: October 10, 2017

Revision Date: September 10, 2019

Reference Document: Refer to GRS Retirement Consulting Report dated August 31, 2017 for the basis of the minimum amount.