Meeting: FTC

Date: 1/4/16

Location: Chambers

Start: 9:30 AM

Adjourn : 10:48 AM

-- MEETING ACTION SHEETS --

Chairman Pucillo / Cmte/~~Brd~~ Member Kleid / Cmte/Brd Member

Item: Agenda /

Motion: Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:

MR/~~MS~~.	MR/~~MS~~.	~~MR/MS.~~		
Kleid 1	Pucillo 2			

Item: /

Motion: Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:

incr exp for Actuary on next TC mtg

consent

MR/~~MS~~.	MR/~~MS~~.	~~MR/MS.~~		
Kleid	Pucillo			

Item: /

Motion: Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:

MR/~~MS~~.	MR/~~MS~~.	~~MR/MS.~~		
Kleid	Pucillo			

Item: /

Motion: Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:

MR/~~MS~~.	MR/~~MS~~.	~~MR/MS.~~		
Kleid	Pucillo			

Meeting: ______________________ Date: __________

Location: ______________________

Start: __________ Adjourn : __________

Item: ________ / ______________________

Motion: *Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:* __________

MR/MS.	MR/MS.	MR/MS.		

Item: ________ / ______________________

Motion: *Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:* __________

MR/MS.	MR/MS.	MR/MS.		

Item: ________ / ______________________

Motion: *Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:* __________

MR/MS.	MR/MS.	MR/MS.		

Item: ________ / ______________________

Motion: *Approve – Deny – Withdraw – Defer – Recess – Reconsider – Other:* __________

MR/MS.	MR/MS.	MR/MS.		

TOWN OF PALM BEACH

Town Manager's Office

TENTATIVE - SUBJECT TO REVISION

FINANCE AND TAXATION COMMITTEE

AGENDA

TOWN COUNCIL CHAMBERS

MONDAY, JANUARY 4, 2016

9:30 A.M.

I. CALL TO ORDER AND ROLL CALL
   Michael J. Pucillo, Chair
   Richard M. Kleid, Member

II. PLEDGE OF ALLEGIANCE

III. COMMUNICATIONS FROM CITIZENS - 3 MINUTE LIMIT PLEASE

IV. APPROVAL OF AGENDA

V. DISCUSSION OF POTENTIAL ALTERNATIVE OPTIONS FOR DEFINED BENEFIT PLAN FOR PUBLIC SAFETY EMPLOYEES

VI. ANY OTHER MATTERS

VII. ADJOURNMENT

PLEASE TAKE NOTE:

Disabled persons who need an accommodation in order to participate in the Finance and Taxation Committee Meeting are requested to contact the Town Manager's Office at 838-5410 or through the Florida Relay Service by dialing 1-800-955-8770 for voice callers or 1-800-955-8771 for TDD callers, at least two (2) working days before this meeting.

Comparison of Police and Firefighter Proposed Pension Benefit Changes

10% Member Contribution

Police	Current Plan	Current Plan with 7%	2.5% Multiplier 10% Member Contribution w/7% Age 55	2.75% Multiplier 10% Member Contribution w/7% Age 59
Normal Cost	7.41%	8.16%	18.14%	17.88%
Less Employee Contribution	2.50%	2.50%	9.98%	9.98%
Employer Normal Cost	4.91%	5.66%	8.16%	7.90%
UUAL	64.57%	70.95%	71.92%	72.27%
Total Town Contribution	69.48%	76.61%	80.08%	80.17%
Dollar Contribution DB	2,453,957	2,704,015	2,770,061	2,773,946
Dollar Contribution DC 2016	321,688	321,688	-	-
Total Town Contribution	**2,775,645**	**3,025,703**	**2,770,061**	**2,773,946**
Difference between Current Plan		**250,058**	**(5,584)**	**(1,699)**

Firefighters	Current Plan	Current Plan with 7%	2.5% Multiplier 10% Member Contribution w/7% Age 55	2.75% Multiplier 10% Member Contribution w/7% Age 59
Normal Cost	6.60%	7.26%	16.68%	16.32%
Less Employee Contribution	4.15%	4.15%	10.00%	10.00%
Employer Normal Cost	2.45%	3.11%	6.68%	6.32%
UUAL	67.52%	73.59%	74.96%	75.17%
Total Town Contribution	69.97%	76.70%	81.64%	81.49%
Dollar Contribution DB	2,507,400	2,748,214	2,871,129	2,867,187
Dollar Contribution DC 2016	203,975	203,975	-	-
Total Town Contribution	**2,711,375**	**2,952,189**	**2,871,129**	**2,867,187**

Submitted at Mtg

1/4/16

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

December 31, 2015

Mr. Michael J. Pucillo
Town Council President
Town of Palm Beach
P.O. Box 2112
Palm Beach, Florida 33480

Re: Town of Palm Beach Retirement System – Multiplier Supplemental Valuation

Dear Michael:

Enclosed is a supplemental actuarial valuation for the Town of Palm Beach Retirement System.

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

Sincerely,

Brad Lee Armstrong

Brad Lee Armstrong, ASA, EA, MAAA

BLA:mrb
Enclosures

cc: Tom Bradford, Town Manager
Board of Trustees
Jane Struder, Finance Director
William Hanes, Pension Administration

Submitted at Mtg

1/4/16

TOWN OF PALM BEACH RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL REPORT
AS OF SEPTEMBER 30, 2014

Requested By: Mr. Michael J. Pucillo, Town Council President

Date: December 31, 2015

Submitted By: Brad Lee Armstrong, ASA, EA, MAAA and Jeff Tebeau, ASA, MAAA
Gabriel, Roeder, Smith & Company

This report contains an actuarial study to evaluate the effects of increasing the benefit multiplier for Police Officers and Firefighters of the Town of Palm Beach Retirement System. Brad L. Armstrong and Jeff Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The date of the valuation was September 30, 2014. The results of this report are based on the assumptions as recommended in the 2009 – 2014 Experience Study under the "ultimate" scenario, unless otherwise noted. This means that the results of this supplemental valuation indicate what the September 30, 2014 valuation would have shown if the proposed changes and assumptions 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 probable long-term cost of the **proposed changes only** without comment on the complete end result of the future valuations.

Actuarial assumptions and methods were consistent with those recommended in the 2009 – 2014 Experience Study of the Retirement System on the valuation date, unless otherwise noted. Actuarial assumptions are adopted by the Retirement Board of Trustees.

A brief summary of the data, as of September 30, 2014, used in this valuation is presented below.

	Active Members				Retired Members		Vested Terminated	
		Covered	Average in Years			Annual		Annual
Group	Number	Payroll	Age	Service	Number	Benefits	Number	Benefits
Police Officers	49	3,354,258	40.8	7.8	97	5,179,467	23	410,838
Firefighters	50	3,403,307	37.3	7.4	101	5,368,437	25	431,811

Current Provisions

- Benefit multiplier of 1.25% for Plan B members' service accumulated on or after May 1, 2012.
- Employee contribution rate of 2.47% of payroll for all non-grandfathered members except Bargaining Firefighters. Bargaining Firefighters contribute 4.82% of payroll.
- Normal Retirement condition of age 65 with at least 10 years of service for all Plan B members.

Proposed Provisions – Scenario 1

- Benefit multiplier of 1.25% for Plan B Police Officers and Firefighters' service accumulated between May 1, 2012 and May 1, 2016 changing to 2.50% for service accumulated after May 1, 2016.
- Employee contribution rate of 10.00% of payroll for Plan B Police Officers and Firefighters.
- Normal Retirement condition of age 55 with at least 10 years of service for Plan B Police Officers and Firefighters.

Proposed Provisions – Scenario 2

- Benefit multiplier of 1.25% for Plan B Police Officers and Firefighters' service accumulated between May 1, 2012 and May 1, 2016 changing to 2.75% for service accumulated after May 1, 2016.
- Employee contribution rate of 10.00% of payroll for Plan B Police Officers and Firefighters.
- Normal Retirement condition of age 59 with at least 10 years of service for Plan B Police Officers and Firefighters.

TOWN OF PALM BEACH RETIREMENT SYSTEM
SUPPLEMENTAL ACTUARIAL REPORT
AS OF SEPTEMBER 30, 2014

Police Officers

Contributions for	Current Benefits with Ultimate Assumptions	Current Benefits and Ultimate Assumptions with 7% Interest Rate	Scenario 1 2.50% Multiplier using 10% Member; Remainder paid by Town @ with 7% Interest Rate	Scenario 2 2.75% Multiplier using 10% Member; Remainder paid by Town @ with 7% Interest Rate
Normal Cost	7.41%	8.16%	18.14%	17.88%
Less Portion Paid by Members	2.50%	2.50%	9.98%	9.98%
Employer Normal Cost	4.91%	5.66%	8.16%	7.90%
UAAL#, Admin. Expenses, and FS112.64(5)	64.57%	70.95%	71.92%	72.27%
Total Town Computed Contribution Rate	69.48%	76.61%	80.08%	80.17%
Increase in Town Contribution Rate &			3.47%	3.56%
Illustrative Town Dollar Amount	$2,453,957	$2,704,015	$2,770,061	$2,773,946
Funded Ratio	69.7%	65.6%	65.1%	65.0%

Firefighters

Contributions for	Current Benefits with Ultimate Assumptions	Current Benefits and Ultimate Assumptions with 7% Interest Rate	Scenario 1 2.50% Multiplier using 10% Member; Remainder paid by Town @ with 7% Interest Rate	Scenario 2 2.75% Multiplier using 10% Member; Remainder paid by Town @ with 7% Interest Rate
Normal Cost	6.60%	7.26%	16.68%	16.32%
Less Portion Paid by Members	4.15%	4.15%	10.00%	10.00%
Employer Normal Cost	2.45%	3.11%	6.68%	6.32%
UAAL#, Admin. Expenses, and FS112.64(5)	67.52%	73.59%	74.96%	75.17%
Total Town Computed Contribution Rate	69.97%	76.70%	81.64%	81.49%
Increase in Town Contribution Rate &			4.94%	4.79%
Illustrative Town Dollar Amount	$2,507,400	$2,748,214	$2,871,129	$2,867,187
Funded Ratio	65.2%	61.2%	60.6%	60.5%

 # Unfunded Actuarial Accrued Liability
** The increase in the member's contribution is less for union firefighters since they currently contribute 4.82%.*
@ Reflects 1 Grandfathered member who currently contributes 6.98%.
& The Increase in Town Contribution Rate shows the increase due to benefit changes only. The increase due to the change in investment return assumption from 7.50% to 7.00% was 7.13% for Police Officers and 6.73% for Firefighters.

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 author 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.

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.

Comments (Concluded)

Comment 7 — The assumptions for separation from active employment were adjusted for Police Officers and Firefighters in conjunction with the proposed benefit provisions. The withdrawal rates used for the supplemental valuation are shown below.

Sample Ages	Years of Service	Percent Separating Within Next Year Police and Fire
ALL	0	15.00 %
	1	10.00
	2	8.00
	3	7.00
	4	6.00
20	5 & Over	5.00
25		5.00
30		4.50
35		3.55
40		1.45
45		0.75
50		0.75
55		0.75
60		- -

Comment 8 — Normal retirement rates for this supplemental valuation are shown below:

Retirement Ages	Percent Retiring Current Provisions
65	100%

Retirement Ages	Percent Retiring Proposed Provisions
55	70%
56	70%
57	70%
58	70%
59	70%
60	100%