

Retirement Plan for the Firefighters  
Of the Pace Fire District

Actuarial Valuation  
As of October 1, 2021

Determines the Contribution  
For the 2021/22 Fiscal Year



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July 27, 2022

## Introduction

This report presents the results of the October 1, 2021 actuarial valuation for the Retirement Plan for the Firefighters of the Pace Fire District. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2021 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2021/22 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

## Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2021/22 plan year. The minimum required contribution rate is 12.22% of payroll.

The normal cost rate is 11.83% for the 2021/22 plan year. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 0.22% of payroll due to investment gains, decreased by 5.58% of payroll due to demographic experience, increased by 3.53% of payroll due to the plan change that is described below, and increased by 2.87% of payroll due to the assumption change that is described below. The market value of assets earned 11.15% during the 2020/21 plan year and the actuarial value of assets earned 12.74% during the 2020/21 plan year due, whereas a 7.00% annual investment return was required to maintain a stable contribution rate. The



demographic gain occurred primarily because total payroll increased significantly from the prior year, which allows the unfunded projected liability to be spread over a larger payroll in the future.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the District must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the District's 2021/22 minimum required contribution will be equal to 12.22% of pensionable earnings.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$1,891,375. As illustrated in Table I-A, current assets are sufficient to cover \$486,330 of this amount, the employer's 2021/22 expected contribution will cover \$95,350 of this amount, and future employee contributions are expected to cover \$643,607 of this amount, leaving \$666,088 to be covered by future employer funding beyond the 2021/22 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

### Plan Change

The plan is being amended to increase the benefit formula multiplier from 2.75% to 3.25%. Although the plan's legal document has not yet been formally amended, we have reflected the benefit increase in this report. The impact of this plan change was to increase the normal cost rate by 3.53% of payroll.

### Assumption Change

Since the completion of the previous valuation, assumed interest (or discount) rate was decreased from 7.00% per annum to 6.50% per annum. The impact of this assumption change was to increase the normal cost rate by 2.87% of payroll.

### Identification and Assessment of Risk

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, there is always a risk that, should these assumptions not be realized, the liabilities of the plan, the contributions required to fund the plan, and the funded status of the plan may be significantly different than the amounts shown in this report.



Although a thorough analysis of the risk of not meeting the assumptions is beyond the scope of this report, this discussion is intended to identify the significant risks faced by the plan. In some cases, a more detailed review of the risks, including numerical analysis, may be appropriate to help the plan sponsor and other interested parties assess the specific impact of not realizing certain assumptions. For example, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate. Note that this report is not intended to provide advice on the management or reduction of the identified risks nor is this report intended to provide investment advice.

The most significant risk faced by most defined benefit pension plans is investment risk, i.e. the risk that long-term investment returns will be less than assumed. Other related risks include a risk that, if the investments of the plan decline dramatically over a short period of time (such as occurred with many pension plans in 2008), the plan's assets may not have sufficient time to recover before benefits become due. Even if the assets of the plan grow in accordance with the assumed investment return over time, if benefit payments are expected to be large in the short-term (for example, if the plan provides an actuarial equivalent lump sum payment option and a large number of participants are expected to become entitled to such a lump sum in the near future), the plan's assets may not be sufficient to support such a high level of benefit payments. We have provided a 10-year projection of the expected benefit payments in Table III-G to help the Trustees in formulating an investment policy that is expected to provide an investment return that meets both the short- and long-term cash flow needs of the pension plan.

Another source of risk is demographic experience. This is the risk that participants will receive salary increases that are different than the amount assumed, that participants will retire, become disabled, or terminate their employment at a rate that is different than assumed, and that participants will live longer than assumed, just to cite a few examples of the demographic risk faced by the plan. Although for most pension plans, the demographic risk is not as significant as the investment risk, particularly in light of the fact that the mortality assumption includes a component for future life expectancy increases, the demographic risk can nevertheless be a significant contributing factor to liabilities and contribution rates that become higher than anticipated.

A third source of risk is the risk that the plan sponsor (or other contributing entities) will not make, or will not have the ability to make, the contributions that are required to keep the plan funded at a sufficient level. Material changes in the number of covered employees, covered payroll, and, in some cases, hours worked by active participants can also significantly impact the plan's liabilities and the level of contributions received by the plan.

Finally, an actuarial funding method has been used to allocate the gap between projected liabilities and assets to each year in the future. The contribution rate under some funding methods is higher during the early years of the plan and then is lower during the later years of the plan. Other funding methods provide for lower contribution rates initially, with increasing contribution rates over time.

The Trustees have adopted the aggregate funding method for this plan, which is expected to result in a contribution rate that is level as a percentage of payroll over the working life of the plan's active participants. A brief description of the actuarial funding method is provided in Table IV-A.



Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2021, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

*Charles T. Carr/ug*

Charles T. Carr  
Consulting Actuary  
Southern Actuarial Services Company, Inc.

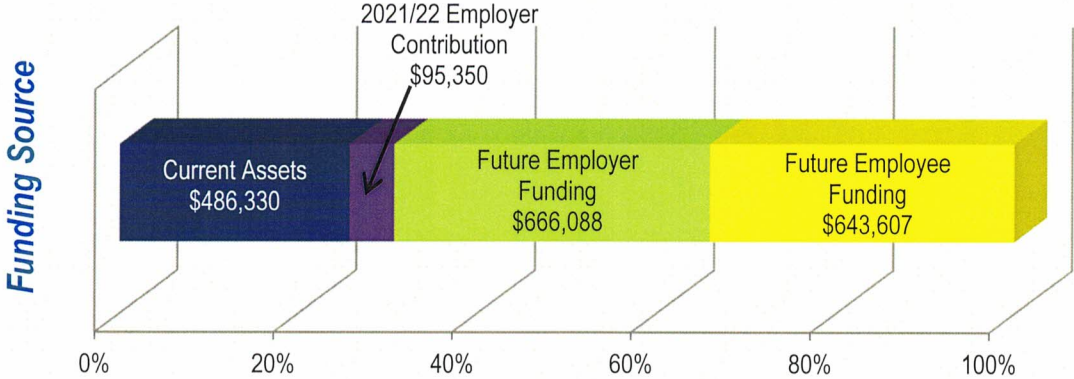
Enrolled Actuary No. 20-04927

*The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.*



Minimum Required Contribution

Table I-A



**For the 2021/22 Plan Year**

Present Value of Future Benefits	\$1,751,273
Present Value of Future Administrative Expenses	\$140,102
Actuarial Value of Assets	(\$486,330)
Present Value of Future Employee Contributions	(\$643,607)
Present Value of Future Normal Costs	\$761,438
<hr/>	
Present Value of Future Payroll	÷ \$6,436,089
Normal Cost Rate	= 11.8308%
Expected Payroll	x \$780,149
<hr/>	
Normal Cost	\$92,298
Adjustment to Reflect Bi-Weekly Employer Contributions	\$3,052
<hr/>	
Preliminary Employer Contribution for the 2021/22 Plan Year	\$95,350
Expected Payroll for the 2021/22 Plan Year	÷ \$780,149

**Minimum Required Contribution Rate** **12.22%**

*(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)*

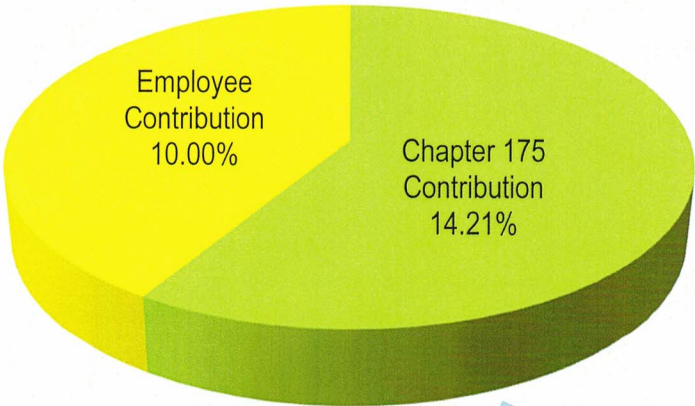


Minimum Required Contribution

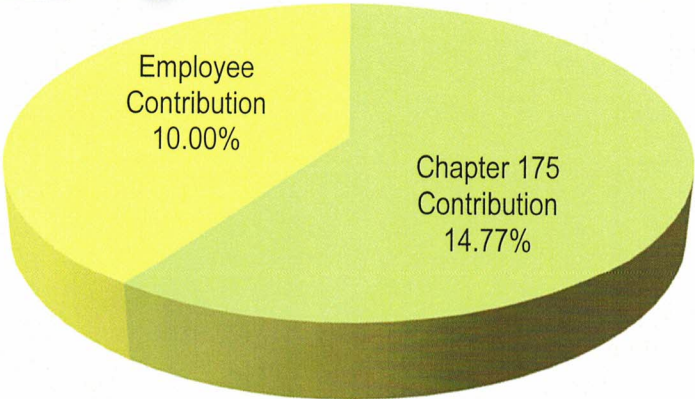
Table I-A  
(continued)

The minimum required contribution rate of 12.22% includes both the District contribution and the allowable Chapter 175 contribution (if any). In addition, employees are required to contribute 10.00% of pensionable earnings. The actual District contribution rate is expected to be approximately 0% based on the allowable Chapter 175 contribution (if any) for the previous year. The chart below shows the expected contribution rate by source for the 2021/22 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.

**For the 2021/22 Plan Year**



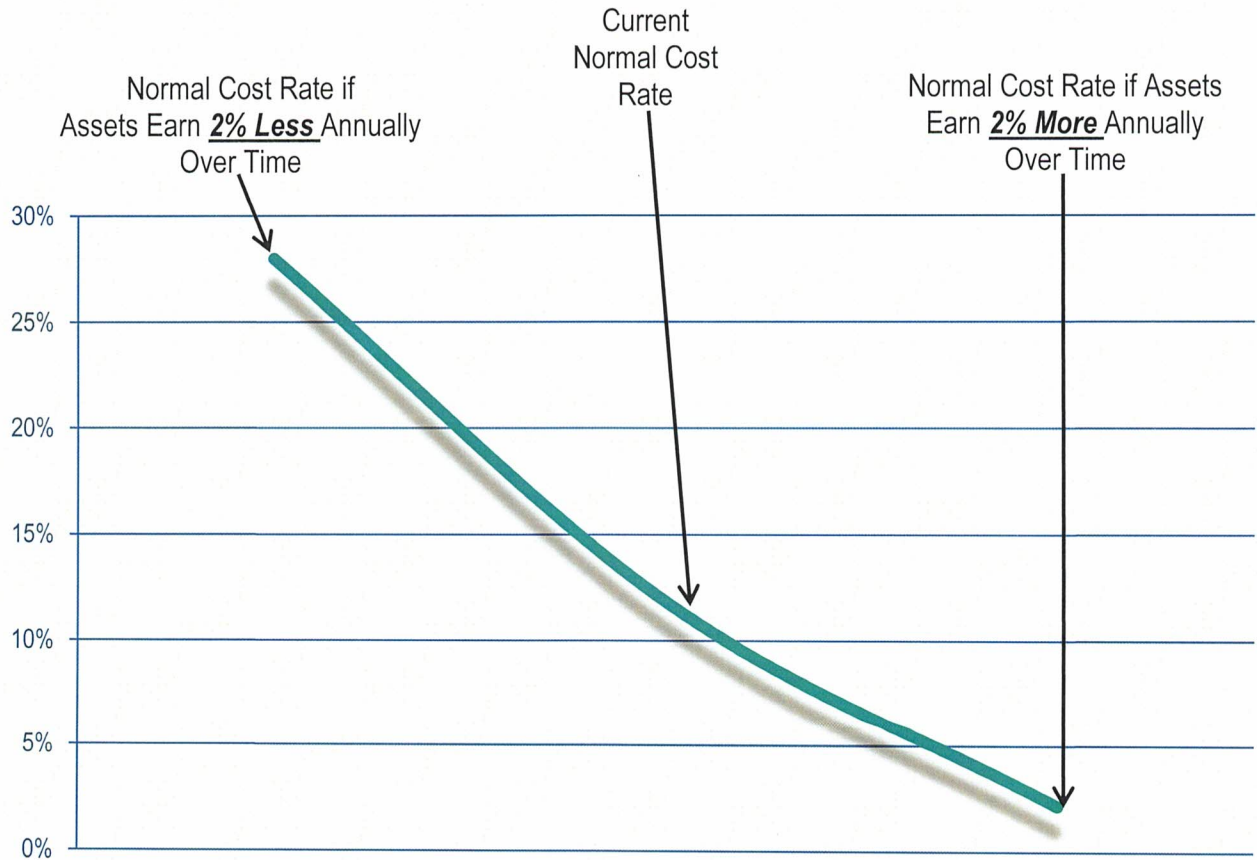
**For the 2020/21 Plan Year**





Sensitivity Analysis

Table I-B



*The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.*



## Gain and Loss Analysis

Table I-C

Previous normal cost rate	11.23%
Increase (decrease) due to investment gains and losses	-0.22%
Increase (decrease) due to demographic experience	-5.58%
Increase (decrease) due to plan amendments	3.53%
Increase (decrease) due to actuarial assumption changes	2.87%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>11.83%</u>



Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i>Actively Employed Participants</i>			
Retirement benefits	\$900,425	\$1,064,139	\$1,219,168
Termination benefits	\$130,324	\$154,022	\$184,494
Disability benefits	\$212,725	\$227,319	\$252,359
Death benefits	\$4,289	\$5,066	\$5,783
Refund of employee contributions	\$59,208	\$59,208	\$60,009
Sub-total	<b>\$1,306,971</b>	<b>\$1,509,754</b>	<b>\$1,721,813</b>
<i>Deferred Vested Participants</i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Due a Refund of Contributions</i>	<b>\$29,460</b>	<b>\$29,460</b>	<b>\$29,460</b>
<i>Deferred Beneficiaries</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Retired Participants</i>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Grand Total</i>	<b><u>\$1,336,431</u></b>	<b><u>\$1,539,214</u></b>	<b><u>\$1,751,273</u></b>
Present Value of Future Payroll	\$6,202,569	\$6,202,569	\$6,436,089
Present Value of Future Employee Contribs.	\$620,256	\$620,256	\$643,607
Present Value of Future Employer Contribs.	\$336,759	\$555,765	\$761,438



## Present Value of Accrued Benefits

Table I-E

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i>Actively Employed Participants</i>			
Retirement benefits	\$118,771	\$140,367	\$149,573
Termination benefits	\$7,059	\$8,343	\$9,855
Disability benefits	\$80,099	\$80,099	\$86,662
Death benefits	\$239	\$279	\$303
Refund of employee contributions	\$22,441	\$22,441	\$22,611
Sub-total	<b>\$228,609</b>	<b>\$251,529</b>	<b>\$269,004</b>
<i>Deferred Vested Participants</i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Due a Refund of Contributions</i>	<b>\$29,460</b>	<b>\$29,460</b>	<b>\$29,460</b>
<i>Deferred Beneficiaries</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Retired Participants</i>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Grand Total</i>	<b><u>\$258,069</u></b>	<b><u>\$280,989</u></b>	<b><u>\$298,464</u></b>
<i>Funded Percentage</i>	188.45%	173.08%	162.94%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$20,957	\$24,767	\$26,250
Termination benefits	\$130	\$154	\$163
Disability benefits	\$80,099	\$80,099	\$86,662
Death benefits	\$49	\$57	\$59
Refund of employee contributions	\$34,392	\$34,392	\$35,040
Sub-total	<b>\$135,627</b>	<b>\$139,469</b>	<b>\$148,174</b>
<u>Deferred Vested Participants</u>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Due a Refund of Contributions</u>	<b>\$29,460</b>	<b>\$29,460</b>	<b>\$29,460</b>
<u>Deferred Beneficiaries</u>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Grand Total</u>	<b><u>\$165,087</u></b>	<b><u>\$168,929</u></b>	<b><u>\$177,634</u></b>



## Entry Age Normal Accrued Liability

## Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<i>Actively Employed Participants</i>			
Retirement benefits	\$264,308	\$312,365	\$338,700
Termination benefits	\$31,252	\$36,938	\$43,260
Disability benefits	\$73,836	\$76,215	\$81,774
Death benefits	\$889	\$1,047	\$1,153
Refund of employee contributions	\$26,747	\$26,747	\$26,871
Sub-total	<b>\$397,032</b>	<b>\$453,312</b>	<b>\$491,758</b>
<i>Deferred Vested Participants</i>			
Retirement benefits	\$0	\$0	\$0
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Due a Refund of Contributions</i>	<b>\$29,460</b>	<b>\$29,460</b>	<b>\$29,460</b>
<i>Deferred Beneficiaries</i>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Retired Participants</i>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Grand Total</i>	<b><u>\$426,492</u></b>	<b><u>\$482,772</u></b>	<b><u>\$521,218</u></b>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2021	\$486,330
Minus advance employer contributions	\$0
Minus excess Chapter 175/185 contributions	\$0
<b>Actuarial Value of Assets as of October 1, 2021</b>	<b><u>\$486,330</u></b>

<u>Historical Actuarial Value of Assets</u>	
October 1, 2012	N/A
October 1, 2013	N/A
October 1, 2014	N/A
October 1, 2015	N/A
October 1, 2016	N/A
October 1, 2017	N/A
October 1, 2018	N/A
October 1, 2019	\$0
October 1, 2020	\$61,223
October 1, 2021	\$486,330

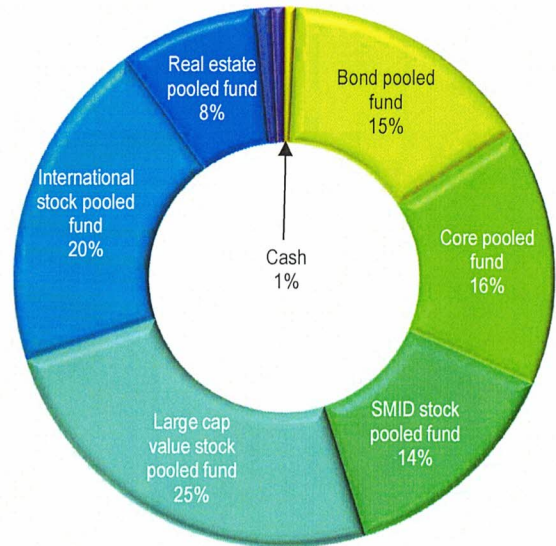


Market Value of Assets

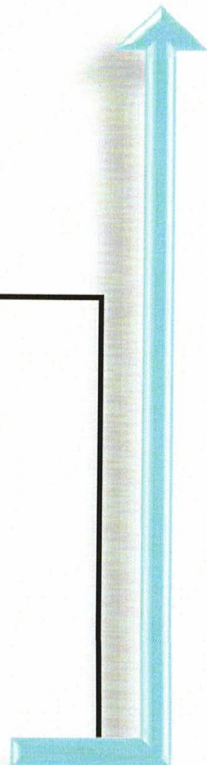
Table II-B

As of October 1, 2021

<b>Market Value of Assets</b>	<b><u>\$486,330</u></b>
Cash	\$3,345
Bond pooled fund	\$74,062
Core pooled fund	\$75,496
SMID stock pooled fund	\$66,417
Large cap value stock pooled fund	\$120,889
International stock pooled fund	\$97,476
Real estate pooled fund	\$40,137
Employer contribution receivable	\$4,747
Employee contribution receivable	\$3,761



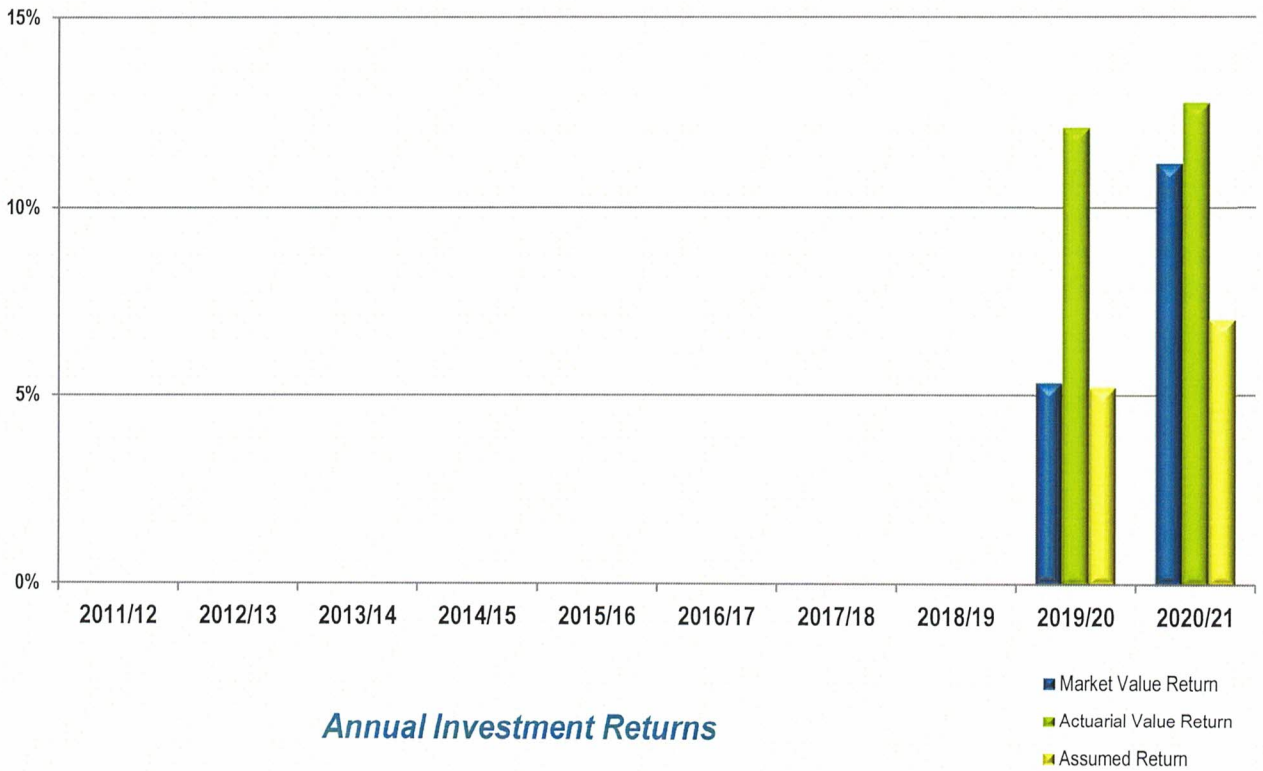
<u>Historical Market Value of Assets</u>	
October 1, 2012	N/A
October 1, 2013	N/A
October 1, 2014	N/A
October 1, 2015	N/A
October 1, 2016	N/A
October 1, 2017	N/A
October 1, 2018	N/A
October 1, 2019	\$0
October 1, 2020	\$134,726
October 1, 2021	\$486,330





Investment Return

Table II-C



**Annual Investment Returns**

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2011/12	N/A	N/A	N/A
2012/13	N/A	N/A	N/A
2013/14	N/A	N/A	N/A
2014/15	N/A	N/A	N/A
2015/16	N/A	N/A	N/A
2016/17	N/A	N/A	N/A
2017/18	N/A	N/A	N/A
2018/19	N/A	N/A	N/A
2019/20	5.32%	12.10%	5.21%
2020/21	11.15%	12.74%	7.00%
2yr. Avg.	8.20%	12.42%	6.10%



## Asset Reconciliation

## Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
<b>As of October 1, 2020</b>	<b>\$134,726</b>	<b>\$61,223</b>
<b><i>Increases Due To:</i></b>		
Employer Contributions	\$121,991	\$121,991
Chapter 175/185 Contributions	\$115,266	\$115,266
Employee Contributions	\$96,665	\$96,665
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$333,922</u>	<u>\$333,922</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$32,784	
Total Investment Income	<u>\$32,784</u>	\$32,784
Other Income	\$0	
<b>Total Income</b>	<b><u>\$366,706</u></b>	<b><u>\$366,706</u></b>
<b><i>Decreases Due To:</i></b>		
Monthly Benefit Payments	\$0	\$0
Refund of Employee Contributions	(\$1,648)	(\$1,648)
Total Benefit Payments	<u>(\$1,648)</u>	<u>(\$1,648)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$13,454)	(\$13,454)
Advance Employer Contribution		\$73,503
Excess Chapter 175/185 Contribution		\$0
<b>Total Expenses</b>	<b><u>(\$15,102)</u></b>	<b><u>\$58,401</u></b>
<b>As of October 1, 2021</b>	<b><u><u>\$486,330</u></u></b>	<b><u><u>\$486,330</u></u></b>



## Historical Trust Fund Detail

## Table II-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized	Unrealized	Other Income
						Gains / Losses	Gains / Losses	
2011/12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013/14	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014/15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015/16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016/17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017/18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018/19	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019/20	\$73,503	\$0	\$59,436	\$0	\$0	\$0	\$3,493	\$0
2020/21	\$121,991	\$115,266	\$96,665	\$0	\$0	\$0	\$32,784	\$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses	<u>Other Actuarial Adjustments</u>	
					Advance Employer Contribs.	Excess Chapter Contribs.
2011/12	N/A	N/A	N/A	N/A	N/A	N/A
2012/13	N/A	N/A	N/A	N/A	N/A	N/A
2013/14	N/A	N/A	N/A	N/A	N/A	N/A
2014/15	N/A	N/A	N/A	N/A	N/A	N/A
2015/16	N/A	N/A	N/A	N/A	N/A	N/A
2016/17	N/A	N/A	N/A	N/A	N/A	N/A
2017/18	N/A	N/A	N/A	N/A	N/A	N/A
2018/19	N/A	N/A	N/A	N/A	N/A	N/A
2019/20	\$0	\$0	\$1,706	\$0	\$73,503	\$0
2020/21	\$0	\$1,648	\$13,454	\$0	-\$73,503	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



## Other Reconciliations

Table II-F

**Advance Employer Contribution**

Advance Employer Contribution as of October 1, 2020	\$73,503
Additional Employer Contribution	\$237,257
Minimum Required Contribution	(\$112,604)
Immediate Application of the Advance Employer Contribution	(\$198,156)
Net Increase in Advance Employer Contribution	(\$73,503)
Advance Employer Contribution as of October 1, 2021	\$0

**Excess Chapter 175/185 Contribution**

Excess Chapter 175/185 Contribution as of October 1, 2020	\$0
Additional Chapter 175/185 Contribution	\$115,266
Allowable Chapter 175/185 Contribution	(\$115,266)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2021	\$0



## Historical Chapter 175/185 Contributions

Table II-G

**Total Accumulated Excess Chapter 175/185 Contribution** \$0

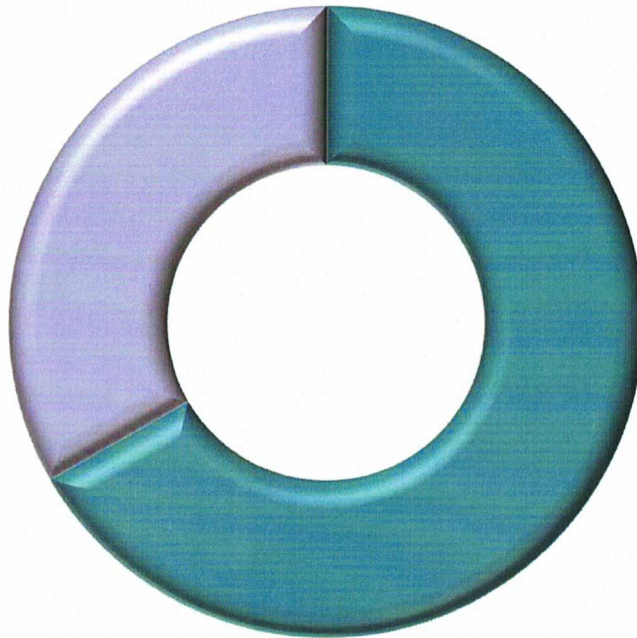
	Chapter 175 Regular <u>Distribution</u>	Chapter 175 Supplemental <u>Distribution</u>	Chapter 185 <u>Distribution</u>	Allowable <u>Amount</u>
2020 Distribution	\$115,266	\$0	\$0	(\$115,266)



Summary of Participant Data

Table III-A

As of October 1, 2021

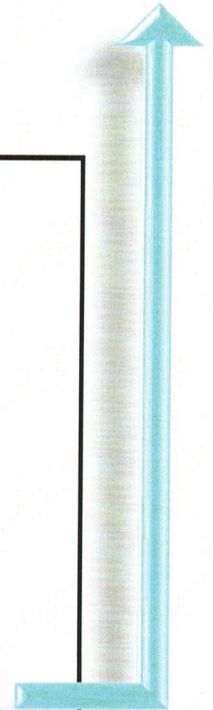


*Participant Distribution by Status*

<u>Actively Employed Participants</u>		
◆	Active Participants	20
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	0
◆	Due a Refund of Contributions	10
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	0
◆	Disability Retirements	0
◆	Beneficiaries Receiving	0
<b>Total Participants</b>		<b>30</b>

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	N/A	N/A	N/A	N/A	N/A
October 1, 2015	N/A	N/A	N/A	N/A	N/A
October 1, 2016	N/A	N/A	N/A	N/A	N/A
October 1, 2017	N/A	N/A	N/A	N/A	N/A
October 1, 2018	N/A	N/A	N/A	N/A	N/A
October 1, 2019	0	0	0	0	0
October 1, 2020	23	0	4	0	27
October 1, 2021	20	0	10	0	30



## Data Reconciliation

Table III-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2020</u>	23	0	0	4	0	0	0	0	27
<u>Change in Status</u>									
Re-employed									
Terminated	(8)			8					
Retired									
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(2)					(2)
Died									
<u>Participation Began</u>									
Newly Hired	5								5
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2021</u>	20	0	0	10	0	0	0	0	30

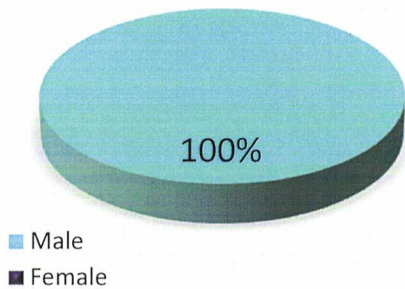


Active Participant Data

Table III-C

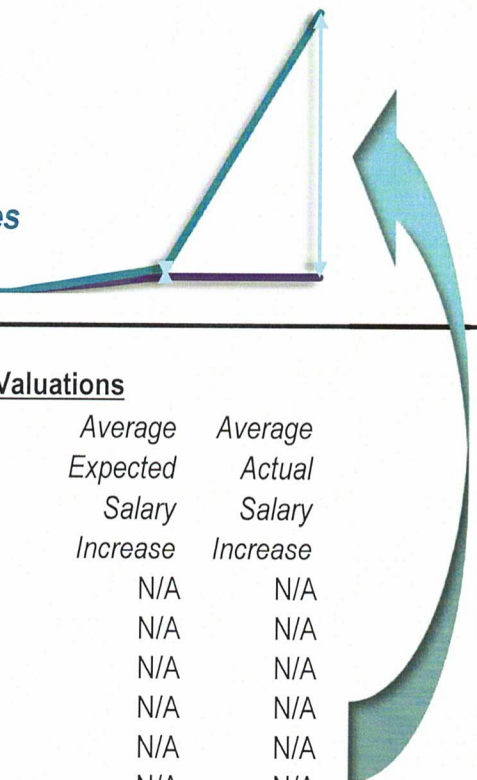
As of October 1, 2021

Gender Mix



Average Age	33.2 years
Average Service	3.4 years
Total Annualized Compensation for the Prior Year	\$911,705
Total Expected Compensation for the Current Year	\$780,149
Average Increase in Compensation for the Prior Year	67.26%
Expected Increase in Compensation for the Current Year	4.00%

Actual vs. Expected Salary Increases



Active Participant Statistics From Prior Valuations

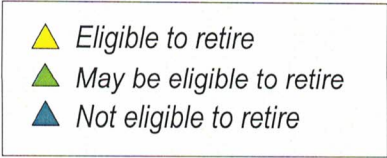
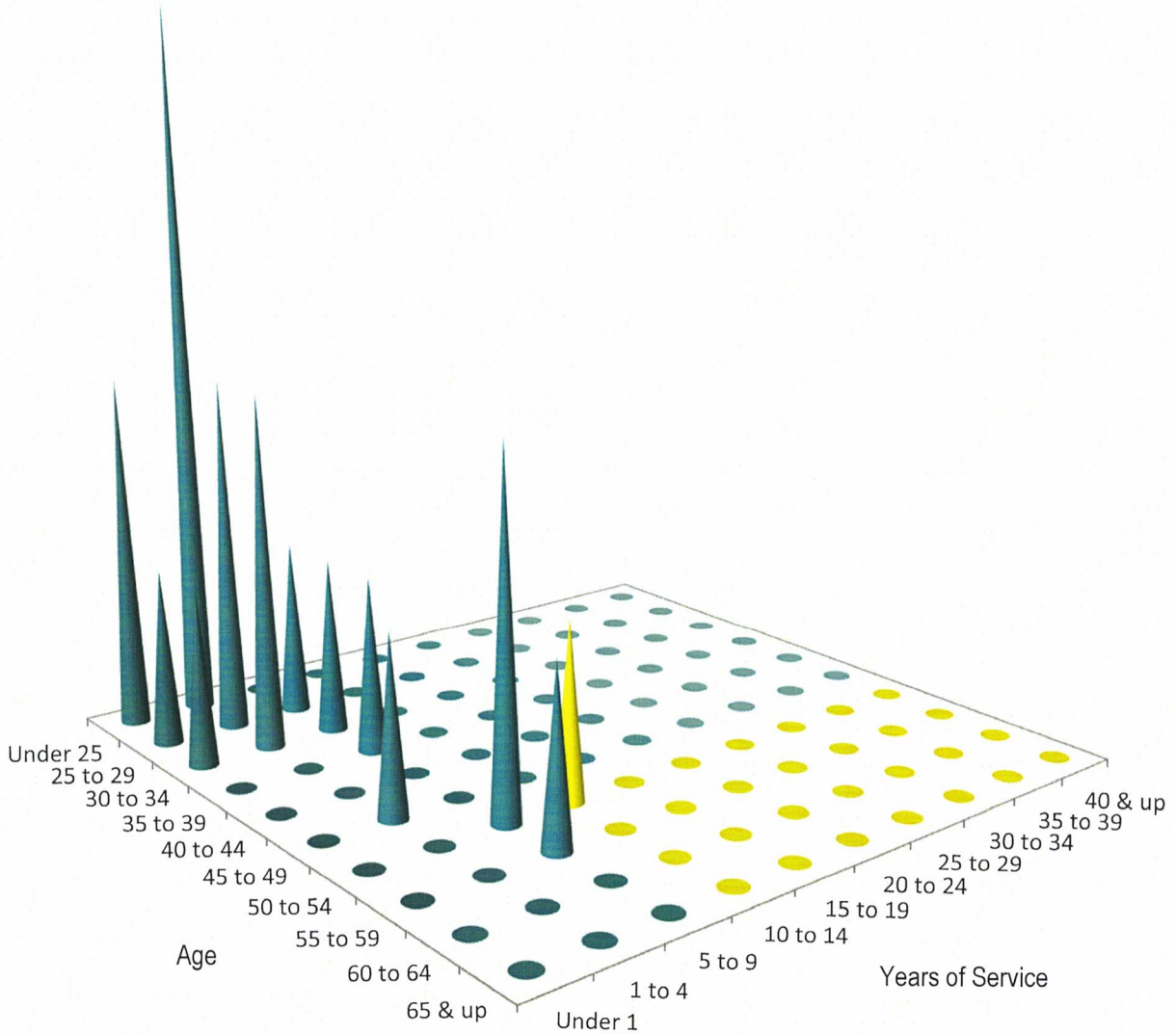
	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	N/A	N/A	N/A	N/A	N/A
October 1, 2015	N/A	N/A	N/A	N/A	N/A
October 1, 2016	N/A	N/A	N/A	N/A	N/A
October 1, 2017	N/A	N/A	N/A	N/A	N/A
October 1, 2018	N/A	N/A	N/A	N/A	N/A
October 1, 2019	N/A	N/A	N/A	N/A	N/A
October 1, 2020	33.2	2.7	\$28,396	4.00%	6.11%
October 1, 2021	33.2	3.4	\$45,585	4.00%	67.26%





# Active Age-Service Distribution

Table III-D



## Active Age-Service-Salary Table

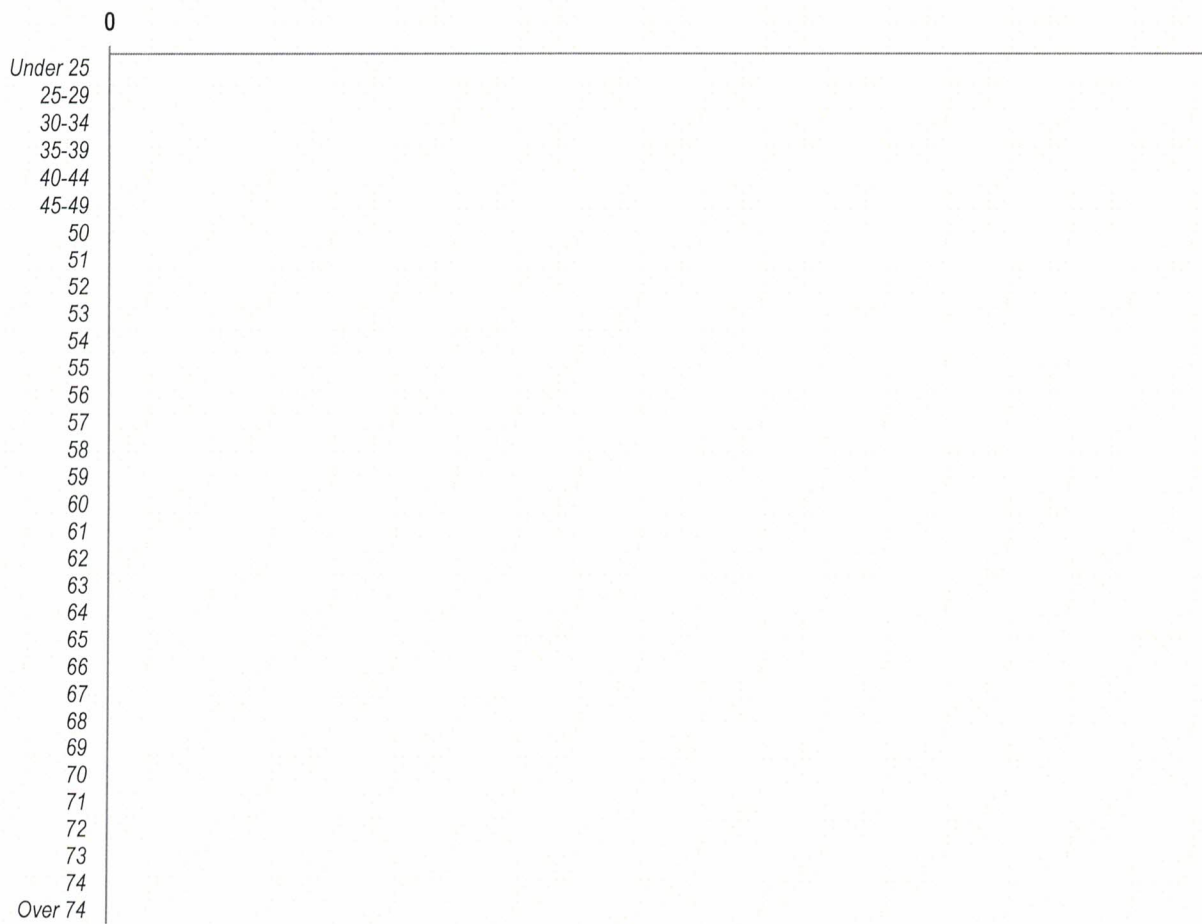
Table III-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	2	4	0	0	0	0	0	0	0	0	6
Avg.Pay	28,484	39,062	0	0	0	0	0	0	0	0	35,536
25 to 29	1	2	1	0	0	0	0	0	0	0	4
Avg.Pay	35,994	40,434	39,234	0	0	0	0	0	0	0	39,024
30 to 34	1	2	1	0	0	0	0	0	0	0	4
Avg.Pay	52,394	41,708	41,201	0	0	0	0	0	0	0	44,253
35 to 39	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	56,766	0	0	0	0	0	0	0	56,766
40 to 44	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	47,267	0	0	0	0	0	0	0	0	47,267
50 to 54	0	0	2	1	0	0	0	0	0	0	3
Avg.Pay	0	0	54,594	53,648	0	0	0	0	0	0	54,278
55 to 59	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	98,514	0	0	0	0	0	0	0	98,514
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>
Avg.Pay	36,339	40,867	57,484	53,648	0	0	0	0	0	0	45,585



Inactive Participant Data

Table III-F



**Age at Retirement**

- Service Retirements
- Disability Retirements
- DROP Participants

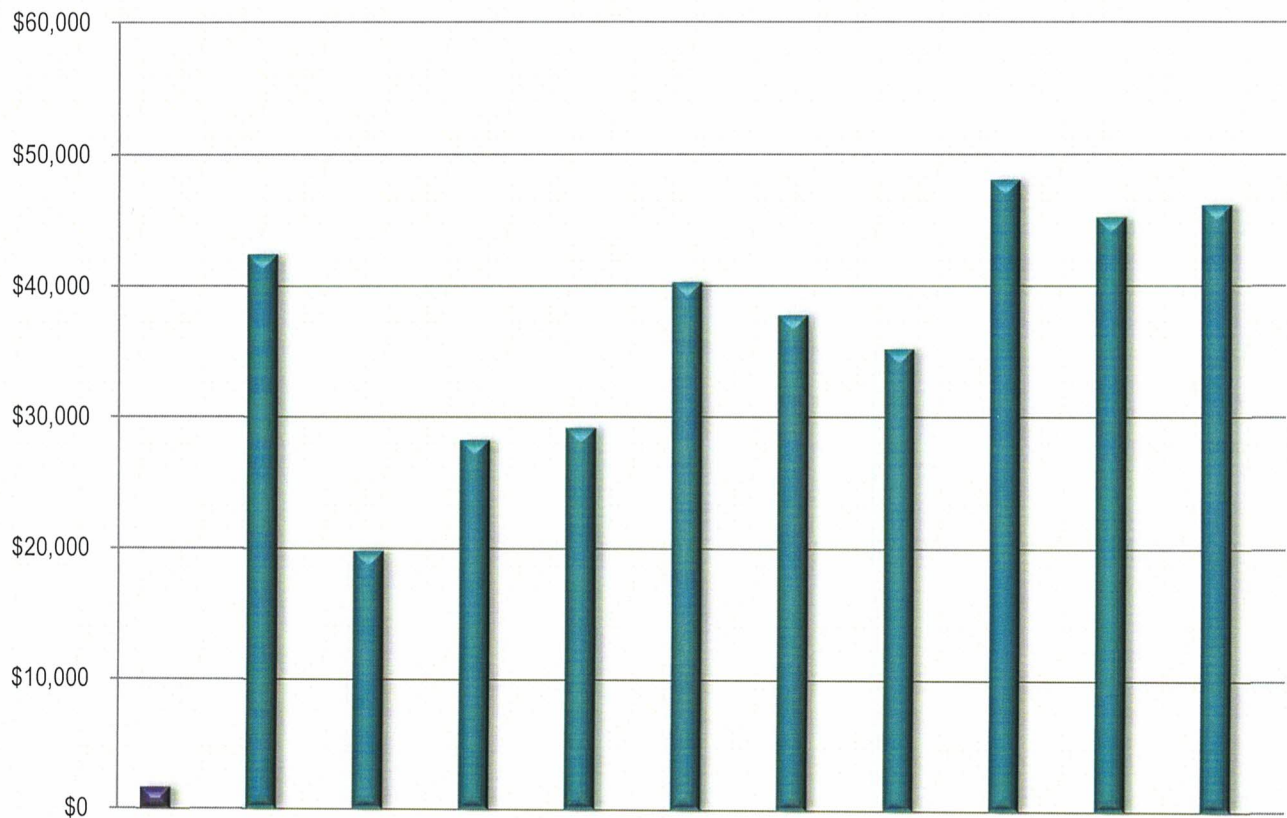
Average Monthly Benefit

Service Retirements	<i>Not applicable</i>
Disability Retirements	<i>Not applicable</i>
Beneficiaries Receiving	<i>Not applicable</i>
DROP Participants	<i>Not applicable</i>
Deferred Vested Participants	<i>Not applicable</i>
Deferred Beneficiaries	<i>Not applicable</i>



## Projected Benefit Payments

Table III-G

Actual

For the period October 1, 2020 through September 30, 2021

\$1,648

Projected

For the period October 1, 2021 through September 30, 2022

\$42,467

For the period October 1, 2022 through September 30, 2023

\$19,801

For the period October 1, 2023 through September 30, 2024

\$28,241

For the period October 1, 2024 through September 30, 2025

\$29,159

For the period October 1, 2025 through September 30, 2026

\$40,294

For the period October 1, 2026 through September 30, 2027

\$37,779

For the period October 1, 2027 through September 30, 2028

\$35,166

For the period October 1, 2028 through September 30, 2029

\$48,123

For the period October 1, 2029 through September 30, 2030

\$45,263

For the period October 1, 2030 through September 30, 2031

\$46,179



## Summary of Actuarial Methods and Assumptions

## Table IV-A

*NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.*

**1. Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

**2. Asset Method**

The actuarial value of assets is equal to the market value of assets.

**3. Interest (or Discount) Rate**

6.50% per annum

**4. Salary Increases**

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

**5. Decrements**

- Pre-retirement mortality: Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year
- Post-retirement mortality: For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018



## Summary of Actuarial Methods and Assumptions

## Table IV-A

(continued)

**5. Decrements (continued)**

- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); all disabilities are assumed to be service-related.
- Termination: Sex-distinct withdrawal rates set forth in the Scale 255 table.
- Retirement: Retirement is assumed to occur at normal retirement age.

**6. Form of Payment**

Future retirees have been assumed to select the 10-year certain and life annuity.

**7. Marriage Assumption**

100% of non-retired participants are assumed to be married, with husbands assumed to be three years younger than wives.

**8. Expenses**

The total projected benefit liability has been loaded by 8.00% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



## Changes in Actuarial Methods and Assumptions

## Table IV-B

Since the completion of the previous valuation, the assumed interest (or discount) rate was decreased from 7.00% per annum to 6.50% per annum.



## Summary of Plan Provisions

## Table V-A

**1. Monthly Accrued Benefit**

3.25% of Average Final Compensation multiplied by Credited Service

**2. Normal Retirement Age and Benefit**

- **Age**

Age 55 with at least eight years of Credited Service; or  
Age 52 with at least 25 years of Credited Service

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Actuarially increased single life annuity (optional);  
10-year certain and life annuity (normal form of payment);  
Actuarially reduced 50% joint and contingent annuity (optional);  
Actuarially reduced 66 $\frac{2}{3}$ % joint and contingent annuity (optional);  
Actuarially reduced 75% joint and contingent annuity (optional);  
Actuarially reduced 100% joint and contingent annuity (optional);  
Any other actuarially equivalent form of payment approved by the Board; or  
Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or the monthly annuity is less than \$100)

*(Note: A participant may change his joint annuitant up to two times after retirement.)*

**3. Early Retirement Age and Benefit**

- **Age**

Age 50 with at least eight years of Credited Service

- **Amount**

Monthly Accrued Benefit (payable at Normal Retirement Age); or  
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)

- **Form of Payment**

Same as for Normal Retirement





## Summary of Plan Provisions

## Table V-A

(continued)

**4. Service Incurred Disability Eligibility and Benefit****• Eligibility**

The participant is eligible if his disability was incurred during the course of his employment with the District.

**• Condition**

The Board must find that the participant has a physical or mental condition resulting from bodily injury, disease, or a mental disorder which renders him incapable of employment as a firefighter.

**• Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other District-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 42% of Average Final Compensation

**5. Non-Service Incurred Disability Eligibility and Benefit****• Eligibility**

The participant must have earned at least eight years of Credited Service if his disability was incurred other than during the course of his employment with the District.

**• Condition**

Same as for a Service Incurred Disability Benefit

**• Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other District-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 25% of Average Final Compensation

**6. Delayed Retirement Age and Benefit****• Age**

After Normal Retirement Age

**• Amount**

Monthly Accrued Benefit

**• Form of Payment**

Same as for Normal Retirement



## Summary of Plan Provisions

## Table V-A

(continued)

**7. Deferred Vested Benefit**

- **Age**  
Any age with at least eight years of Credited Service
- **Amount**  
Monthly Accrued Benefit (payable at Normal Retirement Age); or  
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
- **Form of Payment**  
Same as for Normal Retirement

**8. Pre-Retirement Death Benefit**

In the case of the death of a vested participant prior to retirement, his beneficiary will receive the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

**9. Average Final Compensation**

Average of the highest three years of Compensation out of the last 10 years of employment (or career average, if higher).

**10. Compensation**

Fixed monthly compensation; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with Internal Revenue Code (IRC) §401(a)(17).

**11. Credited Service**

The elapsed time from the participant's date of hire until his date of termination, retirement, or death. Service earned prior to December 31, 2019 is not considered for purposes of determining the amount of the participant's monthly accrued benefit.



## Summary of Plan Provisions

## Table V-A

(continued)

**12. Participation Requirement**

All full-time firefighters of the Pace Fire District automatically become a participant in the plan on their date of hire.

**13. Accumulated Contributions**

The Employee Contributions accumulated with no interest; if the participant terminates his employment with less than eight years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

**12. Participant Contribution**

10.00% of earnings

**13. Definition of Actuarially Equivalent**

Based on 7.00% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3).

**14. Plan Effective Date**

December 31, 2019



## Summary of Plan Amendments

## Table V-B

Since the completion of the previous valuation, the benefit formula multiplier was increased from 2.75% to 3.25%. *(Note that the legal plan document has not yet been formally amended to reflect this plan change, but the plan sponsor is in the process of adopting a formal plan amendment.)*

