

Retirement Plan for the Police Officers and Firefighters of the City of Lighthouse Point

Actuarial Valuation
As of October 1, 2021

Determines the Contribution
For the 2021/22 Fiscal Year



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February 20, 2022

Introduction

This report presents the results of the October 1, 2021 actuarial valuation of the Retirement Plan for the Police Officers and Firefighters of the City of Lighthouse Point. 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 minimum required contribution 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 zero, which is the same as the contribution rate that was developed in the prior valuation.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City 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 City's 2021/22 minimum required contribution will be equal to zero. Furthermore, if an actuarial valuation is not prepared as of October 1, 2022, the 0.00% contribution rate will apply to the 2022/23 fiscal year as well.



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 \$23,466,916 not including future administrative expenses. As illustrated in Table I-A, current assets are sufficient to cover this entire amount. Again, demographic and investment experience that differs from that assumed may increase the future employer funding requirement.

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-D 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.

A second 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.

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 individual entry age normal funding method for



this plan with level-dollar payments towards the unfunded accrued liability. 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. Specifically, Table II-A shows the development of the actuarial value of assets, which is based on the market value of assets. 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

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

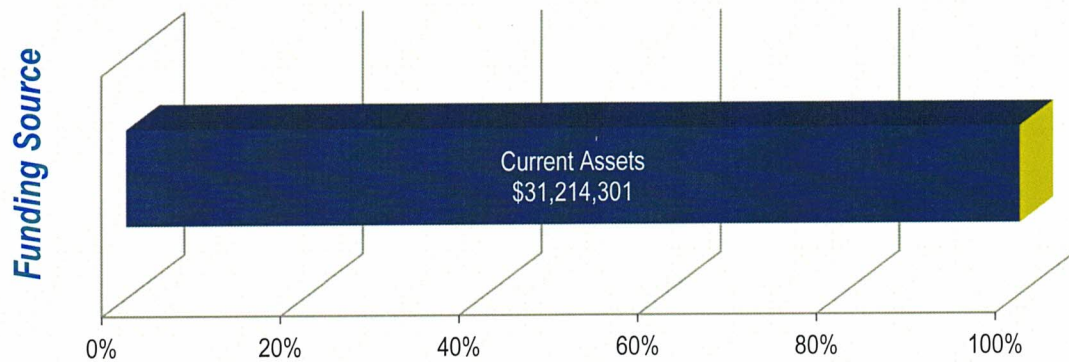
Enrolled Actuary No. 20-04927

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

Normal Cost for the 2021/22 Plan Year	\$0
Unfunded Liability Amortization Payment for the 2021/22 Plan Year	\$0
Additional Employee Contribution Under Variable Formula	\$0
Adjustment to Reflect Bi-Weekly Employer Contributions	\$0

Minimum Req. Contribution for the 2021/22 Plan Year **\$0**

Additional Disclosures

Present Value of Future Compensation	\$0
Present Value of Future Employer Contributions	\$0
Present Value of Future Employee Contributions	\$0



Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed 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	\$0	\$0	\$0
<u>Deferred Vested Participants</u>			
Retirement benefits	\$9,431,690	\$9,431,690	\$9,431,690
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$9,431,690	\$9,431,690	\$9,431,690
<u>Due a Refund of Contributions</u>	\$138,539	\$138,539	\$138,539
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$10,316,275	\$10,316,275	\$10,316,275
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$125,935	\$125,935	\$125,935
DROP participants	\$3,454,477	\$3,454,477	\$3,454,477
Sub-total	\$13,896,687	\$13,896,687	\$13,896,687
<u>Grand Total</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>
Present Value of Future Payroll	\$0	\$0	\$0
Present Value of Future Employee Contribs.	\$0	\$0	\$0
Present Value of Future Employer Contribs.	\$0	\$0	\$0



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>
<u>Actively Employed 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	\$0	\$0	\$0
<u>Deferred Vested Participants</u>			
Retirement benefits	\$9,431,690	\$9,431,690	\$9,431,690
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$9,431,690	\$9,431,690	\$9,431,690
<u>Due a Refund of Contributions</u>	\$138,539	\$138,539	\$138,539
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$10,316,275	\$10,316,275	\$10,316,275
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$125,935	\$125,935	\$125,935
DROP participants	\$3,454,477	\$3,454,477	\$3,454,477
Sub-total	\$13,896,687	\$13,896,687	\$13,896,687
<u>Grand Total</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>

Funded Percentage

135.91%

135.91%

135.91%

(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 <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></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	\$0	\$0	\$0
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$9,431,690	\$9,431,690	\$9,431,690
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$9,431,690	\$9,431,690	\$9,431,690
<i><u>Due a Refund of Contributions</u></i>	\$138,539	\$138,539	\$138,539
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$10,316,275	\$10,316,275	\$10,316,275
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$125,935	\$125,935	\$125,935
DROP participants	\$3,454,477	\$3,454,477	\$3,454,477
Sub-total	\$13,896,687	\$13,896,687	\$13,896,687
<i><u>Grand Total</u></i>	<u>\$23,466,916</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed 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	\$0	\$0	\$0
<u>Deferred Vested Participants</u>			
Retirement benefits	\$9,431,690	\$9,431,690	\$9,431,690
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$9,431,690	\$9,431,690	\$9,431,690
<u>Due a Refund of Contributions</u>	\$138,539	\$138,539	\$138,539
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$10,316,275	\$10,316,275	\$10,316,275
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$125,935	\$125,935	\$125,935
DROP participants	\$3,454,477	\$3,454,477	\$3,454,477
Sub-total	\$13,896,687	\$13,896,687	\$13,896,687
<u>Grand Total</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>	<u>\$23,466,916</u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2021	\$31,893,070
Minus DROP account credits	(\$678,769)
Minus advance employer contribution	\$0
Actuarial Value of Assets as of October 1, 2021	<u>\$31,214,301</u>

Historical Actuarial Value of Assets

October 1, 2012	\$9,555,049
October 1, 2013	\$14,132,771
October 1, 2014	\$15,330,195
October 1, 2015	\$16,494,881
October 1, 2016	\$17,905,139
October 1, 2017	\$20,183,614
October 1, 2018	\$26,504,354
October 1, 2019	\$26,394,571
October 1, 2020	\$27,053,069
October 1, 2021	\$31,214,301

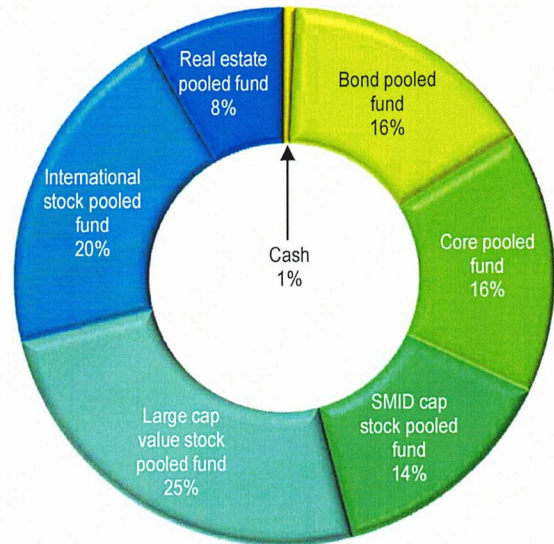


Market Value of Assets

Table II-B

As of October 1, 2021**Market Value of Assets** **\$31,893,070**

Cash	\$223,251
Bond pooled fund	\$4,943,426
Core pooled fund	\$5,039,105
SMID cap stock pooled fund	\$4,433,137
Large cap value stock pooled fund	\$8,068,947
International stock pooled fund	\$6,506,186
Real estate pooled fund	\$2,679,018

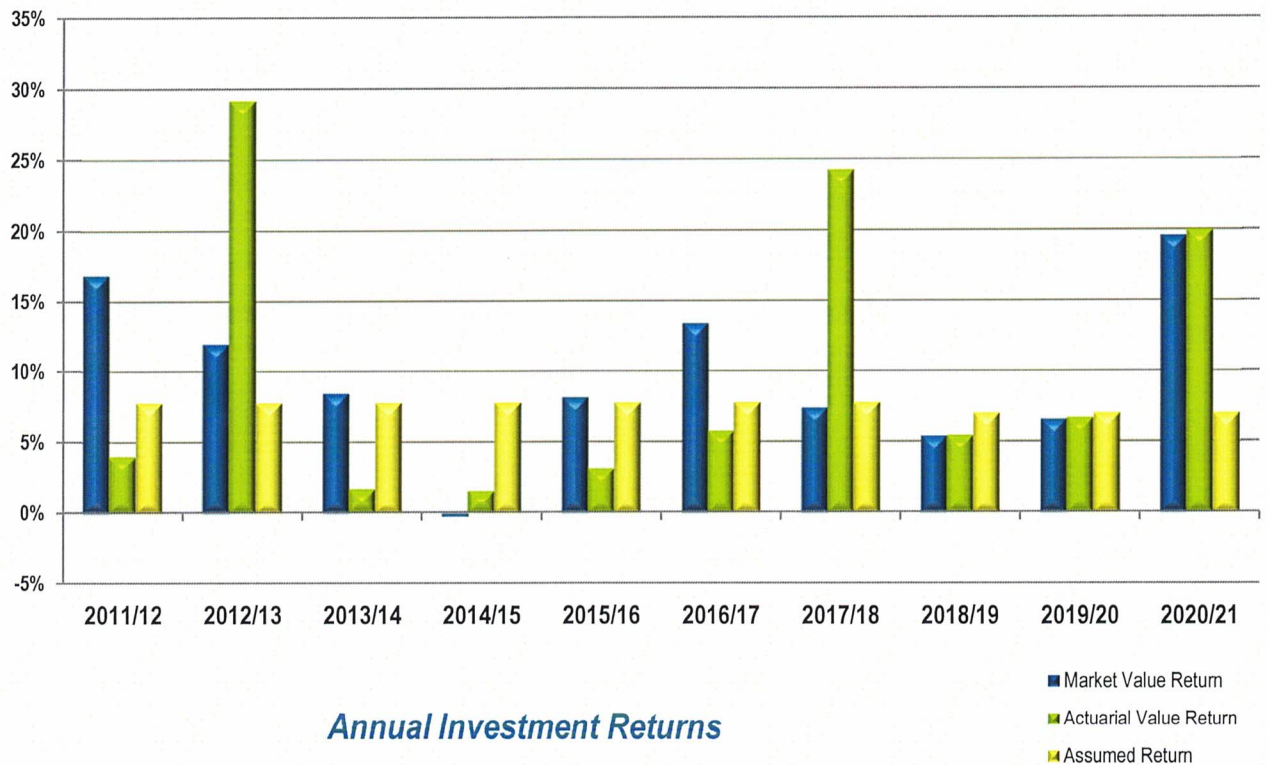
**Historical Market Value of Assets**

October 1, 2012	\$11,511,477
October 1, 2013	\$14,132,771
October 1, 2014	\$16,318,729
October 1, 2015	\$17,204,980
October 1, 2016	\$19,530,606
October 1, 2017	\$23,442,126
October 1, 2018	\$26,504,354
October 1, 2019	\$26,542,062
October 1, 2020	\$27,552,506
October 1, 2021	\$31,893,070



Investment Return

Table II-C



Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2011/12	16.85%	3.99%	7.75%
2012/13	11.95%	29.15%	7.75%
2013/14	8.46%	1.69%	7.75%
2014/15	-0.23%	1.52%	7.75%
2015/16	8.18%	3.12%	7.75%
2016/17	13.42%	5.77%	7.75%
2017/18	7.41%	24.22%	7.75%
2018/19	5.40%	5.42%	7.00%
2019/20	6.58%	6.67%	7.00%
2020/21	19.56%	19.99%	7.00%
10yr. Avg.	9.62%	9.75%	7.52%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2020	\$27,552,506	\$27,053,069
<i>Increases Due To:</i>		
Employer Contributions	\$0	\$0
Employee Contributions	\$0	\$0
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$0</u>	<u>\$0</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$5,295,691	
Total Investment Income	<u>\$5,295,691</u>	\$5,295,691
Other Income	\$0	
Total Income	<u>\$5,295,691</u>	<u>\$5,295,691</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$904,064)	(\$904,064)
Refund of Employee Contributions	\$0	\$0
DROP Credits		(\$179,332)
Total Benefit Payments	<u>(\$904,064)</u>	<u>(\$1,083,396)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$51,063)	(\$51,063)
Advance Employer Contribution		\$0
Total Expenses	<u>(\$955,127)</u>	<u>(\$1,134,459)</u>
As of October 1, 2021	<u>\$31,893,070</u>	<u>\$31,214,301</u>



Historical Trust Fund Detail

Table II-E

Income

Plan	Employer	Employee	Service	Interest /	Realized	Unrealized	Other
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Dividends</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Income</u>
			<u>Contribs.</u>		<u>Losses</u>	<u>Losses</u>	
2011/12	\$777,937	\$545,338	\$0	\$0	\$0	\$1,573,957	\$0
2012/13	\$806,675	\$565,485	\$0	\$0	\$0	\$1,445,321	\$0
2013/14	\$812,593	\$561,829	\$0	\$0	\$0	\$1,235,668	\$0
2014/15	\$776,750	\$544,741	\$0	\$0	\$0	-\$39,127	\$0
2015/16	\$815,761	\$564,019	\$0	\$0	\$0	\$1,443,345	\$0
2016/17	\$991,535	\$722,202	\$0	\$0	\$0	\$2,701,277	\$0
2017/18	\$1,372,607	\$702,611	\$0	\$0	\$0	\$1,784,603	\$0
2018/19	\$0	\$111,255	\$0	\$0	\$0	\$1,395,688	\$0
2019/20	\$0	\$0	\$0	\$0	\$0	\$1,724,285	\$0
2020/21	\$0	\$0	\$0	\$0	\$0	\$5,295,691	\$0

Expenses

Plan	Monthly	Contrib.	Admin.	Invest.	<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>DROP</u>	<u>Advance</u>
	<u>Payments</u>				<u>Credits</u>	<u>Employer</u>
						<u>Contribs.</u>
2011/12	\$113,683	\$0	\$21,969	\$0	\$0	-\$13,733
2012/13	\$160,581	\$0	\$35,606	\$0	\$0	-\$388,188
2013/14	\$275,418	\$111,629	\$37,085	\$0	\$0	\$0
2014/15	\$297,361	\$57,972	\$40,780	\$0	\$0	\$0
2015/16	\$375,776	\$78,478	\$43,245	\$0	\$0	\$0
2016/17	\$388,785	\$66,903	\$47,806	\$0	\$0	\$0
2017/18	\$675,631	\$70,545	\$51,417	\$0	\$0	\$0
2018/19	\$665,292	\$739,259	\$64,684	\$0	\$147,491	\$0
2019/20	\$659,191	\$7,839	\$46,811	\$0	\$351,946	\$0
2020/21	\$904,064	\$0	\$51,063	\$0	\$179,332	\$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	\$0
Additional Employer Contribution	\$0
Minimum Required Contribution	\$0
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2021	\$0

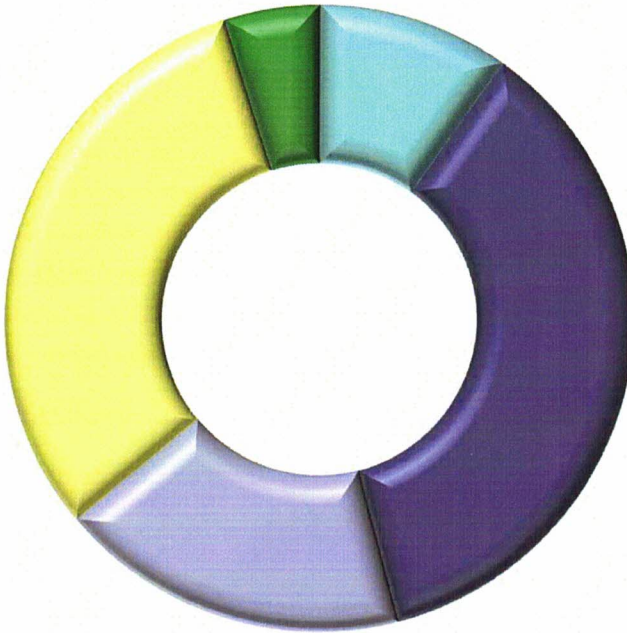
DROP Account Reconciliation

DROP Balance as of October 1, 2020	\$499,437
DROP Benefit Credits	\$292,571
DROP Investment Credits	\$35,352
DROP Benefits Paid Out	(\$148,591)
Net DROP Credit	\$179,332
DROP Balance as of October 1, 2021	\$678,769



Summary of Participant Data

Table III-A

As of October 1, 2021Actively Employed Participants

Active Participants	0
DROP Participants	6

Inactive Participants

Deferred Vested Participants	22
Due a Refund of Contributions	11
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	19
Disability Retirements	0
Beneficiaries Receiving	3

Total Participants 61Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2012	52	0	8	3	63
October 1, 2013	52	0	7	8	67
October 1, 2014	52	0	7	8	67
October 1, 2015	50	0	9	11	70
October 1, 2016	N/A	N/A	N/A	N/A	N/A
October 1, 2017	52	0	8	13	73
October 1, 2018	48	0	8	19	75
October 1, 2019	0	7	37	19	63
October 1, 2020	0	7	35	19	61
October 1, 2021	0	6	33	22	61



Data Reconciliation

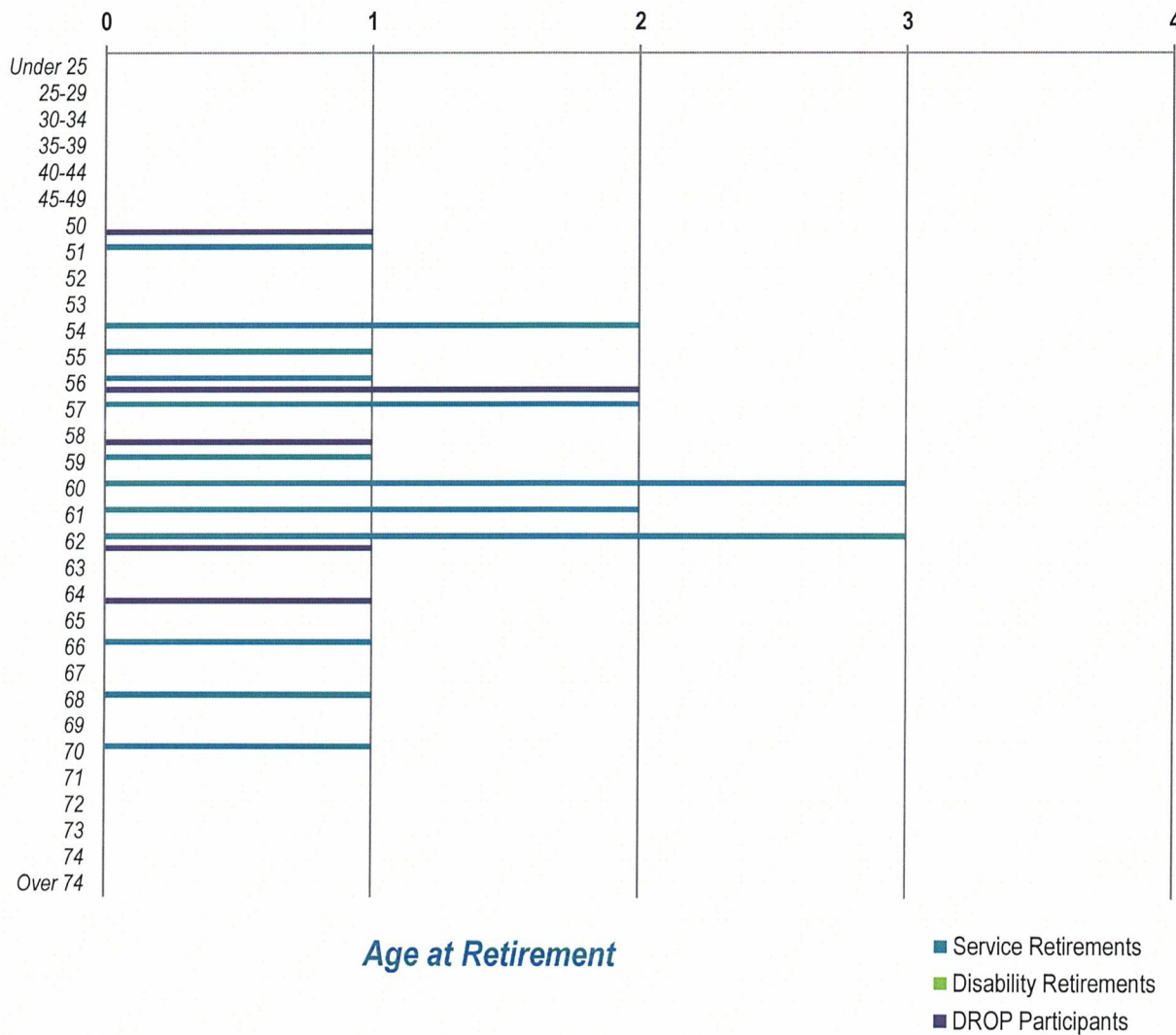
Table III-B

	<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>	0	7	24	11	0	17	0	2	61
<u>Change in Status</u>									
Re-employed									
Terminated									
Retired		(2)	(1)			3			
<u>Participation Ended</u>									
Transferred Out		1	(1)						
Cashed Out									
Died						(1)			(1)
<u>Participation Began</u>									
Newly Hired									
Transferred In									
New Beneficiary								1	1
<u>Other Adjustment</u>									
<u>October 1, 2021</u>	0	6	22	11	0	19	0	3	61



Inactive Participant Data

Table III-F

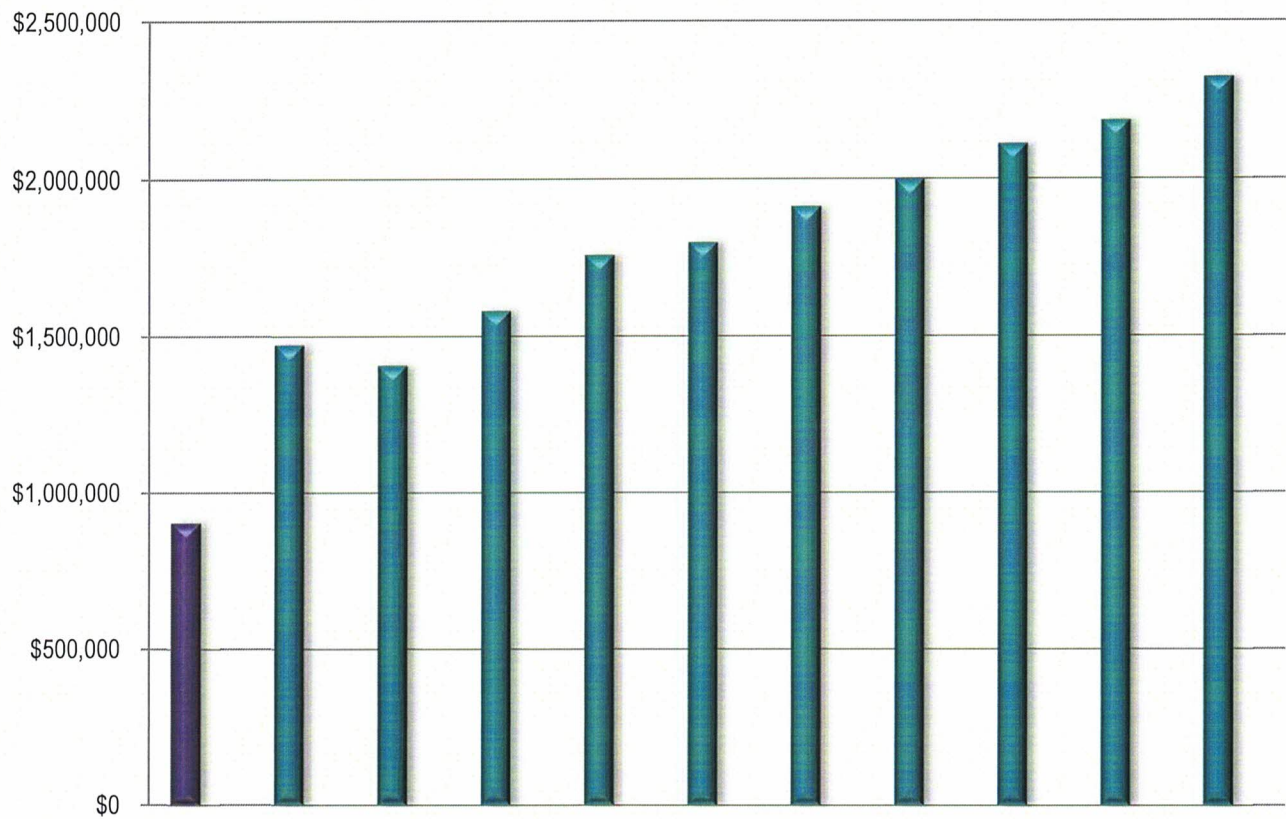
Average Monthly Benefit

Service Retirements	\$3,119.04
Disability Retirements	Not applicable
Beneficiaries Receiving	\$1,647.07
DROP Participants	\$4,506.31
Deferred Vested Participants	\$2,947.53
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table III-G

Actual

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

\$904,064

Projected

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

\$1,472,666

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

\$1,405,244

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

\$1,581,213

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

\$1,759,773

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

\$1,800,103

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

\$1,913,103

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

\$1,999,214

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

\$2,110,043

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

\$2,184,709

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

\$2,321,696



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**

Individual entry age normal cost method (nominally)

2. **Amortization Method**

The unfunded accrued liability has been amortized as a level-dollar payment; experience gains and losses are amortized over a five-year period and assumption changes are amortized over a 10-year period.

3. **Asset Method**

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

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

7.00% per annum

5. **Decrement**

- 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

6. **Expenses**

The total projected benefit liability has been loaded by 0.75% 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

No assumptions or methods were changed since the completion of the previous valuation.

The following additional assumption and method changes were made during the past 10 years:

- (1) *Effective October 1, 2020, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.*
- (2) *Effective October 1, 2019, the actuarial cost method was changed from the aggregate cost method to the individual entry age normal cost method (nominally) because the plan no longer includes any actively employed participants.*
- (3) *Effective October 1, 2018, the interest (or discount) rate was decreased from 7.75% per annum to 7.00% per annum and the actuarial value of assets was changed from the market value adjusted to reflect a five-year phase-in of the net investment gains and losses that occur after September 30, 2013 to the unadjusted market value.*
- (4) *Effective October 1, 2017, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table as required by State law.*
- (5) *Effective October 1, 2013, the actuarial cost method was changed from the frozen initial liability cost method to the aggregate cost method.*
- (6) *Effective October 1, 2013, the actuarial value of assets was changed to reflect a phase-in of the net investment gains that occur after September 30, 2013.*



Summary of Plan Provisions

Table V-A

1. **Monthly Accrued Benefit**

3% of Average Final Compensation multiplied by Credited Service

2. **Normal Retirement Age and Benefit**

- **Age**
Age 60 with at least eight years of Vesting Service;
Age 55 with at least 10 years of Vesting Service; or
Age 50 with at least 25 years of Vesting 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);
25% of the actuarially equivalent lump sum value of the benefit plus the remaining benefit payable as an annuity (optional)

Note: In-service distributions are available for up to 84 months (for firefighters) or 72 months (for police officers) to those employees who elect to participate in the FRS, who reach their normal retirement age under this plan, who are not yet eligible for normal retirement under the FRS, and who have participated in the FRS for at least 60 months while employed by the City.

3. **Early Retirement Age and Benefit**

- **Age**
Age 50 with at least 10 years of Vesting Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 0.25% for each month 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. Disability Eligibility and Benefit

No disability benefits are payable from the plan. Disabled participants receive the benefit that would otherwise be payable upon termination of employment or retirement, as applicable.

5. Delayed Retirement Age and Benefit

- **Age**
After Normal Retirement Age
- **Amount**
Monthly Accrued Benefit
- **Form of Payment**
Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
Any age with at least eight years of Vesting Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 0.25% for each month 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

7. Pre-Retirement Death Benefit

In the case of the death of a vested participant in active service 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 any other vested participant or 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.

8. Average Final Compensation

Average of the highest five years of Compensation out of the last 10 years of employment



Summary of Plan Provisions

Table V-A

(continued)

9. Compensation

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

10. Credited Service

The elapsed time from the later of the participant's date of hire or October 1, 2003 until his date of termination, retirement, or death, provided that the participant made all required contributions; in addition, Credited Service includes purchased prior service with the City of Lighthouse Point, provided that such prior service is purchased during the period October 1, 2003 through September 30, 2008.

11. Vesting Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death.

12. Participation Requirement

All police officers and full-time firefighters of the City of Lighthouse Point who were hired before the City began participating in the Florida Retirement System (FRS) (which was approximately August 21, 2018) automatically became a participant in the plan on their date of hire; eligible employees as of October 1, 2003 were given a one-time, irrevocable option to participate in the plan; all other participating employees were given a one-time irrevocable option to cease benefit accruals under this plan and to participate in the FRS or in the 401(a) defined contribution plan that is sponsored by the City.

13. Accumulated Contributions

The Employee Contributions accumulated with 5.00% interest per annum; 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; non-vested employees who elect to participate in the FRS may also receive a refund of their Accumulated Contributions with interest.



Summary of Plan Provisions

Table V-A

(continued)

14. Participant Contribution

8.00% of earnings

(Note: The participant contribution is temporarily increased by up to 1.00% of earnings by the excess of the City's minimum required contribution over 15.25% of payroll. The participant contribution is further increased temporarily by one-half of the excess of the City's minimum required contribution over 16.25% of payroll. However, the participant contribution is set at 9.51% of payroll during the 2008/09 plan year.)

15. Definition of Actuarially Equivalent

- **Interest Rate**

7.00% per annum

- **Mortality Table**

The unisex mortality table promulgated by the Secretary of the Treasury for purposes of determining lump sum distributions pursuant to Internal Revenue Code (IRC) section 417(e)(3)

16. Plan Effective Date

October 1, 2003

17. Automatic Annual Cost-of-Living Adjustment (COLA)

All retirement and disability benefits payable to those participants who retire from active service include an automatic annual 3% cost-of-living adjustment effective on the October 1 which follows the fifth anniversary of retirement.

18. Retiree Health Supplement

Participants who retire from active service receive a monthly post-retirement health supplement equal to \$3.00 for each year of service, with a maximum monthly benefit of \$90.00; the health supplement is reduced by 3% for each year by which the participant's retirement age precedes age 55 unless the participant has earned at least 25 years of Credited Service.



Summary of Plan Provisions

Table V-A

(continued)

19. Deferred Retirement Option Plan (DROP)

A participant who reaches his Normal Retirement Age and who has not chosen to participate in the FRS is eligible to participate in the DROP for a period of up to 60 months. The DROP accounts are credited with interest based on the actual investment return on plan assets up to 7.00% per year.



Summary of Plan Amendments

Table V-B

No significant plan changes were adopted since the completion of the previous valuation.

The following additional plan amendments were adopted during the past 10 years and were reflected in prior valuation reports:

- (1) Employees who are hired after approximately August 21, 2018 are not eligible to participate in the plan.*
- (2) Employees who were hired before the effective date of the plan freeze had a one-time irrevocable option to elect continued participation in the plan or to freeze their pension benefit under the plan and commence participation in either the FRS or the 401(a) defined contribution plan sponsored by the City.*
- (3) In-service distributions are available for up to 84 months (for firefighters) or 72 months (for police officers) to those employees who elect to participate in the Florida Retirement System (FRS), who reach their normal retirement age, who are not yet eligible for normal retirement under the FRS, and who have participated in the FRS for at least 60 months while employed by the City.*
- (4) Effective July 10, 2018, a Deferred Retirement Option Plan (DROP) is available upon the attainment of normal retirement age for up to 60 months for employees who do not choose to participate in the FRS, with interest credited on the DROP accounts at the same rate earned by the pension fund up to the interest rate assumed by the pension fund for purposes of determining the minimum required contribution.*

