

January 14, 2020

VIA EMAIL

Ms. Donna Carlen, Recording Secretary
Town of Belleair Police Officers' Retirement Plan
901 Ponce de Leon Blvd.
Belleair, FL 34616

Re: Town of Belleair
Municipal Police Officers' Retirement System

Dear Donna:

As requested, we have reviewed the proposed ordinance amending the plan as follows:

1. Section 42-79, Reemployment After Retirement, is being amended to make several changes as required by the Internal Revenue Code to satisfy the qualification requirement applicable to the reemployment of a disability retiree.
2. Section 42-85, Miscellaneous Provisions, is being amended to add subsection (j), Missing Benefit Recipients. This provisions is in accordance with a recent IRS Programs Compliance Memorandum that requires plans to have an approved method for locating terminated individuals who are due benefits from the plan.
3. Section 42-176, Member contributions, is being amended to increase the member contribution rate from 6% of salary to 8% of salary for members hired on or after October 1, 2019.
4. Section 42-201, Normal retirement age and date, is being amended to increase the normal retirement eligibility requirements for members hired on or after October 1, 2019. The age and service requirement of age 55 with 5 years of credited service is being amended to be age 55 with 10 years of credited service. Please note that the alternative eligibility requirement for normal retirement of completion of 25 years of credited service, regardless of age, remains unchanged for members hired on or after October 1, 2019.
5. Section 42-202, Normal retirement benefit, is being amended to decrease the benefit accrual rate from 3.50% to 3.00% for each year of credited service for members hired on or after October 1, 2019.
6. Section 42-208, Disability benefits in line of duty, is being amended to more clearly identify those individuals who may be eligible to apply for a disability pension in the event that they have resigned or their employment is terminated. This clarification does not change the way in which this provision has been applied or interpreted in the past. Tis change is being made because the current language has been challenged in litigation as being unclear and has resulted in unintended application of the language. The recommended change clarifies the language with no change in the intended application.
7. Section 42-209, Disability benefits not in line of duty, is being amended to more clearly identify those individuals who may be eligible to apply for a disability pension in the event that they have resigned or their employment is terminated. This clarification does not change the way in which this provision has been applied or interpreted in the past. Tis change is being made because the current language has been challenged in litigation as being unclear and has resulted in unintended application of the language. The recommended change clarifies the language with no change in the intended application.

8. Section 42-215, Maximum Pension, is being amended by amending subsection (8) to provide for specific IRC requirements.

We feel that the adoption of the proposed changes will have no impact on the current assumptions used in determining the funding requirements (as of October 1, 2018) of the program since the significant benefit changes (listed in items 3-5) will only affect members hired on or after October 1, 2019.

We have determined, based on the census data used for performance of the October 1, 2018 actuarial valuation, that the estimated long-term savings to the Town (normal cost rate less member contribution rate) for the changes listed is approximately 9.2% of payroll per year. It should be noted that this change to retirement benefits could potentially affect participants' retirement behavior.

Because the changes do not result in a change in the valuation results, it is our opinion that a formal Actuarial Impact Statement is not required in support of its adoption. However, since the Division of Retirement must be aware of the current provisions of all public pension programs, it is recommended that you send a copy of this letter and a copy of the fully executed Ordinance to each of the following offices:

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
P. O. Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
P.O. Box 3010
Tallahassee, FL 32315-3010

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report and the October 1, 2018 actuarial valuation are considered an integral part of the actuarial opinions.

If you have any questions, please let me know.

Sincerely,



Patrick T. Donlan, ASA, EA, MAAA

cc: Stu Kaufman, Board Attorney