KLAUSNER
KAUFMAN
JENSEN
LEVINSON

October 10, 2025

Representative John Snyder, Chair
Palm Beach County Legislative Delegation
301 North Olive Avenue, Suite #701.6
West Palm Beach, Florida 33401

Re: West Palm Beach Firefighters' Pension Fund
Letter of Intention
Our File Number 150100

Dear Representative Snyder:

This office is the legal counsel for the Board of Trustees ("Board") of the West Palm Beach Firefighters' Pension Fund ("Fund"). The Special Act Pension Plan for the Fund is presented for approval to the Palm Beach County Legislative Delegation. An amendment to the Plan is necessary because the City of West Palm Beach and the West Palm Beach Association of Fire Fighters, I.A.F.F. - Local 727 bargained new benefits. Additionally, the plan has been updated with recent law and tax changes. Finally, housekeeping changes were made. The City of West Palm Beach is in agreement with these changes. This amendment cannot be accomplished locally as the Pension Plan is a creation of the Florida Legislature.

I will be presenting this Bill to the Legislative Delegation on November 13, 2025. Enclosed with this Letter of Intention are the following documents:

1. Summary Fact Sheet
2. Local Bill in draft form
3. Local Bill Economic Impact Statement Form

I am also emailing an electronic copy of the local bill packet in Word© format to the delegation office.

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If you have any questions or if I may be of any assistance to you at all, please do not hesitate to contact me at 561-373-6714, which is my direct number.

Sincerely yours,

Bonni S. Jensen

Bonni S. Jensen

BSJ
Enclosures
ECopy to: Chairman and Secretary
Scott Baur, Administrator
Faye Johnson, City Administrator
Kimberly Rothenburg, City Attorney
Ryan Stacy

West Palm Beach Firefighters' Pension Fund

Summary Fact Sheet

The Special Act Pension Plan for the Fund is presented for approval to the Palm Beach County Legislative Delegation. An amendment to the Plan is necessary because the City of West Palm Beach and the West Palm Beach Association of Fire Fighters, I.A.F.F. - Local 727 bargained new benefits. Additionally, the plan has been updated with recent law and tax changes as well as some housekeeping changes.

Below is a summary of the changes:

- Increases the benefit multiplier to 3.2%
- Updates definitions
- Details powers of the Board of Trustees
- Updates investment provisions to include Florida Statute §215.4725
- Permits payment of a lump sum to the estate of a deceased retiree if benefits are payable and there is no named beneficiary
- Incorporates provisions of SECURE Act 2.0
- Clarifies that share accounts are not separate accounts but rather bookkeeping entries
- Clarifies that partial lump sum distributions are permitted from the share accounts, DROP accounts, and BackDROP accounts
- Revised the disability benefit section to reflect payment amounts due to new multiplier and added section for presumptions, including cancer presumption of Florida Statute §112.1816
- Clarified provision for work after retirement
- Updates review procedures
- Updates IRS benefits limits, minimum distribution provision; and member accrued leave transfers
- Requires minimum contribution for service of purchase of employee contributions for the salary
- Removes obsolete language
- Corrects typos

HOUSE OF REPRESENTATIVES

LOCAL BILL ECONOMIC IMPACT STATEMENT FORM

Read all instructions carefully.
House local bill policy prohibits a local bill from being considered by a committee or subcommittee without an Economic Impact Statement. <u>This form must be prepared by an individual who is qualified to establish fiscal data and impacts and has personal knowledge of the information given (for example, a chief financial officer of a particular local government) and include information for the first two full fiscal years after the effective date of the local bill.</u> Please file this completed form with the Clerk of the House as soon as possible after a bill is filed. <u>Additional pages may be attached as necessary.</u>

BILL #:

SPONSOR(S): Representative Debra Tendrich

RELATING TO: West Palm Beach Firefighters' Pension Fund
[Indicate Area Affected (City, County or Special District) and Subject]

☐ **Check if this is a revised Economic Impact Statement**

I. REVENUES:

These figures are new revenues that would not exist but for the passage of the bill. The term "revenue" contemplates, but is not limited to, taxes, fees, and special assessments. For example, license plate fees may be a revenue source. If the bill will add or remove property or individuals from the tax base, include this information as well.

	First FY	Second FY
Revenue decrease due to bill:	$ 0	$ 0
Revenue increase due to bill:	$ 0	$ 0

II. COST:

Include all costs, both direct and indirect, including start-up costs. If the bill repeals the existence of a certain entity, state the related costs, such as satisfying liabilities and distributing assets.

Expenditures for Implementation, Administration, and Enforcement:

First FY	Second FY
$ 776,724	$ 808,570

Please include explanations and calculations regarding how each dollar figure was determined in reaching total cost.

The First FY amount is based on the difference of the calculated Illustrative City Portion of the annual contributions after the changes ($12,820,042 - $12,043,318). The Second FY amount is based on the First FY, and increased with 4.1% wage inflation to the Second FY. The First FY is based on an increase of $318,376 for UAAL and an increase of $458,348 for the normal cost.

III. FUNDING SOURCE(S):

State the specific sources from which funding will be received, for example, license plate fees, state funds, borrowed funds, or special assessments.

If certain funding changes are anticipated to occur beyond the following two fiscal years, explain the change and at what rate taxes, fees, or assessments will be collected in those years.

	First FY	Second FY
Local: City contributions to Firefighters Pension Fund	$ 776,724	$ 808,570
State: N/A	$ 0	$ 0
Federal: N/A	$ 0	$ 0

IV. ECONOMIC IMPACT:

Potential Advantages:

Include all possible outcomes linked to the bill, such as increased efficiencies, and positive or negative changes to tax revenue. If an act is being repealed or an entity dissolved, include the increased or decreased efficiencies caused thereby. Include specific figures for anticipated job growth.

1. Advantages to Individuals: Better morale for firefighters. Attract new recruits.

2. Advantages to Businesses: N/A

3. Advantages to Government: High-seniority firefighters are more likely to retire earlier, and be replaced with new recruits (at lower wages).

Potential Disadvantages:

Include all possible outcomes linked to the bill, such as inefficiencies, shortages, or market changes anticipated. Include reduced business opportunities, such as reduced access to capital or training. State any decreases in tax revenue as a result of the bill.

1. Disadvantages to Individuals: N/A

2. Disadvantages to Businesses: N/A

3. Disadvantages to Government: Increased contributions to Firefighters Pension Fund.

V. DESCRIBE THE POTENTIAL IMPACT OF THE BILL ON PRESENT GOVERNMENTAL SERVICES:

N/A

VI. SPECIFIC DATA USED IN REACHING ESTIMATES:

Include the type(s) and source(s) of data used, percentages, dollar figures, all assumptions made, history of the industry/issue affected by the bill, and any audits.

Based on the member data supplied by Pension Resource Center and financial data supplied by the City of West Palm Beach for use in the September 30, 2024 Actuarial Valuation report dated March 27, 2025. The methods and assumptions used are also the same as those from the September 30, 2024 Actuarial Valuation report (see Section C), with the exception of the probabilities of retirement (See Comment 1 on page 9 of GRS' Impact Statement dated October 1, 2025).

VII. CERTIFICATION BY PREPARER

I hereby certify I am qualified to establish fiscal data and impacts and have personal knowledge of the information given. I have reviewed all available financial information applicable to the substance of the above-stated local bill and confirm the foregoing

Economic Impact Statement is a true and accurate estimate of the economic impact of the bill.

PREPARED BY: Brad Lee Armstrong Brad Lee Armstrong

[Must be signed by Preparer]

Print preparer's name: Brad Lee Armstrong

October 1, 2025

Date

TITLE (such as Executive Director, Actuary, Chief Accountant, or Budget Director):

Senior Consultant & Actuary

REPRESENTING: Gabriel, Roeder, Smith & Company

PHONE: (248) 799-9000

E-MAIL ADDRESS: Brad.Armstrong@grsconsulting.com

800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

October 1, 2025

CONFIDENTIAL

Ms. Bonni S. Jensen
Klausner, Kaufman, Jensen & Levinson
7080 N.W. 4th Street
Plantation, Florida 33317

Re: Actuarial Impact Statement – Proposed Ordinance for the West Palm Beach Firefighters Pension Fund

Dear Ms. Jensen:

Enclosed is the Actuarial Impact Statement pertaining to the proposed ordinance change affecting current and future members of the West Palm Beach Firefighters Pension Fund.

We welcome your questions and comments.

Sincerely,
Gabriel, Roeder, Smith & Company

Brad Lee Armstrong

Brad Lee Armstrong, ASA, EA, FCA, MAAA

BLA:sc
Enclosure

West Palm Beach Firefighters Pension Fund
Actuarial Cost Estimate
October 1, 2025

Funding Implications of the Amendments

An actuarial cost estimate for the amendments is attached.

Certification of Administrator

The actuary has been furnished with a description of the amendments.

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

Mr. Scott Baur, Plan Administrator
West Palm Beach Firefighters Pension Fund

Data and Actuarial Assumptions

Actuarial assumptions, methods, and valuation data were consistent with those used in the regular actuarial valuation of the System on the valuation date, unless otherwise noted. Actuarial assumptions are adopted by the Board of Trustees.

Actuarial Disclosures

This report was prepared at the request of the Pension Fund's attorney.

This report is intended to describe the financial effect of the proposed plan changes on the Pension Fund. Except as otherwise noted, potential effects on other benefit plans were not considered. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

The actuarial assumptions and methods, financial data, and participant data utilized in these calculations are the same as those presented in our September 30, 2024 actuarial valuation report dated March 27, 2025, except for the changes noted herein.

The date of the valuation was September 30, 2024. FRS mortality tables were adopted after September 30, 2024. This means that the results of the supplemental valuation indicate what the September 30, 2024 actuarial valuation would have shown, with the FRS mortality tables, if the proposed benefit changes 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 cost of the **benefit change only** without comment on the complete end result of future valuations.

If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of the report prior to relying on information in the report.

Brad Lee Armstrong and Kevin T. Noelke are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

West Palm Beach Firefighters Pension Fund
Actuarial Cost Estimate
October 1, 2025

Demographic Information

A brief summary of the data, as of September 30, 2024, used in the actuarial valuation is presented below:

Active Members			
	Covered	Average in Years	
Number	Payroll	Age	Service
284	$ 26,792,161	38.3	10.2

It is our understanding that the proposed changes would only affect active members (who are active on/after October 1, 2026). All retired and deferred vested members were excluded from this report.

West Palm Beach Firefighters Pension Fund
Actuarial Cost Estimate
October 1, 2025

Actuarial Present Values
($ Amounts in Thousands)

October 1, 2024 Data for Fiscal Year Beginning 10/1/2025:

	FRS Mortality Results - Before Amendment	After Amendment	Change
Actuarial Present Value of Active Member Benefits:			
Service Retirement	$ 151,318	$ 159,429	$ 8,111
Termination Benefits (Pension)	3,309	3,503	194
Disability Retirement	4,094	4,230	136
Survivor Benefits (Pre- & Post-Retirement)	10,182	10,435	253
Termination Benefits (Refunds)	681	677	(4)
Share Accounts	59,341	59,341	-
Contribution Stabilization Reserve	11,166	11,166	-
Total	**$ 240,091**	**$ 248,781**	**$ 8,690**
Actuarial Present Value of Terminated Vested Member Benefits:	**$ 2,242**	**$ 2,242**	**$ -**
Actuarial Present Value of Retired Member Benefits:			
Service Retirement & Survivors	$ 132,883	$ 132,883	$ -
Disability Retirement & Survivors	6,808	6,808	-
DROP Reserve / BackDROP	87,454	87,454	-
Total	**$ 227,145**	**$ 227,145**	**$ -**
Total Actuarial Present Value of Future Benefit Payments:	**$ 469,478**	**$ 478,168**	**$ 8,690**
Actuarial Accrued Liability:	**$ 408,934**	**$ 415,302**	**$ 6,368**
Unfunded Actuarial Accrued Liability:	**$ 95,660**	**$ 102,028**	**$ 6,368**
Present Value of Active Member Future Salaries:	**$ 277,786**	**$ 267,903**	**$ (9,883)**
Present Value of Active Member Future Contributions:	**$ 36,390**	**$ 35,095**	**$ (1,295)**

Totals may not add due to rounding.

Please see pages 9 and 10 for important additional comments concerning this valuation.

Comment 5 — This report is intended to describe the financial effect of the proposed benefit changes on the Pension Fund. Except as otherwise noted, potential effects on other benefit plans were not considered.

Comment 6 — 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. The actuaries did not perform an analysis of the potential range of such future measurements in this actuarial valuation report.

Comment 7 — This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Comment 8 — This report provides no opinion regarding the legal aspects/requirements on Federal, State, or Local compliance issues associated with any of the proposed plan changes.