



January 25, 2024

Ms. Patti McLauchlin
Administrator, City of Key West
Employees' Retirement Plan
City of Key West
P.O. Box 1409
Key West, Florida 33041

Re: Online Benefit Estimator Engagement Letter

Dear Patti:

As requested, Gabriel, Roeder, Smith & Company (GRS) is pleased to present our engagement letter for professional actuarial and consulting services to provide an online benefit estimator for the City of Key West Employees' Retirement Plan (Plan).

We are enthusiastic about extending our existing relationship with the Board. We have a long-standing commitment and experience with working on behalf of public sector benefit programs. Our philosophy of developing a partnership with our clients emphasizes the collaborative nature of the GRS working relationship. We strive to earn your trust as your advisor. We will continue to work together with you in the best interest of the interested parties.

Description of the Online Benefit Estimator

Our secure web-based portal will allow the Plan Administrator and active participants to log in and estimate projected monthly benefit amounts based on user modified expected retirement dates, beneficiary information and future salary expectations. Projected monthly benefit amounts performed by the user can be saved and referenced later as a PDF.

The online benefit estimator will provide monthly projected benefits for early and normal retirement with the applicable optional forms of benefits. The estimator will not perform ancillary benefits (death, disability, etc.) or accommodate situations where the benefits are subject to a Domestic Relations Order.

Data

Data for active members from the October 1, 2023 actuarial valuation data will be loaded into the online benefit estimator. We will collect biweekly payroll files thereafter. A benefit

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to using biweekly payroll fields is newly hired members will be added to the online benefit estimator in a timely manner. Additionally, by using biweekly payroll files, the annual active member valuation data file can be generated by GRS.

All data is stored on secure servers accessible only by GRS employees from within the GRS network. Furthermore, all data is encrypted at rest and during transport.

Initial Project Setup and Annual Maintenance Fees

There will be a one-time implementation fee of \$16,000 which will cover coding all current benefit provisions in the administration system, importing participant data and setting up transmission feeds for importing future participant payroll.

The Plan will be billed an annual maintenance fee to cover the costs of using and maintaining the software, uploading biweekly payroll feeds and providing support for members with login issues. The first-year annual maintenance fee will be \$16,000.

Annual maintenance fees in subsequent years will increase based on changes in the Consumer Price Index. Any potential additional development, such as future plan benefit design changes, will be quoted based on the scope of the project at the time.

Timing

Work on the proposed project will commence shortly following Board approval and receipt of the required payroll data files. We anticipate the online benefit estimator will require up to 120 days to complete.

We trust the above is responsive to your request. Please do not hesitate to contact us should you have any questions or require additional information. We look forward to your approval to proceed and to assisting the Pension Board with this important project.

Sincerest regards,
Gabriel, Roeder, Smith & Company

Michelle Jones

Shelly L. Jones, A.S.A., M.A.A.A., E.A.
Consultant and Actuary

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