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January 5, 2024

Ms. Susy Pita
Plan Administrator, Key West
Police and Fire Retirement Plan
233 Seaside Landings Dr. S.
Flagler Beach, FL 32136

Subject: City of Key West Police Officers' & Firefighters' Retirement Plan
Actuarial Impact Statement for Ordinance No. XX-XX

Dear Susy:

We are pleased to enclose an Actuarial Impact Statement in support of the amendment of the City of Key West Police Officers' & Firefighters' Retirement Plan, as provided for in Ordinance No. XX-XX. The Actuarial Impact Statement is for the following changes:

Section 1: That Section 46-358 of the Code of Ordinances is hereby amended to read as follows:

Section 46-358. – Participation.

(a) Participation in the DROP must be exercised within the first 30 years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member, may not exceed 30 years. The maximum period of participation in the deferred retirement option plan is five years. **Notwithstanding the foregoing, effective (INSERT DATE), participation in the DROP must be exercised within the first 33 years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member, may not exceed 33 years. The maximum period of participation in the deferred retirement option plan is eight years. Police officers and firefighters who are currently in the DROP as of (INSERT DATE) may elect in writing to extend their DROP participation time to eight years total from the date they entered into DROP. Firefighters and police officers who are currently in the DROP must elect to participate in the extension before the end of their initial DROP period. Receipt of the normal service retirement pension shall be deferred for members opting to extend their participation in DROP until such time as they terminate their employment as a police officer or firefighter, but not to exceed eight years from initial entry into the DROP.**

(b) Upon exercising the right to participate in the DROP, an employee's creditable service, accrued benefits and earnable compensation calculation shall be frozen, and the 36 highest consecutive calendar months out of the last 120 consecutive calendar months immediately preceding the DROP shall be utilized to determine benefits.

Section 2: That Section 46-359 of the Code of Ordinances is hereby amended to read as follows:

Sec. 46-359. – Termination of service with City.

An employee shall terminate service with the city at the conclusion of five years in the DROP. **Notwithstanding the foregoing, effective (INSERT DATE) an employee shall terminate service with the city at the conclusion of eight years in the DROP.**

There will be **no actuarial impact** as a result of the above changes.

We have prepared the Actuarial Impact Statement for filing with the State of Florida. Please note that this Statement must be signed and dated on behalf of the Board of Trustees. A copy of the proposed ordinance upon passage at the first reading along with this Actuarial Impact Statement should be submitted to the State at the following address:

Mr. Douglas Beckendorf, A.S.A, E.A.
Actuary, Bureau of Local
Retirement Systems
Florida Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000

We have prepared this Impact Statement based upon the October 1, 2022 census and financial data that was utilized for the October 1, 2022 Actuarial Valuation. The methods and assumptions used in the calculations are the same as those that were utilized for the October 1, 2022 Actuarial Valuation.

If you should have any question concerning the above, please do not hesitate to contact us.

Sincerely,

Donald A. DuLaney Jr., A.S.A., E.A.
Senior Consulting Actuary

DAD:cp
Enclosures
cc: Chairman Terry Garcia, with enclosures
Stu Kaufman, Esq., with enclosures
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CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Actuarial Impact Statement

A. Description of Plan Amendment (see attached)

Section 1: That Section 46-358 of the Code of Ordinances is hereby amended to read as follows:

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B. In my opinion, the proposed changes are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution.

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Chairman, Board of Trustees

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Date

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