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May 4, 2016

Trustees of the Retirement Plan for the Firefighters of the Southern Manatee Fire & Rescue District  
 c/o Ms. Laura Underhill  
 Florida League of Cities, Inc.  
 P. O. Box 1757  
 Tallahassee, FL 32302

Re: Retirement Plan for the Firefighters of the Southern Manatee Fire & Rescue District

Ladies and Gentlemen:

In response to your request, I have estimated the impact to subject plan of numerous benefit changes as shown below.

Please note that my cost estimates are based on the participant data, assumptions, and methods used to complete the October 1, 2015 actuarial valuation of the plan, except that I have replaced the valuation mortality table with the RP-2000 Combined Mortality Table reflecting generational mortality improvements using Scale BB. In addition, all benefit changes are assumed to apply only to participants who were actively employed as of October 1, 2015 unless specifically noted otherwise.

Alternative	Estimated Increase In Total Projected Benefit Liability	Estimated Increase In the Minimum Required Contribution (as a % of payroll)
Current Plan	\$41,234,570	49.39%
A. Provide a 1% automatic annual cost-of-living adjustment to participants who retire on or after October 1, 2015	+ \$3,655,807	+ 12.27%
B. Provide a 3% automatic annual cost-of-living adjustment to participants who retire on or after October 1, 2015	+ \$13,467,499	+ 45.20%

<b>Alternative</b>	<b>Estimated Increase In Total Projected Benefit Liability</b>	<b>Estimated Increase In the Minimum Required Contribution (as a % of payroll)</b>
C. Provide a 1% automatic annual cost-of-living adjustment starting five years after retirement to participants who retire on or after October 1, 2015	+ \$2,520,061	+ 8.46%
D. Provide a 3% automatic annual cost-of-living adjustment starting five years after retirement to participants who retire on or after October 1, 2015	+ \$9,133,013	+ 30.65%
E. Provide a 1% automatic annual cost-of-living adjustment every two years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$1,266,340	+ 4.25%
F. Provide a 3% automatic annual cost-of-living adjustment every two years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$4,107,620	+ 13.79%
G. Provide a 1% automatic annual cost-of-living adjustment every four years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$683,570	+ 2.29%
H. Provide a 3% automatic annual cost-of-living adjustment every four years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$2,099,033	+ 7.04%
I. Provide a 1% automatic annual cost-of-living adjustment for 10 consecutive years after retirement to participants who retire on or after October 1, 2015	+ \$2,139,654	+ 7.18%



Alternative	Estimated Increase In Total Projected Benefit Liability	Estimated Increase In the Minimum Required Contribution (as a % of payroll)
J. Provide a 3% automatic annual cost-of-living adjustment for 10 consecutive years after retirement to participants who retire on or after October 1, 2015	+ \$6,909,694	+ 23.19%
K. Provide a 1% automatic annual cost-of-living adjustment for 10 consecutive years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$1,539,297	+ 5.17%
L. Provide a 3% automatic annual cost-of-living adjustment for 10 consecutive years starting five years after retirement to participants who retire on or after October 1, 2015	+ \$4,958,751	+ 16.64%
M. Provide a one-time 3% cost-of-living adjustment to current retirees (including DROP participants) as of October 1, 2015	+ \$363,509	+ 1.22%
N. Provide a one-time 5% cost-of-living adjustment to current retirees (including DROP participants) as of October 1, 2015	+ \$605,849	+ 2.03%
O. Include up to 156 hours of annual overtime in pensionable earnings on or after October 1, 2015 *	+ \$3,263,449	+ 10.55%
P. Include up to 300 hours of annual overtime in pensionable earnings on or after October 1, 2015 *	+ \$6,277,516	+ 20.28%
* <i>Employees are assumed to make the 3.50% required contribution on all pensionable earnings, including overtime</i>		





<b>Alternative</b>	<b>Estimated Increase In Total Projected Benefit Liability</b>	<b>Estimated Increase In the Minimum Required Contribution (as a % of payroll)</b>
Q. Decrease the benefit formula multiplier from 3.50% to 3.00% with respect to service earned after September 30, 2016 and provide a 3% automatic annual cost-of-living adjustment to participants who retire on or after October 1, 2015	+ \$11,536,383	+ 38.72%
R. Provide a one-time 13 <sup>th</sup> check equal to one month's retirement income to current retirees (including DROP participants) as of October 1, 2015	+ \$77,031	+ 0.26%
S. Provide a \$200.00 monthly payment for life to participants who retire on or after October 1, 2015	+ \$1,010,200	+ 3.39%
T. Provide a monthly payment for life to participants who retire on or after October 1, 2015 equal to \$15 for each year of service, with a minimum benefit of \$50.00 and a maximum benefit of \$450.00	+ \$1,742,192	+ 5.85%
U. Provide a \$600.00 monthly payment for life to participants who retire on or after October 1, 2015	+ \$3,030,601	+ 10.17%
V. Provide a \$200.00 monthly payment until age 65 to participants who retire on or after October 1, 2015	+ \$611,228	+ 2.05%



Alternative	Estimated Increase In Total Projected Benefit Liability	Estimated Increase In the Minimum Required Contribution <i>(as a % of payroll)</i>
W. Provide a monthly payment until age 65 to participants who retire on or after October 1, 2015 equal to \$15 for each year of service, with a minimum benefit of \$50.00 and a maximum benefit of \$450.00	+ \$1,081,340	+ 3.63%
X. Provide a \$600.00 monthly payment until age 65 to participants who retire on or after October 1, 2015	+ \$1,833,683	+ 6.15%

If you have any questions concerning the above or if you would like for us to review the impact of additional alternatives, please do not hesitate to call me.

Sincerely,



Charles T. Carr  
Consulting Actuary

*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.*

