

# ANNUAL REPORT 2020

## Town of Palm Beach Retirement System

360 South County Rd.  
Palm Beach, FL 33480



## Board Members, Participants, and Citizens

It is our pleasure to present the FY2020 Town of Palm Beach Employee's Retirement System Annual Report. This report represents the financial and actuarial information for the plan as of fiscal year end September 30, 2020, and information for the defined contribution plans administered with ICMA covers the period January 1, 2020 through December 31, 2020.

### Financial Highlights

The net position of the plan increased by \$10,671,601 to \$240,907,938. This was due to investment gains and contributions from the Town and employees. The Town continued to provide funding for the extraordinary contribution of \$5,420,000. Benefits paid to retired participants increased by \$604,133 to a total of \$19,489,520. The fiscal year end investment return was 5.7%, below the target return of 6.8%.

The funded status of the plan improved from 70.3% to 72.7%. The Unfunded Actuarial Accrued Liability decreased from \$100,219,557 to \$94,163,607.

The complete audited financial report can be found on the Town's website.

Respectfully Submitted,

**Jane Le Clainche**  
Finance Director

**Kennie Wells**  
Human Resources Director

### Inside the report you will find:

Financial Statements

Investment Information

Contribution Information

Financial Training Update

Plan Membership and Benefits

DC Plan Details

DROP Plan Information

## Retirement Board

<a href="#">Dan Stanton</a> <b>Chairman</b> Citizen Member	<a href="#">Ed Carter</a> <b>Vice Chairman</b> Citizen Member	<a href="#">Bradford D. Kaufman</a> Citizen Member
<a href="#">Thomas Parker</a> Citizen Member	<a href="#">David G. Lambert</a> Citizen Member	<a href="#">Jane Le Clainche</a> Finance Director Ex Officio
<a href="#">Brett Madison</a> General Employee Representative	<a href="#">Michael Marx</a> Fire Rescue Employee Representative	<a href="#">Daniel Wilkinson</a> Police Employee Representative

## Defined Contribution Committee

<a href="#">Brett Madison</a> General Employee Representative	<a href="#">Michael Marx</a> Fire Rescue Employee Representative	<a href="#">Daniel Wilkinson</a> Police Employee Representative
<a href="#">Jane Le Clainche</a> Finance Director	<a href="#">Kennie Wells</a> Human Resource Director	



## Employees' Pension System History

The Town of Palm Beach's employee pension plan was created in 1947.

The funds were overseen by a single Retirement System Board of Trustees until 1999. The board included citizens appointed by the Town Council, and police officer, firefighter, and general employee representatives elected by their respective peers. The Mayor, Town Council President, and Town Manager served ex officio. The 1999 State Legislature authorized police officers and firefighters to more independently oversee their pension funds (if their local plan was receiving the Chapter 175/185 subsidy), and the Town's single board was divided into a General Employees' Retirement Board of Trustees and a Public Safety Retirement Board of Trustees. In 2004, the Public Safety Retirement Board of Trustees further divided into a Police Officers' Retirement Board of Trustees and a Firefighters' Retirement Board of Trustees.

The plans were separately managed by 3 pension boards from 2004 until April 1, 2012, when the three retirement boards were consolidated into the Town of Palm Beach Retirement System Board of Trustees. This Board now oversees all of the Town's pension assets and retirement programs. An outside pension consultant serves as investment advisor to the Board. The Board also has contracted out a portion of the plan administration services.

On May 1, 2012, the retirement benefits for most Town employees were changed from a defined benefit plan to a hybrid pension plan. Employees who were eligible to retire on or before that date were grandfathered into the old defined benefit plan, and the accrued benefits for all other employees were frozen as of May 1, 2012. Benefits accrued after that date by those not grandfathered were in a new hybrid pension plan that contained a defined benefit component and a defined contribution component. In addition, the Town ceased participation in the State of Florida's Chapter 175 and 185 programs for firefighters and police officers.

During 2016, the Town Council approved benefit changes for non-union public safety officers. The changes included the elimination of the hybrid option and include an enhanced DB plan with an increased multiplier and reduced retirement age. The changes are described in more detail in the Summary of Plan Description section of this document.

During 2017, the Town Council approved benefit changes for union firefighters, general employees and lifeguards. The union firefighters have an enhanced DB plan with an increased multiplier and reduced retirement age. The plan is the same as was approved for the non-union public safety officers. The Town Council approved a change to the hybrid plan for the General Employees that included an increase in the multiplier and reduced age for the DB plan and a reduced DC plan.

During 2019, the Town Council approved benefit changes for police and firefighters. Normal retirement eligibility for police officers and firefighters was changed to age 55 with at least 10 years of service or age 52 with at least 25 years of service. In addition, the member contribution rate for these groups was changed to a fixed rate of 8.5% per year.

In 2017, the Town Council approved a policy requiring an annual extraordinary contribution of \$5,420,000 to the Town's retirement system each year. The investment return assumption decreased to 6.8% in fiscal year 2020 and will be decreased by .2% thereafter until a 6% assumption is achieved in 2024.

The Town Council and Retirement Board reduced the amortization period from 25 years to a hybrid amortization of 20 years for assumption/method changes and 15 years for experience gains/losses and plan changes in 2018.

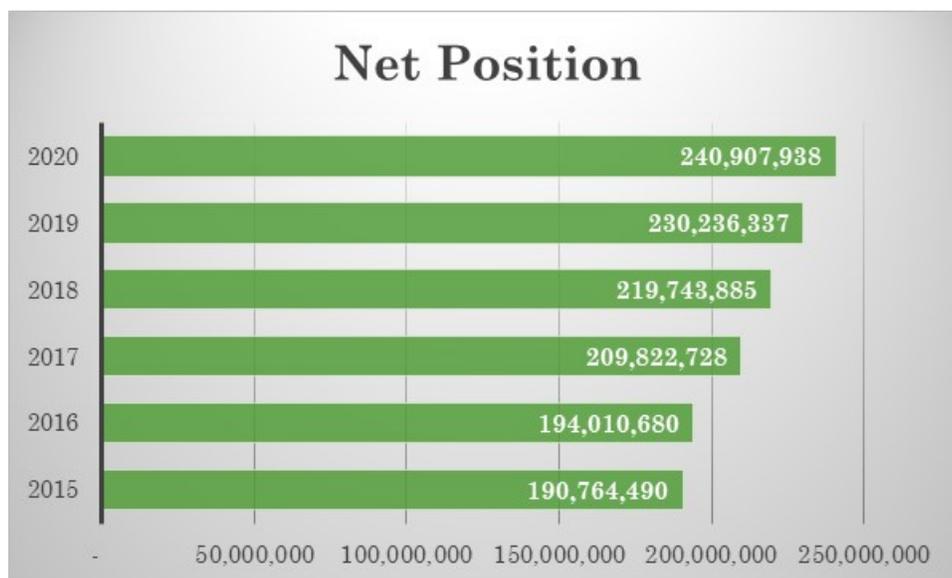
**Plan Administration:** Gabriel, Roeder, Smith (GRS) Consulting is the plan administrator. GRS handles all employee/member requests, provide plan benefit information and education and manage Board of Trustees matters.



# FINANCIAL STATEMENTS

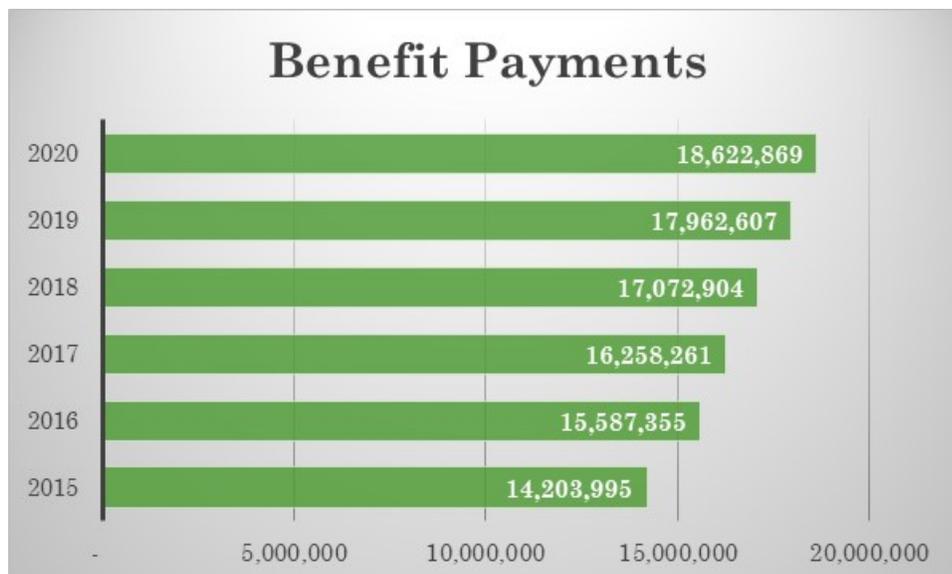
## Statement of Fiduciary Net Position

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,856,908	\$ 1,722,972
Interest and dividends receivable	176,087	200,095
Due from broker for securities sold	-	-
Prepaid expenses and other assets	12,063	12,063
Investments, at fair value		
Short term investment fund	23,592,214	3,610,282
Fixed income securities	38,812,207	30,315,604
Common Stock	20,894,842	20,449,800
Domestic equity funds	72,893,274	59,375,703
International and emerging market equity funds	31,899,614	51,135,977
Hedge funds	6,838,727	17,119,888
Private equity funds	20,588,304	21,103,298
Real estate funds	24,661,044	25,344,975
<b>Total Investments</b>	<b>240,180,226</b>	<b>228,455,527</b>
<b>Total Assets</b>	<b>242,225,284</b>	<b>230,390,657</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	120,626	104,614
Due to Brokers	1,139,884	-
Due to the Town	56,836	49,706
<b>Total Liabilities</b>	<b>1,317,346</b>	<b>154,320</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$240,907,938</b>	<b>\$ 230,236,337</b>



## Statement of Changes in Fiduciary Net Position

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions		
Town	\$ 16,211,651	\$ 18,804,081
Member	1,170,100	1,230,568
<b>Total contributions</b>	<u>17,381,751</u>	<u>20,034,649</u>
Investment income		
Net appreciation in fair value of investments	9,656,198	8,159,231
Interest and dividends	4,208,533	2,432,434
Other	1,411	43,302
<b>Total investment income/(loss)</b>	<u>13,866,142</u>	<u>10,634,967</u>
Less investment expense	(576,015)	(648,818)
<b>Total additions</b>	<u>30,671,878</u>	<u>30,020,798</u>
<b>DEDUCTIONS</b>		
Benefit payments	18,622,869	17,962,607
Share account distributions	202,961	39,148
DROP distributions	663,690	883,632
Refunds of participants' contributions	126,907	183,815
Administrative expense	383,850	459,144
<b>Total deductions</b>	<u>20,000,277</u>	<u>19,528,346</u>
<b>Net increase</b>	10,671,601	10,492,452
<b>Net position held in trust for pension Benefits</b>		
<b>Beginning of Year</b>	<u>230,236,337</u>	<u>219,743,885</u>
<b>NET POSITION HELD IN TRUST FOR PENSION END OF YEAR</b>	<u>\$ 240,907,938</u>	<u>\$ 230,236,337</u>



## Investments

**Investment Objective:** The long-term objectives of the Fund are to invest System contributions and assets to ensure that there will be no principal erosion of funds or the purchasing power thereof. Investments are managed in a prudent and professional manner in compliance with all applicable statutes and regulations such as Florida Statutes Section 215.47. Though not regulated by the Employee Retirement Income Security Act of 1974, the Trustees and other fiduciaries intend to comply with fiduciary standards of the Act.

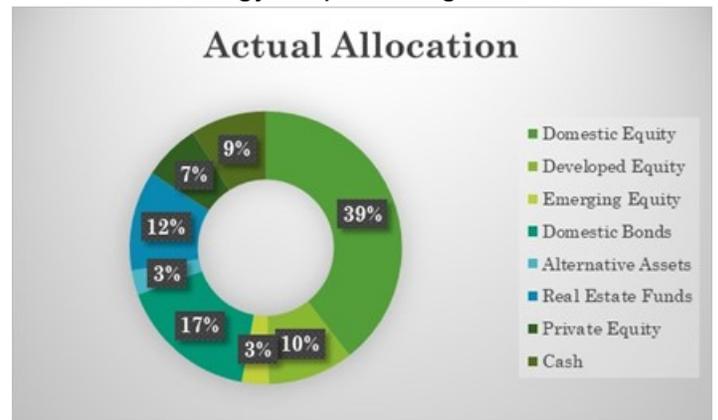
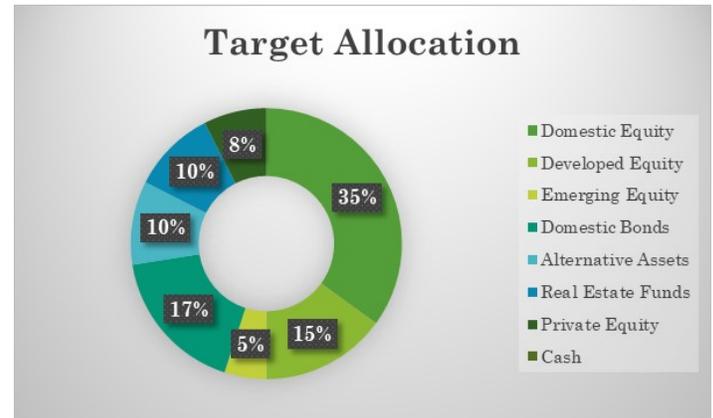
**Investment Strategy:** The Fund has adopted an investment strategy emphasizing broad diversification. Diversification helps to reduce portfolio volatility (variability of returns) and maximize investment returns at appropriate levels of risk over time.

**Asset Allocation Policy:** Industry and academic studies have consistently found that asset allocation is the primary driver of risk (volatility) and return. The Fund seeks to meet or exceed the System's actuarial rate of return assumption while looking for opportunities to reduce volatility through diversification.

**Rebalancing Policy:** Portfolio rebalancing is an important discipline for portfolio risk management. The Fund has established long-term asset allocation targets with ranges.



the fund objectives. AndCo provides timely quarterly reports that monitor performance of individual managers against similar managers as well as performance of the funds against objectives and appropriate indices.



Rebalancing is reviewed not less than quarterly and is required when actual allocation falls outside prescribed ranges. Where possible, rebalancing is coordinated with normal Fund contributions/withdrawals.

**AndCo Consulting:** The Board of Trustees has retained AndCo Consulting, an independent investment consultant for the purpose of assisting the Board in developing and attaining

## Town and Employee Contributions

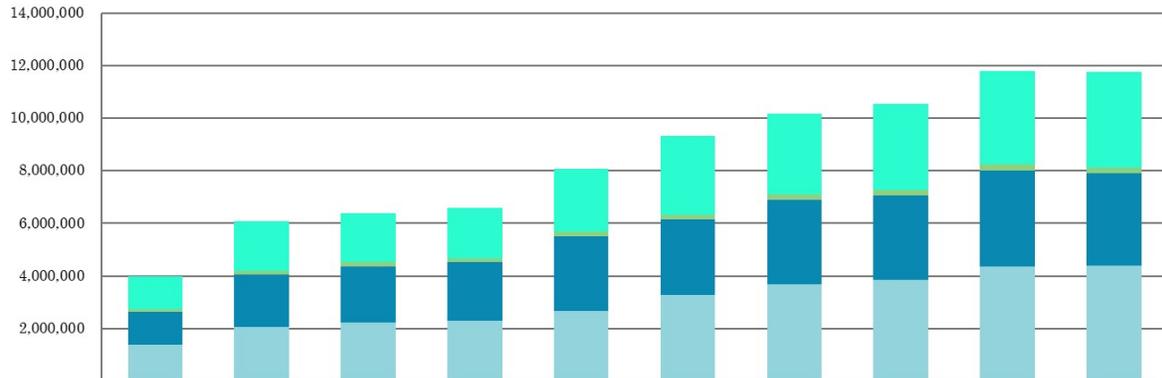
The Town's annual appropriation for the defined benefit pension plan is based upon the actuaries' determined rate. The defined contribution appropriation is based upon salary estimates and employer matching contribution rates including the discretionary contribution. In addition, the Town Council adopted a policy that provides for an annual appropriation of \$5,420,000 to begin to fund the UAAL. The Town's actuarial determined contributions for the defined benefit plan and total Town contribution including extraordinary contributions for the past 5 years are shown in the table at the bottom of the page:

The contribution requirements of the Plan members are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual pensionable wages as described in the following table. The member contribution rates for the FY21 budget year (presented as a percentage of the employees' annual compensation) vary by benefit group, and are shown below (along with the Town's matching contribution rates for the 401(a) plan):

Benefit Group	Defined Benefit Plan Employee Contribution	401(a) Defined Contribution Plan			
		Mandatory Contribution		Voluntary Contribution (post tax)	
		Employee	Employer	Employee	Employer
General Employees	3.5%	3%	3%	Voluntary up to the maximum allowable under IRS regulations	Up to 2.0%
Lifeguard Employees	3.5%	3%	3%		Up to 2.0%
Firefighter Union	8.5%				
Firefighter Non-Union	8.5%				
Police Officer	8.5%				

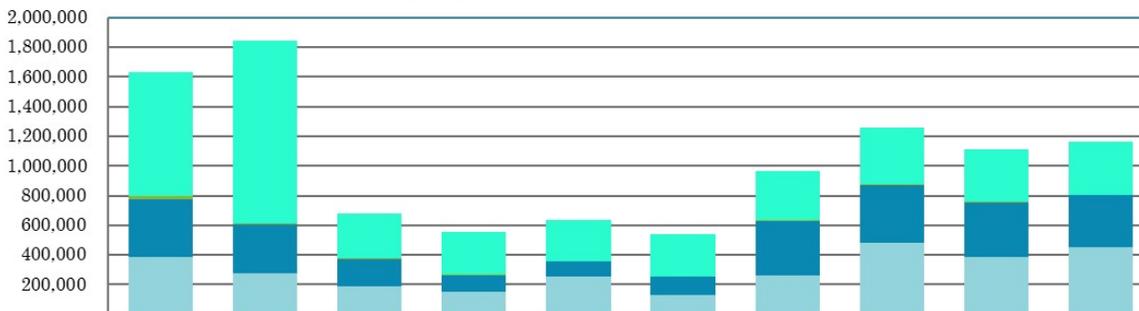
Actuarially Determined Employer contribution	2017	2018	2019	2020	2021
General	\$2,414,960	\$2,997,898	\$3,093,941	\$3,276,537	\$3,560,240
Lifeguards	163,443	188,431	204,527	210,518	215,911
Police	2,832,558	2,870,523	3,206,438	3,303,037	3,653,689
Fire Rescue	2,676,124	3,263,383	3,676,531	4,001,559	4,362,652
<b>Total</b>	<b>\$8,087,085</b>	<b>\$9,320,235</b>	<b>\$10,181,437</b>	<b>\$10,791,651</b>	<b>\$11,792,492</b>
Extraordinary Contributions	2,800,000	4,759,016	9,501,699	5,420,000	5,420,000
<b>Total Town Contributions</b>	<b>\$10,887,085</b>	<b>\$14,079,251</b>	<b>\$19,683,136</b>	<b>\$16,211,651</b>	<b>\$17,212,492</b>

### Employer Contribution (ADEC)



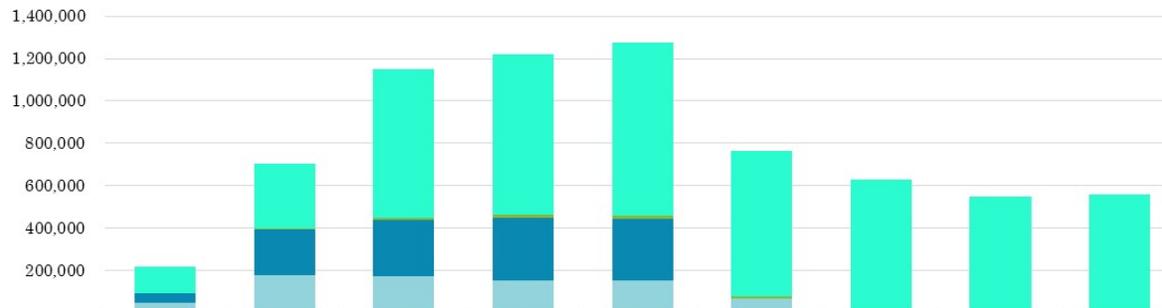
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	1,223,869	1,873,887	1,856,320	1,908,865	2,414,960	2,997,898	3,093,941	3,276,537	3,560,240	3,636,738
Ocean Rescue	125,294	144,734	152,086	157,411	163,443	188,431	204,527	210,518	215,911	195,379
Police	1,257,107	1,979,219	2,144,661	2,233,214	2,832,558	2,870,523	3,206,438	3,200,781	3,653,689	3,521,362
Firefighter	1,370,637	2,071,503	2,223,585	2,285,579	2,676,124	3,263,383	3,676,531	3,854,982	4,362,652	4,392,526

### Employee Contributions



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	833,715	1,228,879	298,561	281,091	275,968	284,732	327,592	385,406	355,260	357,977
Ocean Rescue	20,637	12,447	8,942	8,333	6,316	4,585	4,865	5,869	5,656	-
Police	387,938	323,938	180,924	108,250	98,530	122,231	368,777	388,770	363,694	350,601
Firefighters	389,972	279,466	190,047	154,199	255,766	129,585	262,473	481,910	387,514	454,505

### Employer DC Contributions



	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	123,785	309,235	699,122	756,792	817,696	684,688	621,996	539,940	550,735
Lifeguards	2,014	5,428	10,943	12,410	14,850	10,357	8,778	8,737	8,561
Police	43,163	211,200	265,191	294,148	287,545	-	-	-	-
Firefighters	47,748	180,642	174,650	154,893	153,963	69,824	-	-	-

## Legacy Plan

The Town implemented several benefit changes in 2012 and also lowered the return assumption from 8% to 7.5%. The legacy plan is referred to Plan A and the new benefit tier is referred to Plan B. The costs associated with the plan are broken down by the ongoing plan, Plan B and the legacy plan, Plan A in the table below. There are no longer any active employees accruing benefits in the legacy plan. The legacy plan accounts for 75.2% of the total costs of the plan.

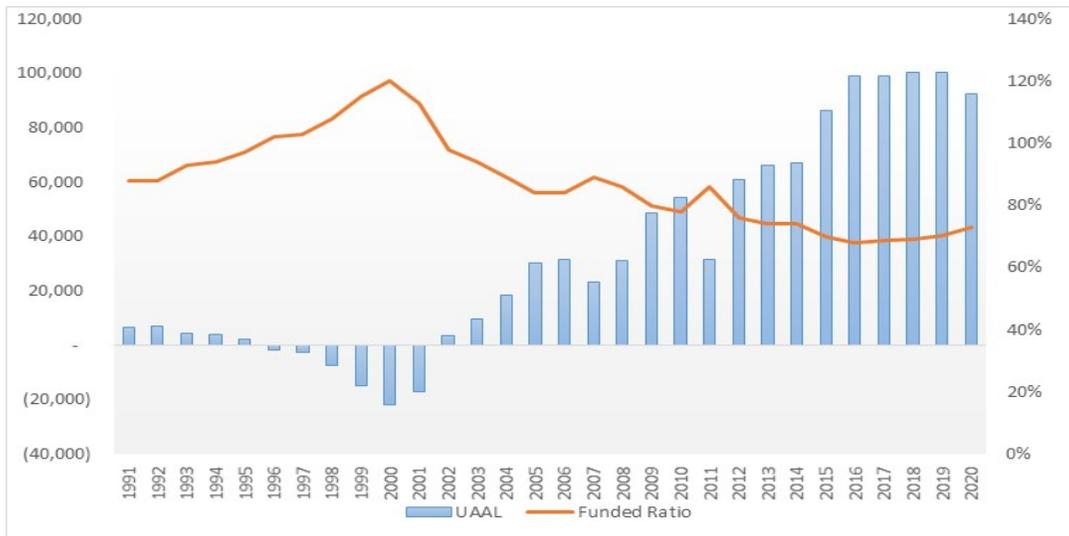
<b>Actuarially Determined Contribution Breakdown by Benefit Tier</b>					
<b>Valuation Date: September 30, 2020</b>					
	<b>Total Plan</b>	<b>General</b>	<b>Ocean Rescue</b>	<b>Police</b>	<b>Firefighters</b>
<b>Participants</b>	<b>268</b>	<b>149</b>	<b>0</b>	<b>55</b>	<b>64</b>
<b>Total Plan</b>					
<b>Employer Normal Cost</b>	12.83%	8.86%	0.00%	17.30%	16.90%
<b>Amortization of UAAL</b>	46.97%	26.63%	0.00%	67.67%	66.76%
<b>Total</b>	59.80%	35.49%	0.00%	84.97%	83.66%
<b>Town Contribution</b>	<b>\$ 11,746,005</b>	<b>\$3,636,738</b>	<b>\$ 195,379</b>	<b>\$ 3,521,362</b>	<b>\$ 4,392,526</b>
<b>Plan B - Ongoing Plan</b>					
<b>Employer Normal Cost</b>	12.83%	8.86%	0.00%	17.30%	16.90%
<b>Amortization of UAAL</b>	1.97%	1.63%	0.00%	2.24%	2.43%
<b>Total</b>	14.80%	10.49%	0.00%	19.54%	19.33%
<b>Town Contribution</b>	<b>\$ 2,907,423</b>	<b>\$1,074,933</b>	<b>\$ 7,793</b>	<b>\$ 809,785</b>	<b>\$ 1,014,912</b>
<b>Plan A - Legacy Plan</b>					
<b>Employer Normal Cost</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Amortization of UAAL</b>	45.00%	25.00%	0.00%	65.43%	64.33%
<b>Total</b>	45.00%	25.00%	0.00%	65.43%	64.33%
<b>Town Contribution</b>	<b>\$ 8,838,582</b>	<b>\$2,561,805</b>	<b>\$ 187,586</b>	<b>\$ 2,711,577</b>	<b>\$ 3,377,614</b>
<b>Legacy cost</b>	75.2%	70.4%	96.0%	77.0%	76.9%



## FUNDING STATUS

The funded ratio improved from 70.3% to 72.7%. The aggregate plan experience resulted in a modest net actuarial gain of \$238,323. The gain is mainly attributable to favorable demographic experience, partially offset by investment losses. The investment return assumption was reduced from 7.1% to 6.8% and the inflation rate assumption was lowered from 2.5% to 2.25%.

The UAAL improved from \$100,219,557 to \$94,163,607. The chart below tracks the UAAL and funded ratio since 1991.



The Town Council and Retirement Board have approved further reductions in the investment return assumption by .2% per year until the assumption reaches 6%. The table shows the cost and effect on UAAL if this change were adopted immediately. The Town’s contribution would increase by \$2,423,625 and the UAAL would increase by \$32,678,905 which would lower the funded ratio by 6.3%.

	Total Plan
<b>Current Rate of 6.8%</b>	
Employer Normal Cost	12.83%
Amortization of UAAL	46.97%
<b>Total</b>	<b>59.80%</b>
Town Contribution	\$ 11,746,005
UAAL	\$ 94,163,607
Funded Ratio	72.70%
<b>Assumption Change to 6%</b>	
Employer Normal Cost	15.93%
Amortization of UAAL	56.01%
<b>Total</b>	<b>71.94%</b>
Town Contribution	\$ 14,169,630
UAAL	\$ 126,842,512
Funded Ratio	66.40%
<b>Difference</b>	
Town Contribution	\$ 2,423,625
UAAL	\$ 32,678,905
Funded Ratio	-6.30%

## Components of Unfunded Actuarial Accrued Liability

The UAAL as of September 30, 2020, for all pension groups is \$94,163,607. The table below summarizes the details of the increase since 2009.

Experience (Gain)/Loss include demographic experience due to salary increases, retirements, terminations, mortality experience and other census changes that differ from the actuarial assumptions. In addition, it also includes the gains/losses from investments.

Assumption changes include reductions in the investment assumption, changes in several demographic assumptions after an experience study and changes in the mortality tables.

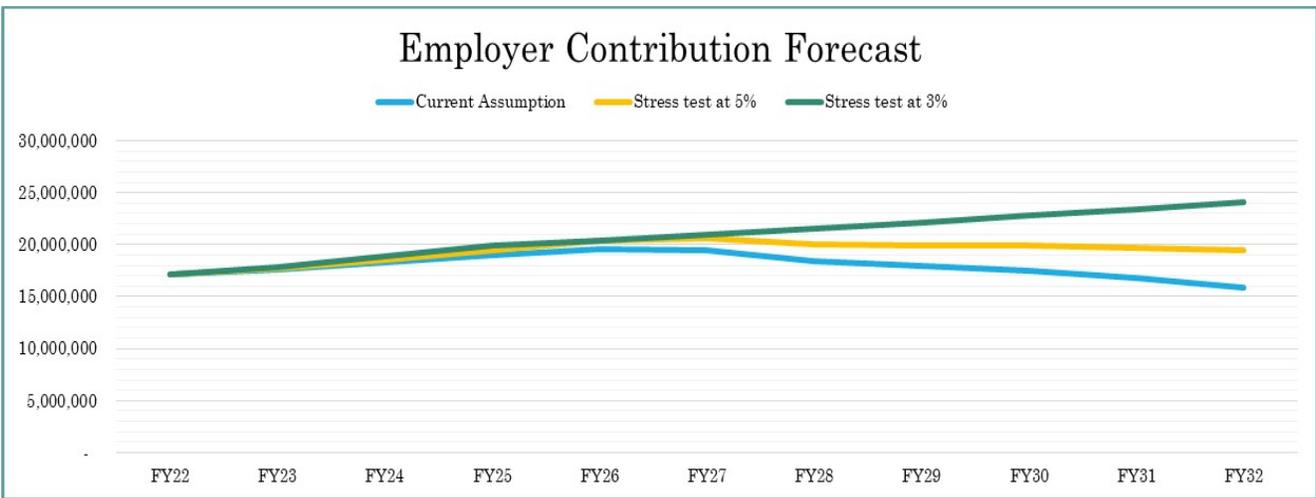
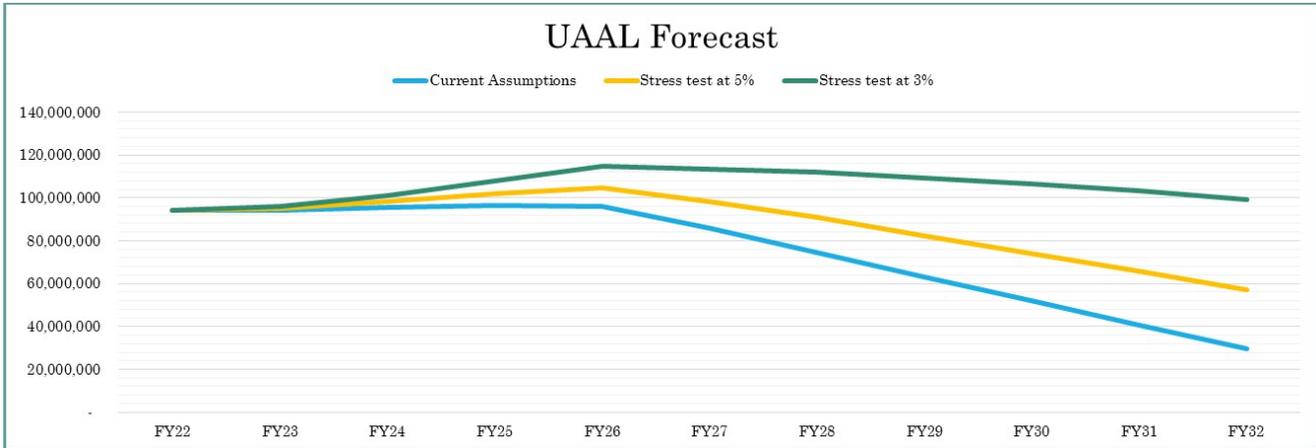
Benefit changes include the reduction in benefits in 2012 offset by benefit improvements made since 2012.

Date		General	Lifeguard	Police	Firefighter	Total
<b>2009</b>	<b>Initial Unfunded</b>	<b>11,580,317</b>	<b>732,834</b>	<b>4,712,642</b>	<b>14,067,598</b>	<b>31,093,391</b>
	<b>Experience (Gain)/Loss</b>					
2010	Experience (Gain)/Loss	1,166,335	67,219	820,214	1,305,374	3,359,142
2011	Experience (Gain)/Loss	(3,560,587)	114,796	387,799	(1,054,188)	(4,112,180)
2012	Experience (Gain)/Loss	3,919,061	262,603	5,553,719	4,790,261	14,525,644
2013	Experience (Gain)/Loss	(809,809)	22,644	2,124,265	1,835,308	3,172,408
2014	Experience (Gain)/Loss	(69,720)	(17,249)	894,776	169,502	977,309
2015	Experience (Gain)/Loss	2,378,242	91,546	2,284,460	2,107,224	6,861,472
2016	Experience (Gain)/Loss	31,693	(12,542)	(560,887)	2,852,112	2,310,376
2017	Experience (Gain)/Loss	183,591	79,532	290,878	531,876	1,085,877
2018	Experience (Gain)/Loss	1,763,403	74,816	661,953	1,186,455	3,686,627
2019	Experience (Gain)/Loss	978,469	23,131	1,379,748	1,478,350	3,859,698
2020	Experience (Gain)/Loss	199,122	(22,399)	(410,323)	(4,723)	(238,323)
	<b>Total Experience (Gain)/Loss</b>	<b>6,179,800</b>	<b>684,097</b>	<b>13,426,602</b>	<b>15,197,551</b>	<b>35,488,050</b>
	<b>Benefit Changes</b>					
2012	Benefit Changes	(4,265,256)	(208,382)	(3,801,892)	(6,617,363)	(14,892,893)
2013	Benefit Changes	68,346	-	-	-	68,346
2014	Benefit Changes	35,501	1,453	77,243	32,023	146,220
2016	Benefit Changes	1,340,957	19,553	786,012	369,919	2,516,441
2017	Benefit Changes	-	-	-	752,275	752,275
2019	Benefit Changes	-	-	-	-	-
2020	Benefit Changes					
	<b>Total Benefit Changes</b>	<b>(2,820,452)</b>	<b>(187,376)</b>	<b>(2,938,637)</b>	<b>(5,463,146)</b>	<b>(11,409,611)</b>
	<b>Assumption Method Changes</b>					
2010	Assumption Method Changes	(1,649,038)	(45,944)	(596,953)	(727,091)	(3,019,026)
2011	Assumption Method Changes	(104,102)	59,987	366,501	183,683	506,069
2012	Assumption Method Changes	4,145,696	233,225	4,134,343	4,230,664	12,743,928
2015	Assumption Method Changes	5,774,343	163,939	1,659,269	2,150,996	9,748,547
2016	Assumption Method Changes	2,265,817	151,298	2,814,110	2,880,470	8,111,695
2017	Assumption Method Changes	1,062,202	56,663	991,854	1,054,979	3,165,698
2018	Assumption Method Changes	1,086,899	57,517	1,011,479	1,087,726	3,243,621
2019	Assumption Method Changes	1,093,435	48,785	654,304	1,161,952	2,958,476
2020	Assumption Method Changes	1,705,842	(24,777)	(265,183)	116,887	1,532,769
	<b>Total Assumption Method Changes</b>	<b>15,381,094</b>	<b>700,693</b>	<b>10,769,724</b>	<b>12,140,266</b>	<b>38,991,777</b>
	<b>UAAL as of September 30, 2020</b>	<b>30,320,759</b>	<b>1,930,248</b>	<b>25,970,331</b>	<b>35,942,269</b>	<b>94,163,607</b>
	Membership - Retirees	218	12	106	108	444
	Membership - Active	149	-	55	64	268
	Membership - Terminated/Vested	40	3	28	28	99
	<b>Ratio of Total Membership to UAAL</b>	<b>74,498</b>	<b>128,683</b>	<b>137,409</b>	<b>179,711</b>	<b>116,108</b>

# UAAL and Employer Contribution Forecast

A ten-year forecast of the Unfunded Actuarial Accrued Liability (UAAL) and Employer Contribution has been prepared by the actuary. The current assumptions include the reduction in investment return by .2% per year from 6.8% used in the September 30, 2020 Actuarial Valuation Report to 6% in 2024.

The forecast was stress tested using an estimated actual return on the market value of assets of 5% per year and 3% per year. The results are shown on the following charts for UAAL and Employer Contribution.

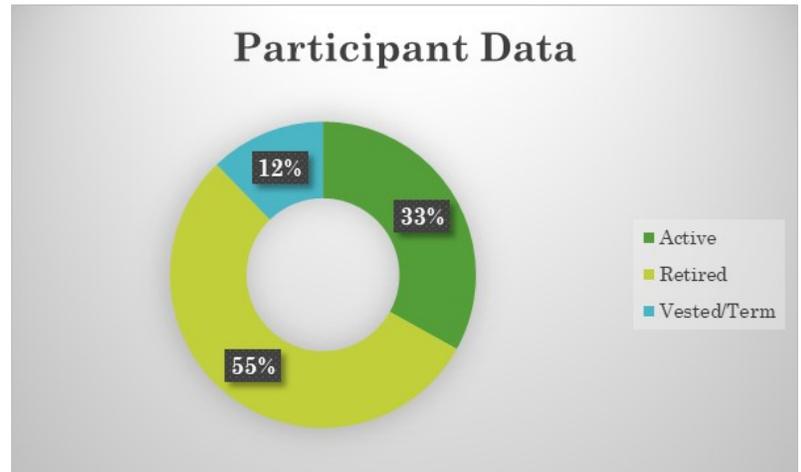


# Membership

The Town of Palm Beach Retirement System active members include full-time general employees, police, and firefighters. As of September 30, 2020, the Town had 444 retired members, 268 active employees, and 99 vested/terminated members.

## Benefit Summary

- Plan A benefits are benefits accrued prior to May 1, 2012.
- Plan B benefits are benefits accrued on and after May 1, 2012.
- Members are vested after 10 years of service and are eligible for benefits at the normal service retirement date.
- Normal service retirement benefits are available for members who attain the age and service requirements.
- DROP provisions are available to all employees once they meet the eligibility requirements.
- Duty disability benefits are eligible immediately upon becoming a member in the plan.



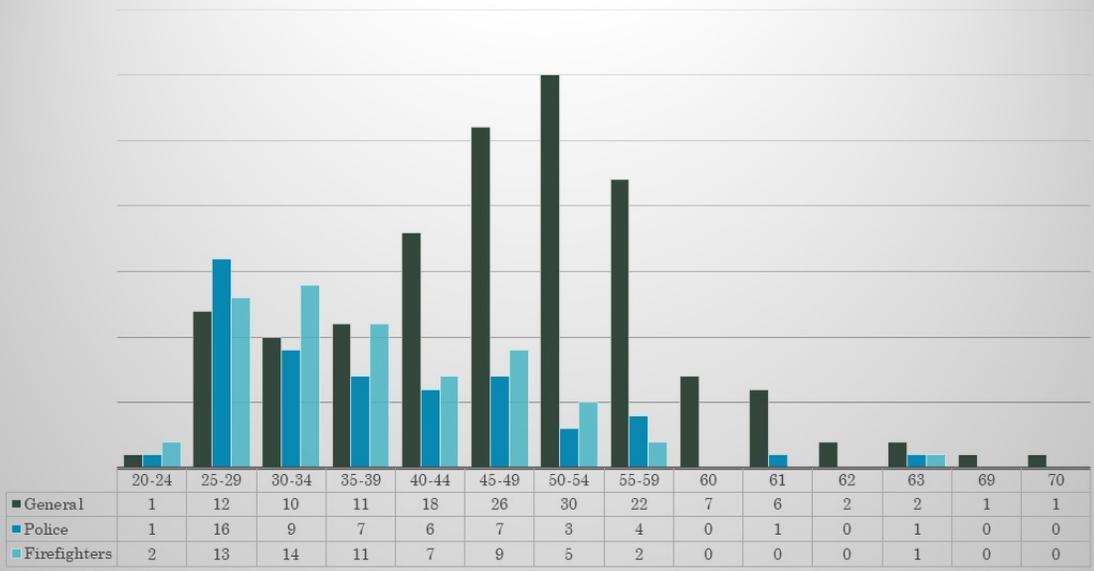
# Active Members

As of September 30th

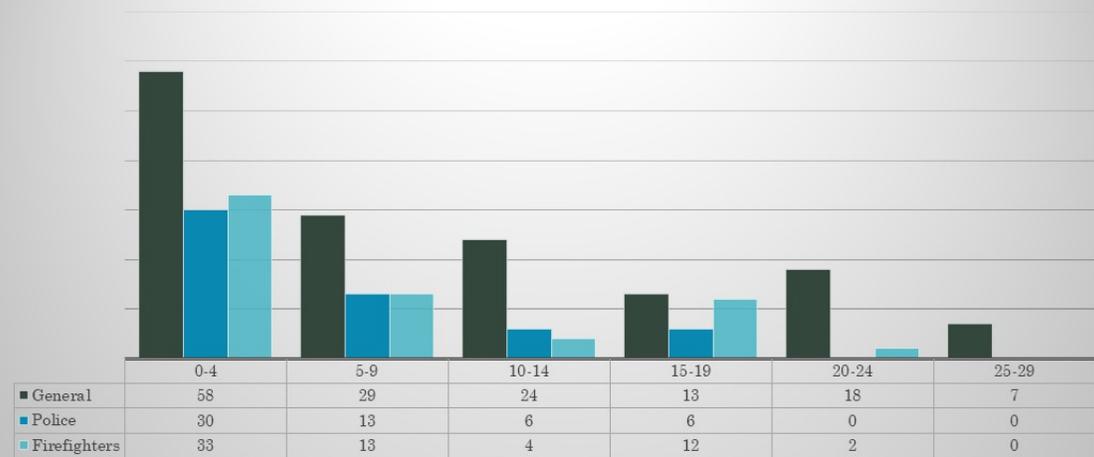
Active Members	2020	2019
Average Age	43	42.9
Average Years of Service	8.5	8.7
Average Age At Hire	34.5	34.2
Average Annual Salary	\$72,653	\$69,075
Total Payroll	\$19,471,062	\$18,788,303
Total Active Members	268	272



Distribution of Active Members by Age



Distribution of Active Members by Years of Service

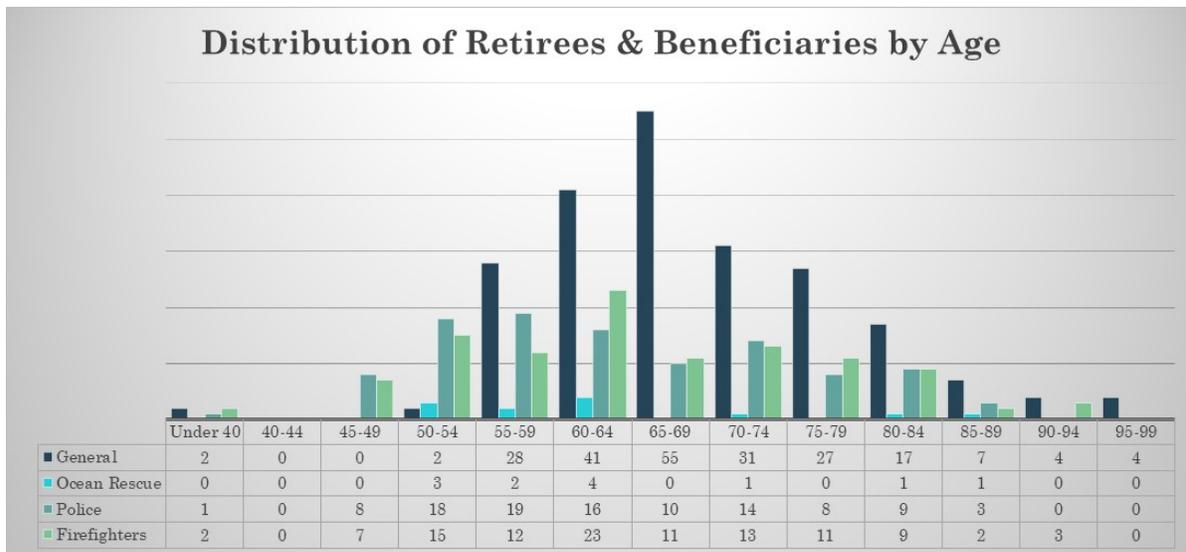
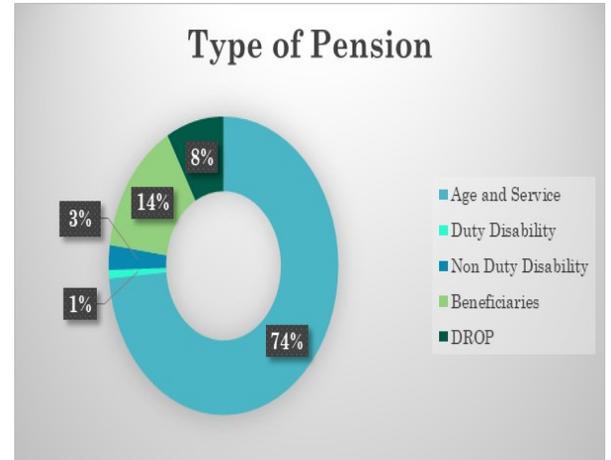


# Retired members

As of September 30th

<b>Retired Members</b>	<b>2020</b>	<b>2019</b>
Average Age	67.1	66.9
Average Annual Benefit	\$46,988	\$46,475
Total Retired Members	444	433

<b>Types of Pension Benefits</b>	<b>2020</b>	<b>2019</b>
Service	327	324
DROP	36	33
Disability	16	17
Beneficiaries	65	59
Total	444	433



## Financial Wellness Training

### 2020 Retirement Education Efforts

- ✓ Moved from Ellen Schaffer Pension Calculator to the online GRS Pension Calculator.
- ✓ One-on-one consultations moved from in-person to virtual and/or telephone meetings.
- ✓ Revised meeting survey to better capture employee/retiree satisfaction of meetings with the pension administrator and ICMA representative.
- ✓ Created and utilized ICMA templates to send out periodic emails to employees at their Town email as well as their home email. These templates include scheduling 1:1 meetings with Steve, accessing ICMA accounts online, as well as features from their website such as webinars, calculators, and videos.
- ✓ October National Retirement Security Month - ICMA's campaign, "Bring Your Future Into Focus" with investment options information and trivia challenge including weekly emails with information and links.
- ✓ ICMA instituted a "paperless" process and added 457 enrollments through EZLink.

### Future Plans for Employee Education/Processes

- ✓ Reformatting and revamping of retirement benefit guide to include more aspects and options for retirement savings for employees in an easy-to-read/understand format with instructions of steps and who to contact for what information.
- ✓ Updating and reformatting Retirement Benefits page on the Intranet.
- ✓ Continue to send out monthly information regarding ICMA - scheduling meetings and accessing webinars and videos and updating their account information (beneficiaries, change of address, etc.)
- ✓ Change format of orientation to include simple explanation of ICMA products and structure of pension benefits.
- ✓ Restart group pension education presentations. Utilizing an easy-to-understand explanation of pension information in a new revised format for orientation of new hires to better understand their pension benefits and options to increase their savings. Offer meetings quarterly in varying formats - small, socially-distanced groups and GoTo/Zoom meetings and developing lunch & learn presentations in the new formats.



## DROP and Share Accounts Held in the Plan

### DROP Information as of December 31, 2020

Total DROP Assets Held In the Plan	\$10,628,180
Total Participants with a Balance	46
Total Contributing Participants	35
Average Account Balance	\$231,047

### Drop Entry Year for Contributing Participants

	2014	2015	2016	2017	2018	2019	2020	Total
General	0	1	5	3	6	0	3	18
Ocean Rescue	0	1	1	0	0	0	1	3
Police	2	0	2	0	1	2	2	9
Firefighters	1	2	0	0	1	0	0	4
<b>Total</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>8</b>	<b>2</b>	<b>6</b>	<b>34</b>

## Firefighter Share Accounts

### Share Account information as of December 31, 2020

Total Share Assets Held In the Plan	\$593,709
Total Participants with a Balance	53
Total Contributing Participants	0
Average Account Balance	\$11,202



## Defined Contribution Plan Information

### 401 (a) Plan Snapshot as of December 31, 2020 (106397)

Total Assets	\$15,037,235
Total Participants with a Balance	358
Total Contributing Participants	172
Average Account Balance	\$42,003

### 457 Plan Snapshot as of December 31, 2020 (300786)

Total Assets	\$46,732,285
Total Participants with a Balance	211
Total Contributing Participants	199
Average Account Balance	\$221,480

### RHSP Plan Snapshot as of December 31, 2020

Total Assets	\$4,476,911
Total Participants with a Balance	528
Total Contributing Participants	293
Average Account Balance	\$8,479

### Snapshot for Roth IRA Plan (705765) as of December 31, 2020

Total Assets	\$740,478
Total Participants with a Balance	59
Total Contributing Participants	45
Average Account Balance	\$12,550

### Snapshot for 401 Firefighter SHARE Plan (106796) as of December 31, 2020, (Discontinued)

Total Assets	\$2,847,924
Total Participants with a Balance	44
Total Contributing Participants	0
Average Account Balance	\$64,711

### Snapshot for RHS Plan (Discontinued) (800533) as of December 31, 2020

Total Assets	\$538,144
Total Participants with a Balance	44
Average Account Balance	\$12,231

## Professional Service Providers as of December 31, 2020

<b>Plan Administrator</b>	<b>Contact</b>	
GRS One East Broward Boulevard Suite 505 Ft. Lauderdale, FL 33301-1804	Edemir Estrada (954)527-1616 Edemir.estrada@grsconsulting.com	
<b>Board Attorney</b>	<b>Contact</b>	
Lewis, Longman and Walker 315 South Calhoun Street, Suite 830 Tallahassee, Florida 32301	James W. Linn and Janice Rustin, Board Counsel (850)222-5702 & (561)640-0820 jlinn@llw-law.com, jruskin@llw-law.com	
<b>Investment Consultant</b>	<b>Consultant</b>	
AndCo Consulting 4901 Vineland Road Suite 600 Orlando, FL 32811	Dave West (866)240-7932 davew@andcoconsulting.com	
<b>Actuary</b>	<b>Contact</b>	
Gabriel Roeder Smith & Company One East Broward Blvd Suite 505 Ft. Lauderdale, FL 33301-1804	Pete Strong FSA, EA, MAAA, FCA (954)713-2102 Pete.strong@grsconsulting.com	
<b>Custodial Bank</b>	<b>Contact</b>	
Salem Trust Company 4000 Hollywood Blvd. Suite 555-S Hollywood, FL 33021	Karen M. Russo (954)843-3457 Karen.russo@salemtrust.com	
<b>Independent Auditors</b>	<b>Contact</b>	
Marcum One SE Third Avenue 16 <sup>th</sup> Floor Miami, FL 33131	Michael Futterman, CPA Partner (305)995-9610 Michael.futterman@marcumllp.com	
<b>Deferred Compensation</b>	<b>Contact</b>	<b>Contact</b>
ICMA-RC Service, LLC 2655 LeJeune Road, Suite 545 Coral Gables, FL 33134	Fernando Llop (954)370-0121 fllop@icmarc.org	Steven Feigelis (202)701-5969 or (561)963-1681 sfeigelis@icmarc.org
<b>Financial and Accounting Services</b>	<b>Contact</b>	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Jane Le Clairche, Finance Director (561)227-6330 jleclairche@townofpalmbeach.com	
<b>Human Resources Enrollment/Training</b>	<b>Contact</b>	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Kennie Wells, Human Resource Director (561)227-6326 Kwells@townofpalmbeach.com Jody Justice, Human Resource Analyst (561)227-6324 jjustice@townofpalmbeach.com	

## Summary of Plan Provisions

**Grandfathered Benefits:** The benefits consist of the old defined benefit plan (Plan A - see below) including future accruals in Plan A for employees that were eligible to retire on or before May 1, 2012 (grandfather).

**Plan A Benefits:** The accrued benefits prior to May 1, 2012 in the old defined benefit plan (frozen benefits).

**Plan B Benefits:** The accrued benefits on and after May 1, 2012.

### Normal Retirement:

#### ELIGIBILITY

##### Plan A

- a) *General:* 30 or more years of service, regardless of age; or age 55 with 10 or more years of service
- b) *Ocean Rescue:* Age 50 with 10 or more years of service. Or 10 or more years of service and age plus credited service totals 65 years or more.
- c) *Police and Firefighters:* 20 or more years of service, regardless of age; or, age 50 with 10 or more years of service; or, at least 10 years of service and age plus credited service totals 65 years or more.
- d) Immediate vesting was granted to all employees who on May 1, 2012, were active contributing plan participants.

##### Plan B

*General and Ocean Rescue:* Age 62 with 10 or more years of service if employed or participating in DROP on May 1, 2017. If not employed or participating in DROP on May 1, 2017, retirement eligibility age is 65 with 10 or more years of service. Employees hired on or after May 1, 2017 are eligible to retire at age 62 with 10 or more years of service.

*Police:* Effective October 1, 2019, Age 55 with 10 or more years of service or age 52 with at least 25 years of service. This applies to police officers who are participating in the DROP on October 1, 2019 and who retire or enter the DROP on or after that date, but does not apply to members who retired or separated from employment before October 1, 2019. Employees hired on or after October 1, 2016 are eligible to retire at age 56 with 10 or more years of service. If not employed or participating in DROP on October 1, 2016, retirement eligibility age is 65 with 10 or more years of service.

*Non-union Firefighters:* Effective October 1, 2019, Age 55 with 10 or more years of service or age 52 with at least 25 years of service. This applies to non-union firefighters who are participating in the DROP on October 1, 2019 and who retire or enter the DROP on or after that date, but does not apply to members who retired or separated from employment before October 1, 2019. Employees hired on or after October 1, 2016 are eligible to retire at age 56 with 10 or more years of service. If not employed or participating in DROP on October 1, 2016, retirement eligibility age is 65 with 10 or more years of service.

*Union Firefighters:* Effective November 2, 2019 Age 55 with 10 or more years of service or age 52 with at least 25 years of service. This applies to union firefighters who are participating in the DROP on November 2, 2019 and who retire or enter the DROP on or after that date, but does

not apply to members who retired or separated from employment before November 2, 2019. Employees hired on or after August 12, 2017 are eligible to retire at age 56 with 10 or more years of service. If not employed or participating in DROP on August 12, 2017, retirement eligibility age of 65 with 10 or more years of service.

## **PENSION AMOUNT**

### **Plan A**

- a) *General*: Average final compensation (AFC) times the sum of a) 2.75% for service earned after September 30, 1990, to a maximum of 82.5%, plus 2.35% for service earned on or before September 30, 1990 for the first 30 years of service, plus, b) 1.0% for service in excess of 30 years.
- b) *Ocean Rescue*: AFC times the sum of a) 2.85% for the first 25 years of service with a maximum of 71.25%, plus, b) 1.0% for service in excess of 25 years.
- c) *Police Officers and Firefighters*: AFC multiplied by the sum of a) 3.5% per year of credited service to a maximum of 87.5 percent, plus, b) 2.0% per year of credited service, if any, in excess of 43.75 years.

### **Plan B**

*General and Ocean Rescue*: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. AFC multiplied by 1.25% per year of credited service from May 1, 2012, through April 30, 2017 and multiplied by 1.70% per year after May 1, 2017.

*Union Firefighters*: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. AFC multiplied by 1.25% per year of credited service from May 1, 2012 through September 30, 2017. AFC multiplied by 2.75% per year of credited service on or after October 1, 2017.

*Police and non-union Firefighters*: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. AFC multiplied by 1.25% per year of credited service from May 1, 2012 through September 30, 2016. AFC multiplied by 2.75% per year of credited service on or after October 1, 2016.

Members can elect an optional survivorship benefit with an actuarial reduction in benefit.

### **Average Final Compensation (AFC):**

#### **Plan A**

Average of the highest 2 consecutive years within the member's last 5 years of credited service.

#### **Plan B**

AFC after April 30, 2012, is the average of the final 5 years of credited service.

### **DROP Retirement: Both Plan A and Plan B**

**Eligibility** - Same as Normal Retirement. Participation must be terminated within 5 years of DROP commencement.

#### **Pension Amount**

*General and Ocean Rescue*: 100% of member's accrued benefit at the date of election to participate in DROP. Grandfathered General and Ocean Rescue employees: 98% of member's accrued benefit at the date of election to participate in DROP

*Police and Firefighters:* 100% of the member's accrued benefit at the date of election to participate in DROP.

The rate of return credit for the DROP and Share accounts is calculated based on a five-year trailing average annual return of the plan, and applied to the DROP and Share balances at the end of each quarter on the average daily balance for the quarter.

### **Early Retirement (General Employees Only):**

#### **ELIGIBILITY**

##### **Plan A**

Age 50 with 10 or more years of credited service based on a monthly reduction from normal retirement date as explained below.

##### **Plan B**

Early retirement at age 60 with 10 or more years of credited service, based on a monthly reduction from normal retirement date based on actuarial equivalency.

#### **PENSION AMOUNT**

##### **Plan A**

Computed as a normal retirement benefit but reduced 6/10 of 1% (3/10 of 1% if service credit is 20 or more years) for each month early retirement precedes the member's normal retirement date.

### **Deferred Retirement (Vested Termination Benefit): Both Plan A and Plan B**

**Eligibility** - 10 or more years of service (waived for frozen benefits). Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately.

**Pension Amount** - Computed as for normal retirement, based upon Plan A frozen benefit, or Plan B service and AFC at time of termination.

### **Duty Disability Retirement: Both Plan A and Plan B**

**Eligibility** - No age or service requirements.

*General Employees and Ocean Rescue:* Payment of sixty percent of the monthly AFC (greater of Plan A or B); or if the member retires prior to attaining the age for normal retirement, the amount of the monthly pension shall be computed as if the member has continued to accrue credited service until the date the member would have attained the age for normal retirement provided that the member has been in receipt of the disability benefit for at least five years.

*Police Officers and Firefighters:* Payment of sixty percent of the monthly AFC (greater of Plan A or B); or if the member retires prior to attaining the age for normal retirement, the amount of the monthly pension shall be computed as if the member has continued to accrue credited service until the date the member would have attained the age for normal retirement provided that the member has been in receipt of the disability benefit for at least five years.

**Non-Duty Disability Before Retirement: Both Plan A and Plan B**

**Eligibility** - 10 or more years of service (waived for frozen benefit).

**Pension Amount** - Computed as for normal retirement. For Police and Firefighter benefit groups, the disability pension benefit shall not be less than a payment of 30 percent of the member's AFC at the time of disability.

**Elective Survivor Benefits**

**Eligibility** - The member dies while in the employ of the Town with at least 10 years of credited service and not participating in the DROP. Survivor beneficiary shall be in writing and filed with Human Resources Department.

**Duty Death Special Provision: Both Plan A and Plan B**

**Eligibility** - Death while actuarially performing duty for the Town or was the natural and proximate result, independent of all other causes, of a personal injury or disease arising out of and in the course of the actual performance of duty for the town.

- 1) 10-year vesting requirement waived
- 2) Surviving children is 25% of deceased member's AFC, not to exceed 75% of AFC when four or more surviving children.
- 3) Surviving spouse is paid difference between 75% of deceased AFC and aggregate amount paid surviving children.

**Automatic Death After Retirement Pension:****Plan A**

**To Surviving Child(ren):** 25% of the retiree's pension payable to age 18, not to exceed an equal share of 75% of the retiree's pension. Payments to surviving children may be paid to age 25 if retirement if no surviving spouse.

**To Surviving Spouse:** The difference, if any, between 75% of the deceased retiree's pension and the aggregate amount paid to any surviving children for the month.

**Plan B**

Reduced option forms of payment are available for survivorship benefits.

**Post-Retirement Cost-of-Living Adjustments:****Plan A**

Pensions are increased 2.0% annually based on the total pension payable subsequent to an initial 3-year deferral period.

**Plan B**

None.

**Purchase of Service Credit: Both Plan A and Plan B**

A vested member who has not purchased service credit under Prior Governmental Service, including Military Service elsewhere may purchase years or fractional parts of years of service,

not to exceed 5 years, to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

Purchase of service by members of benefit group firefighter may only be based upon actual prior service as a firefighter or service in the military and purchase of service by a member of benefit group police officer may only be based upon actual prior service as a police officer or service in the military.

