



ANNUAL REPORT 2021

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 FY2021 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, 2021, and information for the defined contribution plans administered with Mission Square covers the period January 1, 2021 through December 31, 2021.

Financial Highlights

The net position of the plan increased by \$47,308,171 to \$288,216,109. This was due to large 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 \$2,212,751 to a total of \$21,702,271. The fiscal year end investment return was 17.97%, well above the target return of 6.6%.

The funded status of the plan improved from 72.7% to 76.1%. The Unfunded Actuarial Accrued Liability decreased from \$94,163,607 to \$85,333,977.

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

Respectfully Submitted,

Jane Le Clainche
Finance Director

Gillian Barth
Director of Human Resources

Inside the report you will find:

Financial Statements

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Contribution Information

Financial Training Update

Plan Membership and Benefits

DC Plan Details

DROP Plan Information

OPEB Trust Information

Retirement Board of Trustees

Dan Stanton Chairman Citizen Member	Ed Carter Vice Chairman Citizen Member	Bradford D. Kaufman Citizen Member
Thomas Parker Citizen Member	David G. Lambert Citizen Member	Jane Le Clainche Finance Director Ex Officio
Jason Debrincat General Employee Representative	Michael Marx Fire Rescue Employee Representative	Daniel Wilkinson Police Employee Representative

Defined Contribution Committee

Jason Debrincat General Employee Representative	Michael Marx Fire-Rescue Employee Representative	Daniel Wilkinson Police Employee Representative
Jane Le Clainche Finance Director	Gillian Barth Director of Human Resources	

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.

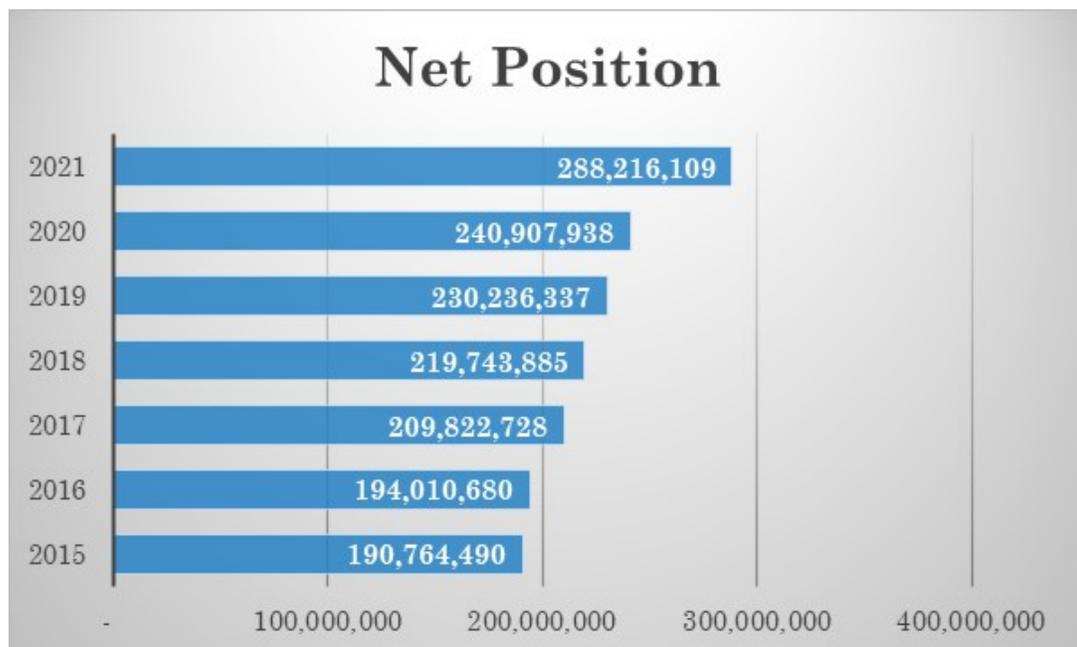
Plan Administration: Gabriel, Roeder, Smith (GRS) Consulting is the plan administrator. GRS handles all employee/member requests, provide plan benefit information and education and manage Board of Trustees matters.



FINANCIAL STATEMENTS

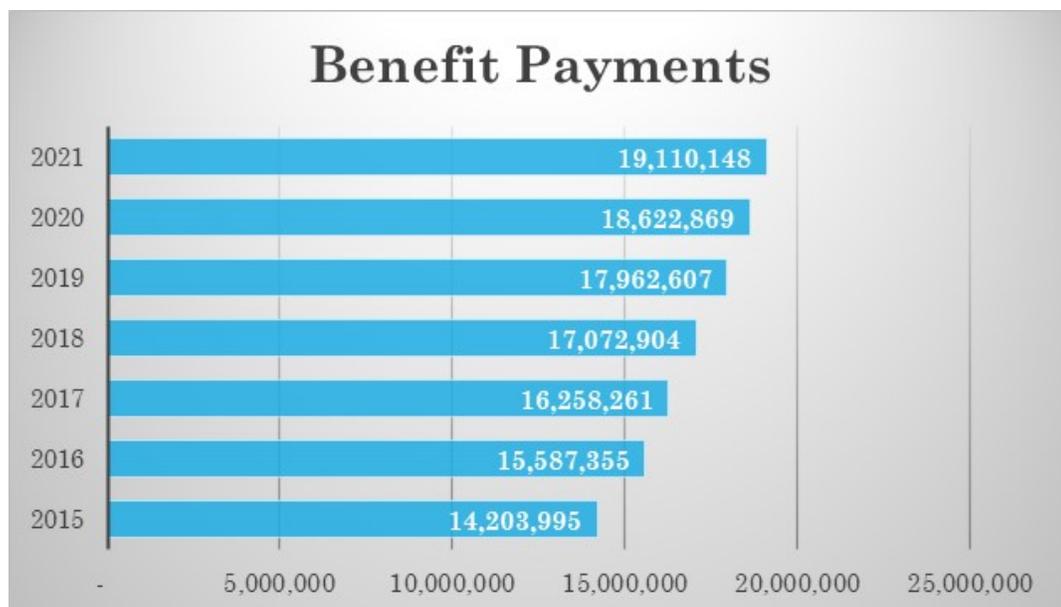
Statement of Fiduciary Net Position

	2,021	2020
ASSETS		
Cash and cash equivalents	\$ 4,836,556	\$ 1,856,908
Interest and dividends receivable	224,595	176,087
Due from broker for securities sold	95,408	-
Prepaid expenses and other assets	12,538	12,063
Investments, at fair value		
Short term investment fund	12,812,942	23,592,214
Fixed income securities	45,214,634	38,812,207
Common Stock	29,719,598	20,894,842
Domestic equity funds	74,449,824	72,893,274
International and emerging market equity funds	62,622,474	31,899,614
Hedge funds	14,564,240	6,838,727
Private equity funds	27,369,432	20,588,304
Real estate funds	19,077,507	24,661,044
Total Investments	285,830,651	240,180,226
Total Assets	290,999,748	242,225,284
LIABILITIES		
Accounts payable and accrued liabilities	171,083	120,626
Due to Brokers	1,999,313	1,139,884
Due to the Town	613,243	56,836
Total Liabilities	2,783,639	1,317,346
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$288,216,109	\$240,907,938



Statement of Changes in Fiduciary Net Position

	2021	2020
ADDITIONS		
Contributions		
Town	\$ 17,085,547	\$ 16,211,651
Member	1,222,273	1,170,100
Total contributions	18,307,820	17,381,751
Investment income		
Net appreciation in fair value of investments	46,811,939	9,656,198
Interest and dividends	5,162,749	4,208,533
Other	16,825	1,411
Total investment income/(loss)	51,991,513	13,866,142
Less investment expense	(705,901)	(576,015)
Total additions	69,593,432	30,671,878
DEDUCTIONS		
Benefit payments	19,110,148	18,622,869
Share account distributions	92,004	202,961
DROP distributions	2,500,119	663,690
Refunds of participants' contributions	248,930	126,907
Administrative expense	334,060	383,850
Total deductions	22,285,261	20,000,277
Net increase	47,308,171	10,671,601
Net position held in trust for pension Benefits		
Beginning of Year	240,907,938	230,236,337
NET POSITION HELD IN TRUST FOR PENSION END OF YEAR	\$ 288,216,109	\$ 240,907,938



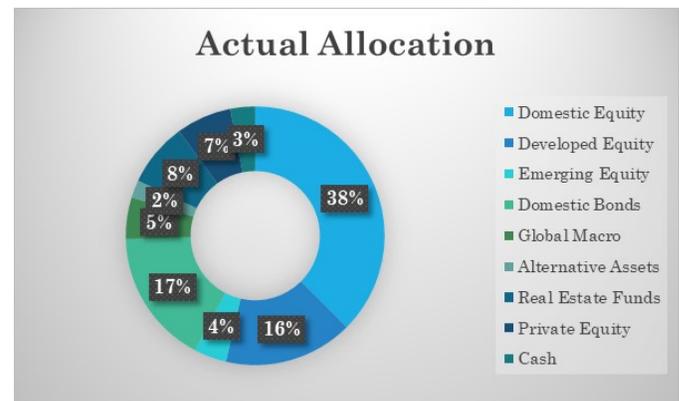
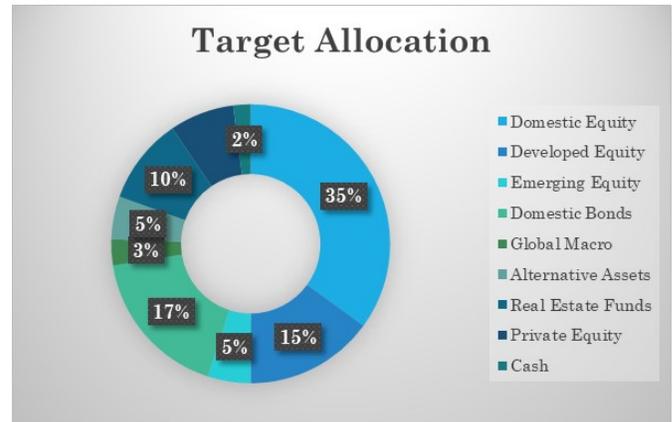
Investments

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. 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 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.

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:

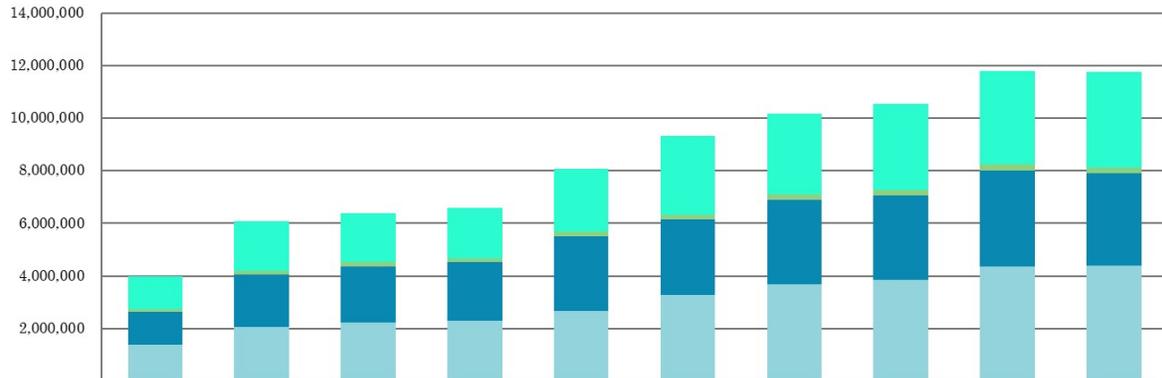
The contribution requirements of the Plan members are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual pensionable wages as described in the following table. The member contribution rates for the FY22 budget year (presented as a 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

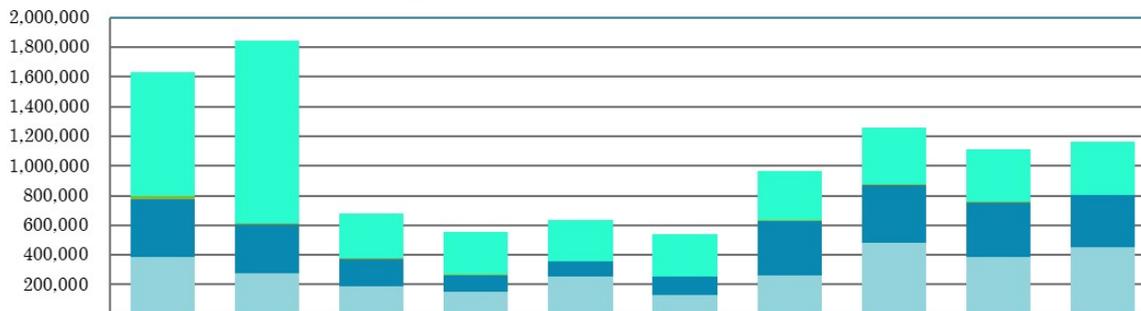
	2018	2019	2020	2021	2022
General	\$2,997,898	\$3,093,941	\$3,276,537	\$3,560,240	\$3,636,738
Lifeguards	188,431	204,527	210,518	215,911	195,379
Police	2,870,523	3,206,438	3,303,037	3,653,689	3,521,362
Fire Rescue	3,263,383	3,676,531	4,001,559	4,362,652	4,392,526
Total	\$9,320,235	\$10,181,437	\$10,791,651	\$11,792,492	\$11,746,005
Extraordinary Contributions	4,759,016	9,501,699	5,420,000	5,420,000	5,420,000
Total Town Contributions	\$14,079,251	\$19,683,136	\$16,211,651	\$17,212,492	\$17,166,006

Employer Contribution (ADEC)



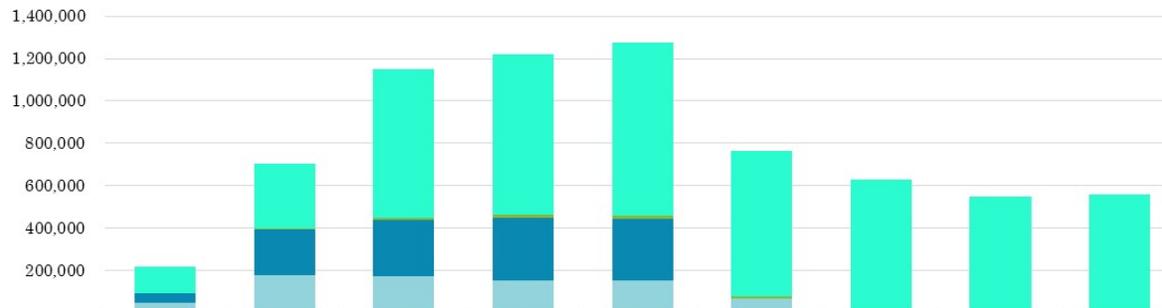
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	1,223,869	1,873,887	1,856,320	1,908,865	2,414,960	2,997,898	3,093,941	3,276,537	3,560,240	3,636,738
Ocean Rescue	125,294	144,734	152,086	157,411	163,443	188,431	204,527	210,518	215,911	195,379
Police	1,257,107	1,979,219	2,144,661	2,233,214	2,832,558	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. 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 72.2% of the total costs of the plan down from 75.2% last year.

Actuarially Determined Contribution Breakdown by Benefit Tier

Valuation Date: September 30, 2021

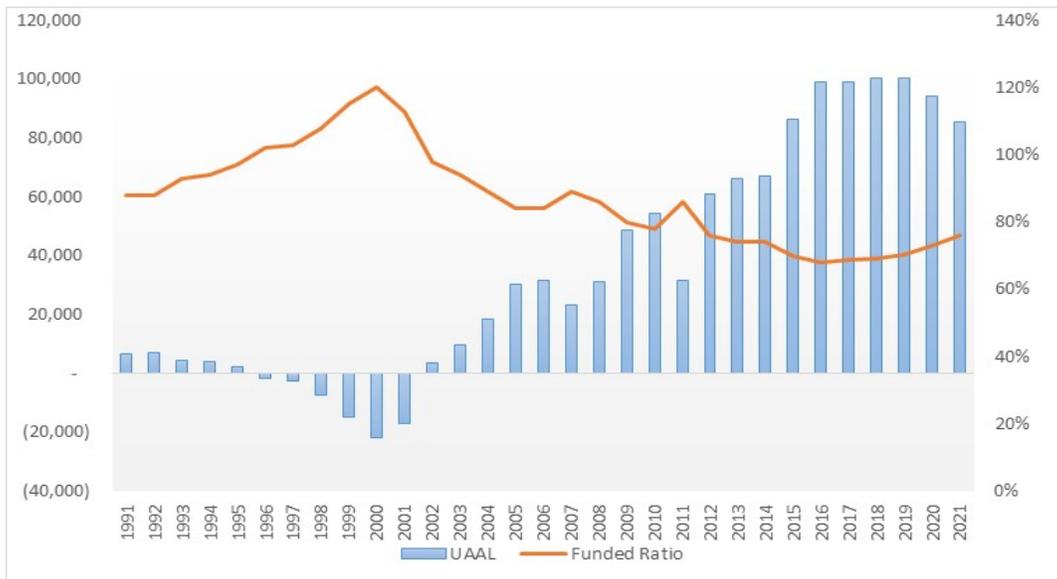
	Total Plan	General	Ocean Rescue	Police	Firefighters
Participants	275	151	0	57	67
Total Plan					
Employer Normal Cost	13.35%	9.19%	0.00%	17.73%	17.56%
Amortization of UAAL	41.95%	25.75%	0.00%	58.45%	58.85%
Total	55.30%	34.94%	0.00%	76.18%	76.41%
Town Contribution	\$ 11,457,243	\$3,493,970	\$ 182,855	\$ 3,446,777	\$ 4,333,641
Plan B - Ongoing Plan					
Employer Normal Cost	13.35%	9.19%	0.00%	17.73%	17.56%
Amortization of UAAL	2.01%	1.61%	0.00%	2.27%	2.56%
Total	15.36%	10.80%	0.00%	20.00%	20.12%
Town Contribution	\$ 3,182,182	\$1,129,226	\$ 6,935	\$ 904,903	\$ 1,141,118
Plan A - Legacy Plan					
Employer Normal Cost	0.00%	0.00%	0.00%	0.00%	0.00%
Amortization of UAAL	39.94%	24.14%	0.00%	56.18%	56.29%
Total	39.94%	24.14%	0.00%	56.18%	56.29%
Town Contribution	\$ 8,275,061	\$2,364,744	\$ 175,920	\$ 2,541,874	\$ 3,192,523
Legacy cost	72.2%	67.7%	96.2%	73.7%	73.7%



FUNDING STATUS

The funded ratio improved from 72.7% to 76.1%. The aggregate plan experience resulted in a significant net actuarial gain of \$6,716,507. The gain is mainly attributable to favorable investment experience and a small gain due to demographic experience. The investment return assumption was reduced from 6.8% to 6.6%.

The UAAL improved from \$94,163,607 to \$85,333,977. 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 nearby shows the cost and effect on UAAL if this change were adopted immediately. The Town’s contribution would increase by \$1,923,769 and the UAAL would increase by \$24,961,949 which would lower the funded ratio by 5%.

	Total Plan
Current Rate of 6.6%	
Employer Normal Cost	13.35%
Amortization of UAAL	41.95%
Total	55.30%
Town Contribution	\$ 11,457,243
UAAL	\$ 85,333,977
Funded Ratio	76.10%
Assumption Change to 6%	
Employer Normal Cost	15.77%
Amortization of UAAL	48.69%
Total	64.46%
Town Contribution	\$ 13,381,012
UAAL	\$ 110,295,926
Funded Ratio	71.10%
Difference	
Town Contribution	\$ 1,923,769
UAAL	\$ 24,961,949
Funded Ratio	-5.00%

Components of Unfunded Actuarial Accrued Liability

The UAAL as of September 30, 2021, for all pension groups is \$85,333,977. 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
2009	Initial Unfunded	10,396,990	633,455	3,802,216	12,566,788	27,399,449
	Experience (Gain)/Loss					
2010	Experience (Gain)/Loss	1,047,154	58,580	727,372	1,175,673	3,008,779
2011	Experience (Gain)/Loss	(3,196,751)	100,043	343,903	(949,445)	(3,702,250)
2012	Experience (Gain)/Loss	3,518,595	228,853	4,925,083	4,314,303	12,986,834
2013	Experience (Gain)/Loss	(727,059)	19,734	1,883,816	1,652,953	2,829,444
2014	Experience (Gain)/Loss	(62,596)	(15,032)	793,495	152,660	868,527
2015	Experience (Gain)/Loss	2,135,223	79,780	2,025,878	1,897,851	6,138,732
2016	Experience (Gain)/Loss	28,454	(10,931)	(497,400)	2,568,728	2,088,851
2017	Experience (Gain)/Loss	164,831	69,310	257,953	479,029	971,123
2018	Experience (Gain)/Loss	1,594,109	65,650	591,066	1,075,924	3,326,749
2019	Experience (Gain)/Loss	889,662	20,415	1,239,139	1,348,402	3,497,618
2020	Experience (Gain)/Loss	181,963	(19,868)	(370,367)	(4,330)	(212,602)
2021	Experience (Gain)/Loss	(2,816,286)	(74,354)	(1,512,871)	(2,312,996)	(6,716,507)
	Total Experience (Gain)/Loss	2,757,299	522,180	10,407,067	11,398,752	25,085,298
	Benefit Changes					
2012	Benefit Changes	(3,829,414)	(181,600)	(3,371,548)	(5,959,865)	(13,342,427)
2013	Benefit Changes	61,362	-	-	-	61,362
2014	Benefit Changes	31,873	1,266	68,499	28,841	130,479
2016	Benefit Changes	1,203,933	17,040	697,042	333,164	2,251,179
2017	Benefit Changes	-	-	-	677,529	677,529
2019	Benefit Changes	-	-	-	-	-
2020	Benefit Changes					
	Total Benefit Changes	(2,532,246)	(163,294)	(2,606,007)	(4,920,331)	(10,221,878)
	Assumption Method Changes					
2010	Assumption Method Changes	(1,519,132)	(41,083)	(543,185)	(671,921)	(2,775,321)
2011	Assumption Method Changes	(95,901)	53,640	333,489	169,746	460,974
2012	Assumption Method Changes	3,819,111	208,550	3,761,957	3,909,648	11,699,266
2015	Assumption Method Changes	5,319,459	146,595	1,509,816	1,987,782	8,963,652
2016	Assumption Method Changes	2,087,323	135,291	2,560,639	2,661,904	7,445,157
2017	Assumption Method Changes	978,526	50,668	902,516	974,929	2,906,639
2018	Assumption Method Changes	1,004,635	51,604	923,460	1,008,562	2,988,261
2019	Assumption Method Changes	1,013,747	43,903	599,182	1,080,661	2,737,493
2020	Assumption Method Changes	1,585,676	(22,356)	(243,481)	108,995	1,428,834
2021	Assumption Method Changes	2,584,128	126,124	1,880,876	2,625,025	7,216,153
	Total Assumption Method Changes	16,777,572	752,936	11,685,269	13,855,331	43,071,108
	UAAL as of September 30, 2020	27,399,615	1,745,277	23,288,545	32,900,540	85,333,977
	Membership - Retirees	221	12	105	105	443
	Membership - Active	151	-	57	67	275
	Membership - Terminated/Vested	43	3	24	27	97
	Ratio of Total Membership to UAAL	66,023	116,352	125,207	165,329	104,704

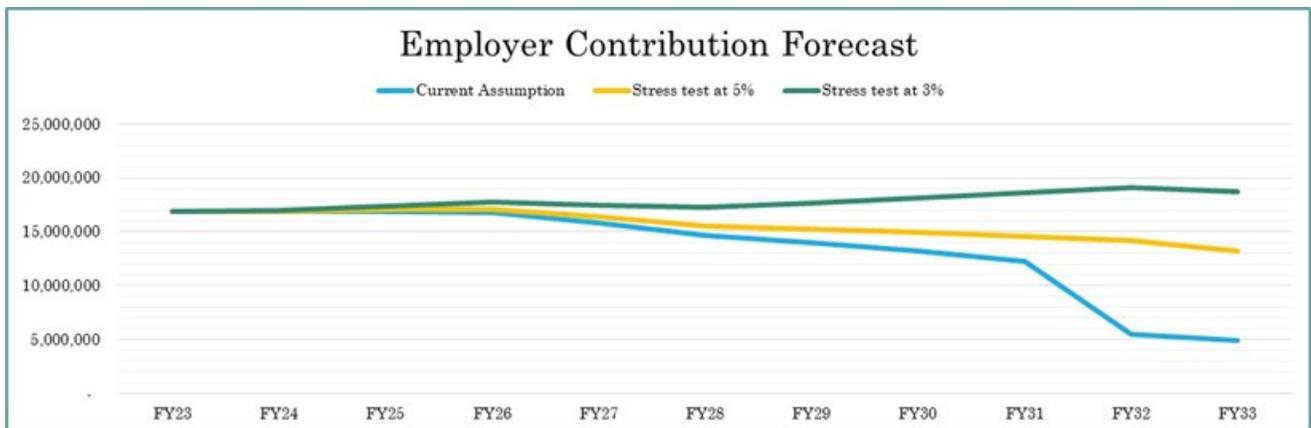
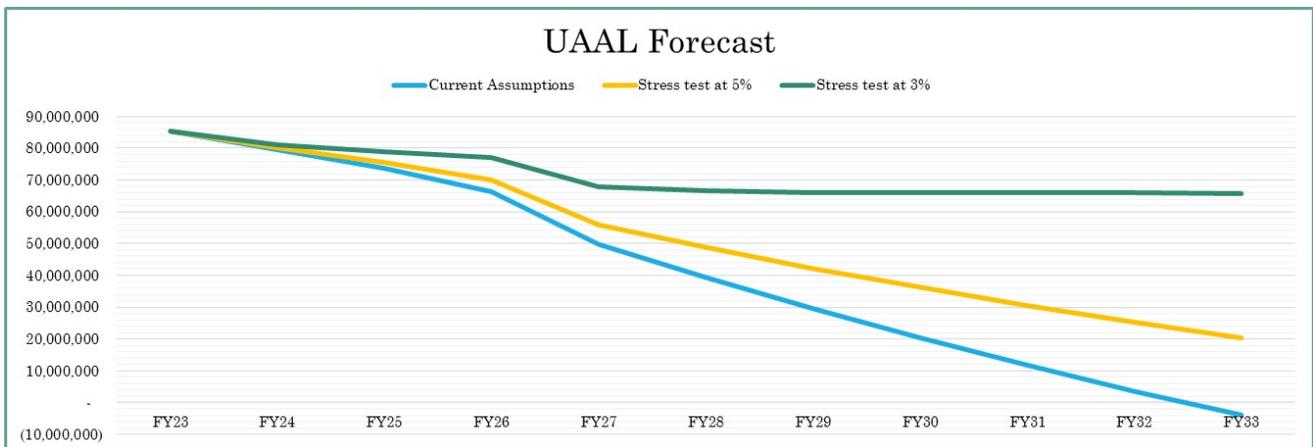
UAAL and Employer Contribution Forecast

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 6.4% used in the September 30, 2022, 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.

Due to the investment performance in FY21, the forecast has improved from last year. The baseline assumptions result in a 99.1% funded ratio for the valuation date of September 30, 2030, versus 92.7% last year. The 5% stress test results in a 93.8% funded ratio for the valuation date of September 30, 2030, versus 86.1% last year. The 3% stress test results in a 84.1% funded ratio for the valuation date of September 30, 2030, versus 75.7% last year.

In the new forecast, the additional contribution will no longer be needed in FY32, and the total Town contribution drops to \$5,500,944 in FY32 using the baseline assumptions. In the forecast last year, the FY32 Town Contribution was estimated to be \$15,891,308.

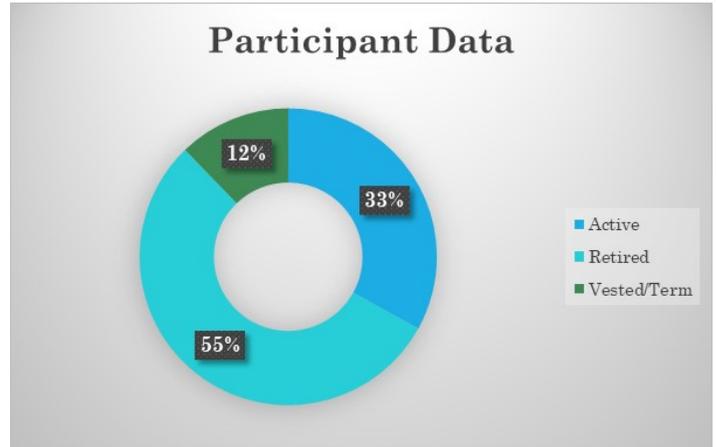


Membership

The Town of Palm Beach Retirement System active members include full-time general employees, police, and firefighters. As of September 30, 2021, the Town had 444 retired members, 268 active employees, and 99 vested/terminated members.

Benefit Summary

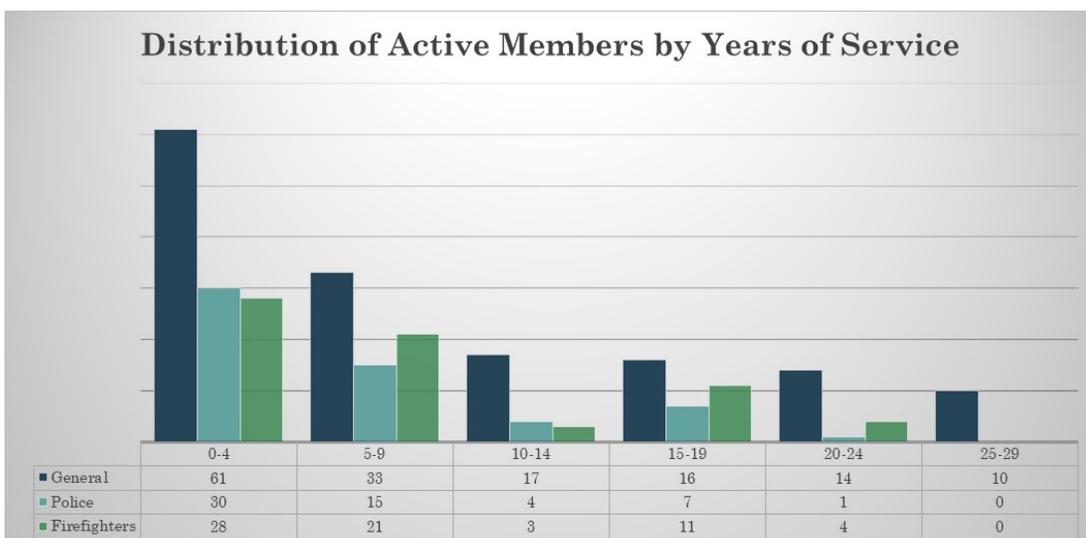
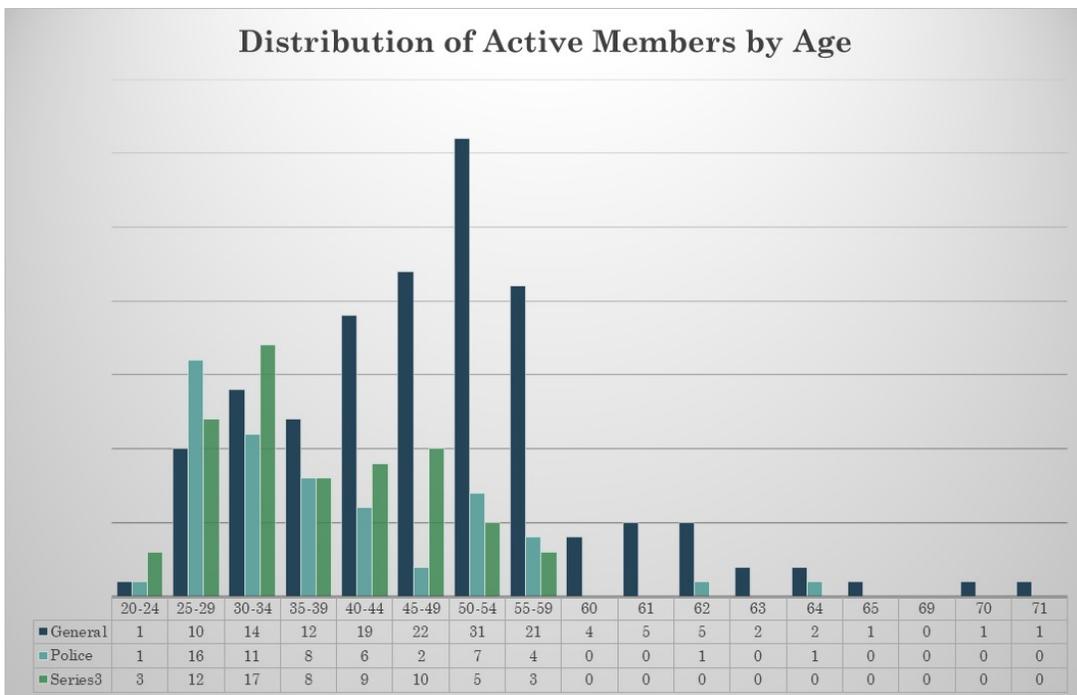
- Plan A benefits are benefits accrued prior to May 1, 2012.
- Plan B benefits are benefits accrued on and after May 1, 2012.
- Members are vested after 10 years of service and are eligible for benefits at the normal service retirement date.
- Normal service retirement benefits are available for members 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

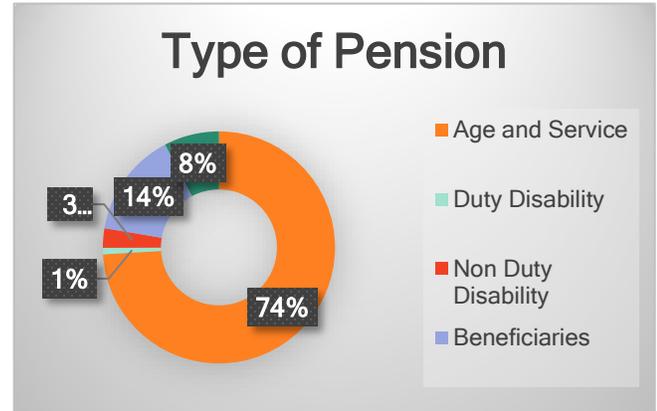
Active Members	2021	2020
Average Age	43	43
Average Years of Service	8.5	8.5
Average Age At Hire	34.5	34.5
Average Annual Salary	\$74,620	\$72,653
Total Payroll	\$20,520,582	\$19,471,062
Total Active Members	275	268



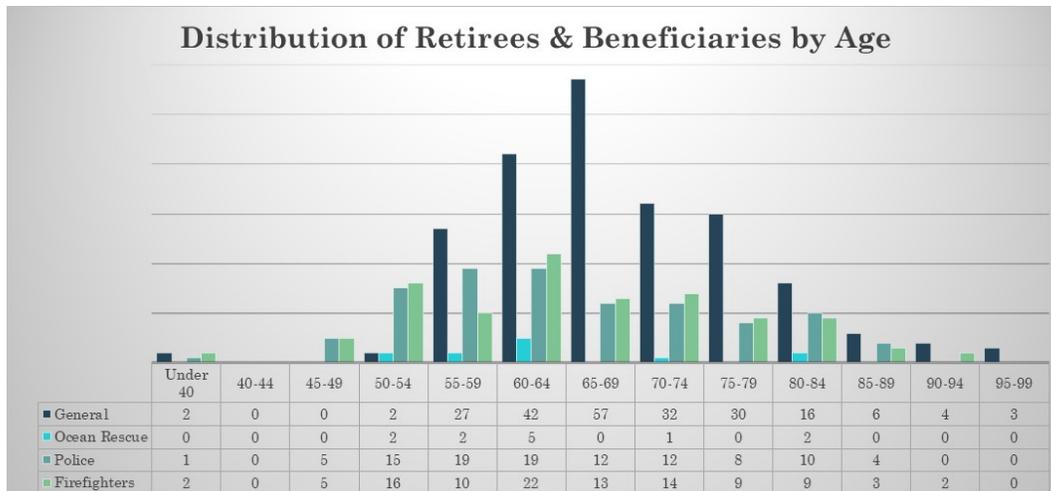
Retired members

As of September 30th

Retired Members	2021	2020
Average Age	67.6	67.1
Average Annual Benefit	\$47,366	\$46,988
Total Retired Members	443	444



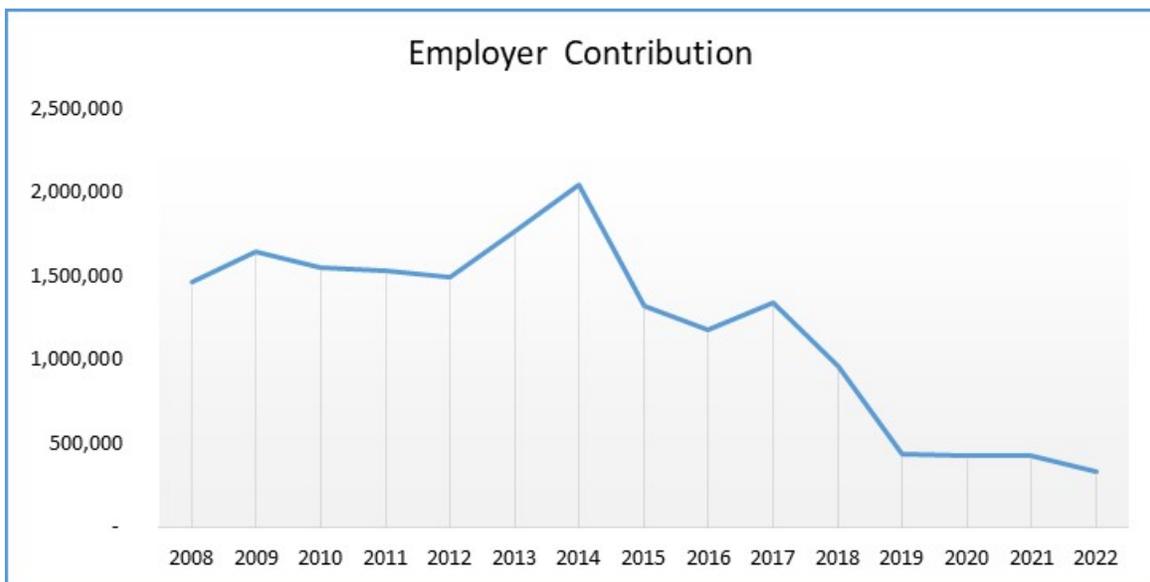
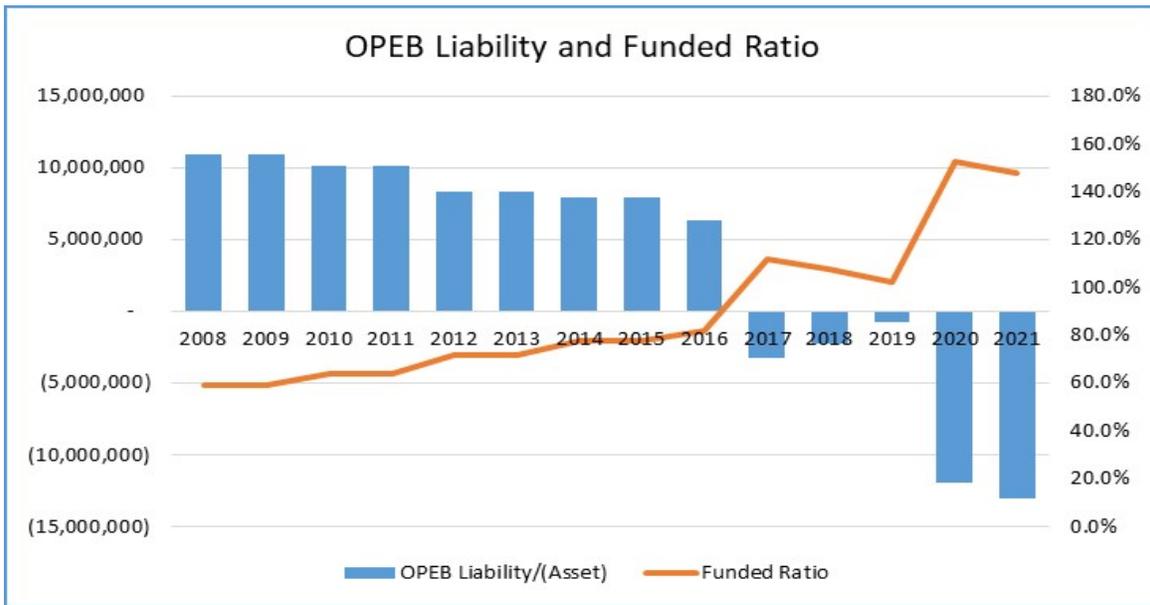
Types of Pension Benefits	2020	2019
Service	327	324
DROP	36	33
Disability	16	17
Beneficiaries	65	59
Total	444	433



Town of Palm Beach OPEB Trust

The Town makes post-employment health care benefits available to retirees and funds a portion of the retiree health insurance benefits. The OPEB Trust was established in 2007 and is overseen by the Investment Advisory Committee.

An actuarial valuation of the retirement health plan was conducted as of September 30, 2021. The total fiduciary Net Position for the OPEB Trust as of September 30, 2021, was \$40,417,394, the total OPEB Liability was \$27,343,375 resulting in a Net OPEB Asset of \$13,074,019 or a funded ratio of 147.81%. The long term expected rate of return assumption for the plan is 5%. The Town’s contribution has increased from \$423,014 in FY20 to \$429,858 in FY21.



Financial Wellness Training

2021 Retirement Education Efforts

- ✓ One-on-one consultations continued to be held virtually and/or telephone meetings.
- ✓ Continued to survey employee/retiree for their meeting and interaction with the pension administrator and Mission Square representative.
- ✓ Continued to send out regular emails to employees at their Town email for scheduling 1:1 meetings with the Mission Square representative, accessing Mission Square accounts online, and updating beneficiary as well as new features from their website and plan changes (457/Roth, additional investment options).
- ✓ Increased information/presentation of Pension basics and Mission Square options included during New Hire orientation.

Future Plans for Employee Education/Processes

- ✓ Completion of retirement benefit guide to include more aspects and options for retirement savings, DROP, and service purchase information as well as detailed eligibility for both Plan A and Plan B for employees in an easy to read/understand format with with instructions of steps and who to contact for what information.
- ✓ Continue to send out monthly information regarding MissionSquare - scheduling meetings and accessing webinars and videos and updating their account information (beneficiaries, change of address, etc.)
- ✓ Human Resources to work with employee board representatives to 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

The Town offers a 5-year DROP program. In 2019, the Town implemented a DROP extension program to retain employees. Application was made to the Town Manager for approval to be based on operational needs of the Town. Application and approval would be in 12 month increments for a maximum of 3 years beyond the 5-year participation period. Application for this program ended on December 31, 2021.

The Firefighter Share plan was discontinued in 2012.

DROP Information as of December 31, 2021

Total DROP Assets Held In The Plan	\$11,984,975
Total Participants with a Balance	54
Total Contributing Participants	40
Average Account Balance	\$221,944

Drop Entry Year for Contributing Participants

	2014	2015	2016	2017	2018	2019	2020	2021	Total
General	0	0	1	3	6	0	6	3	19
Ocean Rescue	0	1	0	0	0	0	1	0	2
Police	2	0	2	0	1	2	1	0	8
Firefighters	1	1	0	0	1	0	0	0	3
Total	3	2	3	3	8	2	8	3	32

Firefighter Share Accounts

Share Account information as of December 31, 2021

Total Share Assets Held In the Plan	\$660,990
Total Participants with a Balance	51
Total Contributing Participants	0
Average Account Balance	\$12,961



Defined Contribution Plan Information – Assets Held with Mission Square

401 (a) Plan Snapshot as of December 31, 2021 (106397)

Total Assets	\$16,919,944
Total Participants with a Balance	367
Total Contributing Participants	165
Average Account Balance	\$46,103

457 Plan Snapshot as of December 31, 2021 (300786)

Total Assets	\$50,149,807
Total Participants with a Balance	380
Total Contributing Participants	216
Average Account Balance	\$131,973

RHSP Plan Snapshot as of December 31, 2021

Total Assets	\$5,260,757
Total Participants with a Balance	559
Total Contributing Participants	305
Average Account Balance	\$9,411

Snapshot for Roth IRA Plan (705765) as of December 31, 2021

Total Assets	\$894,657
Total Participants with a Balance	63
Total Contributing Participants	46
Average Account Balance	\$14,201

Snapshot for 401 Firefighter SHARE Plan (106796) as of December 31, 2021, (Discontinued)

Total Assets	\$3,148,367
Total Participants with a Balance	44
Total Contributing Participants	0
Average Account Balance	\$71,554

Snapshot for RHS Plan (Discontinued) (800533) as of December 31, 2021

Total Assets	\$573,334
Total Participants with a Balance	43
Average Account Balance	\$13,333

Professional Service Providers as of December 31, 2021

Plan Administrator	Contact	
Gabriel Roeder Smith & Company One East Broward Boulevard Suite 505 Ft. Lauderdale, FL 33301-1804	Edemir Estrada (954)527-1616 Edemir.estrada@grsconsulting.com	
Board Attorney	Contact	
Lewis, Longman and Walker 515 North Flagler Drive Suite 1500 West Palm Beach, Florida 33401	Janice Rustin, Board Counsel (561)640-0820 jruskin@llw-law.com	
Investment Consultant	Consultant	
AndCo Consulting 4901 Vineland Road Suite 600 Orlando, FL 32811	Dave West (866)240-7932 davew@andcoconsulting.com	
Actuary	Contact	
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	
Custodial Bank	Contact	
Salem Trust Company 4000 Hollywood Blvd. Suite 555-S Hollywood, FL 33021	Karen M. Russo (954)843-3457 Karen.russo@salemtrust.com	
Independent Auditors	Contact	
Marcum, LLP One SE Third Avenue 16 th Floor Miami, FL 33131	Michael Futterman, CPA Partner (305)995-9610 Michael.futterman@marcumllp.com	
Deferred Compensation	Contact	Contact
MissionSquare 2655 LeJeune Road, Suite 545 Coral Gables, FL 33134	Dawn van Dyck (202) 962-4878 dvandyck@missionsq.org	Steven Feigelis (202)701-5969 or (561)963-1681 sfeigelis@missionsq.org
Financial and Accounting Services	Contact	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Jane Le Clainche, Finance Director (561)227-6330 jleclainche@townofpalmbeach.com	
Human Resources Enrollment & Training	Contacts	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Gillian Barth, Human Resource Director (561)227-6326 Gbarth@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.

