

April 6, 2023

Board of Trustees
City of Miami Beach
General Employees' Pension Board

Re: City of Miami Beach Employees' Retirement Plan

Dear Board:

As requested, we are writing to provide a supplementary explanation of the cost impact for the proposed benefit changes set forth in our March 19, 2023 actuarial impact statement. The cost impact, determined as of October 1, 2021, applicable to the fiscal year ending September 30, 2023, is as follows, when compared to the contribution requirements under the current benefit structure as calculated in the October 1, 2021 actuarial valuation report prepared by Gabriel, Roeder, Smith & Company (GRS).

	<u>Proposed</u> (Foster & Foster)	<u>Current</u> (GRS)
Minimum Required Contribution	\$38,772,056	\$38,258,786
Member Contributions (Est.)	9,152,572	9,155,767
City Required Contribution	\$29,619,484	\$29,103,019

Please find below a breakdown of the impact for each category of employees affected by the proposed benefit changes:

	<u>Cost Impact</u>
Benefit Changes for Elected Officials:	\$25,693
Benefit Changes for Charter Officers:	\$33,340
Benefit Changes for Tier B and Tier C Rehires:	\$57,744

Any additional impact was due to the transition of actuarial firms from GRS to Foster & Foster. A preliminary step in preparing the Actuarial Impact Statement was replicating the October 1, 2021 actuarial valuation results produced by GRS. It is important to keep in mind that slight differences in actuarial methods or software can combine to produce differences of up to 5%, which is the industry-accepted margin for determining whether results have been sufficiently replicated. We were able to replicate the Actuarial Accrued Liability and Normal Cost within 0.7% and -1.1%, respectively.

Sincerely,



Sara E. Carlson, ASA, EA, MAAA