

Trustee Otto Stewart asked Ms. Jones if she had a recommendation. Ms. Jones replied that the current 7.75% investment return assumption is overly optimistic so any of the above scenarios are acceptable to lower the assumption. The average investment return assumption among GRS' clients is approximately 7.3%. Attorney Kaufman added that the Florida Retirement System (FRS) recently lowered their investment return assumption to 7.2%. The FRS assumption is considered to be the standard that every plan targets so that the State cannot have an argument that a plan's assumption is not low enough.

After various discussions regarding the advantages and disadvantages of each scenario, Trustee Carpenter made a motion to lower the investment return assumption by 10 basis points a year for the October 1, 2019, and the October 1, 2020, actuarial valuation and 5 basis points a year for the October 1, 2021, actuarial valuation to achieve a long-term expected annual rate of return of 7.5%. The Board will re-evaluate the assumption as needed. The motion was seconded by Trustee Nolan and unanimously carried. (Attachment #3)

**Update of the definition of actuarial equivalence (interest rate and mortality table) for the calculation of optional forms of benefits: Discussion and possible action**

Ms. Jones recommended replacing the current actuarial equivalence mortality tables for both optional forms of payment and life expectancies with the new mortality tables that are consistent with what will be used to fund the Plan. The recommended tables are listed below. Ms. Jones also recommended a long-term interest rate of 7.50% for all purposes of actuarial equivalence. She further explained that keeping the definition of actuarial equivalence up to date assures that the optional forms of payment are priced fairly for both the members and the Plan and life expectancies are properly determined. An actuarial impact statement would be issued showing no cost on funding for these changes.

- Mortality, for healthy participants, based upon the PUB-2010 Headcount Weighted Safety Mortality Tables with fixed blend of 85% Below Median Healthy Retiree Male Mortality Table and 15% Healthy Retiree Female Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.
- For Disabled Participants, mortality based upon the 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, with a fixed blend of 85% male and 15% female mortality rates, without projected mortality improvements.

Director Brito explained that actuarial equivalence in this plan is used in two different circumstances:

1. To determine life expectancies if the surviving spouse was married to the deceased member for less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at time of death.
2. To convert one form of benefit payment to another form of benefit payment. For example, to convert the 10 year certain and life benefit to a life of member only or joint and survivor benefit.

Trustee Spina-Taylor made a motion to change the plan's definition of actuarial equivalence by adopting the recommended mortality tables and long-term interest rate. The change is effective immediately and shall be applied when a beneficiary benefit is limited to a period no longer than the normal life expectancy of a deceased member at the time of death and optional forms of benefit payments. The motion was seconded by Trustee Nicholas and unanimously carried. (Attachment #4)