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March 21, 2016

VIA EMAIL

Ms. Katrina A. Laudeman  
Treasurer, City of Orlando  
400 South Orange Avenue  
Orlando, FL 32801

**Re: Actuarial Impact Statement for the City of Orlando Police Officers' Pension Fund**

Dear Katrina:

Enclosed is an actuarial impact statement for the proposed changes to the City of Orlando Police Officers' Pension Fund.

The impact statement presents costs using plan demographics and related liabilities as of October 1, 2015, and values the impact of the changes had they occurred as of that date. The cost to pay for the plan changes in a single upfront lump sum payment is \$553,462 as of October 1, 2016.

This study was performed under my supervision. The calculations were performed in accordance with generally accepted actuarial principles and practices. I am a member of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and meet their "General Qualification Standards for Prescribed Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

If you have any questions, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey S. Williams".

Jeffrey S. Williams, FCA, ASA, MAAA, EA  
Vice President and Consulting Actuary

Enclosure

cc: Leon F. (Rocky) Joyner, Jr.  
8345350v2/01391.012

## **City of Orlando Police Officers' Pension Fund**

### **Actuarial Impact Statement**

**This impact statement values the following plan changes to the Fund:**

- Actuarially equivalent survivor benefit options are made available for non-spousal beneficiaries.
- The normal form of the retirement benefit is changed from a straight life annuity to a 10-year certain and life annuity.

**City of Orlando Police Officers' Pension Fund  
Summary of Impact of Plan Changes**

	10/01/2015 Valuation <u>Results</u>	10/01/2015 Plan Changes – Paid Upfront in <u>a Lump Sum</u>
<b>Participant data</b>		
Active members	694	694
Total annual payroll	\$50,407,170	\$50,407,170
Retired members and beneficiaries	680	680
Total annualized benefit	\$29,972,448	\$29,972,448
Terminated vested members	5	5
Total annualized benefit	\$76,583	\$76,583
Members entitled to a return of employee contributions	8	8
<b>Actuarial value of assets*</b>	\$486,597,949	\$486,597,949
<b>Present value of all future expected benefit payments:</b>		
Active members:		
Retirement benefits	\$279,127,602	\$279,784,114
Vesting benefits	1,443,648	1,445,172
Disability benefits	15,662,906	15,685,893
Death benefits	5,059,942	5,104,678
Return of contributions	<u>37,805,225</u>	<u>37,805,225</u>
Total	\$339,099,323	\$339,825,082
Terminated vested members**	768,701	771,916
Retired members and beneficiaries	356,028,345	356,028,345
Total	\$695,896,369	\$696,625,343

\*Excludes reserve for excess state contributions

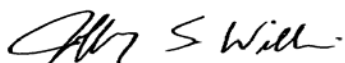
\*\*Includes employee contributions remaining in plan

	10/01/2015 Valuation Results	10/01/2015 Plan Changes – Paid Upfront in a Lump Sum
<b>Unfunded actuarial accrued liability</b>	\$100,008,972	\$100,523,738
<b>Actuarial present value of accrued benefits</b>		
Vested accrued benefits		
Active members	\$127,520,887	\$127,821,818
Inactive members	768,701	771,916
Pensioners and beneficiaries	356,028,345	356,028,345
Nonvested active members	<u>10,997,832</u>	<u>11,011,285</u>
Total	\$495,315,765	\$495,633,364
<b>Pension cost</b>		
Normal cost, including administrative expenses	\$13,951,341	\$13,977,329
Expected employee contributions	-4,215,921	-4,215,921
Level % of payroll payment to amortize unfunded actuarial accrued liability	16,996,090	17,510,856
Total minimum annual cost payable monthly at valuation date	26,731,510	27,272,264
Payroll	50,407,170	50,407,170
As % of payroll	53.03%	54.10%
<b>Total employer cost projected to budget year</b>	<b>\$27,359,700</b>	<b>\$27,913,162</b>
<b>Projected payroll</b>	<b>51,591,738</b>	<b>51,591,738</b>
<b>As % of payroll</b>	<b>53.03%</b>	<b>54.10%</b>
<b>Present value of active members' future salaries at attained age</b>	<b>\$402,744,398</b>	<b>\$402,744,398</b>

*\*See Attachment A for a summary of current amortization bases as of 10/1/2015.*

The above changes are in compliance with Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the State Constitution.

**Actuary**



**Plan Representative**

**Date:** March 21, 2016

Table of Amortization Bases

Type*	Date Established	Initial Years	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Experience Loss	09/30/2001	15	4,529,306	681,357	1.00	681,357
Experience Loss	09/30/2002	15	14,791,870	2,136,236	2.00	4,165,413
Experience Loss	09/30/2003	15	14,147,797	1,961,205	3.00	5,593,677
Experience Loss	09/30/2004	15	9,162,122	1,218,886	4.00	4,521,123
Experience Gain	09/30/2005	15	-4,451,127	-568,192	5.00	-2,570,121
Experience Gain	09/30/2006	15	-7,033,755	-868,547	6.00	-4,600,380
Experience Gain	09/30/2007	15	-9,822,841	-1,173,222	7.00	-7,075,928
Experience Loss	09/30/2008	15	19,096,044	2,205,871	8.00	14,843,164
Experience Loss	09/30/2009	15	27,132,541	3,030,943	9.00	22,403,845
Experience Loss	09/30/2010	15	31,909,744	3,446,817	10.00	27,647,837
Experience Loss	09/30/2011	15	24,998,822	2,614,604	11.00	22,535,984
Experience Loss	09/30/2012	15	23,907,604	2,420,906	12.00	22,241,609
Experience Loss	09/30/2013	15	3,062,719	300,240	13.00	2,920,399
Experience Gain	09/30/2014	15	-6,093,405	-581,511	14.00	-5,954,322
Experience Gain	09/30/2015	15	-315,275	-29,393	15.00	-315,275
Change in Assumptions	09/30/1996	25	2,396,858	335,142	6.00	1,775,126
Change in Assumptions	09/30/2005	25	-9,957,731	-951,233	15.00	-10,203,159
Change in Assumptions	09/30/2010	25	8,852,866	712,158	20.00	9,128,468
Change in Assumptions	09/30/2015	25	21,030,032	1,456,815	25.00	21,030,032
Plan Amendment	09/30/1995	25	6,941,225	1,011,670	5.00	4,576,120
Plan Amendment	09/30/2003	25	8,490,209	883,736	13.00	8,595,993
Plan Amendment	09/30/2004	25	1,143,022	113,987	14.00	1,167,162
Plan Amendment	09/30/2015	1	514,766	514,766	1.00	514,766
Change in Asset Method	09/30/2010	25	-41,797,931	<u>-3,362,385</u>	20.00	<u>-43,099,152</u>
Total				\$17,510,856		\$100,523,738

\* Level percentage of payroll; per Part VII, Chapter 112.64(5)(a ) of Florida Statutes, outstanding balances were amortized using a 2.35% payroll growth rate for the October 1, 2015 actuarial valuation. The equivalent single amortization period remaining as of October 1, 2015 is 7 years.