CITY OF PENSACOLA
FIREFIGHTERS' RELIEF AND PENSION FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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April 26, 2024

Board of Trustees
City of Pensacola
Firefighters' Pension Board

Re: City of Pensacola Firefighters' Relief and Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Pensacola Firefighters' Relief and Pension Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

13420 Parker Commons Blvd., Suite 104 Fort Myers, FL 33912 · (239) 433-5500 · Fax (239) 481-0634 · www.foster-foster.com

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Pensacola, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned, Joseph L. Griffin, is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Pensacola, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Relief and Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: ______________________________

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

By: ______________________________

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Pensacola Firefighters' Relief and Pension Fund, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
Minimum Required Contribution	$3,382,932	$2,583,259
Member Contributions (Est.)	799,893	736,265
City And State Required Contribution	2,583,039	1,846,994
State Contribution (Est.) [1]	900,253	900,253
City Required Contribution (Est.) [2]	$1,682,786	$946,741

[1] As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2023 is $1,846,994. The City and State contribution for the fiscal year ending September 30, 2024 is $2,583,039 based on the City's policy of contributing on October 1st. This approach saves approximately $100,000 over the prior approach of contributing uniformly over the year.

[2] Please note that the city has access to a prepaid contribution of $333,786.41 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2024.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2022 actuarial valuation report. The increase is attributable to net unfavorable experience described below.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 4.25% (Actuarial Asset Basis) which fell short of the 7.75% assumption and an average salary increase of 7.78% which exceeded the 5.62% assumption. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2022	1,231,860
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution	(285,119)
	Change in Normal Cost	143,604
	Change in Administrative Expense	11,709
	COLAs Greater Than Expected	18,908
	Investment Return (Actuarial Asset Basis)	530,271
	Salary Increases	67,313
	Active Decrements	(1,575)
	Inactive Mortality	12,751
	Change in Expected Member Contributions	(63,628)
	Assumption Change	0
	Other	16,692
	Total Change in Contribution	450,926
(3)	Contribution Determined as of October 1, 2023	1,682,786

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2023	10/1/2022
A. Participant Data		
Actives	110	112
Service Retirees	103	97
DROP Retirees	6	11
Beneficiaries	32	33
Disability Retirees	41	43
Terminated Vested	2	4
Total	294	300
Projected Annual Payroll	6,657,286	6,329,377
Annual Rate of Payments to:		
Service Retirees	6,440,887	5,940,394
DROP Retirees	314,185	604,231
Beneficiaries	1,108,040	1,087,756
Disability Retirees	1,503,212	1,576,830
Terminated Vested	16,808	47,923
B. Assets		
Actuarial Value (AVA) [1]	130,984,168	133,841,981
Market Value (MVA) [1]	120,071,406	116,636,599
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	40,463,526	37,317,835
Disability Benefits	3,122,519	3,130,161
Death Benefits	375,163	371,729
Vested Benefits	641,015	636,111
Refund of Contributions	120,436	152,376
Service Retirees	84,037,437	78,111,754
DROP Retirees [1]	5,612,318	10,967,046
Beneficiaries	9,878,986	9,731,826
Disability Retirees	15,231,269	16,515,252
Terminated Vested	104,989	485,196
Total	159,587,658	157,419,286

C. Liabilities - (Continued)	10/1/2023	10/1/2022
Present Value of Future Salaries	65,978,039	65,984,560
Present Value of Future Member Contributions	7,257,584	7,258,302
Normal Cost (Retirement)	1,453,077	1,379,705
Normal Cost (Disability)	209,524	202,434
Normal Cost (Death)	26,519	25,355
Normal Cost (Vesting)	35,347	34,347
Normal Cost (Refunds)	24,352	28,732
Total Normal Cost	1,748,819	1,670,573
Present Value of Future Normal Costs	16,702,272	16,762,657
Accrued Liability (Retirement)	26,336,293	23,231,841
Accrued Liability (Disability)	1,242,763	1,192,700
Accrued Liability (Death)	119,597	112,744
Accrued Liability (Vesting)	270,846	248,696
Accrued Liability (Refunds)	50,888	59,574
Accrued Liability (Inactives) [1]	114,864,999	115,811,074
Total Actuarial Accrued Liability (EAN AL)	142,885,386	140,656,629
Unfunded Actuarial Accrued Liability (UAAL)	11,901,218	6,814,648
Funded Ratio (AVA / EAN AL)	91.7%	95.2%

D. Actuarial Present Value of Accrued Benefits

	10/1/2023	10/1/2022
Vested Accrued Benefits		
Inactives [1]	114,864,999	115,811,074
Actives	8,264,903	6,719,482
Member Contributions	5,664,243	5,197,224
Total	128,794,145	127,727,780
Non-vested Accrued Benefits	5,939,051	5,000,566
Total Present Value Accrued Benefits (PVAB)	134,733,196	132,728,346
Funded Ratio (MVA / PVAB)	89.1%	87.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	2,471,850	
Benefits Paid	(10,352,295)	
Interest	9,885,295	
Other	0	
Total	2,004,850	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
E. Pension Cost		
Normal Cost [2]	$1,910,235	$1,766,631
Administrative Expenses [2]	85,335	73,626
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2023) [2]	1,387,362	743,002
Minimum Required Contribution	3,382,932	2,583,259
Expected Member Contributions [2]	799,893	736,265
Expected City and State Contribution	2,583,039	1,846,994
F. Past Contributions		
Plan Years Ending:	9/30/2023	
City and State Requirement	1,342,706	
Actual Contributions Made:		
City	442,453	
State	900,253	
Total	1,342,706	
G. Net Actuarial (Gain)/Loss	4,818,538	

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023 and 9/30/2022.

[2] Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase components.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2023	11,901,218
2024	11,454,999
2025	10,974,197
2028	9,296,444
2032	6,386,851
2035	3,682,971
2038	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2023	7.78%	5.62%
Year Ended	9/30/2022	7.87%	5.66%
Year Ended	9/30/2021	6.82%	5.79%
Year Ended	9/30/2020	9.14%	5.88%
Year Ended	9/30/2019	6.74%	5.79%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2023	10.45%	4.25%	7.75%
Year Ended	9/30/2022	-17.88%	5.10%	7.75%
Year Ended	9/30/2021	22.94%	11.45%	7.75%
Year Ended	9/30/2020	11.12%	8.61%	7.75%
Year Ended	9/30/2019	2.83%	6.26%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	$6,657,286
	10/1/2013	4,412,953
(b) Total Increase		50.86%
(c) Number of Years		10.00
(d) Average Annual Rate		4.20%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Joseph L. Griffin, EA, ASA, MAAA
Enrolled Actuary #23-6938

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	$6,814,648
(2)	Sponsor Normal Cost developed as of October 1, 2022	974,342
(3)	Expected administrative expenses for the year ended September 30, 2023	69,623
(4)	Expected interest on (1), (2) and (3)	606,345
(5)	Sponsor contributions to the System during the year ended September 30, 2023	1,342,706
(6)	Expected interest on (5)	39,572
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	7,082,680
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	4,818,538
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	11,901,218

Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Fresh Start	10/1/2018	15	5,869,374	626,714
Benefits Change	10/1/2018	10	906	124
Actuarial Loss	10/1/2019	11	902,925	115,962
Actuarial Gain	10/1/2020	12	(1,475,650)	(179,381)
Assump Change	10/1/2020	12	1,194,901	145,253
Benefits Change	10/1/2020	12	293,520	35,680
Actuarial Gain	10/1/2021	13	(4,446,507)	(514,959)
Actuarial Loss	10/1/2022	14	4,743,211	526,227
Actuarial Loss	10/1/2023	15	4,818,538	514,509
			11,901,218	1,270,129

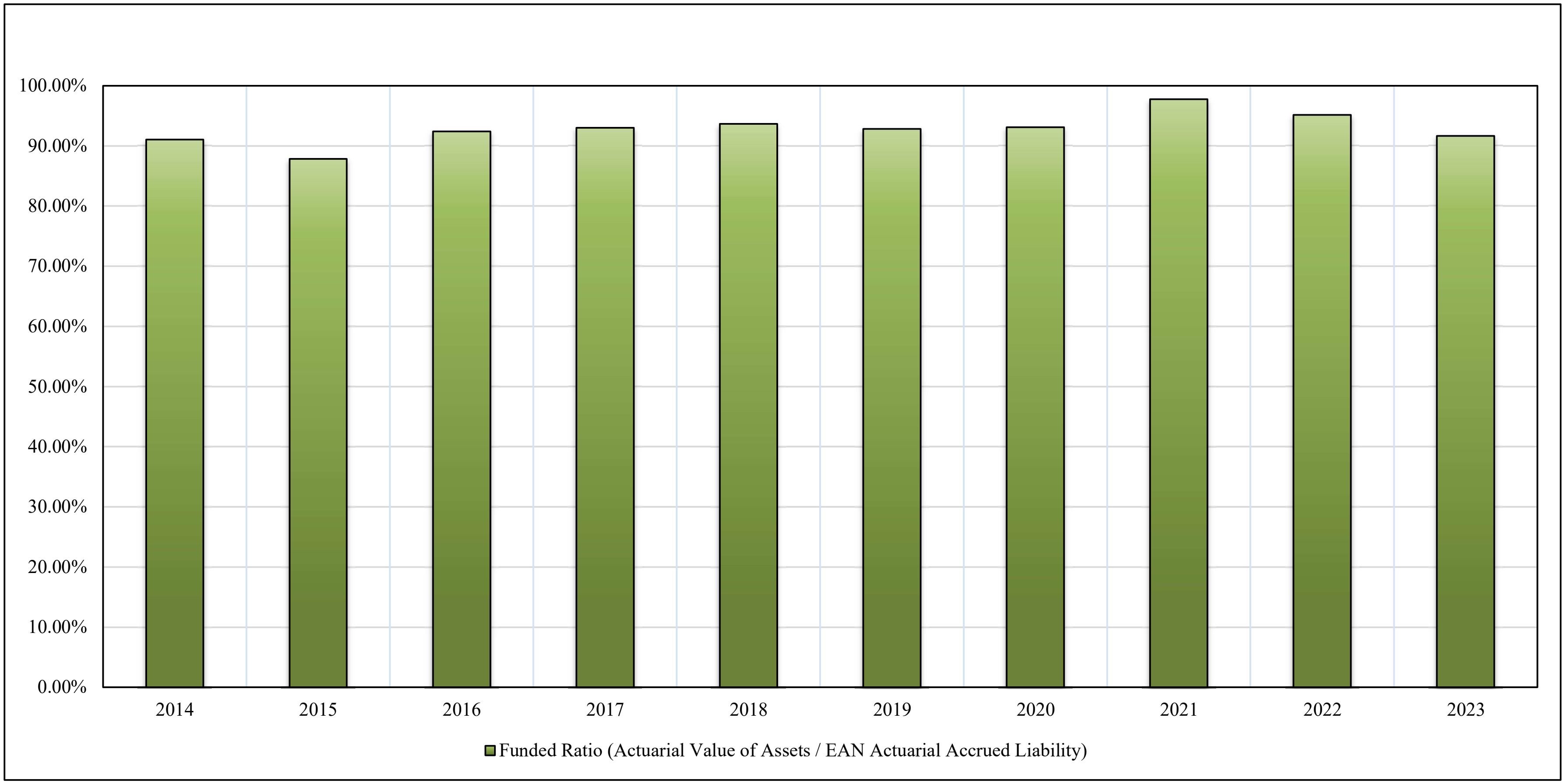
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	$6,814,648
(2)	Expected UAAL as of October 1, 2023	7,082,680
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	4,546,515
	Salary Increases	577,136
	Active Decrements	(13,505)
	Inactive Mortality	109,324
	COLAS Greater/(Lower) Than Expected	162,117
	Other	(563,049)
	Increase in UAAL due to (Gain)/Loss	4,818,538
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2023	$11,901,218

PROJECTED UNFUNDED ACTUARIAL ACCRUED LIABILITY

Plan Year	Fiscal Year	Expected UAAL	Expected Amortization Payment UAAL	Expected UAAL on 9/30
9/30/2023	9/30/2025	11,901,218	1,270,129	11,454,999
9/30/2024	9/30/2026	11,454,999	1,270,129	10,974,197
9/30/2025	9/30/2027	10,974,197	1,270,129	10,456,134
9/30/2026	9/30/2028	10,456,134	1,270,129	9,897,920
9/30/2027	9/30/2029	9,897,920	1,270,129	9,296,444
9/30/2028	9/30/2030	9,296,444	1,270,129	8,648,355
9/30/2029	9/30/2031	8,648,355	1,270,129	7,950,038
9/30/2030	9/30/2032	7,950,038	1,270,129	7,197,601
9/30/2031	9/30/2033	7,197,601	1,270,129	6,386,851
9/30/2032	9/30/2034	6,386,851	1,270,129	5,513,268
9/30/2033	9/30/2035	5,513,268	1,269,999	4,572,123
9/30/2034	9/30/2036	4,572,123	1,154,053	3,682,971
9/30/2035	9/30/2037	3,682,971	1,152,486	2,726,597
9/30/2036	9/30/2038	2,726,597	1,667,449	1,141,232
9/30/2037	9/30/2039	1,141,232	1,141,232	0

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubS.H-2010 Employees, set forward one year. **Male:** PubS.H-2010 Employees, set forward one year. *Healthy Retiree Lives:* **Female:** PubS.H-2010 Healthy Retirees, set forward one year. **Male:** PubS.H-2010 Healthy Retirees, set forward one year. *Beneficiary Lives:* **Female:** PubG.H-2010 Healthy Retirees. **Male:** PubG.H-2010 Healthy Retirees, set back one year. *Disabled Lives:* 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
Interest Rate	7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases	See table later in this section. This is based on the experience study dated October 9, 2017.

<u>Payroll Growth</u>	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
<u>Administrative Expenses</u>	$78,124 annually, based on the average of actual expenses incurred in the prior two fiscal years.
<u>Amortization Method</u>	New UAAL amortization bases are amortized over the following amortization periods: Experience: 15 Years. Assumption/Method Changes: 15 Years. Benefit Changes: 15 Years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest – None: assuming an October 1 deposit Salary - A full year, based on current 9.23% assumption.
<u>Cost-of-Living Adjustment</u>	1.25% for those hired on or after June 20, 2015. 2.00% for those retiring after June 10, 2015 and hired before that date. 2.875% per year for those retiring prior to June 10, 2015.
<u>Termination Rates</u>	See table later in this section. This is based on the experience study dated October 9, 2017.
<u>Disability Rates</u>	See table later in this section. This is based on the experience study dated October 9, 2017. 90.0% of disabilities are assumed to be In Line of Duty (ILOD).
<u>Assumed Retirement Age</u>	See table later in this section. This is based on the experience study dated October 9, 2017.

Marriage: 100% are assumed married with husbands 3 years older than wives.

Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected actuarial value investment return) over a five-year period.

Low-Default-Risk Obligation Measure: Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

Assumption Tables

% Terminating During the Year	
Service	Rate
0	10.0%
1	8.0%
2	6.0%
3	4.0%
4-5	2.0%
6	1.8%
7	1.5%
8	1.3%
9	1.0%
10+	0.50%

% Becoming Disabled During the Year	
Age	Rate
20	0.12%
25	0.13%
30	0.15%
35	0.25%
40	0.36%
45	1.06%
50	1.76%
55	2.10%
60	2.44%

Salary Scale	
Service	Rate
0 - 1	8.00%
2 - 9	6.50%
10 - 19	5.00%
20+	4.00%

% Retiring During the Year (10-23 Years of Service)	
Age	Rate
50	5.0%
51	10.0%
52 - 55	25.0%
56+	100.0%

% Retiring During the Year (24 - 26 Years of Service)	
Age	Rate
<=55	80.0%
56+	100.0%

% Retiring During the Year (>=27 Years of Service)	
Age	Rate
Any	100.0%

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 45.1% on October 1, 2013 to 60.1% on October 1, 2023, indicating that the plan has experienced a significant growth in active population.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 80.4%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 86.2% on October 1, 2013 to 91.7% on October 1, 2023.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -3.3% on October 1, 2013 to -7.0% on October 1, 2023. The current Net Cash Flow Ratio of -7.0% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 9 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of $201,147,218. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan's investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2023	10/1/2022	10/1/2018	10/1/2013
Support Ratio				
Total Actives	110	112	102	93
Total Inactives [1]	183	186	191	206
Actives / Inactives [1]	60.1%	60.2%	53.4%	45.1%
Asset Volatility Ratio				
Market Value of Assets (MVA)	120,071,406	116,636,599	125,485,033	106,296,804
Total Annual Payroll	6,939,754	6,586,730	4,737,252	4,574,063
MVA / Total Annual Payroll	1,730.2%	1,770.8%	2,648.9%	2,323.9%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	114,864,999	115,811,074	113,782,421	91,981,071
Total Accrued Liability (EAN)	142,885,386	140,656,629	131,566,263	116,853,413
Inactive AL / Total AL	80.4%	82.3%	86.5%	78.7%
Funded Ratio				
Actuarial Value of Assets (AVA)	130,984,168	133,841,981	123,223,090	100,691,872
Total Accrued Liability (EAN)	142,885,386	140,656,629	131,566,263	116,853,413
AVA / Total Accrued Liability (EAN)	91.7%	95.2%	93.7%	86.2%
Net Cash Flow Ratio				
Net Cash Flow [2]	(8,372,549)	(6,407,032)	(6,043,458)	(3,473,518)
Market Value of Assets (MVA)	120,071,406	116,636,599	125,485,033	106,296,804
Ratio	-7.0%	-5.5%	-4.8%	-3.3%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1998	435,288.82	_____%
1999	446,175.43	2.5%
2000	430,632.86	-3.5%
2001	398,542.75	-7.5%
2002	467,483.17	17.3%
2003	426,820.13	-8.7%
2004	587,798.91	37.7%
2005	579,685.92	-1.4%
2006	674,181.18	16.3%
2007	766,923.14	13.8%
2008	799,134.89	4.2%
2009	530,169.21	-33.7%
2010	638,919.66	20.5%
2011	635,647.22	-0.5%
2012	667,019.50	4.9%
2013	666,509.03	-0.1%
2014	742,106.25	11.3%
2015	698,091.40	-5.9%
2016	628,070.73	-10.0%
2017	538,659.52	-14.2%
2018	546,910.96	1.5%
2019	518,103.44	-5.3%
2020	526,021.01	1.5%
2021	573,129.28	9.0%
2022	615,134.20	7.3%
2023	900,253.38	46.4%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Checking Account	118,918.30	118,918.30
Money Market	1,987,083.70	1,987,083.70
Cash	87,018.89	87,018.89
Total Cash and Equivalents	2,193,020.89	2,193,020.89
Receivables:		
Member Contributions in Transit	30,101.87	30,101.87
City Contributions in Transit	273.77	273.77
State Contributions	285,454.56	285,454.56
Investment Income	300,695.60	300,695.60
Total Receivable	616,525.80	616,525.80
Investments:		
U. S. Bonds and Bills	11,652,669.15	10,923,661.70
Federal Agency Guaranteed Securities	7,319,331.53	6,769,311.42
Corporate Bonds	24,055,702.07	22,478,544.27
Equities	43,307,896.07	52,844,948.82
Mutual Funds:		
Infrastructure	2,700,393.50	2,607,294.37
Equity	6,497,879.95	7,814,611.77
Pooled/Common/Commingled Funds:		
Equity	7,900,454.77	9,308,721.45
Real Estate	4,565,699.73	4,984,147.12
Total Investments	108,000,026.77	117,731,240.92
Total Assets	110,809,573.46	120,540,787.61
LIABILITIES		
Payables:		
Refunds of Member Contributions	19,543.21	19,543.21
Investment Expenses	111,721.97	111,721.97
Administrative Expenses	4,129.70	4,129.70
Prior Year Payable	200.00	200.00
Prepaid City Contribution	333,786.41	333,786.41
Total Liabilities	469,381.29	469,381.29
NET POSITION RESTRICTED FOR PENSIONS	110,340,192.17	120,071,406.32

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

<u>ADDITIONS</u>			
Contributions:			
Member		719,300.30	
City		442,452.62	
State		900,253.38	
Total Contributions			2,062,006.30
Investment Income:			
Net Realized Gain (Loss)	1,414,379.26		
Unrealized Gain (Loss)	8,244,598.25		
Net Increase in Fair Value of Investments		9,658,977.51	
Interest & Dividends		2,682,849.28	
Less Investment Expense[1]		(534,470.43)	
Net Investment Income			11,807,356.36
Total Additions			13,869,362.66
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		8,786,652.94	
Lump Sum DROP Distributions		1,422,415.46	
Refunds of Member Contributions		143,226.42	
Total Distributions			10,352,294.82
Administrative Expense			82,260.15
Total Deductions			10,434,554.97
Net Increase in Net Position			3,434,807.69
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			116,636,598.63
End of the Year			120,071,406.32

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2023	2024	2025	2026	2027
09/30/2019	(5,795,160)	0	0	0	0	0
09/30/2020	3,889,966	777,994	0	0	0	0
09/30/2021	19,052,420	7,620,968	3,810,484	0	0	0
09/30/2022	(36,292,236)	(21,775,342)	(14,516,895)	(7,258,448)	0	0
09/30/2023	3,079,522	2,463,618	1,847,714	1,231,810	615,906	0
Total		(10,912,762)	(8,858,697)	(6,026,638)	615,906	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2022	116,636,599
Contributions Less Benefit Payments & Admin Expenses	(8,038,762)
Expected Investment Earnings*	8,727,834
Actual Net Investment Earnings	11,807,356
2023 Actuarial Investment Gain/(Loss)	3,079,522

*Expected Investment Earnings = 0.0775 * (116,636,599 - 0.5 * 8,038,762)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	120,071,406
(2) Gains/(Losses) Not Yet Recognized	(10,912,762)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	130,984,168
(4) Limited Actuarial Value of Assets, 09/30/2023	130,984,168
(A) 09/30/2022 Actuarial Assets:	133,841,981
(I) Net Investment Income:	
1. Interest and Dividends	2,682,849
2. Realized Gain (Loss)	1,414,379
3. Unrealized Gain (Loss)	8,244,598
4. Change in Actuarial Value	(6,292,620)
5. Investment Expenses	(534,470)
Total	5,514,736
(B) 09/30/2023 Actuarial Assets, including Prepaid Contributions:	131,317,955
Actuarial Assets Rate of Return = 2I/(A+B-I):	4.25%
Market Value of Assets Rate of Return:	10.45%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(4,546,515)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2023
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	719,300.30	
City	442,452.62	
State	900,253.38	
Total Contributions		2,062,006.30
Earnings from Investments:		
Interest & Dividends	2,682,849.28	
Net Realized Gain (Loss)	1,414,379.26	
Unrealized Gain (Loss)	8,244,598.25	
Change in Actuarial Value	(6,292,620.00)	
Total Earnings and Investment Gains		6,049,206.79
EXPENDITURES		
Distributions to Members:		
Benefit Payments	8,786,652.94	
Lump Sum DROP Distributions	1,422,415.46	
Refunds of Member Contributions	143,226.42	
Total Distributions		10,352,294.82
Expenses:		
Investment related[1]	534,470.43	
Administrative	82,260.15	
Total Expenses		616,730.58
Change in Net Assets for the Year		(2,857,812.31)
Net Assets Beginning of the Year		133,841,980.63
Net Assets End of the Year[2]		130,984,168.32

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

Beginning of the Year Balance	2,037,673.44
Plus Additions	438,933.63
Investment Return Earned	19,090.05
Less Distributions	(1,422,415.46)
End of the Year Balance	1,073,281.66

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	Required City and State Contributions	$1,342,706.00
(2)	Less Allowable State Contribution	(900,253.38)
(3)	Required City Contribution for Fiscal 2023	442,452.62
(4)	Less 2022 Prepaid Contribution	0.00
(5)	Less Actual City Contributions	(776,239.03)
(6)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	($333,786.41)

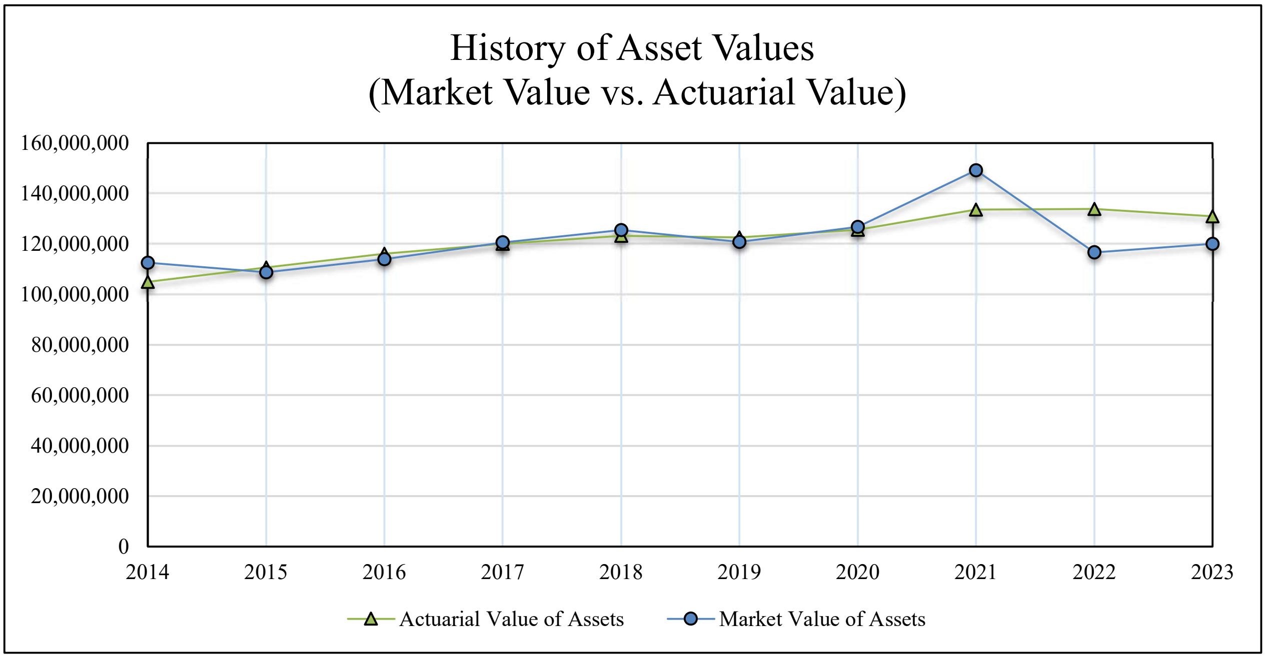
City of Pensacola
Firefighters' Relief and Pension Fund

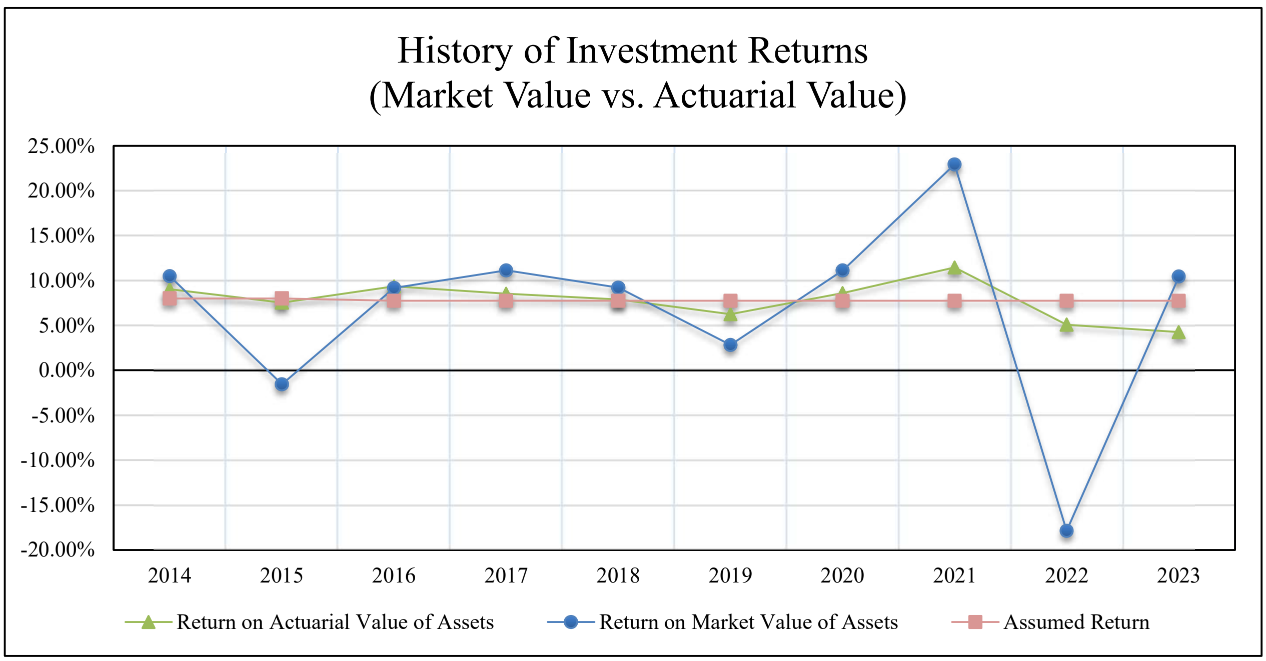
RECENT COMPENSATION AND INVESTMENT EXPERIENCE

	Compensation		Investment Return*		
Valuation Date	% Increase (Decrease)	Assumed Increase	Market Value	Actuarial Value	Assumed
10/1/2023	7.78%	5.62%	10.45%	4.25%	7.75%
10/1/2022	7.87%	5.66%	(17.88%)	5.10%	7.75%
10/1/2021	6.82%	5.79%	22.94%	11.45%	7.75%
10/1/2020	9.14%	5.88%	11.12%	8.61%	7.75%
10/1/2019	6.74%	5.79%	2.83%	6.26%	7.75%
10/1/2018	2.80%	5.67%	9.20%	7.87%	7.75%
10/1/2017	7.62%	7.04%	11.14%	8.54%	7.75%
10/1/2016	(3.74%)	7.15%	9.18%	9.34%	7.75%
10/1/2015	11.22%	7.16%	(1.56%)	7.54%	8.00%
10/1/2014	5.98%	6.86%	10.49%	9.02%	8.00%
Last 5 Years	7.67%	5.75%	4.96%	7.10%	7.75%
Last 10 Years	6.15%	6.26%	6.27%	7.78%	7.80%

*Computed as 2I/(A+B-I), where A is beginning value, B is ending value
and I is investment return

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Actives				
Number	110	112	111	110
Average Current Age	36.8	36.3	36.0	35.1
Average Age at Employment	26.4	26.5	26.4	26.4
Average Past Service	10.4	9.8	9.6	8.7
Average Annual Salary	$63,089	$58,810	$55,977	$52,819
Service Retirees				
Number	103	97	96	99
Average Current Age	67.1	67.2	67.0	66.5
Average Annual Benefit	$62,533	$61,241	$59,606	$57,631
DROP Retirees				
Number	6	11	11	12
Average Current Age	53.1	53.1	53.5	52.9
Average Annual Benefit	$52,364	$54,930	$56,189	$54,468
Beneficiaries				
Number	32	33	31	30
Average Current Age	78.0	78.0	76.3	77.2
Average Annual Benefit	$34,626	$32,962	$32,037	$31,572
Disability Retirees				
Number	41	43	44	49
Average Current Age	72.0	72.9	72.3	71.8
Average Annual Benefit	$36,664	$36,670	$35,698	$34,540
Terminated Vested				
Number	2	4	3	3
Average Current Age [1]	42.8	48.0	47.0	46.0
Average Annual Benefit [1]	$16,808	$23,962	$23,962	$23,962

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	1											1
20 - 24	3	2	1	1								7
25 - 29	4	1	1	1	2	8						17
30 - 34			1	2	3	17	1					24
35 - 39		1		1	3	6	1	10				22
40 - 44		1	1	1	1	1	2	6	3			16
45 - 49						1		8	5			14
50 - 54						1		2	2	1		6
55 - 59									2			2
60 - 64										1		1
65+												0
Total	8	5	4	6	9	34	4	26	12	2	0	110

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	112
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(7)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(1)
f. DROP	0
g. Continuing participants	103
h. New entrants / Rehires	7
i. Total active life participants in valuation	110

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	97	11	33	43	2	2	188
Retired	7	(5)			(1)		1
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor			3	(3)			0
Death, No Survivor	(1)		(4)				(5)
Disabled				1			1
Refund of Contributions						(1)	(1)
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	103	6	32	41	1	1	184

SUMMARY OF CURRENT PLAN
(Through Ordinance 11-21)

Eligibility	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
Credited Service	Complete years of service. For vested members, service also includes major fractional parts of a year.
Salary	Regular wages, longevity pay, station or watch captain pay, special duty pay, bonuses, lump-sum payments not made at termination, inclusive of certain elective deferrals, deferred compensation or tax-sheltered annuity programs, and any other payments required by law to be included in pension calculations. Additionally, Salary includes basic life support (BLS) pay and a maximum of 300 hours of overtime pay per plan year.
Average Final Compensation	Average Salary for the best 2 years out of the last 5 years of Credited Service for Members with 20 or more years of Credited Service as of June 10, 2015. Average Salary for the last 5 years of Credited Service for Members with less than 20 years of Credited Service as of June 10, 2015.
Member Contributions	11.00% of Salary.
City and State Contributions	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.
Normal Retirement	
Date	Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service.
Benefit	At 25 years of service, the retirement benefit is 75% of average final compensation. Otherwise, the benefit is 75% of first $2,400 of average final compensation, plus 70% of the next $1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years.

Form of Benefit	If single, single life annuity (options available). If married, 75% joint and survivor annuity.

<u>Early Retirement</u>

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

<u>Vesting</u>

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Accrued benefit multiplied by the number of years of service at termination (maximum 25 years) divided by 25 years. Payable at age 52.

<u>Disability</u>

Eligibility	Total and permanent disability.
Benefit	
Service Incurred	The benefit is 75% of first $2,400 of average final compensation, plus 70% of the next $1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 1% for each of the first 18 years, 2% for the next year and 4% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 42% of AFC.
Non-Service Incurred	The benefit is 75% of first $2,400 of average final compensation, plus 70% of the next $1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 25% of AFC.
Duration	Payable as a 75% joint and survivor benefit. Options available.

Death Benefits

Pre-Retirement

Vested	75% of monthly accrued benefit payable to designated beneficiary for life.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

a. Two City Council appointees,
b. Two Members of the Department elected by the membership, and
c. Fifth Member elected by other 4 appointed by City Council.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service).
Participation	Not to exceed 60 months.
Rate of Return	1.3% annually.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Cost-of-Living Adjustment

Eligibility	All members in payment status.
Increase	Increased annually based on Consumer Price Index, limited to 3.00% per year for those retirees who were hired prior to July 1, 1999 or retired prior to June 10, 2015. The limit is 2.00% per year for retirees who are hired before June 10, 2015 and retire after June 10, 2015. The limit is 1.25% per year for Members who are hired on or after June 10, 2015.

No increases are provided during DROP participation for Members who were hired after July 1, 1999 and enter DROP after June 10, 2015.