FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 4, 2026

Board of Trustees
City of Hallandale Beach
Firefighters and Police Officers' Pension Board

Re: City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust

Dear Board:

Enclosed is the following material, which has been prepared in support of the proposed changes to the Fund:

1. Three (3) copies of the required Actuarial Impact Statement, which outlines the costs associated with implementing the changes.

2. Draft of transmittal letters to the Bureau of Local Retirement Systems and the Bureau of Police Officers' and Firefighters' Retirement Trust Funds.

It will be necessary for the Chairman to sign each copy of the Actuarial Impact Statement as the Plan Administrator and forward the Impact Statement, along with a copy of the proposed Ordinance, to the two Bureaus prior to final reading.

If you have any questions concerning the enclosed material, please let us know.

Sincerely,

Doug Lozen

Douglas H. Lozen, EA, MAAA

Cc via email: Blanca Torres, Plan Attorney

Enclosures

Mr. Steve Bardin
Police Officers' and Firefighters' Retirement Trust Funds
Department of Management Services, Division of Retirement
3189 S. Blair Stone Rd.
Tallahassee, FL 32301

Re: Actuarial Impact Statement

Dear Mr. Bardin:

The City of Hallandale Beach is considering the implementation of amended retirement benefits for its Firefighters and Police Officers. The changes are described in the enclosed material.

Pursuant to the provisions of Chapters 175 and 185, we are enclosing the required Actuarial Impact Statement along with a copy of the proposed Ordinance for your review.

If you have any questions or if additional information is needed, please contact us.

Sincerely,

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
3189 S. Blair Stone Rd.
Tallahassee, FL 32301

Re: Actuarial Impact Statement

Dear Mr. Brinkman:

The City of Hallandale Beach is considering the implementation of amended retirement benefits for its Firefighters and Police Officers. The changes are described in the enclosed material.

Pursuant to Section 22d-1.04 of the Agency Rules, we are enclosing the required Actuarial Impact Statement (AIS) and a copy of the proposed Ordinance for your review.

If you have any questions or if additional information is needed, please contact us.

Sincerely,

CITY OF HALLANDALE BEACH
POLICE OFFICERS' AND FIREFIGHTERS' PERSONNEL RETIREMENT TRUST

ACTUARIAL IMPACT STATEMENT

February 4, 2026

Attached hereto is a comparison of the impact on the Minimum Required Contribution (per Chapter 112, Florida Statutes) and the Required City Contribution, resulting from the implementation of the following changes:

a. Effective February 15, 2026, an increase in the benefit accrual rate from 3.00% to 3.20% of Average Final Compensation (AFC) for all years of Credited Service (with 80% of AFC maximum) for Police Tier 2 Members. There is no change to the current maximum benefit cap.

b. Effective February 15, 2026, a decrease in the number of years for determination of AFC for Tier 1 and Tier 2 Police Members to two years. Currently, Tier 1 Members have an average based on the highest four years, while Tier 2 Members have an average based on the highest five years. There is no change to the current maximum benefit cap.

c. For Police members who enter the DROP on or after February 15, 2026, the maximum DROP participation period shall be eight (8) years (but not exceeding 33 total years of Credited Service, to include purchased service). For those members who entered DROP prior to February 15, 2026, the maximum DROP participation period is five (5) years, except that, effective February 15, 2026, members who are participating in the DROP on that date may extend their DROP participation period for up to three (3) years beyond the five (5) year maximum DROP participation period.

The cost impact, determined as of October 1, 2024, applicable to the fiscal year ending September 30, 2026, is as follows:

	Proposed	Current
Minimum Required Contribution	$12,543,441	$12,475,996
Member Contributions (Est.)	1,650,915	1,650,915
City And State Required Contribution	10,892,526	10,825,081
State Contribution (Est.) [1]	1,143,006	1,143,006
City Required Contribution [2]	$9,749,520	$9,682,075

[1] Represents the amount received in calendar 2025. Per Ordinance 2020-031, all State Monies received each year will be available to offset the City's required contribution.

CITY OF HALLANDALE BEACH
POLICE OFFICERS' AND FIREFIGHTERS' PERSONNEL RETIREMENT TRUST

ACTUARIAL IMPACT STATEMENT

February 4, 2026

Unless otherwise noted, all data, assumptions, methods and plan provisions are the same as in the October 1, 2024 actuarial valuation report. In performing this Actuarial Impact Statement, we were provided with all necessary information to evaluate the changes. It should be noted that changes to retirement benefits could potentially affect participants' retirement or termination behavior. We will monitor and advise of any recommended changes with future experience studies.

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 analysis, we did not perform an analysis of the potential range of such future measurements.

Please note that contents of this analysis and the October 1, 2024 actuarial valuation report are considered an integral part of the actuarial opinions. In reviewing the results presented in this study, it should be noted that there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2024 actuarial valuation report.

In performing the analysis, 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 to generate the costs. All internally developed models are reviewed as part of the 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.

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The undersigned 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 opinions contained herein.

Doug Lozen

Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #23-7778

STATEMENT OF PLAN ADMINISTRATOR

The prepared information presented herein reflects the estimated impact of the proposed Ordinance.

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Chairman, Board of Trustees

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits 10/1/2024	Old Benefits 10/1/2024
A. Participant Data		
Actives	107	107
Service Retirees	184	184
DROP Retirees	10	10
Beneficiaries	12	12
Disability Retirees	12	12
Terminated Vested	35	35
Total	360	360
Projected Annual Payroll	13,461,544	13,461,544
Annual Rate of Payments to:		
Service Retirees	13,441,304	13,441,304
DROP Retirees	960,420	960,420
Beneficiaries	393,473	393,473
Disability Retirees	584,758	584,758
Terminated Vested	156,798	156,798
B. Assets		
Actuarial Value (AVA) [1]	255,992,782	255,992,782
Market Value (MVA) [1]	278,575,822	278,575,822
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	69,156,834	68,762,235
Disability Benefits	4,062,209	3,978,769
Death Benefits	429,448	413,473
Vested Benefits	3,037,093	2,877,071
Refund of Contributions	324,255	324,255
Service Retirees	184,947,162	184,947,162
DROP Retirees [1]	48,907,351	48,907,351
Beneficiaries	4,213,062	4,213,062
Disability Retirees	7,644,967	7,644,967
Terminated Vested	4,043,370	4,043,370
Share Plan Balances [1]	0	0
Total	326,765,751	326,111,715

C. Liabilities - (Continued)	New Benefits 10/1/2024	Old Benefits 10/1/2024
Present Value of Future Salaries	111,200,145	111,200,145
Present Value of Future Member Contributions	12,307,152	12,307,152
Normal Cost (Retirement)	2,249,905	2,237,241
Normal Cost (Disability)	306,770	302,160
Normal Cost (Death)	32,445	31,518
Normal Cost (Vesting)	211,417	201,616
Normal Cost (Refunds)	63,701	63,701
Total Normal Cost	2,864,238	2,836,236
Present Value of Future Normal Costs	18,638,487	18,442,370
Accrued Liability (Retirement)	54,659,425	54,321,192
Accrued Liability (Disability)	1,732,755	1,692,594
Accrued Liability (Death)	179,529	172,441
Accrued Liability (Vesting)	1,704,068	1,631,631
Accrued Liability (Refunds)	95,575	95,575
Accrued Liability (Inactives) [1]	249,755,912	249,755,912
Share Plan Balances [1]	0	0
Total Actuarial Accrued Liability (EAN AL)	308,127,264	307,669,345
Unfunded Actuarial Accrued Liability (UAAL)	52,134,482	51,676,563
Funded Ratio (AVA / EAN AL)	83.1%	83.2%

D. Actuarial Present Value of Accrued Benefits	New Benefits 10/1/2024	Old Benefits 10/1/2024
Vested Accrued Benefits		
Inactives + Share Plan Balances [1]	249,755,912	249,755,912
Actives	26,749,359	25,787,092
Member Contributions	12,378,614	12,378,614
Total	288,883,885	287,921,618
Non-vested Accrued Benefits	13,831,406	13,181,223
Total Present Value Accrued Benefits (PVAB)	302,715,291	301,102,841
Funded Ratio (MVA / PVAB)	92.0%	92.5%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	1,612,450	
Benefit Changes	0	
Plan Experience	0	
Benefits Paid	0	
Interest	0	
Other	0	
Total	1,612,450	

Valuation Date Applicable to Fiscal Year Ending	New Benefits 10/1/2024 9/30/2026	Old Benefits 10/1/2024 9/30/2026
E. Pension Cost		
Normal Cost [2]	$3,075,905	$3,045,834
Administrative Expenses [2]	298,205	298,205
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2024) [2]	9,169,331	9,131,957
Minimum Required Contribution	12,543,441	12,475,996
Expected Member Contributions [2]	1,650,915	1,650,915
Expected City and State Contribution	10,892,526	10,825,081

[1] The asset values and liabilities include accumulated DROP and Share Plan Balances.

[2] Contributions developed as of 10/1/2024 displayed above have been adjusted to account for assumed salary increase components.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubS.H-2010 (Above Median) for Employees, set forward one year. **Male:** PubS.H-2010 (Above Median) for Employees, set forward one year. *Healthy Retiree Lives:* **Female:** PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. **Male:** PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. *Beneficiary Lives:* **Female:** PubG.H-2010 (Above Median) for Healthy Retirees. **Male:** PubG.H-2010 (Above Median) for 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, 2023 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. 75% of active Police Officer deaths are assumed to be service-incurred. 90% of active Firefighter deaths are assumed to be service-incurred.
Interest Rate	7.10% (prior year 7.25%) 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

According to the below table, based on the August 14, 2024 Experience Study.

Salary Scale		
Service	Current	Prior
0	20.00%	10.00%
1-5	10.00%	7.50%
6-9	7.00%	6.00%
10+	5.50%	4.50%

Payroll Growth

None for amortization of the UAAL.

Administrative Expenses

$277,684 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 Years.
Assumption/Method Changes: 20 Years.
Benefit Changes: 30 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.

Retirement Rates

Early Retirement

Based on results of the August 14, 2024 Experience Study, 3% per year of eligibility. Prior valuations assumed 0%.

Normal Retirement

Based on results of the August 14, 2024 Experience Study, the below table reflects the assumed rates of retirement once a member attains Normal Retirement eligibility with at least 25 years of Credited Service:

% Retiring During the Year (>= 25 Years of Service)		
Service	Current	Prior
25	100.0%	75.0%
26+	100.0%	100.0%

Also as part of the August 14, 2024 Experience Study, the below table provides rates of retirement for members attaining Normal Retirement eligibility with less than 25 years of Credited Service:

% Retiring During the Year (10-24 Years of Service)		
Age	Current [1]	Prior
52-53	20.0%	10.0%
54+	12.0%	81.5%

[1] 100% assumption age 60+

Termination Rate

See table below. The assumed rates of termination were approved in conjunction with the August 14, 2024 Experience Study.

% Terminating During the Year		
Service	Current	Prior
0-4	10.0%	7.0%
5-8	2.0%	5.0%
9+	2.0%	2.5%

Disability Rate

See sample rates below, based on results of the August 14, 2024 experience study. Additionally, 75% of Police Officer disabilities are assumed to be service-incurred, and 90% of Firefighter disabilities are assumed to be service-incurred.

% Becoming Disabled During the Year		
Age	Current	Prior
20	0.21%	0.14%
25	0.23%	0.15%
30	0.27%	0.18%
35	0.35%	0.23%
40	0.45%	0.30%
45	0.77%	0.51%
50+	1.50%	1.00%

Funding Method	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - None, based on the beginning of year funding methodology. Salary - A full year, based on current 7.39% assumption.
Actuarial Asset Method	The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.
Low-Default-Risk Obligation Measure	Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% 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, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

Post Retirement COLA

Retired Police Officers prior to March 20, 2013 and Retired Firefighters prior to August 7, 2013:

2% per year for Normal Retirement.

Police Officers eligible for Normal Retirement or with 24 years of service as of March 20, 2013, and Firefighters eligible for Normal Retirement as of August 7, 2013, or with 24 years of service as of December 28, 2013:

2% per year for Normal Retirement.

All other Police Officers hired prior to March 20, 2013 and retiring prior to April 15, 2021, and all other Firefighters hired prior to August 7, 2013:

2.0% per year for Normal Retirement, but limited to eight (8) adjustments once the maximum benefit is realized. Police Officers will then receive a prorated COLA based on service accrued prior to March 20, 2013. Firefighters will then receive a prorated COLA based on service accrued prior to August 7, 2013.

Police Officers hired on or after March 20, 2013 and Firefighters hired on or after August 7, 2013:

None.

Additionally, Tier 1 Disability Retirees are entitled to COLAs, as approved by the Board of Trustees.

SUMMARY OF CURRENT PLAN
(Through Ordinance 2021-019)

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment. The Plan is closed to Firefighters hired after January 4, 2020.
<u>Tier 1 Member</u>	Police Officers hired prior to March 20, 2013, or Firefighters hired prior to August 7, 2013.
<u>Tier 2 Member</u>	Police Officers hired on or after March 20, 2013, or Firefighters hired on or after August 7, 2013.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Pensionable Earnings</u>	Base salary, including Pick-Up Amounts, for all straight time hours worked, overtime, assignment pay, premium pay, state educational incentive payments and payments received for vacation, sick leave and bereavement leave taken in lieu of pay for actual services rendered. Basic Compensation shall not include bonuses, commissions, uniform or expense allowance, Outside Service Duty Detail Compensation, or payments for accrued sick leave, vacation, sick leave buyback amounts, or compensatory leave paid as a lump sum upon separation of service. *Note: The definition of Pensionable Earnings for Firefighters matches that utilized by the Florida Retirement System; additionally, overtime is limited to 300 hours per fiscal year, and payouts for unused sick and vacation time are not pensionable.*
<u>Final Average Compensation</u>	Police Officers: Average of Pensionable Earnings for the five (5) most recent completed calendar years prior to retirement or termination with the City. Final Average Compensation for Police Tier One members is based on the highest four (4) full calendar years. Members retiring prior to January 1, 2025 with normal retirement will be able to select a Final Average Compensation of either highest four (4) or last two (2) prior to retirement.

	Firefighters: Average of Pensionable Earnings for the highest five (5) years of the last ten (1) years of Credited Service, but not less than the average of compensation for the two (2) most recent calendar years before January 1, 2020 for Tier 1 Firefighters.
<u>Member Contributions</u>	Police Officers: 11.5%. Firefighters: 11.25%.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 52 with 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	*Tier 1:* 3.20% of Final Average Compensation for all years of Credited Service. *Tier 2:* 3.00% of Final Average Compensation for all years of Credited Service. *Note: The benefit accrual rate is 3.00% for Credited Service earned after January 4, 2020 for all Firefighters.*
Maximum Benefit	*Tier 1:* 80% of Final Average Compensation. *Tier 2:* 75% of Final Average Compensation. Additionally, any Police Officer who was not eligible for Normal Retirement or who had not completed 24 years of service as of March 20, 2013, or any Firefighter who was not eligible for Normal Retirement as of August 7, 2013 or who will not have completed 24 years of service as December 28, 2013 is subject to a $95,000 annual maximum benefit, determined on the basis of the Normal Form of Benefit. *Note: The maximum benefit for Firefighters (before application of COLAs) is $100,000 on the Normal Form of Benefit. The maximum benefit for Tier One Police Officers retiring on or after April 15, 2021 (before application of*

	COLAs) is $110,000 on the Normal Form of Benefit.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 6% per year that the benefit commencement date precedes age 52.
<u>Vesting</u>	
Less than 5 Years	Refund of Member contributions without interest.
5-10 years	Refund of Member contributions with 3% interest through the termination date.
10 or more years	Greater of a refund of Member contributions with 3% interest and the accrued benefit, payable at the Normal Retirement Date.
<u>Disability</u>	
Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred	75% of Pensionable Earnings, less 64% of Social Security Disability Benefits received, further reduced by 33% of Workers' Compensation Benefits received, plus outside income to the extent that the sum of the Workers' Compensation Benefit and Disability Retirement benefit exceed 100% of Basic Compensation. In no case will the Disability Retirement Benefit be less than the greater of the accrued Normal

	Retirement Benefit and 42% of Basic Compensation.
Non-Service Incurred	Accrued Benefit, less 64% of Social Security Disability Benefits received.
	In no case will the Disability Retirement Benefit be less than 25% of Final Average Compensation, nor more than 50% of Final Average Compensation as of the date of disability.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

<u>Death Benefits</u>

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Benefit (Pre-Retirement)	
Service Incurred	Accrued Benefit, but not less than 30% of Basic Compensation.
Non-Service Incurred	Accrued Benefit.
Benefit (Post-Retirement)	Benefits payable to beneficiary in accordance with option selected at retirement.
Form of Benefit	10 Year Certain and Life Annuity.

<u>Health Care Stipend</u>

Eligibility	Date of Employment prior to January 1, 1996.
	The stipend is payable for all types of retirement benefits; DROP retirees do not receive the stipend while participating in the DROP.
Benefit	$10 per month for each year of Credited Service, up to a maximum of $200 per month.
Form of Benefit	Payable for the life of the retiree and any survivor, if a joint and survivor option is chosen by the Retiree.

Cost of Living Increases

Retired Police Officers prior to March 20, 2013 and Retired Firefighters prior to August 7, 2013:

2% increase effective each January provided that the CPI-U is greater than or equal to 0.5% for the preceding 12 month period ending September 30, applied to Normal and DROP Retirees. The Health Care Stipend is not subject to the COLA.

Police Officers eligible for Normal Retirement or with 24 years of service as of March 20, 2013, and Firefighters eligible for Normal Retirement as of August 7, 2013, or with 24 years of service as of December 28, 2013:
2.0% increase effective each January as previously described.

All other Police Officers hired prior to March 20, 2013 and all other Firefighters hired prior to August 7, 2013:

2.0% increase effective each January as previously described. However, these Members are subject to a limitation of eight (8) total adjustments once the maximum annual benefit is realized. Police Officers will then receive a prorated COLA based on service accrued prior to March 20, 2013. Firefighters will then receive a prorated COLA based on service accrued prior to August 7, 2013. Also, these Members are not entitled to receive any adjustments while participating in the DROP.

Police Officers hired on or after March 20, 2013 and Firefighters hired on or after August 7, 2013:

Not entitled to a COLA.

Note: Tier 1 Firefighters shall receive a prorated 2% COLA on the portion of their accrued benefit based on service before August 7, 2013. Tier 1 Firefighters shall receive eight (8) annual COLAs on the portion of their accrued benefit based on service between August 7, 2013 and January 1, 2020 and shall not receive a COLA for any benefit accrued on and after January 1, 2020. Tier 2 Firefighters are not eligible for a COLA.

Deferred Retirement Option Plan (Tier 1 Only)

Eligibility	Earlier of: 1) Age 52 with 20 years of Credited Service, 2) the completion of 25 years of Credited Service, regardless of age, or 3) the date when the maximum benefit is earned.
Participation	Not to exceed 60 months.
Rate of Return	Plan Earnings, less 0.5% per year for administrative expenses. A one-time election to credit DROP accounts with the valuation assumption for investment return has been allowed since 2002. Upon exit from the DROP, interest credit reverts to Plan earnings on DROP balances. *Note: DROP accounts for Firefighters entering DROP on or after January 1, 2020 will earn the actual net rate of return earned by the plan, but no less than 0% and no more than 6%. Earnings are credited annually.*
Form of Distribution	Cash lump sum (options available) at termination of employment.