

April 10, 2015

VIA EMAIL

Board of Trustees
Town of Longboat Key
Consolidated Retirement System
501 Bay Isles Road
Longboat Key, FL 34228

Re: Town of Longboat Key
Firefighters' Retirement System
Cash Out Analysis

Dear Board:

As requested, we have determined the impact on liabilities and funding requirements associated with allowing active Members of the Firefighters' Retirement System to receive a lump sum payment equal to the present value of accrued benefits. This analysis looks at two groups for a potential cash-out:

- A. All active Plan Members as of October 1, 2014, i.e. those actively employed on that date, not participating in the DROP, and who did not previously receive a refund of accumulated Member Contributions in lieu of a future benefit.
- B. The same as scenario A, but representing only 50% of the active Plan Membership with the largest liabilities.

Please note that the Plan's current assumptions for Actuarial Equivalence, RP2000 combined healthy mortality, unisex, without mortality improvement projection, and 8.0% investment return, were utilized for determination of the lump sum equivalent value of accrued benefits.

Results and details of the analysis, determined as of October 1, 2014, are set forth on the enclosed schedule. Additionally, all methods and assumptions utilized for the October 1, 2014, valuation were employed for purposes of this study, except for the mortality and interest assumptions described above for calculation of the lump sum values. Please also note that the change in the Unfunded Actuarial Accrued Liability is amortized as a level dollar over 25 years, compared to a 30-year period utilized for benefit changes from prior years. The 25-year period approximates the expected future lifetime of the Plan's retirees.

Finally, it is important to note that results of this analysis are estimates, with the resulting true impact dependent on which Members elect to receive cash outs if provided by the Town by way of Plan amendment. We also recommend that the Board share results of this analysis with the Investment Consultant for input on the current availability of cash, and whether modification of the existing Investment Policy Statement and/or investment return assumption is recommended should cash-outs be permitted.

Board of Trustees
Town of Longboat Key
Consolidated Retirement System
April 10, 2015
Page 2

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 actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Lozen", written over a circular stamp or seal.

Douglas H. Lozen, EA, MAAA

DHL/lke
Enclosure

Town of Longboat Key
Firefighters' Retirement System

Cash-Out Analysis

Determined as of October 1, 2014

Applicable to the Fiscal Year Beginning October 1, 2015

Scenario	Asset Value ¹		UAAL	Lump Sum Payment	Expected Net Cash Flow ² (Annual)	Town Contribution (Annual)
	Market	Actuarial				
Current	15,707,549	15,026,121	13,703,215	0	(216,305)	1,758,137
A	12,973,059	12,291,631	13,554,879	2,734,490	(246,216)	1,725,459
B	13,619,025	12,937,597	13,581,211	2,088,524	(237,417)	1,734,849

Description of Scenarios

- A. All active Plan Members receive the actuarial lump sum equivalent of their accrued benefit (or accumulated Member Contributions, if greater). The lump sum equivalent is based on the Plan's current definition of Actuarial Equivalence: RP2000 combined healthy mortality, unisex, without mortality improvement projection, and 8.0% investment return assumption.

- B. 50% of the active Plan Membership with the largest liabilities receive the actuarial lump sum equivalent of their accrued benefit (or accumulated Member Contributions, if greater). The lump sum equivalent is based on the Plan's current definition of Actuarial Equivalence: RP2000 combined healthy mortality, unisex, without mortality improvement projection, and 8.0% investment return assumption.

¹ Asset values are reduced by the expected cash-out amounts for each scenario.

² Annual Town Contribution, less expected benefit payments and administrative expenses.