

February 23, 2026

Board of Trustees
City of Sanibel
Police Officers' Pension Board

Re: City of Sanibel Municipal Police Officers' Retirement Trust Fund

Dear Board:

Enclosed is the following material, which has been prepared in support of the 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 Ordinance, to the two Bureaus.

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

Sincerely,



Sara E. Carlson, ASA, EA, MAAA

Cc via email: Madison Levine, Plan Attorney

Enclosure

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 Sanibel is considering the implementation of amended retirement benefits for its Police Officers. The changes are described in the enclosed material.

Pursuant to the provisions of Chapter 185, we are enclosing the required Actuarial Impact Statement along with a copy of the 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 Sanibel is considering the implementation of amended retirement benefits for its 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 Ordinance for your review.

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

Sincerely,

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL IMPACT STATEMENT

February 23, 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:

Clarifies that the additional 3% Member Contributions to provide the supplemental benefit are voluntary. It is our understanding that current Members were allowed a one-time decision to opt-out of this additional benefit.

The cost impact, determined as of October 1, 2025, applicable to the fiscal year ending September 30, 2027, is as follows:

	<u>New</u>	<u>Current</u>
Minimum Required Contribution % of Projected Annual Payroll	77.72%	78.15%
Member Contributions (Est.) % of Projected Annual Payroll	6.02%	8.00%
City And State Required Contribution % of Projected Annual Payroll	71.70%	70.15%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$121,609 5.15%	\$121,609 5.15%
City Required Contribution ² % of Projected Annual Payroll	66.55%	65.00%

¹ Represents the amount received in calendar 2025. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL IMPACT STATEMENT

February 23, 2026

Unless otherwise noted, all data, assumptions, methods and plan provisions are the same as in the October 1, 2025 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, 2025 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, 2025 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.



Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

STATEMENT OF PLAN ADMINISTRATOR

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

Chairman, Board of Trustees

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date	<u>New Benefits</u> 10/1/2025	<u>Old Benefits</u> 10/1/2025
PARTICIPANT DATA		
Actives	19	19
Service Retirees	26	26
DROP Retirees	5	5
Beneficiaries	1	1
Disability Retirees	3	3
Terminated Vested	<u>9</u>	<u>9</u>
Total	63	63
Projected Annual Payroll	2,172,831	2,172,831
Annual Rate of Payments to:		
Service Retirees	1,496,106	1,496,106
DROP Retirees	376,914	376,914
Beneficiaries	33,632	33,632
Disability Retirees	56,988	56,988
Terminated Vested	56,872	56,872
ASSETS		
Actuarial Value (AVA) ¹	31,478,711	31,478,711
Market Value (MVA) ¹	33,177,814	33,177,814
LIABILITIES		
Present Value of Benefits		
Actives		
Retirement Benefits	15,518,935	15,822,964
Disability Benefits	312,241	324,291
Death Benefits	42,846	46,098
Vested Benefits	0	0
Refund of Contributions	11,005	13,354
Service Retirees	18,864,057	18,864,057
DROP Retirees ¹	7,548,745	7,548,745
Beneficiaries	291,609	291,609
Disability Retirees	414,083	414,083
Terminated Vested	450,192	450,192
Refunded Contributions for Opt-Out Members	164,382	0
Total	<u>43,618,095</u>	<u>43,775,393</u>

Valuation Date	New Benefits 10/1/2025	Old Benefits 10/1/2025
LIABILITIES (CONTINUED)		
Present Value of Future Salaries	24,969,851	24,969,851
Present Value of Future Member Contributions	1,503,185	1,997,588
Normal Cost (Retirement)	701,261	717,109
Normal Cost (Disability)	21,135	21,800
Normal Cost (Death)	2,365	2,540
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	4,119	4,829
Total Normal Cost	728,880	746,278
Present Value of Future Normal Costs	8,125,485	8,361,453
Accrued Liability (Retirement)	7,628,403	7,709,935
Accrued Liability (Disability)	111,856	114,800
Accrued Liability (Death)	17,298	18,137
Accrued Liability (Vesting)	0	0
Accrued Liability (Refunds)	1,985	2,382
Accrued Liability (Inactives) ¹	27,568,686	27,568,686
Refunded Contributions for Opt-Out Members	164,382	0
Total Actuarial Accrued Liability (EAN AL)	35,492,610	35,413,940
Unfunded Actuarial Accrued Liability (UAAL)	4,013,899	3,935,229
Funded Ratio (AVA / EAN AL)	88.69%	88.89%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	<u>New Benefits</u> 10/1/2025	<u>Old Benefits</u> 10/1/2025
Vested Accrued Benefits		
Inactives ¹	27,568,686	27,568,686
Actives	3,095,235	3,143,191
Member Contributions	1,001,847	1,001,847
Total	<u>31,665,768</u>	<u>31,713,724</u>
Non-vested Accrued Benefits	<u>836,695</u>	<u>864,353</u>
Total Present Value		
Accrued Benefits (PVAB)	32,502,463	32,578,077
Funded Ratio (MVA / PVAB)	102.08%	101.80%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	(75,614)	
Benefit Changes	0	
Plan Experience	0	
Benefits Paid	0	
Interest	0	
Other	0	
Total	<u>(75,614)</u>	

CONTRIBUTION REQUIREMENTS

	<u>New Benefits</u>	<u>Old Benefits</u>
Valuation Date	10/1/2025	10/1/2025
Applicable to Fiscal Year Ending	9/30/2027	9/30/2027

CALCULATION OF CONTRIBUTION REQUIREMENT ²

Normal Cost (with interest)	\$822,382	\$842,011
% of Projected Annual Payroll	34.80	35.63
Administrative Expenses (with interest)	51,718	51,718
% of Projected Annual Payroll	2.19	2.19
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025, with interest)	962,393	953,039
% of Projected Annual Payroll	40.73	40.33
Minimum Required Contribution	1,836,493	1,846,768
% of Projected Annual Payroll	77.72	78.15
Expected Member Contributions	142,250	189,036
% of Projected Annual Payroll	6.02	8.00
Expected City and State Contribution	1,694,243	1,657,732
% of Projected Annual Payroll	71.70	70.15

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2025.

² Contributions developed as of 10/1/2025 displayed above have been adjusted to account for assumed salary increases (8.75%) and interest. Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2026 of \$2,362,954.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS-2010 for Employees

Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives:

Female: PubS-2010 for Healthy Retirees

Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives:

Female: PubG.H-2010 for Disabled Retirees, set forward 1 years

Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. 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, 2024 FRS valuation report for special-risk employees.

Previously, the following rates were used:

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 were projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.50% 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

Salary Scale	
Service	Rate
<1	20.00%
1	7.50%
2	7.25%
3	7.25%
4	7.25%
5-9	7.25%
10-14	6.00%
15+	4.50%

The assumed rates of salary increase were approved by the Board in conjunction with an actuarial experience study dated August 4, 2023.

Payroll Growth

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.

Administrative Expenses

Based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 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.

Funding Method

Entry Age Normal Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - A half year.

Salary - A full year.

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.

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.

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.

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.

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.

Retirement Age

See tables below. The assumed rates were approved by the Board in conjunction with an actuarial experience study dated August 4, 2023.

% Retiring During the Year (10-24 Years of Service)	
Age	Rate
55-61	100.0%
62+	100.0%

% Retiring During the Year (>= 25 Years of Service)	
Age	Rate
25	25.0%
26	50.0%
27+	100.0%

Early Retirement

Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year. We feel this is reasonable based upon plan provisions.

Termination Rate

% Terminating During the Year	
Service	Rate
0-1	12.5%
2	7.5%
3	0.0%
4	0.0%
5+	0.0%

The assumed rates of termination were approved by the Board in conjunction with an actuarial experience study dated August 4, 2023.

Disability Rate

See sample rates below. It is assumed that 75% of disablements are service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal Police Officers.

% Becoming Disabled During the Year	
Age	Rate
20	0.051%
30	0.058%
40	0.121%
50	0.429%

Actuarial Asset Method

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

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance 20-004
Credited Service	Years and completed months of continuous employment as a Police Officer.
Average Final Compensation	Average compensation (excluding OT in excess of 300 hours per year, but including lump sum accruals determined as of 9/30/2011) paid during the five (5) highest years of service.
Normal Retirement	
Eligibility	Earlier of 1) age 60 with 5 vesting credits, or 2) age 55 with 10 vesting credits, or 3) 25 vesting credits regardless of age.
Benefit Amount	3% of Average Final Compensation times Credited Service.
Form of Benefit	10 years certain and life thereafter. Options available
Maximum Benefit	90% of Average Final Compensation.
Early Retirement	
Eligibility	Age 50 and attainment of 5 vesting credits.
Benefit Amount	Accrued benefit, reduced 2.5% for each year prior to Normal Retirement Date.
Vesting (Termination)	
Less than 5 years of Credited Service	Refund of Member Contributions
5 years or more	Accrued benefit payable at Early Retirement Date (reduced) or Normal Retirement Date (unreduced).
Cost-Of-Living Adjustment	To all Normal and Early Retirees after October 17, 2006, 3% automatic COLA, beginning on the first October 1 following one year of retirement.

Disability

Eligibility	10 years of contributing service for non-service related; coverage from date of hire for service-incurred.
Benefit Amount	3% of Average Final Compensation times Credited Service, but not less than 42% of Average Final Compensation for service related disabilities

Death

Vested Member	Accrued pension paid to beneficiary at otherwise Early Retirement Date (reduced basis) or Normal Retirement Date. Benefit paid for 10 years only.
Non-Vested Member	Beneficiary receives refund of Member's Contributions.

Supplemental Benefit	\$36.00 times Credited Service paid monthly to Age 67. Minimum payment period is 5 years.
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Contributions

Employee	8% of total pay until Normal Retirement Age, 4% thereafter.
Premium Tax	0.85% tax on premiums for casualty insurance.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

Board of Trustees	a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Police Officers, and c) A fifth Member elected by the other 4 and appointed by Council.
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Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement Requirements.
Participation	Not to exceed 60 months.
Rate of Return	4% annual rate, credited quarterly
Distribution	Lump sum at termination of employment.