

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

Year Ending December 30,	2023	2022	2021	2020	2019
Net assumed rate of return	7.00%	7.00%	7.25%	7.5%	7.75%
Actual rate of return	10.55%	(16.64%)	12.40%	16.41%	18.87%
Percentages of assets in:					
Cash	1%	2%	(2%)	1%	3%
Equity	61%	46%	54%	54%	50%
Bond	29%	34%	34%	33%	32%
Alternative	9%	18%	14%	12%	15%
Total	100%	100%	100%	100%	100%

Section
4**Supplementary
Information****Summary of Participant Data****Member Statistics**

As of January 1,	2023	2024
<u>Active Participants</u>		
Number	561	588
Average Age	51.3	51.1
Average Credited Service	10.2	9.6
Percent Male	59.0	61.2
Average Valuation Salary	\$60,593	\$62,467
Total Valuation Salary (Year Ending as of Date)	\$33,992,941	\$36,730,866
Total Valuation Salary (Imputed)	\$36,823,864	\$39,764,344
Payroll Covered in Valuation	\$32,252,408	\$34,068,001
<u>Terminated with Rights to Deferred Benefits</u>		
Number	107	118
Average Age	54.7	54.8
Percent Male	53.3	51.7
Average Monthly Benefit	\$590	\$648
Annuities Inforce	\$756,975	\$918,089
<u>Service Retirements</u>		
Number	356	360
Average Age	72.5	72.9
Percent Male	71.1	70.8
Average Monthly Benefit	\$1,760	\$1,806
Annuities Inforce	\$7,518,367	\$7,801,329
<u>Beneficiaries</u>		
Number	59	64
Average Age	71.4	71.7
Percent Male	13.6	15.6
Average Monthly Benefit	\$765	\$764
Annuities Inforce	\$541,303	\$586,585
<u>Disability Retirements</u>		
Number	21	20
Average Age	61.4	62.0
Percent Male	61.9	60.0
Average Monthly Benefit	\$1,476	\$1,498
Annuities Inforce	\$372,035	\$359,556

Number of Active Members by Age and Service as of January 1, 2024

Age	Service							Total
	< 1	< 5	< 10	< 15	< 20	< 25	25+	
< 25	2	3						5
< 30	7	10	1					18
< 35	2	14	4	2				22
< 40	7	11	15	8	1			42
< 45	6	22	18	11	6	1		64
< 50	13	23	20	10	9	4		79
< 55	7	31	27	17	12	11	4	109
< 60	5	23	16	27	13	13	18	115
< 65	1	16	14	12	13	11	10	77
< 70	1	8	10	9	8	4	4	44
70+	1	2	4	1	1	2	2	13
Total	52	163	129	97	63	46	38	588

Active Valuation Pay by Age and Service as of January 1, 2024

Age	Service							Total
	< 1	< 5	< 10	< 15	< 20	< 25	25+	
< 25	18,299	42,843						33,025
< 30	35,440	55,855	54,910					47,863
< 35	38,788	66,812	57,338	72,111				63,023
< 40	34,826	59,904	55,091	69,265	73,657			56,116
< 45	34,374	55,839	57,865	66,774	72,303	78,157		58,168
< 50	32,134	55,014	64,890	72,924	77,258	71,850		59,403
< 55	36,621	54,039	61,120	69,900	74,704	89,612	88,910	64,293
< 60	36,287	56,191	62,246	72,160	72,454	81,348	75,029	67,548
< 65	17,250	52,914	63,939	68,662	72,320	73,179	75,940	66,071
< 70	17,250	46,487	64,545	74,553	71,736	67,858	74,424	64,741
70+	34,993	43,261	59,653	78,763	89,942	75,807	76,382	64,093
Total	33,409	55,508	61,050	70,850	73,732	79,061	76,737	62,467

Reconciliation of Plan Participants

	Active	Terminated Vested	Retired	Beneficiary	Disabled	Total
As of January 1, 2023	561	107	356	59	21	1,104
Vested Terminations	-17	17				0
Nonvested Terminations	-31					(31)
Retired	-14	-4	18			0
Disabled						0
Deaths with Survivor	-1		-6	7		0
Deaths with No Survivor	-1	-1	-8	-2	-1	(13)
New Hires	91	-1				90
Correction						0
As of January 1, 2024	588	118	360	64	20	1,150

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by the Board of Trustees and the Palm Beach County Commission.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the members of Amalgamated Transit Union Local 1577, who are members of the plan, and two members appointed by the Commission.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended.

Effective Date: Originally effective January 1, 1977. Amended and restated effective January 1, 2001. The following Amendments 1 through 14 were made prior to the plan amended and restated effective January 1, 2015.

Amendment No. 1 adopted June 26, 2003 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
01/01/2002	1.6 Earnings
09/06/2002	4.7 Unreduced Early Retirement
01/01/2003	4.16 Pension Benefit on Vested Deferred Retirement
05/22/2003	4.1 Pension Benefit Commencement Dates

Amendment No. 2 adopted November 29, 2005 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
11/29/2005	4.20 Supplemental Pension
11/29/2005	7.3 Ten (10) Year Certain and Life Annuity

Amendment No. 3 adopted May 24, 2007 amended Section 9.5, Assignability, effective January 1, 2007.

Amendment No. 4 adopted August 28, 2008 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
08/28/2008	1.2 Actuarial Present Value
05/25/2007	2.2 When Individuals Shall Become Participants
05/25/2007	3.2 Employee Contributions as a Condition of Participation
05/25/2007	4.16 Pension Benefit on Vested Deferred Retirement
05/25/2007	4.21 Death Benefit
05/25/2007	7.1 Normal Form
05/25/2007	7.2 Joint and Survivor Annuity

Amendment No. 4 provided for use of the assumptions from the most recent actuarial valuation of the Plan for use in determination of actuarial equivalence. In addition, whereas employee contributions were previously payable based on interest accumulation through the month preceding distribution to non-vested and vested terminations, Amendment No. 4 provided for the refund of employee contributions with no interest accumulated after May 25, 2007. In addition, the spouse of a member who died prior to age 55 may receive a refund of employee contributions with interest earned before May 25, 2007. The future monthly benefit payable to a vested member or to the spouse of a member who died prior to age

55 is then reduced actuarially for the payment received using the assumptions used in the most recent actuarial valuation of the Plan.

Amendment No. 5 adopted February 25, 2010 effective January 1, 2010 amended Section 4.21, Death Benefits, to indicate that the death benefit payable to a beneficiary of a Participant who dies on or after January 1, 2007 while performing Uniformed Services Employment and Reemployment Act (USERRA) Qualified Military Service is payable as if the Participant had resumed employment and then died while employed.

Amendment No. 6 adopted August 26, 2010 effective September 1, 2010 amended Section 4.17, Repayment of Refund, to indicate Participants who are involuntarily terminated from employment and receive a refund of contributions and are subsequently reinstated the Participant must repay to the plan the refund of contributions with interest at the rate of 5.0% annually within 60 months of the reinstatement. Upon repayment, Credited Service for the period for which contributions are being repaid is restored.

Amendment No. 7 adopted December 14, 2010 revised the definition of Normal Retirement to be age 65 with at least 5 years of Credited Service. Prior to this amendment Normal Retirement was defined to be age 65 with at least 5 years of participation.

Amendment No. 8 was adopted June 10, 2011. Prior to amendment the Plan contained a provision to refund a member their employee contributions if at least 10 years of service had been earned during employment. Employee contributions after December 31, 2011 are no longer refunded to retirees with at least 10 years of service under amendment 8.

Amendment No. 9 was adopted effective July 17, 2013. This amendment revised language regarding the maximum amount of retirement income payable under the Plan due to Internal Revenue Code (IRC) Section 415(b), minimum required distributions under IRC Section 401(a)(9), rollover distributions, and compensation limitations under IRC Section 401(a)(17).

Amendment No. 10 was adopted effective September 18, 2013. This amendment changed the provisions of the Plan significantly. The benefits payable to Participants who terminated employment with a deferred benefit payable at a future retirement date and Participants who retired from the Plan prior to October 1, 2013 are unchanged by this amendment. The eligibility to receive benefits and the amount of the benefit payable to Participants who were actively employed on October 1, 2013 depends on the Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013. There are four categories of Participants, as follows:

<u>Tier</u>	<u>Credited Service Determined as of First Anniversary On or After October 1, 2013</u>
Tier 1	Participants with 10 or more years of Credited Service
Tier 2	Participants with at least 5 but less than 10 years of Credited Service
Tier 3	Participants with less than 5 years of Credited Service
Tier 4	Those hired on or after October 1, 2013

This summary of Plan provisions uses the Tiers noted above to describe the benefits payable to each category of Participants.

Amendment No. 11 was adopted June 11, 2014 and effective February 25, 2014. This amendment changed the provisions of the Plan related to the treatment of members who return to work after retirement. The monthly benefit in payment status is continued for retired Participants who are reemployed after a bone fide retirement. They are considered new employees who accrue a second pension based on the provisions of Tier 4. The monthly benefit in payment status is suspended for retired Participants who are reemployed if there has not been a bone fide retirement. These fully vested participants accrue a second pension based on the Tier they were a part of during their prior period of employment.

Amendment No. 12 was adopted effective April 8, 2014. This amendment provides that the Trustees have the right to amend the Plan in whole or in part any or all provisions of the Plan to the extent provided by the Trust Agreement and the Collective Bargaining Agreement (CBA). Trustees may recommend changes to pension benefits and employee contributions but do not have the authority to implement such

changes without the approval of the Board of County Commissioners. Any amendments necessary to comply with federal or state law will be adopted by the Trustees.

Amendment No. 13 was adopted effective July 9, 2014. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Amendment No. 14 was adopted effective July 9, 2014. This amendment clarified that Final Average Salary is not defined based on W-2 earnings.

The Plan was amended and restated effective January 1, 2015. The following amendments were made after restatement:

Amendment No. 1 was adopted effective February 26, 2015 to add language indicating differential wage payments are added to definition of Compensation with respect to plan years beginning on or after December 31, 2008.

Prior to Amendment No. 2 the pension benefit commencement date was set as the first day of the calendar month after the latest of (a) termination and (b) 30 days after an application is made. Amendment No. 2 adopted effective December 17, 2015 to removed language such that no 30 day waiting period would be required. The pension benefit commencement date is set as the first day of the calendar month after the latest of (a) termination and (b) the application date.

Amendment No. 3 was adopted effective September 26, 2017. This amendment clarified that members who terminate vested with a deferred benefit may commence monthly benefits upon reaching their Unreduced Early Retirement Date. Additionally, an outdated reference to vesting at 5 years of Credited Service was eliminated from the section regarding Vested Deferred Retirement. A statement of no impact was issued May 25, 2017 as the language was amended to match current practice.

Amendment No. 4 was adopted effective June 6, 2019 to amend Section 1.12, such that the definition of hour of service during which no duties are performed removes references to incapacity (including disability) and military duty with respect to the limitation of granting no more than 501 hours of service for any single continuous period. In addition, Section 5.4 is modified with regard to credit for non-working periods to add language to clarify hours of service are granted for non-working periods due to disability (not more than 1 year) and military service (not more than 5 years) under this Section 5.4 notwithstanding the limitations of Section 1.12.

Amendment No. 5 was adopted effective March 24, 2021 regarding required minimum distributions at age 72.

Plan Year: The 12-month period beginning January 1st and ending December 31st.

Participant: Full-time employees become Participants in the Plan on the first day of full-time employment that is covered under the terms of a collective bargaining agreement between the Employer and the Amalgamated Transit Union Local Union No. 1577 or on the first day of full-time employment for any other employee of the Employer or Union for whom the Employer makes or is obligated to make contributions to this Plan.

Employer: Palm Beach County and Palm Tran, Inc., jointly.

Employer Contributions: Prior to October 1, 2014, the Employer made contributions to the Plan as specified in the collective bargaining agreement. Effective October 1, 2014, we understand the Employer will make the minimum required contribution as determined by the Plan actuary and approved by the Board.

Employee Contributions: Each Participant is required to make contributions to the Plan at the rate established in the collective bargaining agreement.

The contribution rate for Tier 4 (hired on or after October 1, 2013) is 3.0%.

For Participants who terminated or retired prior to October 1, 2013, historical contribution rates as a percentage of Earnings follow. These are the historical rates applicable to Tiers 1, 2, and 3.

<u>Calendar Year</u>	<u>Employee Contribution Rate</u>	<u>Calendar Year</u>	<u>Employee Contribution Rate</u>
1977	3.0%/2.0%	1986-1993	1.0%
1978-1982	2.0%	1994	1.0%/1.5%
1983	2.0%/3.0%	1995	1.5%/2.0%
1984	3.0%	1996	2.0%/2.5%
1985	3.0%/1.0%	1997-2013	2.5%

If hired prior to October 1, 2013 and still working on that date, the contribution rates are as follows:

<u>Effective</u>	<u>Rate</u>
through 9/30/2014	2.50%
10/1/2014-9/30/2015	2.75%
10/1/2015+	3.00%

A Participant who terminates non-vested is entitled to refund of accumulated Employee Contributions with no interest accumulation.

Employee Contributions are assumed to be deposited on the last day of a calendar year. Prior to 1988, Employee Contributions are accumulated with interest at a rate of 5% annually. For each year from 1988 through 2001, Employee Contributions are accumulated at 120% of the federal mid-term rate as of January 1, as shown below. Effective January 1, 2002, Employee Contributions are again accumulated at 5% per year. Members are eligible to receive a refund of employee contributions with interest earned before May 25, 2007.

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1988	10.61%	1993	7.63%	1998	7.13%
1989	11.11%	1994	6.40%	1999	5.59%
1990	9.57%	1995	9.54%	2000	7.47%
1991	9.78%	1996	6.89%	2001	6.75%
1992	8.10%	1997	7.34%		

Contributions may be repaid with interest upon reentry into the Plan due to rehire.

Credited Service: A Participant is credited with Credited Service for each 12 consecutive month period beginning with the date of hire and the anniversary of hire thereafter as follows:

<u>Hours</u>	<u>Credited Service</u>
<250	0.00
<500	0.25
<750	0.50
<1000	0.75
1000+	1.00

Participants receive up to one year of Credited Service for periods of absence from work due to disability. Such Credited Service is granted based on a 40 hour work week.

Credited Service is also granted for certain Military Service.

Amendment No. 10 revised the provisions of the Plan significantly where Tiers 2 and 3 have a different multiplier for Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Pre 2013 Service") and



Credited Service earned by a member after the first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Post 2013 Service").

Vesting: Effective January 1, 1989, 100% upon the completion of 5 years of Credited Service or attainment of the Normal Retirement Date, if earlier. Participants hired on or after October 1, 2013 become 100% vested upon completion of 8 years of Credited Service.

Vested Participants who terminate employment prior to being eligible to receive an annuity may begin receipt of benefits once they meet eligibility conditions as defined for either the Normal Retirement Benefit, Early Retirement Benefit, or the Unreduced Early Retirement Benefit.

Further, Participants who terminate at least six months prior to the commencement of monthly benefits under the Plan may elect to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 (or an actuarially equivalent immediate annuity). If a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 is elected, the Accrued Benefit payable once benefits commence is actuarially reduced to reflect the distribution of that portion of the Accrued Benefit derived from Employee Contributions with interest earned before May 25, 2007.

Earnings: Actual annual gross compensation inclusive of tax deferred or tax exempt items paid to a Participant by the Employer or Union. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Final Average Salary: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 and Tier 2 Participants, the Average of Earnings for the three highest years.

For Tier 3 Participants, the Average of Earnings for the five highest years.

For Tier 4 Participants, the Average of Earnings for the eight highest years.

Accrued Benefit: The following formulas are used to determine the Accrued Benefit payable under the terms of the Plan.

For Tier 1 and for Participants who terminated employment or retired before October 1, 2013, the Accrued Benefit is defined as follows:

$$2.5\% \times 3\text{-Year Final Average Salary (FAS)} \times \text{Credited Service up to 25 years}$$

The formula is revised for Tiers 2, 3 and 4. For each of these tiers, the 25 year Credited Service cap is removed and the Accrued Benefit is limited to 62.5% of FAS.

The Accrued Benefit is defined as follows for Tier 2:

$$(2.5\% \times \text{Pre 2013 Service} + 2.0\% \times \text{Post 2013 Service}) \times 3\text{-Year FAS}$$

The Accrued Benefit is defined as follows for Tier 3:

$$(2.5\% \times \text{Pre 2013 Service} + 1.6\% \times \text{Post 2013 Service}) \times 5\text{-Year FAS}$$

For Tier 3, the Accrued Benefit is not less than that accrued as of September 30, 2013 based on the formula for Tier 1. The Accrued Benefit at September 30, 2013 is determined using Credited Service at September 30, 2013. For purposes of calculating the Accrued Benefit at September 30, 2013, the 3-Year FAS for any Tier 3 Participants with less than 3 years of Credited Service at September 30, 2013 is determined as the sum of all earnings received as of September 30, 2013 divided by Credited Service at September 30, 2013.

The Accrued Benefit is defined as follows for Tier 4:

$$1.6\% \times 8\text{-Year FAS} \times \text{Credited Service}$$

The Accrued Benefit is payable in the form of a life only annuity.

Supplemental Pension: Participants who retire directly from active service at age 60 or later with at least 10 years of Credited Service with an Early Retirement Benefit, Unreduced Early Retirement Benefit, Rule of 85 Pension, or Disability Retirement Benefit are due an additional \$200 per month payable as a



temporary life annuity to their age 65. However, in the event a Participant retires under the Rule of 85 Pension and has not yet reached age 60 at retirement the Supplemental Pension commences on the first of the month coincident with or next following attainment of age 60.

Minimum Benefit: Participants who were actively employed on January 1, 1989 and have at least 10 years of Credited Service upon retirement receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$5,362 annually. In addition, Participants with at least 5 years of Credited Service as of January 1, 1989 and who retire with less than 10 years of Credited Service receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$4,468 annually.

Currently the Accrued Benefit for all active Members who were actively employed on January 1, 1989 is higher than \$5,362 annually.

Normal Retirement Date: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants, the first day of the month coincident with or next following the later of age 65 and five years of Credited Service.

Additionally, the Normal Retirement Date is upon earning 33 years of Credited Service, if earlier than age 65 and five years of Credited Service for Tier 2 and Tier 3.

For Tier 4, the first day of the month coincident with or next following the later of age 65 and eight years of Credited Service.

Normal Retirement Benefit: The Accrued Benefit.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007.

Early Retirement Date: First day of any month within the 10 year period immediately preceding the Normal Retirement Date after earning at least 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit reduced for early commencement, as follows, plus the Supplemental Pension payable to age 65:

<u>Tier</u>	<u>Termination</u>	<u>Early Retirement Reduction</u>
Tier 1	10/1/13+	6% each year prior to age 60
Tiers 2-4	10/1/13+	6% each year prior to age 62
	1996 to 10/1/2013	6% each year prior to age 60
	Prior to 1996	3% each year from 62 down to 60 plus 6% each year prior to age 60
	Prior to 1987	3% each year from 65 down to 60 plus 6% each year prior to age 60

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Unreduced Early Retirement Date: First day of the month coincident with or next following the following eligibility requirements:

<u>Tier</u>	<u>Hire</u>	<u>Termination</u>	<u>Eligibility Requirement</u>
Tier 1	< 9/6/2002	10/1/2013+	62 and 5 years of Credited Service
Tier 1	Any	10/1/2013+	60 and 10 years of Credited Service
Tier 2-4	Any	10/1/2013+	62 and 10 years of Credited Service

In other words, Tier 1 employees hired by September 6, 2002 are eligible for Unreduced Early Retirement at the earlier of age 62 with 5 years of Credited Service and age 60 with 10 years of Credited Service.

Unreduced Early Retirement Benefit: The Accrued Benefit unreduced for early commencement, plus the Supplemental Pension payable to age 65.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Rule of 85 Pension: Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants may retire from active service on the first day of the month coincident with or next following the date on which the sum of this attained age and years of Credited Service equal 85 with a benefit as defined under the Unreduced Early Retirement Benefit.

There is no Rule of 85 Pension available for Tiers 2, 3 and 4.

Late Retirement Benefit: The benefit payable for Participants who retire from active service subsequent to the Normal Retirement Date is determined as defined for the Accrued Benefit using Credited Service and Earnings through the actual date of retirement. In addition, the resulting amount is increased 1% for each of the first 60 months benefit commencement follows the Normal Retirement Date, plus 1.5% for each month thereafter.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest.

Disability Retirement Benefit: For Participants who have completed at least 10 years of Credited Service, the Accrued Benefit is payable with no reduction for commencement prior the Normal Retirement Date. This benefit is payable commencing on the first day of the month coincident with or next following the Board of Trustees' determination that the Participant is totally and permanently disabled. In addition, the Supplemental Pension is payable to age 65. The Disability Retirement Benefit is offset by benefits received under any other disability plan funded by the Employer.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 at the time of termination of employment prior to retirement eligibility.

Death Benefits: The beneficiary of a non-vested or unmarried Participant who dies before having retired is due a refund of accumulated Employee Contributions with interest earned before May 25, 2007.

The beneficiary of a vested, married Participant who dies before having retired is eligible to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 and an actuarially reduced pre-retirement joint and survivor annuity based on the assumption that the Participant retired the day before death.

The beneficiary of a Participant who dies while in active service after having earned 10 years of Credited Service receives a lump sum benefit of \$5,000. The beneficiary of a retired Participant receives a lump sum benefit of \$7,500.

Optional Forms of Benefit: The normal form of benefit payment for an unmarried Participant is a modified cash refund annuity. This is a life only annuity where the excess of the Employee Contributions accumulated with interest earned before May 25, 2007 over the total sum of pension benefits received is paid to the designated beneficiary in a single sum.

The normal form of benefit payment for a married participant is an adjusted 50% joint and survivor annuity.

Participants may optionally choose an "actuarially equivalent" single life annuity, 10 year certain and life annuity, joint and survivor annuity (with 50%, 66 2/3, or 100% continuance).

The following percentages are used to adjust the life only normal form of benefit to the joint and survivor annuity forms.

<u>J&S</u> <u>Continuation</u> <u>Percentage</u>	<u>Healthy Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Disabled Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Plus/Minus</u> <u>Full Years</u> <u>Beneficiary</u> <u>Older/Younger</u>
50%	88.0%	77.5%	0.4%
66-2/3%	85.5%	72.0%	0.5%
100%	79.0%	63.0%	0.6%

In no event is the percentage to be greater than 99%.

Actuarial Equivalence: Actuarial Equivalence is determined using the assumptions used in the most recent actuarial valuation of the Plan. Factors shown above for optional forms of benefit are not based on this definition of Actuarial Equivalence.

Description of Assumptions and Methods

Assumed Net Rate of Investment Return: 7.0% per year

Salary Increase – Individual: 12.5% the first eight years, 5.0% thereafter. Salary is imputed using the individual salary increase assumption and the prior calendar year Plan compensation, annualized for those hired during the year, but not less than the compensation used in the prior actuarial valuation.

Aggregate Payroll Growth: A 2.0% aggregate payroll growth assumption is used to amortize unfunded accrued liability as a level percent of payroll.

Accrued Leave Payout: Liabilities are increased 1% for Tiers 1, 2 and 3 to account for payouts of accumulated unused hours of vacation and sick leave at retirement.

Administrative Expenses: Prior year's actual expenses added to Normal Cost

Mortality: Mortality rates are those required by state statute. Mortality is as assumed in one of the last two valuations for the Florida Retirement System (FRS) for not special risk and not school instructional personnel, as follows:

The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

The following sex distinct table was used with no mortality improvement assumed:

Disabled Retiree: PubG.H-2010 (male and female set forward 3 years)

Retirement: Tier 1 Members with at least 10 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 62 and 64. Members with at least 5 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 65 and 68. Tier 1 Members who are age 69 or have met the Rule of 85 are assumed to retire immediately.

Tier 2 and 3 Members are assumed to retire at the earliest of 65 with 5 years of service, age 62 with 10 years of service, or at 33 years of service regardless of age. Tier 4 Members are assumed to retire at the earliest of 65 with 8 years of service or 62 with 10 years of service.

Termination: Unisex rates of termination are as follows:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	14.00%	5	4.50%	10	3.60%	15	3.10%
1	8.50%	6	4.00%	11	3.50%	16	3.00%
2	7.50%	7	3.90%	12	3.40%	17	2.25%
3	6.50%	8	3.80%	13	3.30%	18	1.50%
4	5.50%	9	3.70%	14	3.20%	19	1.50%
						>=20	0.00%

Disability: Unisex rates of disability are as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=19	0.00%	30	0.01%	41	0.03%	52	0.45%
20	0.01%	31	0.01%	42	0.03%	53	0.55%
21	0.01%	32	0.01%	43	0.04%	54	0.55%
22	0.01%	33	0.01%	44	0.04%	55	0.55%
23	0.01%	34	0.01%	45	0.05%	56	0.55%
24	0.01%	35	0.02%	46	0.05%	57	0.55%
25	0.01%	36	0.02%	47	0.06%	58	0.40%
26	0.01%	37	0.02%	48	0.15%	59	0.25%
27	0.01%	38	0.02%	49	0.20%	60	0.15%
28	0.01%	39	0.02%	50	0.25%	61	0.05%
29	0.01%	40	0.02%	51	0.35%	>=62	0.00%

Form of Payment: Single members are paid a modified cash refund annuity which is valued as if they are in receipt of a 4-year certain and continuous annuity. Married members are assumed to be paid under the 50% joint and survivor form of benefit.

Marital Assumption: Members are assumed to be married while in active service according to the following percentages.

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
15-24	33%	37%	50-54	76%	64%
25-29	59%	65%	55-59	77%	58%
30-34	65%	62%	60-64	74%	50%
35-39	71%	64%	65-69	70%	23%
40-44	71%	63%	>=70	63%	15%
45-49	73%	61%			

Funding Method: Entry Age Normal (level percent of salary).

A description of the funding method is found on the next page entitled "Glossary of Actuarial Terms."

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): Under the Individual Entry Age Normal Cost Method, the annual normal cost for each individual active member is determined as the amount, from the date of employment to the date of retirement, sufficient to accumulate the value of the member's benefit at the time of retirement. The annual normal cost is a constant percentage of the member's projected covered pay.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus. Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets. In this valuation, the Actuarial Value of Assets has been calculated to smooth out unexpected fluctuations in the fair market value of assets over a 5-year period.



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Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan

GASB 67 Supplement
As of December 31, 2023





June 2, 2024

Board of Trustees
Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan
West Palm Beach, Florida

RE: GASB 67 Supplement as of December 31, 2023

Dear Board Members:

We are pleased to present the Governmental Accounting Standards Board Statement No. 67 (GASB 67) Supplement as of December 31, 2023 for the Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan (the Plan). This report is a supplement to the January 1, 2024 actuarial valuation report. Please review that report for information relating to reconciliations to prior year results, risk assessments, and other information.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report provides information required to be disclosed under GASB 67 as described in the statement and the implementation guide. The relevant dates are as follows:

GASB 67

Valuation Date	01/01/2024
Measurement Date	12/31/2023
Reporting Date	12/31/2023

Please let us know if you have any questions or need additional information

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad M. Little'.

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-6619

A handwritten signature in black ink, appearing to read 'Paula C. Freiman'.

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-5796

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Statement of Fiduciary Net Position

As of December 31,	2023	2022
Assets		
Receivables:		
Interest and dividends	\$205,769	\$218,748
Pending trades receivable	<u>41,034</u>	<u>18,028</u>
Total receivables	<u>246,803</u>	<u>236,776</u>
Investments, at fair value:		
Money market funds	1,680,344	2,203,580
US government obligations	7,766,535	5,080,273
Asset-backed securities	7,484,123	8,078,999
Corporate obligations	2,178,418	4,540,851
Convertible bonds	0	4,963,814
Fixed income mutual funds	23,327,537	20,078,757
International equity securities	1,252,085	661,682
Domestic equity securities	12,644,783	10,736,754
Equity mutual funds	41,611,729	40,128,392
Equity unit investment trust	0	59,475
Preferred equity securities	0	770,391
Global infrastructure fund	0	7,911,660
Stock index fund	28,658,554	6,472,110
Commingled real estate funds	<u>11,921,057</u>	<u>15,651,681</u>
Total investments	<u>138,525,165</u>	<u>127,338,419</u>
Total assets	<u>138,771,968</u>	<u>127,575,195</u>
Liabilities		
Accounts payable	74,494	76,958
Pending trades payable	<u>44,616</u>	<u>52,042</u>
Total liabilities	<u>119,110</u>	<u>129,000</u>
Net position restricted for pensions	<u>\$138,652,858</u>	<u>\$127,446,195</u>

Statement of Changes in Fiduciary Net Position

As of December 31,	2023	2022
Additions		
Contributions:		
Employer	\$6,189,910	\$6,390,895
Employees	<u>1,049,253</u>	<u>1,012,503</u>
Total contributions	7,239,163	7,403,398
Investment income (loss):		
Net appreciation in fair value of investments	10,926,425	(27,720,363)
Interest and dividends	2,863,673	2,639,486
Other income	<u>14,866</u>	<u>8,656</u>
Total investment income	13,804,964	(25,072,221)
Less investment expenses:		
Investment expense	<u>467,452</u>	<u>519,572</u>
Net investment income	<u>13,337,512</u>	<u>(25,591,793)</u>
Total additions	<u>20,576,675</u>	<u>(18,188,395)</u>
Deductions		
Benefit payments	8,536,358	8,113,667
Refunds of contributions	585,618	459,183
Administrative expenses	<u>248,036</u>	<u>312,967</u>
Total deductions	<u>9,370,012</u>	<u>8,885,817</u>
Net increase in net position	11,206,663	(27,074,212)
Net position restricted for pensions		
Beginning of year	<u>127,446,195</u>	<u>154,520,407</u>
End of year	<u>\$138,652,858</u>	<u>\$127,446,195</u>

Net Pension Liability

The total pension liability under GASB 67 is based on the January 1, 2024 actuarial valuation which used the following actuarial assumptions applied to all periods included in the measurement.

Inflation: 2.0% (in comparison to that assumed by the investment monitor, below, of 2.5%)

Salary increases: 5% to 12.5% per year

Investment rate of return: 7.0% net of investment expense, including inflation

Mortality: The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

The following sex distinct table was used with no mortality improvement assumed:

Disabled Retiree: PubG.H-2010 (male and female set forward 3 years)

See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the total pension liability. Assumptions are based on the results of a five-year actuarial experience study performed as of January 1, 2018.

The long-term expected net rate of return on investments was determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table. Note, however, that long-term expected net rates of return for actuarial valuations should be compared to geometric returns.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Group Contribution
Domestic Equity	45.0%	7.5%	3.4%
Int'l Equity	15.0%	3.2%	0.5%
Bonds	25.0%	1.9%	0.5%
Convertibles	5.0%	6.1%	0.3%
Private Real Estate	8.0%	5.8%	0.5%
Cash	2.0%	-0.1%	0.0%
		Weighted Real Return	5.2%

The weighted real return based on the arithmetic expected returns supplied by the investment monitor plus the 2.5% inflation assumption used by the investment monitor is 7.7%. In comparison, the discount rate used to measure the total pension liability was 7.0%. This is the single rate that reflects the long-term expected rate of return on pension plan investments expected to be used to finance the payment of

benefits. A projection of cash flows used to determine the discount rate assumed that plan member contributions are made at the current contribution rate and that County contributions will be made equal to the difference between the actuarially determined contribution and the member contributions. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments to determine the total pension liability. For purposes of this determination we understand pension plan assets are expected to be invested using a strategy to achieve the discount rate.

The measurement date for GASB 67 is December 31, 2023.

The total pension liability used to calculate the net pension liability as of December 31, 2023 was determined by an actuarial valuation as of January 1, 2024.

The components of the net pension liability at December 31, 2023 were as follows:

Total pension liability	172,025,313
Plan fiduciary net position	<u>(138,652,858)</u>
Net pension liability	<u>33,372,455</u>
Plan fiduciary net position as a percentage of the total pension liability	80.60%

Sensitivity of the net pension liability to changes in the discount rate follows.

	1% Decrease <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Net pension liability	51,212,025	33,372,455	18,215,778

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	4,295,336	4,461,980	4,348,404	4,130,151	4,040,432	4,022,548	3,657,542	3,614,568	3,699,372	3,517,163
Interest	11,544,317	11,183,833	10,912,701	10,597,228	10,357,277	10,013,496	9,655,384	9,070,466	8,602,255	7,920,953
Changes of benefit terms	0	0	0	0	0	0	0	0	0	0
Differences between expected and actual experience	(277,451)	(1,431,145)	(1,534,186)	(1,369,424)	(1,085,883)	(1,801,094)	(2,489,675)	260,004	(2,653,460)	1,780,535
Changes of assumptions	0	0	3,815,456	3,572,156	1,674,262	3,193,461	(523,606)	0	1,585,562	0
Benefit payments, including refunds of member contributions	(9,121,976)	(8,572,850)	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Net change in total pension liability	6,440,226	5,641,818	9,300,961	9,323,673	7,780,824	8,803,083	4,401,616	7,477,694	6,224,646	8,591,971
Total pension liability - beginning	<u>165,585,087</u>	<u>159,943,269</u>	<u>150,642,308</u>	<u>141,318,635</u>	<u>133,537,811</u>	<u>124,734,728</u>	<u>120,333,112</u>	<u>112,855,418</u>	<u>106,630,772</u>	<u>98,038,801</u>
Total pension liability - ending (a)	172,025,313	165,585,087	159,943,269	150,642,308	141,318,635	133,537,811	124,734,728	120,333,112	112,855,418	106,630,772
Plan fiduciary net position										
Contributions - employer	6,189,910	6,390,895	6,268,796	6,338,056	5,809,852	5,509,648	5,421,844	5,589,705	5,215,491	7,205,534
Contributions - employee	1,049,253	1,012,503	987,691	976,061	943,170	923,986	912,362	867,999	777,273	684,731
Net investment income	13,337,512	(25,591,793)	17,116,840	19,587,534	19,052,799	(4,414,367)	12,590,071	5,754,084	(1,839,676)	4,845,252
Benefit payments, including refunds of member contributions	(9,121,976)	(8,572,850)	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Administrative expense	(248,036)	(312,967)	(287,715)	(277,662)	(276,527)	(372,153)	(213,695)	(157,019)	(182,444)	(223,302)
Other	0	0	0	0	0	0	0	0	0	0
Net change in plan fiduciary net position	11,206,663	(27,074,212)	15,844,198	19,017,551	18,324,030	(4,978,214)	12,812,553	6,587,425	(1,038,439)	7,885,535
Plan fiduciary net position - beginning	<u>127,446,195</u>	<u>154,520,407</u>	<u>138,676,209</u>	<u>119,658,658</u>	<u>101,334,628</u>	<u>106,312,842</u>	<u>93,500,289</u>	<u>86,912,864</u>	<u>87,951,303</u>	<u>80,065,768</u>
Plan fiduciary net position - ending (b)	138,652,858	127,446,195	154,520,407	138,676,209	119,658,658	101,334,628	106,312,842	93,500,289	86,912,864	87,951,303
Net pension liability - ending (a) - (b)	33,372,455	38,138,892	5,422,862	11,966,099	21,659,977	32,203,183	18,421,886	26,832,823	25,942,554	18,679,469
Plan fiduciary net position as a % of the total pension liability	80.60 %	76.97 %	96.61 %	92.06 %	84.67 %	75.88 %	85.23 %	77.70 %	77.01 %	82.48 %
Covered employee payroll	36,250,347	33,641,561	32,799,623	32,525,195	31,395,399	30,674,568	30,402,375	30,061,310	27,512,115	24,661,404
Net pension liability as a % of covered employee payroll	92.06 %	113.37 %	16.53 %	36.79 %	68.99 %	104.98 %	60.59 %	89.26 %	94.30 %	75.74 %

Schedule of Contributions

Year Ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution*	\$6,189,910	\$6,390,895	\$6,268,796	\$6,338,056	\$5,809,852	\$5,509,648	\$5,421,844	\$5,482,364	\$5,123,999	\$4,744,444
Contributions in relation to the actuarially determined contribution*	<u>6,189,910</u>	<u>6,390,895</u>	<u>6,268,796</u>	<u>6,338,056</u>	<u>5,809,852</u>	<u>5,509,648</u>	<u>5,421,844</u>	<u>5,589,705</u>	<u>5,215,491</u>	<u>4,522,038</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$(107,341)</u>	<u>\$(91,492)</u>	<u>\$222,406</u>						
Covered employee payroll	\$36,250,347	\$33,641,561	\$32,799,623	\$32,525,195	\$31,395,399	\$30,674,568	\$30,402,375	\$30,061,310	\$27,512,115	\$24,661,404
Actuarially determined contribution as a percentage of covered-employee payroll	17.1 %	19.0 %	19.1 %	19.5 %	18.5 %	18.0 %	17.8 %	18.2 %	18.6 %	19.2 %
Actual contributions as a percentage of covered-employee payroll	17.1 %	19.0 %	19.1 %	19.5 %	18.5 %	18.0 %	17.8 %	18.6 %	19.0 %	18.3 %

Notes to Schedule

Methods and assumptions used for the January 1, 2022 actuarial valuation which determined required contributions for the year ending December 31, 2023:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	New amortization bases are set up over 25 years
Asset valuation method	5-year smoothed market
Inflation	2.0%
Salary increases	5% to 12.5%, including inflation
Investment rate of return	7.0% net of investment expenses, including inflation
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	See "Description of Assumptions and Methods" for the mortality assumption

*Payments for accrued deficits are interpreted to be Separately Financed Liabilities.

Schedule of Investment Returns

The following is as provided by the investment monitor.

Year Ending December 31,	Annual money-weighted rate of return net of investment expense
2023	10.4 %
2022	(16.3)%
2021	12.3 %
2020	16.4 %
2019	18.9 %
2018	(4.0)%
2017	14.0 %
2016	7.4 %
2015	(1.6)%
2014	6.6 %

Plan Membership Statistics

Valuation as of January 1,	2024	2023
Inactive members or beneficiaries receiving benefits	444	436
Inactive members entitled to but not yet receiving benefits	118	107
Active members	<u>588</u>	<u>561</u>
Total	<u>1,150</u>	<u>1,104</u>

Plan Description

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by the Board of Trustees and the Palm Beach County Commission.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the members of Amalgamated Transit Union Local 1577, who are members of the plan, and two members appointed by the Commission.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended.

Effective Date: Originally effective January 1, 1977. Amended and restated effective January 1, 2001. The following Amendments 1 through 14 were made prior to the plan amended and restated effective January 1, 2015.

Amendment No. 1 adopted June 26, 2003 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
01/01/2002	1.6 Earnings
09/06/2002	4.7 Unreduced Early Retirement
01/01/2003	4.16 Pension Benefit on Vested Deferred Retirement
05/22/2003	4.1 Pension Benefit Commencement Dates

Amendment No. 2 adopted November 29, 2005 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
11/29/2005	4.20 Supplemental Pension
11/29/2005	7.3 Ten (10) Year Certain and Life Annuity

Amendment No. 3 adopted May 24, 2007 amended Section 9.5, Assignability, effective January 1, 2007.

Amendment No. 4 adopted August 28, 2008 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
08/28/2008	1.2 Actuarial Present Value
05/25/2007	2.2 When Individuals Shall Become Participants
05/25/2007	3.2 Employee Contributions as a Condition of Participation
05/25/2007	4.16 Pension Benefit on Vested Deferred Retirement
05/25/2007	4.21 Death Benefit
05/25/2007	7.1 Normal Form
05/25/2007	7.2 Joint and Survivor Annuity

Amendment No. 4 provided for use of the assumptions from the most recent actuarial valuation of the Plan for use in determination of actuarial equivalence. In addition, whereas employee contributions were previously payable based on interest accumulation through the month preceding distribution to non-vested and vested terminations, Amendment No. 4 provided for the refund of employee contributions with no interest accumulated after May 25, 2007. In addition, the spouse of a member who died prior to age 55 may receive a refund of employee contributions with interest earned before May 25, 2007. The future monthly benefit payable to a vested member or to the spouse of a member who died prior to age

55 is then reduced actuarially for the payment received using the assumptions used in the most recent actuarial valuation of the Plan.

Amendment No. 5 adopted February 25, 2010 effective January 1, 2010 amended Section 4.21, Death Benefits, to indicate that the death benefit payable to a beneficiary of a Participant who dies on or after January 1, 2007 while performing Uniformed Services Employment and Reemployment Act (USERRA) Qualified Military Service is payable as if the Participant had resumed employment and then died while employed.

Amendment No. 6 adopted August 26, 2010 effective September 1, 2010 amended Section 4.17, Repayment of Refund, to indicate Participants who are involuntarily terminated from employment and receive a refund of contributions and are subsequently reinstated the Participant must repay to the plan the refund of contributions with interest at the rate of 5.0% annually within 60 months of the reinstatement. Upon repayment, Credited Service for the period for which contributions are being repaid is restored.

Amendment No. 7 adopted December 14, 2010 revised the definition of Normal Retirement to be age 65 with at least 5 years of Credited Service. Prior to this amendment Normal Retirement was defined to be age 65 with at least 5 years of participation.

Amendment No. 8 was adopted June 10, 2011. Prior to amendment the Plan contained a provision to refund a member their employee contributions if at least 10 years of service had been earned during employment. Employee contributions after December 31, 2011 are no longer refunded to retirees with at least 10 years of service under amendment 8.

Amendment No. 9 was adopted effective July 17, 2013. This amendment revised language regarding the maximum amount of retirement income payable under the Plan due to Internal Revenue Code (IRC) Section 415(b), minimum required distributions under IRC Section 401(a)(9), rollover distributions, and compensation limitations under IRC Section 401(a)(17).

Amendment No. 10 was adopted effective September 18, 2013. This amendment changed the provisions of the Plan significantly. The benefits payable to Participants who terminated employment with a deferred benefit payable at a future retirement date and Participants who retired from the Plan prior to October 1, 2013 are unchanged by this amendment. The eligibility to receive benefits and the amount of the benefit payable to Participants who were actively employed on October 1, 2013 depends on the Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013. There are four categories of Participants, as follows:

<u>Tier</u>	<u>Credited Service Determined as of First Anniversary On or After October 1, 2013</u>
Tier 1	Participants with 10 or more years of Credited Service
Tier 2	Participants with at least 5 but less than 10 years of Credited Service
Tier 3	Participants with less than 5 years of Credited Service
Tier 4	Those hired on or after October 1, 2013

This summary of Plan provisions uses the Tiers noted above to describe the benefits payable to each category of Participants.

Amendment No. 11 was adopted June 11, 2014 and effective February 25, 2014. This amendment changed the provisions of the Plan related to the treatment of members who return to work after retirement. The monthly benefit in payment status is continued for retired Participants who are reemployed after a bone fide retirement. They are considered new employees who accrue a second pension based on the provisions of Tier 4. The monthly benefit in payment status is suspended for retired Participants who are reemployed if there has not been a bone fide retirement. These fully vested participants accrue a second pension based on the Tier they were a part of during their prior period of employment.

Amendment No. 12 was adopted effective April 8, 2014. This amendment provides that the Trustees have the right to amend the Plan in whole or in part any or all provisions of the Plan to the extent provided by the Trust Agreement and the Collective Bargaining Agreement (CBA). Trustees may recommend changes to pension benefits and employee contributions but do not have the authority to implement such

changes without the approval of the Board of County Commissioners. Any amendments necessary to comply with federal or state law will be adopted by the Trustees.

Amendment No. 13 was adopted effective July 9, 2014. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Amendment No. 14 was adopted effective July 9, 2014. This amendment clarified that Final Average Salary is not defined based on W-2 earnings.

The Plan was amended and restated effective January 1, 2015. The following amendments were made after restatement:

Amendment No. 1 was adopted effective February 26, 2015 to add language indicating differential wage payments are added to definition of Compensation with respect to plan years beginning on or after December 31, 2008.

Prior to Amendment No. 2 the pension benefit commencement date was set as the first day of the calendar month after the latest of (a) termination and (b) 30 days after an application is made. Amendment No. 2 adopted effective December 17, 2015 to removed language such that no 30 day waiting period would be required. The pension benefit commencement date is set as the first day of the calendar month after the latest of (a) termination and (b) the application date.

Amendment No. 3 was adopted effective September 26, 2017. This amendment clarified that members who terminate vested with a deferred benefit may commence monthly benefits upon reaching their Unreduced Early Retirement Date. Additionally, an outdated reference to vesting at 5 years of Credited Service was eliminated from the section regarding Vested Deferred Retirement. A statement of no impact was issued May 25, 2017 as the language was amended to match current practice.

Amendment No. 4 was adopted effective June 6, 2019 to amend Section 1.12, such that the definition of hour of service during which no duties are performed removes references to incapacity (including disability) and military duty with respect to the limitation of granting no more than 501 hours of service for any single continuous period. In addition, Section 5.4 is modified with regard to credit for non-working periods to add language to clarify hours of service are granted for non-working periods due to disability (not more than 1 year) and military service (not more than 5 years) under this Section 5.4 notwithstanding the limitations of Section 1.12.

Amendment No. 5 was adopted effective March 24, 2021 regarding required minimum distributions at age 72.

Plan Year: The 12-month period beginning January 1st and ending December 31st.

Participant: Full-time employees become Participants in the Plan on the first day of full-time employment that is covered under the terms of a collective bargaining agreement between the Employer and the Amalgamated Transit Union Local Union No. 1577 or on the first day of full-time employment for any other employee of the Employer or Union for whom the Employer makes or is obligated to make contributions to this Plan.

Employer: Palm Beach County and Palm Tran, Inc., jointly.

Employer Contributions: Prior to October 1, 2014, the Employer made contributions to the Plan as specified in the collective bargaining agreement. Effective October 1, 2014, we understand the Employer will make the minimum required contribution as determined by the Plan actuary and approved by the Board.

Employee Contributions: Each Participant is required to make contributions to the Plan at the rate established in the collective bargaining agreement.

The contribution rate for Tier 4 (hired on or after October 1, 2013) is 3.0%.

For Participants who terminated or retired prior to October 1, 2013, historical contribution rates as a percentage of Earnings follow. These are the historical rates applicable to Tiers 1, 2, and 3.

<u>Calendar Year</u>	<u>Employee Contribution Rate</u>	<u>Calendar Year</u>	<u>Employee Contribution Rate</u>
1977	3.0%/2.0%	1986-1993	1.0%
1978-1982	2.0%	1994	1.0%/1.5%
1983	2.0%/3.0%	1995	1.5%/2.0%
1984	3.0%	1996	2.0%/2.5%
1985	3.0%/1.0%	1997-2013	2.5%

If hired prior to October 1, 2013 and still working on that date, the contribution rates are as follows:

<u>Effective</u>	<u>Rate</u>
through 9/30/2014	2.50%
10/1/2014-9/30/2015	2.75%
10/1/2015+	3.00%

A Participant who terminates non-vested is entitled to refund of accumulated Employee Contributions with no interest accumulation.

Employee Contributions are assumed to be deposited on the last day of a calendar year. Prior to 1988, Employee Contributions are accumulated with interest at a rate of 5% annually. For each year from 1988 through 2001, Employee Contributions are accumulated at 120% of the federal mid-term rate as of January 1, as shown below. Effective January 1, 2002, Employee Contributions are again accumulated at 5% per year. Members are eligible to receive a refund of employee contributions with interest earned before May 25, 2007.

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1988	10.61%	1993	7.63%	1998	7.13%
1989	11.11%	1994	6.40%	1999	5.59%
1990	9.57%	1995	9.54%	2000	7.47%
1991	9.78%	1996	6.89%	2001	6.75%
1992	8.10%	1997	7.34%		

Contributions may be repaid with interest upon reentry into the Plan due to rehire.

Credited Service: A Participant is credited with Credited Service for each 12 consecutive month period beginning with the date of hire and the anniversary of hire thereafter as follows:

<u>Hours</u>	<u>Credited Service</u>
<250	0.00
<500	0.25
<750	0.50
<1000	0.75
1000+	1.00

Participants receive up to one year of Credited Service for periods of absence from work due to disability. Such Credited Service is granted based on a 40 hour work week.

Credited Service is also granted for certain Military Service.

Amendment No. 10 revised the provisions of the Plan significantly where Tiers 2 and 3 have a different multiplier for Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Pre 2013 Service") and

Credited Service earned by a member after the first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Post 2013 Service").

Vesting: Effective January 1, 1989, 100% upon the completion of 5 years of Credited Service or attainment of the Normal Retirement Date, if earlier. Participants hired on or after October 1, 2013 become 100% vested upon completion of 8 years of Credited Service.

Vested Participants who terminate employment prior to being eligible to receive an annuity may begin receipt of benefits once they meet eligibility conditions as defined for either the Normal Retirement Benefit, Early Retirement Benefit, or the Unreduced Early Retirement Benefit.

Further, Participants who terminate at least six months prior to the commencement of monthly benefits under the Plan may elect to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 (or an actuarially equivalent immediate annuity). If a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 is elected, the Accrued Benefit payable once benefits commence is actuarially reduced to reflect the distribution of that portion of the Accrued Benefit derived from Employee Contributions with interest earned before May 25, 2007.

Earnings: Actual annual gross compensation inclusive of tax deferred or tax exempt items paid to a Participant by the Employer or Union. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Final Average Salary: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 and Tier 2 Participants, the Average of Earnings for the three highest years.

For Tier 3 Participants, the Average of Earnings for the five highest years.

For Tier 4 Participants, the Average of Earnings for the eight highest years.

Accrued Benefit: The following formulas are used to determine the Accrued Benefit payable under the terms of the Plan.

For Tier 1 and for Participants who terminated employment or retired before October 1, 2013, the Accrued Benefit is defined as follows:

$$2.5\% \times 3\text{-Year Final Average Salary (FAS)} \times \text{Credited Service up to 25 years}$$

The formula is revised for Tiers 2, 3 and 4. For each of these tiers, the 25 year Credited Service cap is removed and the Accrued Benefit is limited to 62.5% of FAS.

The Accrued Benefit is defined as follows for Tier 2:

$$(2.5\% \times \text{Pre 2013 Service} + 2.0\% \times \text{Post 2013 Service}) \times 3\text{-Year FAS}$$

The Accrued Benefit is defined as follows for Tier 3:

$$(2.5\% \times \text{Pre 2013 Service} + 1.6\% \times \text{Post 2013 Service}) \times 5\text{-Year FAS}$$

For Tier 3, the Accrued Benefit is not less than that accrued as of September 30, 2013 based on the formula for Tier 1. The Accrued Benefit at September 30, 2013 is determined using Credited Service at September 30, 2013. For purposes of calculating the Accrued Benefit at September 30, 2013, the 3-Year FAS for any Tier 3 Participants with less than 3 years of Credited Service at September 30, 2013 is determined as the sum of all earnings received as of September 30, 2013 divided by Credited Service at September 30, 2013.

The Accrued Benefit is defined as follows for Tier 4:

$$1.6\% \times 8\text{-Year FAS} \times \text{Credited Service}$$

The Accrued Benefit is payable in the form of a life only annuity.

Supplemental Pension: Participants who retire directly from active service at age 60 or later with at least 10 years of Credited Service with an Early Retirement Benefit, Unreduced Early Retirement Benefit, Rule of 85 Pension, or Disability Retirement Benefit are due an additional \$200 per month payable as a

temporary life annuity to their age 65. However, in the event a Participant retires under the Rule of 85 Pension and has not yet reached age 60 at retirement the Supplemental Pension commences on the first of the month coincident with or next following attainment of age 60.

Minimum Benefit: Participants who were actively employed on January 1, 1989 and have at least 10 years of Credited Service upon retirement receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$5,362 annually. In addition, Participants with at least 5 years of Credited Service as of January 1, 1989 and who retire with less than 10 years of Credited Service receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$4,468 annually.

Currently the Accrued Benefit for all active Members who were actively employed on January 1, 1989 is higher than \$5,362 annually.

Normal Retirement Date: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants, the first day of the month coincident with or next following the later of age 65 and five years of Credited Service.

Additionally, the Normal Retirement Date is upon earning 33 years of Credited Service, if earlier than age 65 and five years of Credited Service for Tier 2 and Tier 3.

For Tier 4, the first day of the month coincident with or next following the later of age 65 and eight years of Credited Service.

Normal Retirement Benefit: The Accrued Benefit.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007.

Early Retirement Date: First day of any month within the 10 year period immediately preceding the Normal Retirement Date after earning at least 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit reduced for early commencement, as follows, plus the Supplemental Pension payable to age 65:

<u>Tier</u>	<u>Termination</u>	<u>Early Retirement Reduction</u>
Tier 1	10/1/13+	6% each year prior to age 60
Tiers 2-4	10/1/13+	6% each year prior to age 62
	1996 to 10/1/2013	6% each year prior to age 60
	Prior to 1996	3% each year from 62 down to 60 plus 6% each year prior to age 60
	Prior to 1987	3% each year from 65 down to 60 plus 6% each year prior to age 60

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Unreduced Early Retirement Date: First day of the month coincident with or next following the following eligibility requirements:

<u>Tier</u>	<u>Hire</u>	<u>Termination</u>	<u>Eligibility Requirement</u>
Tier 1	< 9/6/2002	10/1/2013+	62 and 5 years of Credited Service
Tier 1	Any	10/1/2013+	60 and 10 years of Credited Service
Tier 2-4	Any	10/1/2013+	62 and 10 years of Credited Service

In other words, Tier 1 employees hired by September 6, 2002 are eligible for Unreduced Early Retirement at the earlier of age 62 with 5 years of Credited Service and age 60 with 10 years of Credited Service.

Unreduced Early Retirement Benefit: The Accrued Benefit unreduced for early commencement, plus the Supplemental Pension payable to age 65.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Rule of 85 Pension: Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants may retire from active service on the first day of the month coincident with or next following the date on which the sum of this attained age and years of Credited Service equal 85 with a benefit as defined under the Unreduced Early Retirement Benefit.

There is no Rule of 85 Pension available for Tiers 2, 3 and 4.

Late Retirement Benefit: The benefit payable for Participants who retire from active service subsequent to the Normal Retirement Date is determined as defined for the Accrued Benefit using Credited Service and Earnings through the actual date of retirement. In addition, the resulting amount is increased 1% for each of the first 60 months benefit commencement follows the Normal Retirement Date, plus 1.5% for each month thereafter.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest.

Disability Retirement Benefit: For Participants who have completed at least 10 years of Credited Service, the Accrued Benefit is payable with no reduction for commencement prior the Normal Retirement Date. This benefit is payable commencing on the first day of the month coincident with or next following the Board of Trustees' determination that the Participant is totally and permanently disabled. In addition, the Supplemental Pension is payable to age 65. The Disability Retirement Benefit is offset by benefits received under any other disability plan funded by the Employer.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 at the time of termination of employment prior to retirement eligibility.

Death Benefits: The beneficiary of a non-vested or unmarried Participant who dies before having retired is due a refund of accumulated Employee Contributions with interest earned before May 25, 2007.

The beneficiary of a vested, married Participant who dies before having retired is eligible to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 and an actuarially reduced pre-retirement joint and survivor annuity based on the assumption that the Participant retired the day before death.

The beneficiary of a Participant who dies while in active service after having earned 10 years of Credited Service receives a lump sum benefit of \$5,000. The beneficiary of a retired Participant receives a lump sum benefit of \$7,500.

Optional Forms of Benefit: The normal form of benefit payment for an unmarried Participant is a modified cash refund annuity. This is a life only annuity where the excess of the Employee Contributions accumulated with interest earned before May 25, 2007 over the total sum of pension benefits received is paid to the designated beneficiary in a single sum.

The normal form of benefit payment for a married participant is an adjusted 50% joint and survivor annuity.

Participants may optionally choose an "actuarially equivalent" single life annuity, 10 year certain and life annuity, joint and survivor annuity (with 50%, 66 2/3, or 100% continuance).

The following percentages are used to adjust the life only normal form of benefit to the joint and survivor annuity forms.

<u>J&S</u> <u>Continuation</u> <u>Percentage</u>	<u>Healthy Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Disabled Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Plus/Minus</u> <u>Full Years</u> <u>Beneficiary</u> <u>Older/Younger</u>
50%	88.0%	77.5%	0.4%
66-2/3%	85.5%	72.0%	0.5%
100%	79.0%	63.0%	0.6%

In no event is the percentage to be greater than 99%.

Actuarial Equivalence: Actuarial Equivalence is determined using the assumptions used in the most recent actuarial valuation of the Plan. Factors shown above for optional forms of benefit are not based on this definition of Actuarial Equivalence.

Actuarial Assumptions and Methods

The following assumptions and methods are as shown in the January 1, 2024 actuarial valuation.

Assumed Net Rate of Investment Return: 7.0% per year

Salary Increase – Individual: 12.5% the first eight years, 5.0% thereafter. Salary is imputed using the individual salary increase assumption and the prior calendar year Plan compensation, annualized for those hired during the year, but not less than the compensation used in the prior actuarial valuation.

Aggregate Payroll Growth: A 2.0% aggregate payroll growth assumption is used to amortize unfunded accrued liability as a level percent of payroll.

Accrued Leave Payout: Liabilities are increased 1% for Tiers 1, 2 and 3 to account for payouts of accumulated unused hours of vacation and sick leave at retirement.

Administrative Expenses: Prior year's actual expenses added to Normal Cost

Mortality: Mortality rates are those required by state statute. Mortality is as assumed in one of the last two valuations for the Florida Retirement System (FRS) for not special risk and not school instructional personnel, as follows:

The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

The following sex distinct table was used with no mortality improvement assumed:

Disabled Retiree: PubG.H-2010 (male and female set forward 3 years)

Retirement: Tier 1 Members with at least 10 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 62 and 64. Members with at least 5 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 65 and 68. Tier 1 Members who are age 69 or have met the Rule of 85 are assumed to retire immediately.

Tier 2 and 3 Members are assumed to retire at the earliest of 65 with 5 years of service, age 62 with 10 years of service, or at 33 years of service regardless of age. Tier 4 Members are assumed to retire at the earliest of 65 with 8 years of service or 62 with 10 years of service.

Termination: Unisex rates of termination are as follows:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	14.00%	5	4.50%	10	3.60%	15	3.10%
1	8.50%	6	4.00%	11	3.50%	16	3.00%
2	7.50%	7	3.90%	12	3.40%	17	2.25%
3	6.50%	8	3.80%	13	3.30%	18	1.50%
4	5.50%	9	3.70%	14	3.20%	19	1.50%
						>=20	0.00%

Disability: Unisex rates of disability are as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=19	0.00%	30	0.01%	41	0.03%	52	0.45%
20	0.01%	31	0.01%	42	0.03%	53	0.55%
21	0.01%	32	0.01%	43	0.04%	54	0.55%
22	0.01%	33	0.01%	44	0.04%	55	0.55%
23	0.01%	34	0.01%	45	0.05%	56	0.55%
24	0.01%	35	0.02%	46	0.05%	57	0.55%
25	0.01%	36	0.02%	47	0.06%	58	0.40%
26	0.01%	37	0.02%	48	0.15%	59	0.25%
27	0.01%	38	0.02%	49	0.20%	60	0.15%
28	0.01%	39	0.02%	50	0.25%	61	0.05%
29	0.01%	40	0.02%	51	0.35%	>=62	0.00%

Form of Payment: Single members are paid a modified cash refund annuity which is valued as if they are in receipt of a 4-year certain and continuous annuity. Married members are assumed to be paid under the 50% joint and survivor form of benefit.

Marital Assumption: Members are assumed to be married while in active service according to the following percentages.

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
15-24	33%	37%	50-54	76%	64%
25-29	59%	65%	55-59	77%	58%
30-34	65%	62%	60-64	74%	50%
35-39	71%	64%	65-69	70%	23%
40-44	71%	63%	>=70	63%	15%
45-49	73%	61%			

Funding Method: Entry Age Normal (level percent of salary).

See the January 1, 2024 actuarial valuation for a description of the funding method.



Freiman Little Actuaries, LLC
4105 Savannahs Trail
Merritt Island, FL 32953

Phone: (321) 453-6542
Fax: (321) 453-6998

Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan

GASB 68 Supplement
As of September 30, 2023



REPORT TO PROVIDE DISCLOSURES UNDER GASB STATEMENT NO. 68
USING A SEPTEMBER 30, 2023 REPORTING DATE



November 30, 2023

Board of Trustees
Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan
West Palm Beach, Florida

RE: GASB 68 Supplement as of September 30, 2023

Dear Board Members:

We are pleased to present the Governmental Accounting Standards Board Statement No. 68 (GASB 68) Supplement as of September 30, 2023 for the Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan (the Plan). This report is a supplement to the January 1, 2023 actuarial valuation report. Please review that report for information relating to reconciliations to prior year results, risk assessments, and other information. Whereas the assumed net rate of return of 7.0% was used in the January 1, 2023 funding valuation, GASB 68 continues to report using an assumed net rate of return of 6.5%.

In producing our work product, we rely on various models, internal and external, which were used for their intended purposes. Underlying data, assumptions, methodologies, model inputs and resulting outputs have been reviewed. We find all inputs and outputs to be reasonable.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report provides information required to be disclosed under GASB 68 as described in the statement and the implementation guide. The relevant dates are as follows:

GASB 68

Valuation Date	01/01/2023
Measurement Date	12/31/2022
Reporting Date	09/30/2023

Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad Little'.

Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-6619

A handwritten signature in black ink, appearing to read 'Paula C. Freiman'.

Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-5796

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Statement of Fiduciary Net Position

As of December 31,	2022	2021
Assets		
Receivables:		
Interest and dividends	\$218,748	\$111,716
Pending trades receivable	<u>18,028</u>	<u>189,495</u>
Total receivables	<u>236,776</u>	<u>301,211</u>
Investments, at fair value:		
Money market funds	2,203,580	9,761,315
US treasury bills	0	1,914,646
US government obligations	5,080,273	6,834,784
Asset-backed securities	8,078,999	5,175,624
Corporate obligations	4,540,851	5,890,472
Convertible bonds	4,963,814	6,404,357
Fixed income mutual funds	20,078,757	25,883,263
International equity securities	661,682	850,442
Domestic equity securities	10,736,754	17,536,277
Equity mutual funds	40,128,392	56,321,175
Equity unit investment trust	59,475	0
Preferred equity securities	770,391	1,215,246
Global infrastructure fund	7,911,660	8,311,738
Stock index fund	6,472,110	6,819,173
Commingled real estate funds	<u>15,651,681</u>	<u>13,525,462</u>
Total investments	<u>127,338,419</u>	<u>166,443,974</u>
Total assets	<u>127,575,195</u>	<u>166,745,185</u>
Liabilities		
Accounts payable	76,958	74,499
Pending trades payable	52,042	5,759,384
Prepaid employer contributions	<u>0</u>	<u>6,390,895</u>
Total liabilities	<u>129,000</u>	<u>12,224,778</u>
Net position restricted for pensions	<u>\$127,446,195</u>	<u>\$154,520,407</u>

Statement of Changes in Fiduciary Net Position

As of December 31,	2022	2021
Additions		
Contributions:		
Employer	\$6,390,895	\$6,268,796
Employees	<u>1,012,503</u>	<u>987,691</u>
Total contributions	7,403,398	7,256,487
Investment income (loss):		
Net appreciation in fair value of investments	(27,720,363)	13,882,497
Interest and dividends	2,639,486	3,741,070
Other income	<u>8,656</u>	<u>9,092</u>
Total investment income	(25,072,221)	17,632,659
Less investment expenses:		
Investment expense	<u>519,572</u>	<u>515,819</u>
Net investment income	<u>(25,591,793)</u>	<u>17,116,840</u>
Total additions	<u>(18,188,395)</u>	<u>24,373,327</u>
Deductions		
Benefit payments	8,113,667	7,803,238
Refunds of contributions	459,183	438,176
Administrative expenses	<u>312,967</u>	<u>287,715</u>
Total deductions	<u>8,885,817</u>	<u>8,529,129</u>
Net increase in net position	(27,074,212)	15,844,198
Net position restricted for pensions		
Beginning of year	<u>154,520,407</u>	<u>138,676,209</u>
End of year	<u>\$127,446,195</u>	<u>\$154,520,407</u>

Net Pension Liability

The total pension liability under GASB 68 is determined as of January 1, 2023 using the following actuarial assumptions applied to all periods included in the measurement.

Inflation: 2.0% (in comparison to that assumed by the investment monitor, below, of 2.5%)

Salary increases: 5% to 12.5% per year

Investment rate of return: 6.5% net of investment expense, including inflation

Mortality: The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

The following sex distinct table was used with no mortality improvement assumed:

Disabled Retiree: PubG.H-2010 (male and female set forward 3 years)

See "Actuarial Assumptions and Methods" for a full description of the assumptions used in the determination of the total pension liability. Assumptions are based on the results of a five-year actuarial experience study performed as of January 1, 2018. The 6.5% assumed net investment return used for this purpose is unchanged from that used in the prior year. This is a prescribed assumption as defined by Actuarial Standard of Practice No. 27 (ASOP 27), as it is set by the Board. The mortality assumption is as required by state statute.

The long-term expected net rate of return on investments was determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table. Note, however, that long-term expected net rates of return for actuarial valuations should be compared to geometric returns.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Group Contribution
Domestic Equity	30.0%	7.1%	2.1%
Int'l Equity	15.0%	3.7%	0.6%
Bonds	24.5%	2.1%	0.5%
Convertibles	10.0%	6.3%	0.6%
Private Real Estate	10.0%	6.3%	0.6%
REITS	5.0%	6.9%	0.3%
Infrastructure	5.0%	6.1%	0.3%
Cash	0.5%	-0.1%	0.0%
		Weighted Real Return	5.0%

Schedule of Changes in Net Pension Liability and Related Ratios

This schedule will be updated each year until a 10-year history is accumulated.

Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	4,933,132	5,049,308	5,043,856	4,040,432	4,022,548	3,657,542	3,614,568	3,699,372	3,517,163
Interest	10,943,325	10,585,772	10,204,584	10,357,277	10,013,496	9,655,384	9,070,466	8,602,255	7,920,953
Changes of benefit terms	0	0	0	0	0	0	0	0	0
Differences between expected and actual experience	(1,480,540)	(1,611,163)	(1,464,749)	(1,085,883)	(1,801,094)	(2,489,675)	260,004	(2,653,460)	1,780,535
Changes of assumptions	0	0	0	16,457,786	3,193,461	(523,606)	0	1,585,562	0
Benefit payments, including refunds of member contributions	(8,572,850)	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Net change in total pension liability	5,823,067	5,782,503	6,177,253	22,564,348	8,803,083	4,401,616	7,477,694	6,224,646	8,591,971
Total pension liability - beginning	<u>168,061,915</u>	<u>162,279,412</u>	<u>156,102,159</u>	<u>133,537,811</u>	<u>124,734,728</u>	<u>120,333,112</u>	<u>112,855,418</u>	<u>106,630,772</u>	<u>98,038,801</u>
Total pension liability - ending (a)	173,884,982	168,061,915	162,279,412	156,102,159	133,537,811	124,734,728	120,333,112	112,855,418	106,630,772
Plan fiduciary net position									
Contributions - employer	6,390,895	6,268,796	6,338,056	5,809,852	5,509,648	5,421,844	5,589,705	5,215,491	7,205,534
Contributions - employee	1,012,503	987,691	976,061	943,170	923,986	912,362	867,999	777,273	684,731
Net investment income	(25,591,793)	17,116,840	19,587,534	19,052,799	(4,414,367)	12,590,071	5,754,084	(1,839,676)	4,845,252
Benefit payments, including refunds of member contributions	(8,572,850)	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Administrative expense	(312,967)	(287,715)	(277,662)	(276,527)	(372,153)	(213,695)	(157,019)	(182,444)	(223,302)
Other	0	0	0	0	0	0	0	0	0
Net change in plan fiduciary net position	(27,074,212)	15,844,198	19,017,551	18,324,030	(4,978,214)	12,812,553	6,587,425	(1,038,439)	7,885,535
Plan fiduciary net position - beginning	<u>154,520,407</u>	<u>138,676,209</u>	<u>119,658,658</u>	<u>101,334,628</u>	<u>106,312,842</u>	<u>93,500,289</u>	<u>86,912,864</u>	<u>87,951,303</u>	<u>80,065,768</u>
Plan fiduciary net position - ending (b)	127,446,195	154,520,407	138,676,209	119,658,658	101,334,628	106,312,842	93,500,289	86,912,864	87,951,303
Net pension liability - ending (a) - (b)	46,438,787	13,541,508	23,603,203	36,443,501	32,203,183	18,421,886	26,832,823	25,942,554	18,679,469
Plan fiduciary net position as a % of the total pension liability	73.29 %	91.94 %	85.46 %	76.65 %	75.88 %	85.23 %	77.70 %	77.01 %	82.48 %
Covered employee payroll	33,641,561	32,799,623	32,525,195	31,395,399	30,674,568	30,402,375	30,061,310	27,512,115	24,661,404
Net pension liability as a % of covered employee payroll	138.04 %	41.29 %	72.57 %	116.08 %	104.98 %	60.59 %	89.26 %	94.30 %	75.74 %

Statement of Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2021	\$168,061,915	\$154,520,407	\$13,541,508
Changes for the year:			
Service cost	4,933,132		4,933,132
Interest	10,943,325		10,943,325
Changes of benefit terms	0		0
Differences between expected and actual experience	(1,480,540)		(1,480,540)
Changes of assumptions	0		0
Contributions—employer		6,390,895	(6,390,895)
Contributions—employee		1,012,503	(1,012,503)
Net investment income		(25,591,793)	25,591,793
Benefit payments, including refunds of employee contributions	(8,572,850)	(8,572,850)	0
Administrative expense		(312,967)	312,967
Other changes		0	0
Net changes	5,823,067	(27,074,212)	32,897,279
Balances at 12/31/2022	\$173,884,982	\$127,446,195	\$46,438,787

Pension Expense and Deferred Outflows and Inflows of Resources

Pension expense for the year ended September 30, 2023 is as shown below using a measurement date of December 31, 2022.

Description	Amount
Service cost	\$4,933,132
Interest on the total pension liability	10,943,325
Changes of benefit terms	0
Differences between expected and actual experience	(1,580,979)
Changes of assumptions	3,984,901
Employee contributions	(1,012,503)
Projected earnings on pension plan investments	(10,203,352)
Differences between projected and actual earnings on plan investments	3,539,125
Pension plan administrative expense	312,967
Other changes in fiduciary net position	0
Total pension expense	\$10,916,616

At September 30, 2023 there are deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$2,811,448
Changes of assumptions	3,085,474	0
Net difference between projected and actual earnings	16,894,989	0
Employer contributions to Plan subsequent to the measurement date of the NPL	6,189,910	0
Total	\$26,170,373	\$2,811,448

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended December 31:

2023	\$2,804,256
2024	2,292,559
2025	5,016,463
2026	7,055,737
2027	0

Recognition of Deferred Outflows and Inflows of Resources

<u>Year</u>	<u>Original Amount</u>	<u>Recognition Period</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
2018	(1,801,094)	5.1	(353,156)	(35,314)	0	0	0
2019	(1,085,883)	4.9	(221,609)	(199,447)	0	0	0
2020	(1,464,749)	4.7	(311,649)	(311,649)	(218,153)	0	0
2021	(1,611,163)	4.6	(350,253)	(350,253)	(350,253)	(210,151)	0
2022	(1,480,540)	4.3	(344,312)	(344,312)	(344,312)	(344,312)	(103,292)
2018	3,193,461	5.1	626,169	62,616	0	0	0
2019	16,457,786	4.9	3,358,732	3,022,858	0	0	0
2018	12,896,840	5.0	2,579,368	0	0	0	0
2019	(11,227,605)	5.0	(2,245,521)	(2,245,521)	0	0	0
2020	(11,828,246)	5.0	(2,365,649)	(2,365,649)	(2,365,650)	0	0
2021	(7,940,511)	5.0	(1,588,102)	(1,588,102)	(1,588,102)	(1,588,103)	0
2022	35,795,145	5.0	7,159,029	7,159,029	7,159,029	7,159,029	7,159,029

Schedule of Contributions

Year Ending September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$6,189,910	\$6,390,895	\$7,853,310	\$6,206,005	\$5,734,801	\$5,487,697	\$5,436,974	\$5,392,773	\$5,029,111
Contributions in relation to the actuarially determined contribution	<u>6,189,910</u>	<u>6,390,895</u>	<u>7,853,310</u>	<u>6,206,005</u>	<u>5,734,801</u>	<u>5,487,697</u>	<u>5,436,974</u>	<u>5,392,773</u>	<u>5,148,840</u>
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<u>\$(119,729)</u>
Covered employee payroll	\$36,075,031	\$33,479,879	\$32,689,367	\$32,216,091	\$31,302,673	\$30,734,855	\$31,146,308	\$28,194,510	\$28,129,612
Actuarially determined contribution as a percentage of covered-employee payroll	17.2 %	19.1 %	24.0 %	19.3 %	18.3 %	17.9 %	17.5 %	19.1 %	17.9 %
Actual contributions as a percentage of covered-employee payroll	17.2 %	19.1 %	24.0 %	19.3 %	18.3 %	17.9 %	17.5 %	19.1 %	18.3 %

Notes to Schedule

Methods and assumptions used to determine contributions in the January 1, 2022 actuarial valuation:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	New amortization bases are set up over 25 years
Asset valuation method	5-year smoothed market
Inflation	2.0%
Salary increases	5% to 12.5%, including inflation
Investment rate of return	7.0% net of investment expenses, including inflation (changed from 7.25% at January 1, 2021)
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	See "Description of Assumptions and Methods" for the mortality assumption

*As directed by the auditor, contribution information is the sum of quarterly contribution requirements excluding any funding deficit.



Schedule of Investment Returns

This schedule will be updated each year until a 10-year history is accumulated.

The following is as provided by the investment monitor.

Year Ending December 31,	Annual money-weighted rate of return net of investment expense
2022	(16.3)%
2021	12.3 %
2020	16.4 %
2019	18.9 %
2018	(4.0)%
2017	14.0 %
2016	7.4 %
2015	(1.6)%
2014	6.6 %

Plan Membership Statistics

Valuation as of January 1,	2023	2022
Inactive members or beneficiaries receiving benefits	436	423
Inactive members entitled to but not yet receiving benefits	107	107
Active members	<u>561</u>	<u>576</u>
Total	<u>1,104</u>	<u>1,106</u>

Plan Description

The following as shown in the January 1, 2023 actuarial valuation of the Plan.

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by the Board of Trustees and the Palm Beach County Commission.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the members of Amalgamated Transit Union Local 1577, who are members of the plan, and two members appointed by the Commission.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended.

Effective Date: Originally effective January 1, 1977. Amended and restated effective January 1, 2001. The following Amendments 1 through 14 were made prior to the plan amended and restated effective January 1, 2015.

Amendment No. 1 adopted June 26, 2003 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
01/01/2002	1.6 Earnings
09/06/2002	4.7 Unreduced Early Retirement
01/01/2003	4.16 Pension Benefit on Vested Deferred Retirement
05/22/2003	4.1 Pension Benefit Commencement Dates

Amendment No. 2 adopted November 29, 2005 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
11/29/2005	4.20 Supplemental Pension
11/29/2005	7.3 Ten (10) Year Certain and Life Annuity

Amendment No. 3 adopted May 24, 2007 amended Section 9.5, Assignability, effective January 1, 2007.

Amendment No. 4 adopted August 28, 2008 subsequently amended Plan provisions as follows:

<u>Effective</u>	<u>Section Amended</u>
08/28/2008	1.2 Actuarial Present Value
05/25/2007	2.2 When Individuals Shall Become Participants
05/25/2007	3.2 Employee Contributions as a Condition of Participation
05/25/2007	4.16 Pension Benefit on Vested Deferred Retirement
05/25/2007	4.21 Death Benefit
05/25/2007	7.1 Normal Form
05/25/2007	7.2 Joint and Survivor Annuity

Amendment No. 4 provided for use of the assumptions from the most recent actuarial valuation of the Plan for use in determination of actuarial equivalence. In addition, whereas employee contributions were previously payable based on interest accumulation through the month preceding distribution to non-vested and vested terminations, Amendment No. 4 provided for the refund of employee contributions with no interest accumulated after May 25, 2007. In addition, the spouse of a member who died prior to age 55 may receive a refund of employee contributions with interest earned before May 25, 2007. The future monthly benefit payable to a vested member or to the spouse of a member who died prior to age

55 is then reduced actuarially for the payment received using the assumptions used in the most recent actuarial valuation of the Plan.

Amendment No. 5 adopted February 25, 2010 effective January 1, 2010 amended Section 4.21, Death Benefits, to indicate that the death benefit payable to a beneficiary of a Participant who dies on or after January 1, 2007 while performing Uniformed Services Employment and Reemployment Act (USERRA) Qualified Military Service is payable as if the Participant had resumed employment and then died while employed.

Amendment No. 6 adopted August 26, 2010 effective September 1, 2010 amended Section 4.17, Repayment of Refund, to indicate Participants who are involuntarily terminated from employment and receive a refund of contributions and are subsequently reinstated the Participant must repay to the plan the refund of contributions with interest at the rate of 5.0% annually within 60 months of the reinstatement. Upon repayment, Credited Service for the period for which contributions are being repaid is restored.

Amendment No. 7 adopted December 14, 2010 revised the definition of Normal Retirement to be age 65 with at least 5 years of Credited Service. Prior to this amendment Normal Retirement was defined to be age 65 with at least 5 years of participation.

Amendment No. 8 was adopted June 10, 2011. Prior to amendment the Plan contained a provision to refund a member their employee contributions if at least 10 years of service had been earned during employment. Employee contributions after December 31, 2011 are no longer refunded to retirees with at least 10 years of service under amendment 8.

Amendment No. 9 was adopted effective July 17, 2013. This amendment revised language regarding the maximum amount of retirement income payable under the Plan due to Internal Revenue Code (IRC) Section 415(b), minimum required distributions under IRC Section 401(a)(9), rollover distributions, and compensation limitations under IRC Section 401(a)(17).

Amendment No. 10 was adopted effective September 18, 2013. This amendment changed the provisions of the Plan significantly. The benefits payable to Participants who terminated employment with a deferred benefit payable at a future retirement date and Participants who retired from the Plan prior to October 1, 2013 are unchanged by this amendment. The eligibility to receive benefits and the amount of the benefit payable to Participants who were actively employed on October 1, 2013 depends on the Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013. There are four categories of Participants, as follows:

<u>Tier</u>	<u>Credited Service Determined as of First Anniversary On or After October 1, 2013</u>
Tier 1	Participants with 10 or more years of Credited Service
Tier 2	Participants with at least 5 but less than 10 years of Credited Service
Tier 3	Participants with less than 5 years of Credited Service
Tier 4	Those hired on or after October 1, 2013

This summary of Plan provisions uses the Tiers noted above to describe the benefits payable to each category of Participants.

Amendment No. 11 was adopted June 11, 2014 and effective February 25, 2014. This amendment changed the provisions of the Plan related to the treatment of members who return to work after retirement. The monthly benefit in payment status is continued for retired Participants who are reemployed after a bone fide retirement. They are considered new employees who accrue a second pension based on the provisions of Tier 4. The monthly benefit in payment status is suspended for retired Participants who are reemployed if there has not been a bone fide retirement. These fully vested participants accrue a second pension based on the Tier they were a part of during their prior period of employment.

Amendment No. 12 was adopted effective April 8, 2014. This amendment provides that the Trustees have the right to amend the Plan in whole or in part any or all provisions of the Plan to the extent provided by the Trust Agreement and the Collective Bargaining Agreement (CBA). Trustees may recommend changes to pension benefits and employee contributions but do not have the authority to implement such

changes without the approval of the Board of County Commissioners. Any amendments necessary to comply with federal or state law will be adopted by the Trustees.

Amendment No. 13 was adopted effective July 9, 2014. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Amendment No. 14 was adopted effective July 9, 2014. This amendment clarified that Final Average Salary is not defined based on W-2 earnings.

The Plan was amended and restated effective January 1, 2015. The following amendments were made after restatement:

Amendment No. 1 was adopted effective February 26, 2015 to add language indicating differential wage payments are added to definition of Compensation with respect to plan years beginning on or after December 31, 2008.

Prior to Amendment No. 2 the pension benefit commencement date was set as the first day of the calendar month after the latest of (a) termination and (b) 30 days after an application is made. Amendment No. 2 adopted effective December 17, 2015 to removed language such that no 30 day waiting period would be required. The pension benefit commencement date is set as the first day of the calendar month after the latest of (a) termination and (b) the application date.

Amendment No. 3 was adopted effective September 26, 2017. This amendment clarified that members who terminate vested with a deferred benefit may commence monthly benefits upon reaching their Unreduced Early Retirement Date. Additionally, an outdated reference to vesting at 5 years of Credited Service was eliminated from the section regarding Vested Deferred Retirement. A statement of no impact was issued May 25, 2017 as the language was amended to match current practice.

Amendment No. 4 was adopted effective June 6, 2019 to amend Section 1.12, such that the definition of hour of service during which no duties are performed removes references to incapacity (including disability) and military duty with respect to the limitation of granting no more than 501 hours of service for any single continuous period. In addition, Section 5.4 is modified with regard to credit for non-working periods to add language to clarify hours of service are granted for non-working periods due to disability (not more than 1 year) and military service (not more than 5 years) under this Section 5.4 notwithstanding the limitations of Section 1.12.

Amendment No. 5 was adopted effective March 24, 2021 regarding required minimum distributions at age 72.

Plan Year: The 12-month period beginning January 1st and ending December 31st.

Participant: Full-time employees become Participants in the Plan on the first day of full-time employment that is covered under the terms of a collective bargaining agreement between the Employer and the Amalgamated Transit Union Local Union No. 1577 or on the first day of full-time employment for any other employee of the Employer or Union for whom the Employer makes or is obligated to make contributions to this Plan.

Employer: Palm Beach County and Palm Tran, Inc., jointly.

Employer Contributions: Prior to October 1, 2014, the Employer made contributions to the Plan as specified in the collective bargaining agreement. Effective October 1, 2014, we understand the Employer will make the minimum required contribution as determined by the Plan actuary and approved by the Board.

Employee Contributions: Each Participant is required to make contributions to the Plan at the rate established in the collective bargaining agreement.

The contribution rate for Tier 4 (hired on or after October 1, 2013) is 3.0%.

For Participants who terminated or retired prior to October 1, 2013, historical contribution rates as a percentage of Earnings follow. These are the historical rates applicable to Tiers 1, 2, and 3.

<u>Calendar Year</u>	<u>Employee Contribution Rate</u>	<u>Calendar Year</u>	<u>Employee Contribution Rate</u>
1977	3.0%/2.0%	1986-1993	1.0%
1978-1982	2.0%	1994	1.0%/1.5%
1983	2.0%/3.0%	1995	1.5%/2.0%
1984	3.0%	1996	2.0%/2.5%
1985	3.0%/1.0%	1997-2013	2.5%

If hired prior to October 1, 2013 and still working on that date, the contribution rates are as follows:

<u>Effective</u>	<u>Rate</u>
through 9/30/2014	2.50%
10/1/2014-9/30/2015	2.75%
10/1/2015+	3.00%

A Participant who terminates non-vested is entitled to refund of accumulated Employee Contributions with no interest accumulation.

Employee Contributions are assumed to be deposited on the last day of a calendar year. Prior to 1988, Employee Contributions are accumulated with interest at a rate of 5% annually. For each year from 1988 through 2001, Employee Contributions are accumulated at 120% of the federal mid-term rate as of January 1, as shown below. Effective January 1, 2002, Employee Contributions are again accumulated at 5% per year. Members are eligible to receive a refund of employee contributions with interest earned before May 25, 2007.

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1988	10.61%	1993	7.63%	1998	7.13%
1989	11.11%	1994	6.40%	1999	5.59%
1990	9.57%	1995	9.54%	2000	7.47%
1991	9.78%	1996	6.89%	2001	6.75%
1992	8.10%	1997	7.34%		

Contributions may be repaid with interest upon reentry into the Plan due to rehire.

Credited Service: A Participant is credited with Credited Service for each 12 consecutive month period beginning with the date of hire and the anniversary of hire thereafter as follows:

<u>Hours</u>	<u>Credited Service</u>
<250	0.00
<500	0.25
<750	0.50
<1000	0.75
1000+	1.00

Participants receive up to one year of Credited Service for periods of absence from work due to disability. Such Credited Service is granted based on a 40 hour work week.

Credited Service is also granted for certain Military Service.

Amendment No. 10 revised the provisions of the Plan significantly where Tiers 2 and 3 have a different multiplier for Credited Service earned by a member as of a Participant's first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Pre 2013 Service") and

Credited Service earned by a member after the first anniversary date of employment occurring on or after October 1, 2013 (hereinafter referred to as "Post 2013 Service").

Vesting: Effective January 1, 1989, 100% upon the completion of 5 years of Credited Service or attainment of the Normal Retirement Date, if earlier. Participants hired on or after October 1, 2013 become 100% vested upon completion of 8 years of Credited Service.

Vested Participants who terminate employment prior to being eligible to receive an annuity may begin receipt of benefits once they meet eligibility conditions as defined for either the Normal Retirement Benefit, Early Retirement Benefit, or the Unreduced Early Retirement Benefit.

Further, Participants who terminate at least six months prior to the commencement of monthly benefits under the Plan may elect to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 (or an actuarially equivalent immediate annuity). If a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 is elected, the Accrued Benefit payable once benefits commence is actuarially reduced to reflect the distribution of that portion of the Accrued Benefit derived from Employee Contributions with interest earned before May 25, 2007.

Earnings: Actual annual gross compensation inclusive of tax deferred or tax exempt items paid to a Participant by the Employer or Union. Effective April 20, 2014, Earnings excludes overtime pay in excess of 300 hours per calendar year. In addition, Earnings only includes payment for the number of CBA eligible unused accumulated hours of sick and vacation leave as of April 20, 2014.

Final Average Salary: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 and Tier 2 Participants, the Average of Earnings for the three highest years.

For Tier 3 Participants, the Average of Earnings for the five highest years.

For Tier 4 Participants, the Average of Earnings for the eight highest years.

Accrued Benefit: The following formulas are used to determine the Accrued Benefit payable under the terms of the Plan.

For Tier 1 and for Participants who terminated employment or retired before October 1, 2013, the Accrued Benefit is defined as follows:

$$2.5\% \times 3\text{-Year Final Average Salary (FAS)} \times \text{Credited Service up to 25 years}$$

The formula is revised for Tiers 2, 3 and 4. For each of these tiers, the 25 year Credited Service cap is removed and the Accrued Benefit is limited to 62.5% of FAS.

The Accrued Benefit is defined as follows for Tier 2:

$$(2.5\% \times \text{Pre 2013 Service} + 2.0\% \times \text{Post 2013 Service}) \times 3\text{-Year FAS}$$

The Accrued Benefit is defined as follows for Tier 3:

$$(2.5\% \times \text{Pre 2013 Service} + 1.6\% \times \text{Post 2013 Service}) \times 5\text{-Year FAS}$$

For Tier 3, the Accrued Benefit is not less than that accrued as of September 30, 2013 based on the formula for Tier 1. The Accrued Benefit at September 30, 2013 is determined using Credited Service at September 30, 2013. For purposes of calculating the Accrued Benefit at September 30, 2013, the 3-Year FAS for any Tier 3 Participants with less than 3 years of Credited Service at September 30, 2013 is determined as the sum of all earnings received as of September 30, 2013 divided by Credited Service at September 30, 2013.

The Accrued Benefit is defined as follows for Tier 4:

$$1.6\% \times 8\text{-Year FAS} \times \text{Credited Service}$$

The Accrued Benefit is payable in the form of a life only annuity.

Supplemental Pension: Participants who retire directly from active service at age 60 or later with at least 10 years of Credited Service with an Early Retirement Benefit, Unreduced Early Retirement Benefit, Rule of 85 Pension, or Disability Retirement Benefit are due an additional \$200 per month payable as a

temporary life annuity to their age 65. However, in the event a Participant retires under the Rule of 85 Pension and has not yet reached age 60 at retirement the Supplemental Pension commences on the first of the month coincident with or next following attainment of age 60.

Minimum Benefit: Participants who were actively employed on January 1, 1989 and have at least 10 years of Credited Service upon retirement receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$5,362 annually. In addition, Participants with at least 5 years of Credited Service as of January 1, 1989 and who retire with less than 10 years of Credited Service receive an Accrued Benefit payable in the form of a modified cash refund annuity which is not less than \$4,468 annually.

Currently the Accrued Benefit for all active Members who were actively employed on January 1, 1989 is higher than \$5,362 annually.

Normal Retirement Date: For Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants, the first day of the month coincident with or next following the later of age 65 and five years of Credited Service.

Additionally, the Normal Retirement Date is upon earning 33 years of Credited Service, if earlier than age 65 and five years of Credited Service for Tier 2 and Tier 3.

For Tier 4, the first day of the month coincident with or next following the later of age 65 and eight years of Credited Service.

Normal Retirement Benefit: The Accrued Benefit.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007.

Early Retirement Date: First day of any month within the 10 year period immediately preceding the Normal Retirement Date after earning at least 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit reduced for early commencement, as follows, plus the Supplemental Pension payable to age 65:

<u>Tier</u>	<u>Termination</u>	<u>Early Retirement Reduction</u>
Tier 1	10/1/13+	6% each year prior to age 60
Tiers 2-4	10/1/13+	6% each year prior to age 62
	1996 to 10/1/2013	6% each year prior to age 60
	Prior to 1996	3% each year from 62 down to 60 plus 6% each year prior to age 60
	Prior to 1987	3% each year from 65 down to 60 plus 6% each year prior to age 60

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Unreduced Early Retirement Date: First day of the month coincident with or next following the following eligibility requirements:

<u>Tier</u>	<u>Hire</u>	<u>Termination</u>	<u>Eligibility Requirement</u>
Tier 1	< 9/6/2002	10/1/2013+	62 and 5 years of Credited Service
Tier 1	Any	10/1/2013+	60 and 10 years of Credited Service
Tier 2-4	Any	10/1/2013+	62 and 10 years of Credited Service

In other words, Tier 1 employees hired by September 6, 2002 are eligible for Unreduced Early Retirement at the earlier of age 62 with 5 years of Credited Service and age 60 with 10 years of Credited Service.

Unreduced Early Retirement Benefit: The Accrued Benefit unreduced for early commencement, plus the Supplemental Pension payable to age 65.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions.

Rule of 85 Pension: Participants who terminated employment or retired before October 1, 2013 as well as Tier 1 Participants may retire from active service on the first day of the month coincident with or next following the date on which the sum of this attained age and years of Credited Service equal 85 with a benefit as defined under the Unreduced Early Retirement Benefit.

There is no Rule of 85 Pension available for Tiers 2, 3 and 4.

Late Retirement Benefit: The benefit payable for Participants who retire from active service subsequent to the Normal Retirement Date is determined as defined for the Accrued Benefit using Credited Service and Earnings through the actual date of retirement. In addition, the resulting amount is increased 1% for each of the first 60 months benefit commencement follows the Normal Retirement Date, plus 1.5% for each month thereafter.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest.

Disability Retirement Benefit: For Participants who have completed at least 10 years of Credited Service, the Accrued Benefit is payable with no reduction for commencement prior the Normal Retirement Date. This benefit is payable commencing on the first day of the month coincident with or next following the Board of Trustees' determination that the Participant is totally and permanently disabled. In addition, the Supplemental Pension is payable to age 65. The Disability Retirement Benefit is offset by benefits received under any other disability plan funded by the Employer.

In addition, if the Participant earned at least 10 years of Credited Service during employment, the Participant receives a return of Employee Contributions paid into the fund through December 31, 2011, without interest. This benefit is not payable if the Participant previously received a distribution of accumulated Employee Contributions with interest earned before May 25, 2007 at the time of termination of employment prior to retirement eligibility.

Death Benefits: The beneficiary of a non-vested or unmarried Participant who dies before having retired is due a refund of accumulated Employee Contributions with interest earned before May 25, 2007.

The beneficiary of a vested, married Participant who dies before having retired is eligible to receive a refund of accumulated Employee Contributions with interest earned before May 25, 2007 and an actuarially reduced pre-retirement joint and survivor annuity based on the assumption that the Participant retired the day before death.

The beneficiary of a Participant who dies while in active service after having earned 10 years of Credited Service receives a lump sum benefit of \$5,000. The beneficiary of a retired Participant receives a lump sum benefit of \$7,500.

Optional Forms of Benefit: The normal form of benefit payment for an unmarried Participant is a modified cash refund annuity. This is a life only annuity where the excess of the Employee Contributions accumulated with interest earned before May 25, 2007 over the total sum of pension benefits received is paid to the designated beneficiary in a single sum.

The normal form of benefit payment for a married participant is an adjusted 50% joint and survivor annuity.

Participants may optionally choose an "actuarially equivalent" single life annuity, 10 year certain and life annuity, joint and survivor annuity (with 50%, 66 2/3, or 100% continuance).

The following percentages are used to adjust the life only normal form of benefit to the joint and survivor annuity forms.

<u>J&S</u> <u>Continuation</u> <u>Percentage</u>	<u>Healthy Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Disabled Life</u> <u>Initial Adjustment</u> <u>Percentage</u>	<u>Plus/Minus</u> <u>Full Years</u> <u>Beneficiary</u> <u>Older/Younger</u>
50%	88.0%	77.5%	0.4%
66-2/3%	85.5%	72.0%	0.5%
100%	79.0%	63.0%	0.6%

In no event is the percentage to be greater than 99%.

Actuarial Equivalence: Actuarial Equivalence is determined using the assumptions used in the most recent actuarial valuation of the Plan. Factors shown above for optional forms of benefit are not based on this definition of Actuarial Equivalence.

Actuarial Assumptions and Methods

The following as shown in the January 1, 2023 actuarial valuation of the Plan with the exception of the assumed net rate of investment return.

Assumed Net Rate of Investment Return: 6.5% per year. The January 1, 2023 funding valuation is based on a 7.0% per year assumed net rate of investment return.

Salary Increase – Individual: 12.5% the first eight years, 5.0% thereafter. Salary is imputed using the individual salary increase assumption and the prior calendar year Plan compensation, annualized for those hired during the year, but not less than the compensation used in the prior actuarial valuation.

Aggregate Payroll Growth: A 2.0% aggregate payroll growth assumption is used to amortize unfunded accrued liability as a level percent of payroll.

Accrued Leave Payout: Liabilities are increased 1% for Tiers 1, 2 and 3 to account for payouts of accumulated unused hours of vacation and sick leave at retirement.

Administrative Expenses: Prior year's actual expenses added to Normal Cost

Mortality: Mortality rates are those required by state statute. Mortality is as assumed for the Florida Retirement System (FRS) valuation as of July 1, 2019-2022 for not special risk and not school instructional personnel, as follows:

The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

The following sex distinct table was used with no mortality improvement assumed:

Disabled Retiree: PubG.H-2010 (male and female set forward 3 years)

Retirement: Tier 1 Members with at least 10 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 62 and 64. Members with at least 5 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 65 and 68. Tier 1 Members who are age 69 or have met the Rule of 85 are assumed to retire immediately.

Tier 2 and 3 Members are assumed to retire at the earliest of 65 with 5 years of service, age 62 with 10 years of service, or at 33 years of service regardless of age. Tier 4 Members are assumed to retire at the earliest of 65 with 8 years of service or 62 with 10 years of service.

Termination: Unisex rates of termination are as follows:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	14.00%	5	4.50%	10	3.60%	15	3.10%
1	8.50%	6	4.00%	11	3.50%	16	3.00%
2	7.50%	7	3.90%	12	3.40%	17	2.25%
3	6.50%	8	3.80%	13	3.30%	18	1.50%
4	5.50%	9	3.70%	14	3.20%	19	1.50%
						>=20	0.00%

Disability: Unisex rates of disability are as follows:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=19	0.00%	30	0.01%	41	0.03%	52	0.45%
20	0.01%	31	0.01%	42	0.03%	53	0.55%
21	0.01%	32	0.01%	43	0.04%	54	0.55%
22	0.01%	33	0.01%	44	0.04%	55	0.55%
23	0.01%	34	0.01%	45	0.05%	56	0.55%
24	0.01%	35	0.02%	46	0.05%	57	0.55%
25	0.01%	36	0.02%	47	0.06%	58	0.40%
26	0.01%	37	0.02%	48	0.15%	59	0.25%
27	0.01%	38	0.02%	49	0.20%	60	0.15%
28	0.01%	39	0.02%	50	0.25%	61	0.05%
29	0.01%	40	0.02%	51	0.35%	>=62	0.00%

Form of Payment: Single members are paid a modified cash refund annuity which is valued as if they are in receipt of a 4-year certain and continuous annuity. Married members are assumed to be paid under the 50% joint and survivor form of benefit.

Marital Assumption: Members are assumed to be married while in active service according to the following percentages.

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
15-24	33%	37%	50-54	76%	64%
25-29	59%	65%	55-59	77%	58%
30-34	65%	62%	60-64	74%	50%
35-39	71%	64%	65-69	70%	23%
40-44	71%	63%	>=70	63%	15%
45-49	73%	61%			

Funding Method: Entry Age Normal (level percent of salary).

The funding method description in the valuation report on the page entitled "Glossary of Actuarial Terms."