

February 10, 2026

Board of Trustees
City of Eustis
Firefighters' Pension Board

Re: City of Eustis Municipal Firefighters' Pension and Retirement System

Dear Board:

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

1. The required Actuarial Impact Statement, which outlines the costs associated with implementing the changes.
2. Draft of transmittal letters to the Bureau of Local Retirement Systems and the Bureau of Police Officers' and Firefighters' Retirement Trust Funds.

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

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

Sincerely,



Patrick T. Donlan, EA, ASA, MAAA

Cc via email: Sean Sendra, Plan Attorney

Enclosures

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

Re: Actuarial Impact Statement

Dear Mr. Bardin:

The City of Eustis is considering the implementation of amended retirement benefits for its Firefighters. The changes are described in the enclosed material.

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

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

Sincerely,

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

Re: Actuarial Impact Statement

Dear Mr. Brinkman:

The City of Eustis is considering the implementation of amended retirement benefits for its Firefighters. The changes are described in the enclosed material.

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

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

Sincerely,

CITY OF EUSTIS
MUNICIPAL FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

ACTUARIAL IMPACT STATEMENT

February 10, 2026

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

A member's normal retirement age is the earlier of the attainment of age 55 and the completion of ten years of credited service, or the completion of 25 years of credited service regardless of age.

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

	<u>Proposed</u>	<u>Current</u>
Minimum Required Contribution % of Projected Annual Payroll	42.9%	39.7%
Member Contributions (Est.) % of Projected Annual Payroll	4.5%	4.5%
City And State Required Contribution % of Projected Annual Payroll	38.4%	35.2%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$206,284 9.7%	\$145,660 6.9%
City Required Contribution ² % of Projected Annual Payroll	28.7%	28.3%

¹ The State Contribution reflects a new "frozen" State Monies of \$196,911 per year. Anything over that amount would be split 50/50 between the City and the Members' Share Plan. Previously, the "default" calculation under Chapter 2015-39 Laws of Florida was used. The actual State Monies received in 2025 were \$215,656.07.

CITY OF EUSTIS
MUNICIPAL FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

ACTUARIAL IMPACT STATEMENT

February 10, 2026

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

Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the analysis, we did not perform an analysis of the potential range of such future measurements.

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

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

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the opinions contained herein.



Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #23-6595

STATEMENT OF PLAN ADMINISTRATOR

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

Chairman, Board of Trustees

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits <u>10/1/2024</u>	Old Benefits <u>10/1/2024</u>
A. Participant Data		
Actives	28	28
Service Retirees	16	16
DROP Retirees	0	0
Beneficiaries	3	3
Disability Retirees	3	3
Terminated Vested	<u>22</u>	<u>22</u>
 Total	 72	 72
 Projected Annual Payroll	 2,125,008	 2,125,008
 Annual Rate of Payments to:		
Service Retirees	568,120	568,120
DROP Retirees	0	0
Beneficiaries	95,825	95,825
Disability Retirees	76,298	76,298
Terminated Vested	211,016	211,016
 B. Assets		
Actuarial Value (AVA) ¹	15,182,547	15,182,547
Market Value (MVA) ¹	15,904,067	15,904,067
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	9,106,771	8,586,451
Disability Benefits	472,506	613,259
Death Benefits	32,450	44,831
Vested Benefits	762,205	792,868
Refund of Contributions	97,856	97,856
Service Retirees	5,807,842	5,807,842
DROP Retirees ¹	0	0
Beneficiaries	1,042,428	1,042,428
Disability Retirees	771,559	771,559
Terminated Vested	933,114	933,114
Share Plan Balances ¹	<u>305,661</u>	<u>305,661</u>
 Total	 19,332,392	 18,995,869

C. Liabilities - (Continued)	New Benefits <u>10/1/2024</u>	Old Benefits <u>10/1/2024</u>
Present Value of Future Salaries	14,680,085	16,365,669
Present Value of Future Member Contributions	660,604	736,455
Normal Cost (Retirement)	307,326	285,794
Normal Cost (Disability)	45,701	49,162
Normal Cost (Death)	1,653	1,978
Normal Cost (Vesting)	51,984	56,242
Normal Cost (Refunds)	16,580	16,580
Total Normal Cost	<u>423,244</u>	<u>409,756</u>
Present Value of Future Normal Costs	2,759,918	2,896,136
Accrued Liability (Retirement)	7,012,315	6,447,800
Accrued Liability (Disability)	196,213	279,648
Accrued Liability (Death)	21,119	29,458
Accrued Liability (Vesting)	463,613	463,613
Accrued Liability (Refunds)	18,610	18,610
Accrued Liability (Inactives) ¹	8,554,943	8,554,943
Share Plan Balances ¹	305,661	305,661
Total Actuarial Accrued Liability (EAN AL)	<u>16,572,474</u>	<u>16,099,733</u>
Unfunded Actuarial Accrued Liability (UAAL)	1,389,927	917,186
Funded Ratio (AVA / EAN AL)	91.6%	94.3%

D. Actuarial Present Value of Accrued Benefits	New Benefits <u>10/1/2024</u>	Old Benefits <u>10/1/2024</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	8,860,604	8,860,604
Actives	3,488,613	3,405,744
Member Contributions	<u>573,539</u>	<u>573,539</u>
Total	12,922,756	12,839,887
Non-vested Accrued Benefits	<u>1,021,578</u>	<u>640,330</u>
Total Present Value Accrued Benefits (PVAB)	13,944,334	13,480,217
Funded Ratio (MVA / PVAB)	114.1%	118.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	464,117	
Benefit Changes	0	
Plan Experience	0	
Benefits Paid	0	
Interest	0	
Other	<u>0</u>	
Total	464,117	

Valuation Date Applicable to Fiscal Year Ending	New Benefits 10/1/2024 <u>9/30/2026</u>	Old Benefits 10/1/2024 <u>9/30/2026</u>
E. Pension Cost		
Normal Cost (with interest) % of Projected Annual Payroll ²	20.7	20.0
Administrative Expenses (with interest) % of Projected Annual Payroll ²	2.5	2.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2024, with interest) % of Projected Annual Payroll ²	19.7	17.2
Minimum Required Contribution % of Projected Annual Payroll ²	42.9	39.7
Expected Member Contributions % of Projected Annual Payroll ²	4.5	4.5
Expected City and State Contribution % of Projected Annual Payroll ²	38.4	35.2

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024.

² Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of \$2,125,008.

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

90% of active deaths are assumed to be service-incurred.

Interest Rate

7.55% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

See table later in this section. Projected average final

salary at retirement is increased by 5.00% to account for final non-regular compensation. Effective with the October 1, 2018 valuation, this load is 0% for those hired on or after July 1, 2011. The current assumed salary increase rate resulted from a September 1, 2017 Experience Study.

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$50,693 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

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

Interest - A half year, based on current 7.55% assumption.

Salary - None.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Disability Rates

See table later in this section. It is assumed that 90% of disabilities are in the line of duty. This is based on the results of an actuarial experience study issued September 1, 2017.

Termination Rates

See table later in this section. The current rates of termination resulted from a September 1, 2017 Experience Study.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

<u>% Terminating During the Year</u>		<u>% Becoming Disabled During the Year</u>		<u>Salary Scale</u>	
<u>Service</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	25.0%	20	0.14%	0	15.00%
1-4	13.0%	25	0.15%	1	10.00%
5-9	9.0%	30	0.18%	2	8.00%
10-19	5.0%	35	0.23%	3	7.00%
20+	0.0%	40	0.30%	4	6.50%
		45	0.51%	5-9	6.25%
		50	1.00%	10-14	6.00%
		55	1.55%	15+	5.00%
		60	2.23%		
		65	2.79%		

SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	All regular uniformed members of the Fire Department; includes active volunteers. Optional participation for the Fire Chief.
<u>Salary</u>	Total Compensation for services rendered, including payments of accumulated leave at retirement. Salary on or after July 1, 2011 will not include more than 300 hours of overtime nor payments for accumulated leave earned after that date.
<u>Average Final Compensation (AFC)</u>	One twelfth of the average of the 5 best years of the last 10 years of Salary (10 best of career for volunteers).
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Firefighter (with Member contributions when required).
<u>Normal Retirement</u>	
Date	The earlier of: a) age 55 and the completion of 10 years of Credited Service, or b) completion of 25 years of Credited Service, regardless of age.
Benefit	Members hired before January 24, 2023: 4.00% of AFC times Credited Service. Members hired on or after January 24, 2023: 3.00% of AFC times Credited Service.
Form of Benefit	10 Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and 10 years of Credited Service.
Benefit	Determined as for Normal Retirement and reduced 3.00% per year.
Form of Benefit	10 Year Certain and Life Annuity (options available).

Disability Benefit

Eligibility	Total and permanent as determined by the Board (medical proof required).
Benefit	Benefit accrued to date of disability. Minimum benefit for Service Incurred is 65% of AFC, for Non-Service Incurred is 45% of AFC, and increased by 2% each full year of the member's service, up to the maximum rate of service of 65%.
Duration	Life, with 10 years guaranteed, or until recovery, as determined by the Board (options available).

Death Benefit

Pre-Retirement	
Not Vested	Refund of Member Contributions.
Vested	Beneficiary receives the benefit otherwise payable to the firefighter on the date the firefighter would have reached Normal or Early Retirement.
Post-Retirement	According to optional form of benefit selected.

Termination of Employment

Less than 10 years	Refund of Member Contributions without interest.
10 or more	Refund of Contributions <u>or</u> Accrued benefit payable at retirement age.

Member Contributions

Amount	2.00% of Salary: November 1, 2004 – October 31, 2005 3.00% of Salary: November 1, 2005 – October 31, 2006 4.00% of Salary: After October 31, 2006. 5.50% of Salary: After March 17, 2023. 5.60% of Salary: October 1, 2023 – September 30, 2024 5.10% of Salary: October 1, 2024 – September 30, 2025 4.50% of Salary: October 1, 2025 – September 30, 2026 Beginning October 1, 2023 the Member Contribution Rate will be 16% of the City's required contribution each year as determined by the applicable actuarial valuation, subject to a minimum 4.0% and a maximum of 7.5% and a maximum change each year of 1.0% of Salary.
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Deferred Retirement Option Plan

Eligibility	Eligibility for Normal Retirement.
Participation	Not to exceed 60 months.
Rate of Return	At Member's election: (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) Interest Rate credited to Members of the Florida Retirement System DROP, compounded monthly. Members may elect to change form of return once during their DROP participation.
Form of Distribution	Cash lump sum (options available).