



April 13, 2023

J. Scott Baur  
Managing Partner  
Resource Centers, LLC  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

**Re: The City of Lake Worth Beach General Employees Retirement System**

Dear Scott:

As requested, we have reviewed the proposed ordinance which would amend the City of Lake Worth Beach General Employees Retirement System (Plan) as follows:

Sec. 16-43. - Deferred retirement option plan, subsection (c)(3), to set the annual interest crediting rate for DROP accounts equal to the assumed rate of return as of September 30<sup>th</sup> of each year, less one percent. Prior to the change the annual interest crediting rate for DROP accounts was equal to the one-year LIBOR (London Inter-Bank Offered Rate) plus one percent. The change is being made because the LIBOR index is no longer available.

In our opinion, this change will not have an actuarial impact on the cost of the Plan for prefunding purposes, since the DROP interest crediting rate is not explicitly reflected. However, actuarial gains or losses will occur when the actual DROP interest crediting rate differs from the actual rate of return earned by the Plan. Over time, these gains and losses are expected to be offsetting.

Because the proposed ordinance will not have an actuarial impact for prefunding purposes, it is our opinion that a formal Actuarial Impact Statement is not required. However, we recommend that you send a copy of this letter and the proposed ordinance to the Bureau of Local Retirement Systems.

Peter N. Strong is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuary is independent of the plan sponsor.

We welcome your questions and comments.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Peter N. Strong". The signature is written in a cursive, flowing style.

Peter N. Strong, FSA, MAAA  
Senior Consultant & Actuary

cc: Kenneth R. Harrison

The above communication shall not be construed to provide tax advice, legal advice or investment advice.