



November 22, 2024

Board of Trustees  
City of Coral Gables Retirement System  
c/o Ms. Edemir Estrada, Pension Administrator  
Gabriel, Roeder, Smith & Company  
One East Broward Blvd., Suite 505  
Fort Lauderdale, Florida 33301-1804

**Re: City of Coral Gables Retirement System – No Actuarial Impact Letter for Proposed Ordinance**

Dear Board of Trustees:

We have reviewed the proposed ordinance which would amend Section 46-26 of the City's Code to allow non-bargaining unit police officers who elected to participate in the City's 401(a) defined contribution plan instead of the retirement system to have a one-time opportunity to participate in the Retirement System by submitting a written election to do so between January 14, 2025 and February 28, 2025. The proposed ordinance would also amend Section 46-27 to allow non-bargaining unit police officers who elect to move from the City's 401(a) defined contribution plan to the retirement system to be eligible to purchase credited service in the Retirement System for all or a portion of their period of full-time city employment while participating in the City's 401(a) defined contribution plan. Police officers who wish to purchase prior City service must elect to do so between January 14, 2025 and February 28, 2025, and they must pay an amount equal to the full actuarial cost of the service as determined by the plan actuary.

It is our opinion that the proposed change to allow non-bargaining unit police officers to move to and participate in the Retirement System may (potentially) have an actuarial impact on the cost of the Retirement System, but this impact is currently unknown because it is dependent on whether or not any police officers elect to move to the Retirement System. If any police officers do elect to move, then the actuarial impact will first be measured in the October 1, 2025 actuarial valuation, and the impact will be similar to that of any other new entrant / new hire that occurs during the year (new entrants are added to the Plan every year as part of the normal operation of the Retirement System). Any police officers who elect to move into the Retirement System will incrementally add to the Plan's Normal Cost beginning in the first year they are included in the census data (October 1, 2025), thereby modestly increasing City contributions beginning in the fiscal year ending September 30, 2027. The magnitude of any such increase is currently unknown because it depends on future elections to be made by the non-bargaining unit police officers who are currently participating in the City's 401(a) defined contribution plan.

If any police officers elect to move into the Retirement System and elects to purchase prior City service pursuant to this Ordinance, they will have to pay the full actuarial cost of such service, so it is our opinion that the proposed change to allow the purchase of prior City service in the Retirement system will not have a direct actuarial impact on the cost of the Retirement System. However, the City's risk exposure attributable to any new members who elect to move into the Retirement System (and potentially purchase prior City service in the Retirement System) would increase, meaning that if there are future experience losses associated with the liabilities incurred by the additional members (and their prior City service purchases), then the City's future costs could be higher than they otherwise would have been.

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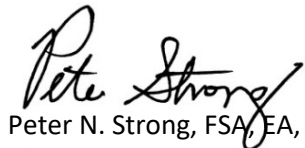
We recommend you send a copy of this letter and the ordinance to the Bureau of Local Retirement Systems.

Peter N. Strong is a member of the American Academy of Actuaries and meets the Academy's Qualification Standards to render the actuarial opinion contained herein.

The signing actuary is independent of the plan sponsor.

Please let us know if there are any questions.

Sincerely yours,  
Gabriel, Roeder, Smith & Company



Peter N. Strong, FSA, EA, MAAA, FCA  
Senior Consultant and Actuary

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

cc: Ms. Raquel Elejabarrieta, Esq., SHRM-SCP, City of Coral Gables

