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March 4, 2010

Elizabeth M. Hernandez, Esq.
City Attorney
City of Coral Gables
405 Biltmore Way
Coral Gables, Florida 33134

Re: Proposed Ordinance 2010-

Dear Ms. Hernandez:

As requested, we have performed an actuarial review of the proposed Ordinance (copy attached).

Based upon our review, the proposed Ordinance:

1. Clarifies the existing employee contribution rate for each employment category (We understand 5% for general employees, police officers, firefighters and participating elected officials and appointed employees - 10% for excluded employees).
2. Amends various provisions to comply with Amendments in Chapter 2009-97, Laws of Florida.
3. Amends various provisions to comply with Chapter 175, Florida Statutes.
4. Amends various provisions to comply with Chapter 185, Florida Statutes.
5. Repeals all Ordinances in conflict herewith.
6. Provides for an effective date.

In our opinion, based upon the actuarial assumptions and methods disclosed in the October 1, 2008 Actuarial Valuation, the proposed Ordinance is a *no cost* Ordinance under State funding requirements.

The proposed Ordinance provides for retired firefighter and police officer participants the ability to change their designation of joint annuitant or beneficiary up to two times without the approval of the board of trustees or the current joint annuitant or beneficiary. Retired firefighter and police officer participants are not required to provide proof of the good health of the joint annuitant or beneficiary being removed, and the joint annuitant or beneficiary being removed need not be living. The amount of the retirement income payable to the participant upon the designation of a new joint pensioner or beneficiary shall be actuarially redetermined by the application of actuarial tables and calculations to ensure that the benefit paid is the actuarial equivalent of the present value of the member's current benefit and that there is no impact to the plan.

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The proposed Ordinance makes it clear there is to be no cost to the Plan when recalculating the benefits upon a change in joint annuitant or beneficiary, we recommend the Board establish a procedure to prevent actuarial losses resulting from anti-selection.

We recommend the Board adopt the following procedure:

In order to accurately recalculate the participant's benefit, should no evidence of the good health of the retiree and joint annuitant / beneficiary being removed be provided, the retiree and joint annuitant / beneficiary being removed will be assumed to be impaired in determining the actuarially equivalent amount of the revised monthly benefit. Any potential increase in plan liability, as determined by the Plan actuary, to the Plan as a result of the participant's new election shall be borne solely by the participant.

Please provide a signed copy of the Ordinance upon passage at second reading to update our files.

We are available to respond to any questions concerning the above.

Sincerest regards,



Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary

Enclosure

cc: David C. Miller, Esq.