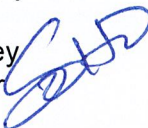




CITY OF Boca Raton

CITY HALL
201 WEST PALMETTO PARK ROAD • BOCA RATON, FL 33432
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(FOR HEARING IMPAIRED) TDD (561) 367-7043
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DATE: May 26, 2026
TO: Mayor and City Council
FROM: Mark Sohaney
City Manager 
SUBJECT: Amendments to the General Employees' Pension Plan ("Plan")

RECOMMENDATION: I recommend adoption of the proposed amendments to Chapter 12, Article V, "General Employees' Pension Plan," of the City Code of Ordinances.

BACKGROUND: The City desires to provide clarification for actuarial equivalent and allow members to make post-retirement changes to joint pensioner or beneficiary designations.

The ordinance does not increase benefit multipliers, expand eligibility, modify retirement ages, or enhance cost-of-living or supplemental benefits. Rather, it focuses on technical updates, internal consistency, and actuarial integrity to ensure the Plan operates as intended and remains aligned with current professional standards and administrative practices.

Actuarial Equivalence Definition

The ordinance provides the definition of "actuarial equivalent" to align optional benefit calculations with the mortality tables and interest rates already approved by the General Employees' Board as of the date of the relevant event.

Optional Forms of Retirement Benefits

Under the proposed amendment, Retired members who elected the joint-and-survivor annuity would be allowed to change their beneficiary up to two times without the approval of the board of trustees or the consent of the current beneficiary. Any subsequent change would require board approval. DROP members who elected the joint and survivor annuity would be allowed to revoke their benefit election only one time and only upon marriage, dissolution of marriage, or annulment. Any change would require board approval.

FISCAL IMPACT: A statement of actuarial impact has been obtained in accordance with Section 112.63, Florida Statutes, and is attached to this memorandum. The statement concludes that in the actuary's opinion this Ordinance will not impact the actuarial liability.

STRATEGIC IMPACT: This Ordinance supports the following Strategic Focus Area: Financially Sound

Document originated by: Carlisha Jenkins, CPA, CGFO
Deputy Chief Financial Officer

City of Boca Raton



Incorporated 1925

ORDINANCE

5788

1
2 AN ORDINANCE OF THE CITY OF BOCA RATON
3 AMENDING CHAPTER 12, "PENSIONS AND RETIREMENT,"
4 ARTICLE III, "GENERAL EMPLOYEES' PENSIONS,"
5 SECTION 12-81, "DEFINITIONS," CODE OF ORDINANCES,
6 TO PROVIDE A DEFINITION FOR ACTUARIAL
7 EQUIVALENT, AMENDING SECTION 12-85, "OPTIONAL
8 FORMS OF RETIREMENT BENEFITS," CODE OF
9 ORDINANCES, TO AUTHORIZE LIMITED POST-
10 RETIREMENT CHANGES OF JOINT PENSIONER OR
11 BENEFICIARY; PROVIDING FOR REPEALER; PROVIDING
12 FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE

13
14 WHEREAS, Section 12-81 of the City Code does not currently provide a definition for
15 Actuarial Equivalent; and

16 WHEREAS, Section 12-85 of the City Code currently requires members to elect
17 optional forms of retirement benefits prior to retirement, after which such elections are generally
18 fixed; and
19

1 WHEREAS, the City recognizes that retirees may experience significant life events
2 after retirement which may warrant limited flexibility to update beneficiary designations in
3 appropriate circumstances; and

4 WHEREAS, the City desires to allow members to make a limited number of post-
5 retirement changes to joint pensioner or beneficiary designations, subject to actuarial
6 equivalence, Board oversight, and prospective application, while preserving the overall structure
7 and fiscal integrity of the General Employees' Pension Plan; and

8 WHEREAS, the City further desires to provide additional safeguards for members
9 participating in the Deferred Retirement Option Plan by limiting post-retirement changes to
10 defined life events, requiring Board approval, and ensuring that any such changes do not increase
11 system accrued liability; and

12 WHEREAS, the City Council finds that allowing such limited flexibility, when balanced
13 with actuarial neutrality and continued governance review, promotes fairness to retirees while
14 protecting the long-term stability of the pension system; now therefore

15
16 THE CITY OF BOCA RATON HEREBY ORDAINS:
17

18 Section 1. Chapter 12, "Pensions and Retirement," Article III, "General Employees'
19 Pensions," Section 12-81 is hereby amended to read:

20 Section 12-81. Definitions

21 As used in this article, unless otherwise defined or required by the context, the following
22 words and phrases shall have the meanings indicated:

23 "Actuarial equivalent" shall mean a benefit of equal actuarial present value, determined
24 as of the date of the relevant event, using the actuarial assumptions and methods adopted by the
25 plan and in effect at the time of such determination, as used for purposes of plan administration.
26 Such assumptions are currently based on a 6.00% interest rate and the GAM-1971 Male mortality

1 table for Members and the GAM-1971 Male mortality table set back 5 years for joint annuitants or
2 such other assumptions as may be adopted from time to time by the Board of Trustees for such
3 purpose. For avoidance of doubt, these assumptions are distinct from, and not required to be
4 consistent with, any assumptions used for funding or actuarial valuation of the Plan.

5 "Average monthly earnings" shall mean 1/12 of the arithmetic average of annual
6 earnings paid for the highest 5 consecutive years within the last 15 years of continuous service
7 which yield the highest average, or such shorter period if continuous service is less than 5 years
8 or 15 years, as the case may be, so that earnings may be counted up to the actual date of
9 termination. Compensation in excess of the limitations set forth in Section 401(a)(17) of the
10 Internal Revenue Code shall be disregarded. The limitation on compensation for an employee
11 who was a member of the retirement system before October 1, 1996, shall not be less than the
12 amount which was allowed to be taken into account under this section as in effect on July 1, 1993.

13 * * *

14 Section 2. Chapter 12, "Pensions and Retirement," Article III, "General Employees'
15 Pensions," Section 12-85 is hereby amended to read:

16 Section 12-85. Optional forms of retirement benefits

17 1. Each member who is entitled to a regular normal or early retirement benefit
18 shall have the right at any time prior to his actual retirement to elect to have his retirement
19 benefit payable under any one of the options hereinafter set forth in lieu of the retirement
20 benefits otherwise provided herein, and to revoke any such elections and make a new
21 election at any time prior to actual retirement. The value of optional retirement benefits
22 shall be actuarially equivalent to the value of benefits otherwise payable. The member
23 shall make such an election by written request to the board, and such an election shall
24 be subject to the approval of the board.

- 25 (a) Option 1. Joint and last survivor option. A retiring member may elect to receive
26 a decreased retirement benefit during his lifetime and have such decreased
27 retirement benefit (or a designated fraction thereof) continued after his death to
28 and during the lifetime of his spouse or any other dependent approved by the

1 board. The election of option 1 shall be null and void if the member or his
2 designated contingent annuitant dies before the member's retirement date. If a
3 member elects an option with a joint pensioner or beneficiary and their
4 retirement income benefits have commenced, they may thereafter change the
5 designated joint pensioner or beneficiary up to two (2) times without the
6 approval of the board of trustees or the consent of the current joint annuitant or
7 beneficiary. Any subsequent change shall require approval of the board of
8 trustees in accordance with Section 12-87. The member need not provide proof
9 of the good health of the joint annuitant or beneficiary being removed, and the
10 joint annuitant or beneficiary being removed need not be living; however, the
11 board of trustees may require proof of good health of any newly designated joint
12 pensioner or beneficiary for any change after the second such change. The
13 amount of the retirement income payable to the member, upon the designation
14 of a new joint pensioner, shall be actuarially redetermined using the actuarial
15 equivalence as defined by the plan, taking into account the age and sex of the
16 former joint pensioner, the new joint pensioner, and the member. All such
17 changes shall apply prospectively only from the effective date of the new
18 designation. Each such designation shall be made in writing on a form prepared
19 by the board of trustees, and on completion will be filed with the board of
20 trustees. The participant shall pay all administrative and actuarial costs
21 associated with an election made pursuant to this subsection. In the event that
22 no designated beneficiary survives the member, such benefits as are payable
23 in the event of the death of the member subsequent to their retirement shall be
24 paid to the estate of the member.

- 25
- 26 (b) Option 2. Ten years certain and life thereafter. A retiring member may elect to
27 receive a decreased retirement benefit with 120 monthly payments guaranteed.
28 If, after retiring, the member should die before the 120 monthly payments are
29 made, payments are then continued to his designated beneficiary until 120
30 payments in all have been made, at which time benefits cease. After expiration
31 of the certain period, should the retired member be then alive, payments shall
32 be continued during his remaining lifetime.

1 (c) Option 3. Other. In lieu of the other optional forms enumerated in this section,
2 retirement benefits may be paid in any form approved by the board, so long as
3 actuarial equivalence with the benefits otherwise payable is maintained. Such
4 other optional forms shall be limited to those which will result in the present value
5 of payments to the retiring member being at least 50 percent of the total present
6 value of payments to the retiring member and his beneficiary.

7 2. Notwithstanding subsection (1)(a), a member participating in the Deferred
8 Retirement Option Plan who has elected an optional form of benefit under subsection (1)
9 may revoke such election and make a new election of an optional form of benefit only one
10 (1) time, and only upon marriage, dissolution of marriage, or annulment.

11 (a) If the participant's former spouse was the designated joint pensioner or
12 beneficiary prior to the new election, the written consent of the former spouse or
13 a judicial order shall be required.

14 (b) If the participant had previously elected Option 1 under section 12-85(1)(a)
15 above, or an option including a joint annuitant under section 12-85(1)(c) above,
16 a new election may be made only if the joint pensioner last previously designated
17 by the participant is alive when the participant files with the board of trustees a
18 request for such change. The board of trustees may request evidence of the
19 good health of the participant or the joint pensioner.

20 (c) The participant shall be entitled to one election under this subsection (2)
21 following commencement of the participant's deferred retirement option plan
22 participation and such election shall be irrevocable. The amount of the retirement
23 income payable to the participant upon making a new election shall be actuarially
24 redetermined using the actuarial equivalence as defined by the plan, taking into
25 account the age and sex of the former joint pensioner (if any), the new joint
26 pensioner (if any), and the participant. All such changes shall apply prospectively
27 only from the effective date of the new designation and is irrevocable.

28 (d) The participant shall request a new election pursuant to this subsection (2) by
29 submitting a written request to the board of trustees, and such election shall not
30 be effective unless and until approved by the board. The participant shall pay all

1 administrative and actuarial costs associated with an election made pursuant to
2 this subsection.

3 3. The member upon electing any option under subsection (1) or subsection
4 (2) shall designate a joint pensioner or beneficiary (or beneficiaries) to receive the benefit,
5 if any, payable under the plan in the event of the member's death, and shall have the
6 power to change such designation from time to time; provided, however, that any such
7 change shall be deemed a new election and shall be subject to the applicable approval,
8 actuarial equivalence, and review provisions of this article, including Section 12-87,
9 except as expressly provided in subsection (1)(a) with respect to the first two post-
10 retirement changes, or subsection (2) with respect to the first post-retirement change.

11
12 Section 2. If any section, subsection, clause or provision of this ordinance is held
13 invalid, the remainder shall not be affected by such invalidity.

14 Section 3. All ordinances and resolutions or parts of ordinances and resolutions and
15 all sections and parts of sections in conflict herewith shall be and hereby are repealed.

16 Section 4. Codification of this ordinance in the City Code of Ordinances is hereby
17 authorized and directed.

18 Section 5. This ordinance shall take effect immediately upon adoption.

1 PASSED AND ADOPTED by the City Council of the City of Boca Raton this _____ day

2 of _____, 2026.

3
4 CITY OF BOCA RATON, FLORIDA

5
6 ATTEST:

7
8 _____
9 Andy Thomson, Mayor

10 _____
11 Mary Siddons, City Clerk

12
13
14 Approved as to form:

15
16 

17 _____
18 Joshua Koehler
19 City Attorney

20
21 O20007
22

COUNCIL MEMBERS	YES	NO	ABSTAINED
MAYOR ANDY THOMSON			
DEPUTY MAYOR MICHELLE GRAU			
COUNCIL MEMBER YVETTE DRUCKER			
COUNCIL MEMBER JON PEARLMAN			
COUNCIL MEMBER STACY SIPPLE			

23
24
25

April 10, 2026

Eshmé Potts
Pension Manager
City of Boca Raton
General Employees' Pension Plan

Actuarial Impact Statement: Change of Beneficiary

Dear Eshmé:

The purpose of this letter is to provide an Actuarial Impact Statement for changes to the City of Boca Raton General Employees' Pension Plan ("Plan"). Section 112.63(3) of the Florida Statutes specifies that an actuarial impact statement is to be issued before a change to retirement benefits is adopted and that a copy of such statement is to be forwarded to the Division of Retirement. This letter was not intended for the benefit of any other party and should not be relied upon by any additional party.

It is our understanding that the City of Boca Raton is considering amending Section 12-85: "OPTIONAL FORMS OF RETIREMENT BENEFITS", to authorize limited post-retirement changes of joint pensioner or beneficiary.

Under the current code:

- Members elect an optional form of benefit prior to retirement or DROP entry (single life annuity, joint and survivor annuity, certain and life annuity) and this election is fixed.
- The joint-annuitant beneficiary designated at time of election is fixed.

Under the proposed amendment:

- Retired members who elected the joint-and-survivor annuity would be allowed to change their beneficiary up to two times without the approval of the board of trustees or the consent of the current beneficiary. Any subsequent change would require board approval.
- DROP members who elected the joint and survivor annuity would be allowed to revoke their benefit election only one time and only upon marriage, dissolution of marriage, or annulment. Any change would require board approval.

The amount of the retirement income payable to the member, upon the designation of a new joint pensioner, shall be actuarially redetermined using the actuarial equivalence as defined by the plan, taking into account the age and sex of the former joint pensioner, the new joint pensioner, and the member. All such changes shall apply prospectively only from the effective date of the new designation.

Considerations

Although calculations are completed on an actuarially-equivalent basis, this does not necessarily equate to cost-neutrality for the plan. There are many factors that influence the ultimate cost of benefit provisions, including future economic environments, future medical developments, individual circumstances of plan participants and beneficiaries, and the tendency for behavior of participants to change over time. The availability of the DROP often has a strong influence on an individual participant's choice of retirement date. Modifying the DROP program or rules surrounding DROP can also influence member choice regarding DROP participation, timing, and choice of beneficiary. From the perspective of the plan as a whole, timing of retirements can have a significant cost impact; the actual cost (or cost-neutrality-of) the program can depend on factors not measured under the current actuarial framework.

There is real value in the insurance provided by joint-and-survivor annuities, even if no death occurs prior to a change in election; theoretically the value (of having coverage prior to the beneficiary change date) could be taken into account.

Simply allowing for the changing beneficiaries offers the opportunity for anti-selection against the plan. For example: a participant could replace a terminally-ill beneficiary with a healthy one, and the "cost" would be borne by the plan, as the actuarial calculations would not take into account the beneficiaries' health status.

It is generally very rare in the retirement landscape for elections or benefits to change during DROP periods – benefits are typically "locked in." Though still rare, it is relatively more common for re-election opportunities to be granted post-severance (those "true" retirees).

Impact

This actuarial impact estimate is calculated based on assumptions and methods as described in the October 1, 2025 valuation report, and this report is an integral part of this actuarial communication. The contribution impact was calculated as if the provisions were implemented October 1, 2025 using demographic and asset data as of October 1, 2025.



Estimate Based on 10/1/2025 Valuation Date	Estimated Increase
Accrued Liability	\$0
Present Value of Future Benefits	\$0
City Contribution for FYE 9/30/2027	\$0

This analysis has been prepared in accordance with generally accepted actuarial principles and practice. Future actuarial measurements may differ significantly from the current measurements presented in this analysis 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; and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Pending final ordinance language, in our opinion, this change would be in compliance with Section 14, Article X of the State Constitution and with Section 112.64 Florida Statutes.

Sincerely,

Kerry Sipe, ASA, EA
Actuary

cc: Stephen Timberlake, Chairman
James Zervis, Deputy City Manager & Chief Financial Office