



**ACRISURE<sup>®</sup>**

AN EXTRAORDINARY  
ADVANTAGE<sup>SM</sup>

**City of Miami Elected Officers'  
Retirement Trust**

Actuarial Valuation Report  
as of October 1, 2025

This report is issued for use by the City of Miami and by other professional advisors to the Plan. The information contained in the report may not be provided to other parties without the consent of Acrisure or the Plan Administrator.



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# Table of Contents

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	Page
Highlights.....	2
Principal Valuation Results .....	5
Actuarial Certification .....	6
Section 1 – Participant Data and Cost Calculations .....	7
Section 2 – Information Required by Florida Statute, Chapter 112 .....	11
Section 3 – Actuarial Assumptions and Methods .....	16
Section 4 – Summary of Plan Provisions .....	19
Section 5 – Risk Disclosure .....	21

## Highlights

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Acisure has prepared this report for the City of Miami to:

- Present the results of an actuarial valuation of the City of Miami Elected Officers' Retirement Trust (EORT) as of October 1, 2025;
- Provide a recommended employer contribution amount for the 2025-26 plan year; and
- Provide reporting information as required under Florida Statute Chapter 112 for financial statements, governmental agencies, and other interested parties.

### **Contribution Results**

The recommended contribution amounts for the current and prior year are shown below. The contribution amount payable as of the beginning of the plan year should be increased with interest at the valuation interest rate to the actual contribution date.

	<u>Plan year ending September 30,</u>	
	<u>2026</u>	<u>2025</u>
Valuation interest rate	3.50%	2.50%
Contribution if paid:		
At beginning of plan year	\$ 0	\$ 420,196
At end of plan year (interest added)	\$ 0	\$ 430,701

The 2025-26 contribution has been reduced to \$0, primarily due to an increase to the interest assumption from 2.50% to 3.50%. Rationale for the interest assumption change is described below. Assets exceed the accrued liability by \$173,000 at October 1, 2025, eliminating the need for a contribution for the 2025-26 plan year.

The year-end contribution has been reduced from of \$430,701 to \$0 as a result of the following items:

Asset return of 4.31%, as compared to 2.50% prior assumed return	\$ (34,300)
Actuarial mortality loss (No participants died during the prior plan year)	27,600
Completed amortization of actuarial loss and assumption-change bases established in 2020	(56,000)
Partially-completed amortization of actuarial loss base established in 2021	(38,400)
Mortality improvement assumption change	(29,100)
Interest assumption change	<u>(300,500)</u>
Net increase or (decrease) to contribution	\$ (430,700)

### **Assumption Changes**

The mortality improvement assumption has been changed to conform to a Florida Statutes requirement that covered plans use the mortality tables and methodology employed by the Florida Retirement System (FRS) in one of its two most recently published actuarial valuation reports. FRS changed the improvement assumption from MP-2018 to MP-2021 for its July 1, 2024 actuarial valuation. The improvement scale update reduced the EORT liability by 1.3%.

## Highlights

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The EORT interest assumption was reduced to 2.50% in 2019 to reflect the historically low interest environment at that time. EORT Plan investments were concentrated in short-term government securities. Annual returns from 2019 through 2022 ranged from minus 1.09% to plus 1.80%.

Interest rates have recovered since 2019. EORT investments are currently concentrated in two- and three-year Treasury notes, with maturity dates occurring in December 2025, 2026 and 2027. Recent annualized returns are 4.93% for the plan year ending 9/30/2024 and 4.31% for the plan year ending 9/30/2025. Near-term returns will trend lower, due to recent interest rate cuts by the Federal Reserve. One- and two-year treasury rates were at about 3.5% at the time this report was prepared.

The interest assumption change from 2.50% to 3.50% reduced the EORT liability by 9.4%.

### **Plan Changes**

No plan amendments have been adopted since the prior valuation.

### **Investments**

The EORT does not have a plan-specific Investment Policy Statement nor an independent investment manager. The Plan Ordinance limits the allowable investments of the trust to specific fixed income investments, including U.S. bonds, certificates of deposit, FHA or VA mortgage notes, high-rated corporate bonds, and venture capital or real estate via commingled ownership. The EORT follows the City's investment policy for its general assets.

EORT assets have been invested in Treasury bonds and government agency bonds with short-term maturities, and money market accounts. In the absence of a formal long-term investment policy, we have relied on recent history to set an expected long-term rate of return for funding and accounting purposes.

The EORT is a long-term obligation, with benefits payable for life to its participants, the youngest of whom is age 58 as of the valuation date. We recommend the engagement of an investment advisor and development of a formal long-term investment strategy, reflecting the plan's expected benefit payouts over time. We will revise the interest assumption to be consistent with such policy if developed and implemented.

### **Plan Interpretation and Administration**

Interpretation of existing plan provisions and decisions related to administration of the EORT are the responsibility of the City, as plan sponsor. Acrisure is not a law firm and cannot provide legal advice in this regard. We have relied on guidance provided by the City as to the interpretation of certain plan provisions in order to calculate projected benefits for funding purposes.

## Highlights

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### **Pension Accounting Standards**

The Governmental Accounting Standards Board (GASB) sets forth accounting standards for governmental pension plans. GASB 68 covers employer financial reporting for pension obligations. The City implemented the GASB 68 standards beginning with its 2015 CAFR.

The results presented in this valuation report do not include balance sheet and expense calculations that are required under GASB 68. That information will be provided in a separate report.

### **Additional Disclosure Information Under F.S. Section 112.664**

Florida Statutes were amended in 2013 to require additional actuarial disclosure information for local government pension plans to be submitted to the State. The requirements are described in Section 112.664 of the Florida Statutes. Legislation passed in 2015 required the use of a prescribed mortality assumption, described in F.S. Section 112.63(1)(f).

The additional disclosure information required under Section 112.664 will be provided in separate correspondence.

# Principal Valuation Results

Principal results from the current valuation and the prior valuation are shown below.

	<u>Actuarial Valuation as of</u>	
	<u>October 1, 2025</u>	<u>October 1, 2024</u>
<b><u>Plan Participants</u></b>		
Active	1	1
Terminated, with deferred benefit	0	0
Retired, benefit in payment status	7	7
Total	<u>8</u>	<u>8</u>
<b><u>Funding Valuation</u></b>		
Valuation interest rate	3.50%	2.50%
Present Value of Projected Benefits	\$ 9,303,092	\$ 10,610,157
Value of Plan Assets	<u>9,476,334</u>	<u>9,255,009</u>
Present Value of Future City Contributions	\$ (173,242)	\$ 1,355,148
Recommended Contribution for Plan Year		
If paid on valuation date	\$ 0	\$ 420,196
If paid at end of plan year (interest added)	\$ 0	\$ 430,701
* Reflecting 9-month plan year		
Excess benefits payable during plan year	\$ 0	\$ 0
<b><u>Participant Statistics</u></b>		
Average Age		
Active participants	70.6	69.6
Terminated participants with deferred benefit	n/a	n/a
Retired participants in payment status	71.4	70.4
Average Monthly Benefit		
Active participants (projected)	\$ 13,435	\$ 13,435
Terminated participants with deferred benefit	0	0
Retired participants in payment status	7,018	7,018

# Actuarial Certification

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I certify that I have performed an actuarial valuation of the City of Miami Elected Officers' Retirement Trust for the plan's sponsor, the City of Miami, as of October 1, 2025 in accordance with generally accepted actuarial principles applied consistently with the preceding valuation. I meet the Qualification Standards of the American Academy of Actuaries to render this actuarial opinion, and to the best of my knowledge do not have a conflict of interest, and am able to act independently in rendering this opinion.

Participant data and asset information used for this valuation were provided by the City of Miami Finance Department. We have reviewed the participant data and found it to be reasonable and of sufficient quality for valuation purposes. The plan sponsor is solely responsible for the accuracy and comprehensiveness of data provided as of the valuation date.

The plan document, in the form of the most-recently updated EORT Ordinance, was provided by the City by way of an online resource. The plan sponsor has provided guidance on the interpretation of certain plan provisions for the purpose of benefit projections for funding calculations.

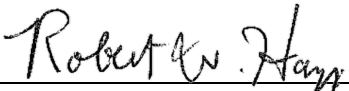
The actuarial assumptions, including discount rates, mortality tables and other assumptions identified in this report, meet the requirements and intent of Part VII, Chapter 112 of the Florida Statutes. The City of Miami is responsible for selecting, in consultation with the actuary, the Plan's funding policy, actuarial valuation methods, asset valuation methods and assumptions. Methods and assumptions used for the valuation are described in Section 4.

This report does not include an analysis of the range of future costs. Future measurements may differ significantly from the current measurement.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

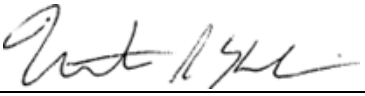
I am available to provide further information or answer any questions with respect to this report.

Certified by

  
\_\_\_\_\_  
Robert W. Hazy, EA, FCA, MAAA  
Enrollment No. 23-4204

12/23/2025  
\_\_\_\_\_  
Date

Assisted by

  
\_\_\_\_\_  
Matthew R. Klein, FSA, EA, FCA, MAAA  
Enrollment No. 23-6865

12/23/2025  
\_\_\_\_\_  
Date

# Section 1 – Participant Data and Cost Calculations

Participant data and the calculation of plan liability as of October 1, 2025 and the recommended contribution for the plan year ending September 30, 2026 are shown in this section.

The recommended annual contribution has been determined under the Projected Unit Credit Cost Method, which was adopted effective with the January 1, 2012 actuarial valuation.

The Projected Unit Credit method develops two components for the annual contribution, as follows:

- A Normal Cost, which is the liability for benefits to be earned in the current year by those participants who are still earning additional benefits, and
- An amortization payment toward the Unfunded Accrued Liability for past service benefits.
  - The Unfunded Accrued Liability is the liability for benefits earned to date minus plan assets.
  - The Unfunded Accrued Liability is amortized over a specified period of years.

The Unfunded Accrued Liability as of January 1, 2012 was amortized over a 10-year period from that date. Actuarial experience gains and losses occurring after January 1, 2012 are amortized over a 5-year period. Demographic-related actuarial assumption changes are amortized over a 5-year period. Economic actuarial assumption changes are amortized over a 10-year period.

## A. Basic Data

Status	Name	Date of Birth	Plan Entry Date	End of Term in Office	Benefit Commencement Date	Monthly Benefit
ASA	Carollo, Joe	3/12/1955	12/1/2017	a 12/1/2025	12/1/2025	b See Exhibit B
RP	Diaz, Manuel A	11/5/1954			11/11/2009	6,875.00
RP	Gonzalez, Angel	10/28/1944			11/16/2009	4,794.17
RP	Gort, Wilfredo	11/9/1940	1/1/2010	a 12/1/2019	12/1/2019	8,488.07
RP	Regalado, Tomas	5/24/1947	9/4/1996	12/1/2017	12/1/2017	7,045.99
RP	Sanchez, Joe M	4/13/1965	6/5/1998	11/9/2009	5/1/2020	6,283.28
RP	Sarnoff, Marc D	12/28/1959	12/2/2006	12/1/2015	12/1/2015	5,039.38
RP	Spence-Jones, Michelle	8/2/1967	12/2/2005	12/1/2013	9/1/2022	10,600.90

### Count Status Description

- 1 ASA Active participant, payment suspended following return to office, accruing benefit
- 7 RP Retired participant, in payment status
- 8 Total number of participants

### Other notes

- a. Date of return to office
- b. Assumed benefit commencement date for active participants is the later of the end of the current term in office or age 55.

# Section 1 – Participant Data and Cost Calculations

## **B. Benefit Projection for Active Participants**

	<u>Joe Carollo</u>
1. Service at 10/1/2025	20.8333
2. Projected service at assumed termination date	21.0000
3. Benefit formula percentage at termination date (maximum percentage)	100%
4. Highest W-2 Wage, from 1999	\$ 161,222.11
5. Projected monthly benefit = (3) x (4) ÷ 12	\$ 13,435.18

## **C. Present Value of Projected Benefits**

Status	Name	Age (nearest birthday) on:			Projected Monthly Benefit	Present Value of Projected Monthly Benefit
		10/1/2025 Valuation Date	Assumed Termina- tion Date	Benefit Commence- ment Date		
ASA	Carollo, Joe	71	71	71	\$ 13,435.18	\$ 1,956,835
RP	Diaz, Manuel A	71			6,875.00	1,014,797
RP	Gonzalez, Angel	81			4,794.17	448,389
RP	Gort, Wilfredo	85			8,488.07	626,720
RP	Regalado, Tomas	78			7,045.99	771,730
RP	Sanchez, Joe M	60			6,283.28	1,266,929
RP	Sarnoff, Marc D	66			5,039.38	874,278
RP	Spence-Jones, Michelle	58			10,600.90	<u>2,343,414</u>
	Total					\$ 9,303,092

No participants are earning additional future benefits.  
The Accrued Liability is equal to the Present Value of Projected Benefits.

# Section 1 – Participant Data and Cost Calculations

## D. Contribution Calculation

Unfunded Accrued Liability as of October 1, 2025:

Accrued Liability	\$ 9,303,092
Plan Assets	<u>9,476,334</u>
Unfunded Accrued Liability	\$ (173,242) *

Contribution for 2025-26 Plan Year:

Normal Cost:	
Benefit cost	\$ 0
Estimated expenses for year	<u>2,400</u>
Total Normal Cost	\$ 2,400
Amortization of Unfunded Accrued Liability - see Exhibit E	<u>(2,400) *</u>
City contribution if paid on October 1, 2025	\$ 0
Interest at 3.50% to September 30, 2026	<u>0</u>
City contribution if paid on September 30, 2026	\$ 0

The interest adjustment should reflect elapsed time between October 1, 2025 and the date of the contribution.

\* Assets exceed the accrued liability under the revised interest assumption. Previous amortization bases are considered fully amortized. Additionally, the excess is used to offset the normal cost.

Amortization bases will be established again if actuarial losses cause the unfunded accrued liability to become positive.

# Section 1 – Participant Data and Cost Calculations

## E. Amortization of Unfunded Accrued Liability

The unfunded accrued liability is amortized by level annual payments in accordance with the schedule below:

Unfunded accrued liability as of January 1, 2012	10 years
Changes in unfunded accrued liability after January 1, 2012:	
Actuarial experience gains or losses	5 years
Actuarial assumption changes - demographic	5 years
Actuarial assumption changes - economic	10 years

Amortization payments for the 2025-26 plan year are shown in the table below.

Type of Base	Amortization Period			Balances		Amortization Payment at Oct. 1, 2025
	Date Created	Initial Years	Years Left	Initial	Outstanding at Oct. 1, 2025	
Assumption Change	1/1/2019	10	3.25	\$ 1,489,649	\$ 525,459	\$ 166,054
Actuarial Loss	1/1/2021	5	0.25	239,181	12,799	12,799
Actuarial Gain	1/1/2022	5	1.25	(195,995)	(51,394)	(41,158)
Actuarial Loss	1/1/2023	5	2.25	430,548	200,570	90,414
Actuarial Loss	1/1/2024	5	3.25	709,257	471,307	148,942
Actuarial Gain	10/1/2024	5	4	(242,464)	(197,955)	(51,337)
Actuarial Gain	10/1/2025	5	5	(31,182)	(31,182)	(6,548)
Mortality Assp. Chg.	10/1/2025	5	5	(135,253)	<u>(135,253)</u>	<u>(28,403)</u>
Subtotal					\$ 794,351	\$ 290,763
Interest Assp. Chg.	10/1/2025	10	10	(967,593)	<u>(967,593)</u>	<u>(290,763) *</u>
Total					\$ (173,242)	\$ 0

\* Assets exceed the accrued liability under the revised interest assumption. Previous amortization bases are considered fully amortized.

## Section 2 – Information Required by Florida Statute, Chapter 112

The Florida Protection of Public Employee Retirement Benefits Act is set forth in Part VII of Chapter 112 of the Florida Statutes (sections 112.60 through 112.67). Section 112.63 requires each retirement system to have a regularly scheduled actuarial report and sets forth the information required for each actuarial report.

Chapter 60T-1 of the Florida Administrative Code sets forth rules under which municipal and special district units of government are to provide information on their retirement systems to the Division of Retirement (Bureau of Program Services) pursuant to Part VII of Chapter 112 of the Florida Statutes. Specific exhibits are described in subsection 1.003. Required information is shown in this section.

Additional disclosure information that is required under Section 112.664 will be provided in separate correspondence.

	Actuarial valuation prepared as of:	
	10/1/2025	10/1/2024
<b>1. Participant Data</b>		
a. Active members		
i. Number	1	1
ii. Total annual payroll on which benefits are based	\$ 101,538	\$ 101,538
iii. Average annual pay on which benefits are based	\$ 101,538	\$ 101,538
b. Retired members and beneficiaries (other than disabled):		
i. Number	7	7
ii. Total annualized benefit	\$ 589,521	\$ 589,521
c. Disabled members receiving benefits:		
i. Number	0	0
ii. Total annualized benefit	\$ 0	\$ 0
d. Terminated vested members		
i. Number	0	0
ii. Total annualized benefit (without regard to IRC Section 415 limit)	\$ 0	\$ 0
<b>2. Assets</b>		
a. Actuarial value of assets	\$ 9,476,334	\$ 9,255,009
b. Market value of assets	\$ 9,476,334	\$ 9,255,009

## Section 2- Information Required by Florida Statute, Chapter 112

	Actuarial valuation prepared as of:	
	10/1/2025	10/1/2024
<b>3. Liabilities</b>		
a. Present value of all future expected benefit payments:		
i. Active members		
- Retirement benefits	\$ 1,956,835	\$ 2,112,203
- Vesting benefits	0	0
- Disability benefits	0	0
- Death benefits	0	0
- Return of contributions	0	0
- Total	\$ 1,956,835	\$ 2,112,203
ii. Terminated vested members	\$ 0	\$ 0
iii. Retired members and beneficiaries:		
- Retired (other than disabled) and beneficiaries	\$ 7,346,257	\$ 8,497,954
- Disabled members	0	0
- Total	\$ 7,346,257	\$ 8,497,954
iv. Total present value of all future expected benefit payments	\$ 9,303,092	\$ 10,610,157
b. Actuarial accrued liability	\$ 9,303,092	\$ 10,610,157
c. Unfunded actuarial accrued liability = (3b) - (2a)	\$ (173,242)	\$ 1,355,148
<b>4. Pension Cost</b>		
a. Normal cost at valuation date		
i. Benefit cost	\$ 0	\$ 0
ii. Estimated expenses	2,400	2,400
iii. Total normal cost	\$ 2,400	\$ 2,400
b. Amortization of unfunded accrued liability See amortization schedule in Section 1, Exhibit E	(2,400)	417,796
c. Total required contribution	\$ 0	\$ 420,196
- as a percentage of payroll	0.00%	413.83%
d. Amount to be contributed by members	n/a	n/a
- as a percentage of payroll	n/a	n/a
e. Amount to be contributed by City	\$ 0	\$ 420,196
- as a percentage of payroll	0.00%	413.83%

## Section 2- Information Required by Florida Statute, Chapter 112

### **5. Past Contributions**

	Plan Year		
	2025-26	2024-25	2024
a. Required contribution (if paid at beginning of year)	\$ 0	\$ 420,196	\$ 473,605 *
b. Actual contribution made by City	to be determined	\$ 424,573	\$ 647,260

\* pro-rated for 9-month plan year

### **6. Other Disclosures**

	Actuarial valuation prepared as of:	
	10/1/2025	10/1/2024
a. Present value of active members':		
i. Future salaries:		
- at attained age	\$ 0	\$ 101,538
- at entry age	n/a	n/a
ii. Future contributions	\$ 0	\$ 0
b. Present value of future City contributions	\$ 0	\$ 1,355,148
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a
d. Amount of active and inactive members' accumulated contributions	\$ 0	\$ 0

## Section 2- Information Required by Florida Statute, Chapter 112

	Asset measurement date:	
	9/30/2025	9/30/2024
<b>7. Statement of Assets as of Valuation Date</b>		
a. Market value:		
i. Cash (money market)	\$ 837,717	\$ 1,543,618
ii. Bonds	8,521,320	7,002,070
iii. Contributions receivable	0	647,260
iv. Other receivables (accrued income)	117,297	62,061
v. Benefits payable	<u>0</u>	<u>0</u>
vi. Total	\$ 9,476,334	\$ 9,255,009
b. Statement value:		
i. Cash	\$ 837,717	\$ 1,543,618
ii. Bonds	<u>8,467,969</u>	<u>6,768,906</u>
iii. Total	\$ 9,305,686	\$ 8,312,524

The actuarial value is set equal to the market value of assets.  
Asset figures were provided by the City.

### 8. Plan Asset Reconciliation

a. Market value of assets as of September 30, 2024	\$ 9,255,009
b. Income:	
i. Employer contributions for 2024-25 plan year	\$ 424,573
ii. Interest and dividends	568,475
iii. Realized gain or (loss)	0
iv. Unrealized gain or (loss)	(179,813)
v. Other income	<u>0</u>
vi. Total income	\$ 813,235
c. Disbursements:	
i. Regular benefit payments (including benefits receivable)	\$ (589,511)
ii. Other benefit payments	0
iii. Investment expenses	0
iv. Administrative expenses	<u>(2,400)</u>
v. Total disbursements	\$ (591,911)
d. Market value of assets as of September 30, 2025	\$ 9,476,333

## Section 2- Information Required by Florida Statute, Chapter 112

### **9. Plan Experience Review**

a. Salary scale:	
i. Assumed annual salary increases	0.00%
ii. Actual salary increases:	
- 2024	0.00%
- 2023	-0.37%
- 2022	1.45%
b. Investment return:	
i. Assumed rate of return on assets	2.50%
ii. Actual rate of return on assets	
- 10/1/2024 through 9/30/2025	4.31%
- 2024 through 9/30, annualized	4.93%
- 2023 calendar year	4.60%

### **10. Statement of Actuarial Present Value of Accrued Benefits**

	Actuarial valuation date:	
	10/1/2025	10/1/2024
a. Vested accrued benefits		
i. Active participants	\$ 1,956,835	\$ 2,112,203
ii. Inactive participants receiving benefits	7,346,257	8,497,954
iii. Terminated vested and actives with frozen benefits	<u>0</u>	<u>0</u>
iv. Total value of all vested accrued benefits	\$ 9,303,092	\$ 10,610,157
b. Non-vested accrued benefits	<u>0</u>	<u>0</u>
c. Total actuarial present value of all accrued benefits	\$ 9,303,092	\$ 10,610,157

### **11. Statement of Changes in Total Actuarial Present Value of Accrued Benefits**

a. Actuarial present value of accrued benefits at beginning of year	\$ 10,610,157
b. Increase or (decrease) during the year attributable to:	
i. Increase for interest and probability of payment due to decrease in discount period and benefits accrued	\$ 257,271
ii. Benefits paid	(589,511)
iii. Assumption changes	(1,102,846)
iv. Plan changes	0
v. (Gains) or losses	<u>128,021</u>
vi. Net increase or (decrease)	\$ (1,307,065)
c. Actuarial present value of accrued benefits at end of year	\$ 9,303,092

## Section 3 – Actuarial Assumptions and Methods

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Actuarial assumptions are used to determine the present value of expected benefit payments from the Plan. The actuarial cost method is used to determine an annual contribution to fund the value of expected benefits that is in excess of current assets. Actuarial assumptions and the cost method are selected by the City, in consultation with the actuary. The assumptions, cost method and other calculation methods are described below.

### **A. Actuarial Assumptions**

#### Interest Rate

3.50% compounded annually, net of any investment expenses.

2.50% was used for the previous valuation.

The interest assumption reflects the expected long-term rate of return on the trust assets. Trust investments are restricted to primarily fixed income investments, in accordance with Section 40-294(c) of the Plan. The EORT does not have a plan-specific Investment Policy Statement nor an independent investment manager. The assumed return reflects the current allocation of 10%-15% cash, with the remainder invested in staggered Treasury notes with maturities of 1 to 3 years. The underlying inflation assumption is 2.50%.

#### Salary Increases

No future salary increases are assumed for current office holders.

#### Mortality Rate After Commencement of Monthly Benefits

PubG-2010(A) Retiree Table (general employees, benefits weighted, above-median income, sex-distinct), with fully-generational mortality improvement projected under Scale MP-2021.

Mortality improvement for the previous valuation was projected under Scale MP-2018.

The assumption is selected in conformance with Florida Statutes Section 112.63(1)(f), which requires covered plans to use the mortality tables and methodology employed by the Florida Retirement System (FRS) in one of its two most recently published actuarial valuation reports. FRS changed the mortality improvement assumption from MP-2018 to MP-2021 for its July 1, 2024 actuarial valuation.

#### Mortality Rate Prior to Commencement of Monthly Benefits

No mortality is assumed for years prior to the expected commencement date for monthly benefits. This assumption is consistent with the Plan's pre-retirement death benefit, which provides a lump sum payment equal to the present value of the participant's accrued benefit for death prior to retirement.

#### Termination of Employment

Termination of covered employment for each participant currently in office is assumed to occur at the end of the current term of office, provided that the participant will have enough service for full vesting under the Plan.

## Section 3 – Actuarial Assumptions and Methods

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### Commencement of Benefits

Payment of monthly lifetime benefits for current office holders is assumed to occur at the later of the end of the current term in office or attainment of age 55. Age 55 is the minimum age for benefit commencement under the Plan.

### Increase to Legal Benefit Limits

The limit applicable to benefits that can be paid from a qualified retirement trust as described in Section 415(b) of the Internal Revenue Code is assumed to be indexed, with annual increases of 2.5% after 2025.

### Estimated Expenses

Estimated administrative expenses paid from the trust have been added to the normal cost. Estimated expenses for the 2025-26 plan year are equal to actual expenses paid in the previous year.

### Prescribed Assumptions

Effective January 1, 2016, Florida Statutes Section 112.63(1)(f) requires covered plans to use the mortality tables and methodology employed by the Florida Retirement System (FRS) in one of its two most recently published actuarial valuation reports.

The mortality assumption used for the October 1, 2025 EORT actuarial valuation reflects the mortality assumption as described in the July 1, 2024 Actuarial Valuation Report for FRS.

### Models Used

Acrisure uses a third-party actuarial software package for pension valuation work.

This software package is used worldwide by many actuarial and investment firms. The software models future benefit cash flows, present values, and attribution to various periods, based on deterministic or stochastic assumption sets and benefit parameters provided by the user. The model is highly flexible and also supports comparisons between periods, maintenance of plan specific participant databases, and preparation of reports under various accounting and regulatory structures.

In the absence of adequate review, the model's complexity and flexibility could lead to unintentional results. However, the model contains robust tools to test and verify the reasonableness of results. Our internal technical review utilizes these tools.

We have reviewed the model's documentation, and have relied on the expertise of the software vendor for the underlying structure, methodology, and extensive supporting calculations. We have not performed a substantial audit of the model or its structure beyond typical use in preparing results, as this is typically not done by plan actuaries. However, we expect that the very deep market of qualified users for this same model ensures that no materially significant issues can or will persist.

## Section 3 – Actuarial Assumptions and Methods

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### **B. Actuarial Cost Method**

Effective with the January 1, 2012 valuation, the City’s annual contribution is determined using the Projected Unit Credit Cost Method.

The Projected Unit Credit method develops two components for the annual contribution:

- A Normal Cost, which is the present value for benefits to be earned in the current year (reflecting one additional year of service and compensation projected to the assumed retirement date) for those participants who are still earning additional benefits, and
- An amortization payment toward the Unfunded Accrued Liability for past service benefits.
  - The Accrued Liability is the present value for benefits based on service earned to date and compensation projected to the assumed retirement date.
  - The Unfunded Accrued Liability is the Accrued Liability *minus* Plan Assets.
  - The Unfunded Accrued Liability is amortized over a specified period of years.

The Unfunded Accrued Liability is amortized in accordance with the following schedule:

- Unfunded Accrued Liability as of January 1, 2012: 10 years
- Changes in Unfunded Accrued Liability occurring after January 1, 2012
  - Actuarial experience gains or losses: 5 years
  - Changes in actuarial assumptions:
    - 5 years for demographic assumptions
    - 10 years for economic assumptions

Amortization bases are considered fully amortized if the Unfunded Accrued Liability becomes negative.

The annual contribution is calculated as payable on the first day of the plan year. Interest at the assumed annual rate of 3.50% should be added for payment at a later date.

Effective October 1, 2024, the City elected to change the EORT plan year for funding purposes from the calendar year to the 12-month period ending on September 30, to coincide with its fiscal year.

### **C. Asset Valuation Method**

The value of assets used for contribution determination is the market value of assets on the valuation date, with contributions receivable for the prior plan year added, benefits payable for the prior plan year subtracted, and accrued income or other payable amounts added or subtracted.

Plan asset values at September 30, 2025, asset transaction information through September 30, 2025, and receivable amounts as of September 30, 2025 were provided to us by the City.

## Section 4 – Summary of Plan Provisions

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Key plan provisions used for actuarial funding calculations are summarized below. This summary should not be relied on for the determination of individual participants' benefits. The legal ordinance or plan document will govern in all cases.

### **Plan Name**

City of Miami Elected Officers' Retirement Trust (EORT)

### **Plan Eligibility**

Elected Officers of the City are covered under this Plan. Elected Officer is defined to be the Mayor or a Commissioner.

Officers first elected after October 22, 2009 are not eligible to participate in the Plan.

### **Contributions**

All contributions are paid by the City. No participant contributions are required.

### **Service**

Years served in the capacity of an Elected Officer are counted as Service under this Plan.

### **Benefit Amount**

For a participant with 7 or more years of Service, an annual benefit of  
50% of Compensation  
+ 5% of Compensation for each year of Service in excess of 7 years

The maximum benefit is 100% of Compensation.

Compensation for benefit calculation purposes is the highest W-2 wage amount during the last three years of the participant's term of office.

For a member who became vested under provisions in effect prior to 2001, ceased to be an Elected Officer, and then returned to office at a later date, Compensation for benefit purposes is the highest W-2 wage from *either* period as an Elected Officer.

The Plan benefit is payable beginning on the date the participant ceases to be an Elected Officer, but no earlier than the participant's 55<sup>th</sup> birthday. The benefit is payable monthly, for the participant's lifetime.

### **Vesting**

Seven years of Service is required for vesting for participants in office or elected between October 1, 2001 and October 22, 2009.

The vesting requirement for a participant whose term of office ended prior to October 1, 2001 was ten years of Service.

## Section 4 – Summary of Plan Provisions

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### **Pre-Retirement Death Benefit**

A death benefit will be payable on behalf of a participant who dies either

- While in office, without regard to vesting status, or
- After termination of employment with vesting, if prior to the date of commencement for monthly benefit payments

The benefit amount is the lump sum value of the participant's accrued benefit. The lump sum value will be determined using the interest and mortality assumptions used for the most recent actuarial valuation for the Plan.

For a participant with less than 7 years of Service, the accrued benefit will be  
 $50\% \text{ of Compensation} \times \text{Service at date of death} \div 7$

### **Form of Payment**

Single life annuity is the only permitted form of payment.

There is no post-retirement death benefit.

### **Legal Maximum for Benefit Payments**

Section 415 of the Internal Revenue Code imposes a limit on the amount of the monthly benefit that can be paid to an individual participant from a qualified retirement plan. The EORT includes provisions for the payment of benefits that exceed Internal Revenue Code limits. Such payments are to be made from the City's General Fund.

### **Reliance on City Legal Opinion**

Acrisure has relied on guidance from the City's Law Department regarding interpretation of existing plan provisions, including benefit entitlement for officers who: (i) were first elected to office prior to October 22, 2009, (ii) began receiving payments from the plan, and (iii) returned to office after October 22, 2009. Relevant provisions are described in Acrisure (formerly Cowden) correspondence dated January 31, 2020 and February 18, 2020, which follow up on guidance provided by the City Law Department via email correspondence dated January 31, 2020 and February 14, 2020.

Additionally, guidance was provided by the City Law Department via email correspondence dated November 26, 2024 in relation to compensation to be used for benefit determination for members as described above. Historical W-2 wage figures, which we are also relying on for this purpose, have been provided by the City Finance Department.

## Section 5 – Risk Disclosure

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This section provides commentary on significant risks applicable to the City as plan sponsor. Related maturity measures specific to the EORT are included, along with a low-default-risk obligation measure.

### **Overview**

Sponsors of defined benefit plans are exposed to various risks related to their plans. Most sponsors view risk as the potential for future outcomes to differ significantly from expected. Differences are inevitable and generate experience gains or losses at the next valuation date, causing the required contribution to increase (for a loss) or decrease (for a gain) over a fixed number of years to make up for the difference.

Risk management is typically focused on outcomes that are unfavorable. Because of this, our assessment focuses on the negative consequences that certain risks may present to you as plan sponsor. It is important to note that there is also the possibility that outcomes will be more positive than expected and may present opportunities for a sponsor to be in a better position to mitigate risk in the future.

We address the following in this section of the report:

- Identification and definition of significant risks applicable to you as plan sponsor.
- An assessment of the risks most likely to trigger negative outcomes.
- Identification of other less significant risks considered.
- A discussion of plan maturity and how it may affect your view of risk.

Please note that the risks discussed in this report are in the context of cash contribution requirements applicable to you as plan sponsor. Less than favorable outcomes may also have negative consequences for financial statements (GASB 68 disclosures), affecting your credit rating and ability to borrow money. We are available to discuss how these risks may affect your financial statements or any other disclosure requirements, or to provide additional analysis regarding any of the information discussed in this section of the report.

### **Identification and Definition of Significant Risks**

**Contribution Risk:** Contribution risk is the possibility that actual future contributions will differ widely from expected contributions. The risk items described below affect contribution risk. Also of concern is the potential that a plan sponsor may not be able to make contributions when necessary due to adverse business conditions. We are available to provide projections of future contribution levels under varying scenarios, if there is a specific outcome that you must avoid.

**Investment Risk:** Investment risk is the chance that investment income will differ from expected. From the perspective of a plan sponsor, the significant risk is that actual return will be lower than expected, resulting in increased contributions to make up for shortfalls in investment returns. Generally, the higher the expected return that a sponsor seeks, the greater the volatility in returns will be, and thus the higher the risk to the sponsor that unfavorable experience may occur.

## Section 5 – Risk Disclosure

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**Asset/Liability Mismatch Risk:** Asset/liability mismatch occurs when plan liabilities and plan assets do not move in tandem with market changes. For example, a private-employer pension plan will have liabilities that are based loosely on the corporate bond market but may have assets that are heavily weighted in equities. If equities experience little or no return, but corporate bond rates decline, the deficit in plan funding will increase. Public pension plan liabilities, on the other hand, are based on a long-term expected return on plan assets assumption, dependent only on asset allocation without adjustment for risk or changes in interest rates, and so will not likely move in tandem with plan assets in the short term.

**Interest Rate Risk:** Potentially negative outcomes may occur if market interest rates differ from expected. Specifically, falling rates will reduce the plan's ability to achieve returns in the long run from fixed income assets. The significance of this risk is magnified in the short term if a public plan sponsor who is permitted to do so settles a significant portion of plan liabilities via lump sum payments or de-risks a portion of the liabilities through the purchase of non-participating annuities.

### **Risks Most Likely to Trigger Negative Outcomes**

**Investment Risk:** The consequence of less than favorable returns over a long period is simply that those lost returns must instead be made up by future contributions. For plans that do not dedicate assets to liability and that have a more aggressive equity allocation (generally over 60%), the extra volatility in year-to-year contribution levels may negatively impact cash flow planning. Higher contribution requirements after unfavorable returns may coincide with other cash flow pressures on the sponsor.

EORT investments are limited to fixed income instruments, as specified by the Plan Ordinance. The investment return assumption (a/k/a interest assumption) for funding was reduced for the 2019 valuation to reflect the historically low interest environment at that time. Interest rates have recovered since then. The interest assumption was increased for the October 1, 2025 valuation to reflect this.

**Asset/Liability Mismatch Risk:** When a plan's asset allocation is *not* dedicated to specific liabilities, there is a potential for asset/liability mismatch risk. Some asset/liability mismatch risk may be cyclical. For example, decreasing corporate bond yields with or without concurrent poor equity experience can reverse in the long run. The risk to you as a plan sponsor in the short term is the unfavorable circumstance of selling assets to pay current benefits to participants when those assets are at a low point. Because of the cyclical nature of this type of risk, the impact may not be as significant if you intend to maintain the plan for the long term.

**Interest Rate Risk:** Interest rate risk may decrease the long-term asset return profile for the plan and may increase cash contributions required in the near term. In a case where you may wish to settle plan liabilities, lower interest rates will generally increase the cost of settlement. Interest rate risk can be mitigated to some extent by dedicating assets to liabilities so that assets and liabilities move in tandem. However, dedication generally reduces expected future returns, and funded deficits will still increase by a smaller amount in a declining interest rate environment. That is, you will expect to make additional contributions on average in return for less risk. If you have no immediate intention to settle plan liabilities, the impact of interest rate risk may be no more than accelerating contribution requirements.

## Section 5 – Risk Disclosure

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**Mortality Risk:** Mortality risk is the risk that plan participants live longer or less long than expected. For smaller plans, this risk can be substantial over the long term. The long-term mortality risk can be mitigated by settling plan liabilities through payment of lump sums or the purchase of non-participating annuities, if economic conditions are favorable.

The EORT provides a pre-retirement death benefit to participants not yet in pay status, equal to the lump sum value of the participant's accrued benefit. At October 1, 2025, one of the eight EORT participants was not yet in pay status. The probability of death prior to benefit commencement for this participant, which is small, is reflected in the funding liability calculations. However, death prior to benefit commencement will trigger a large unexpected benefit payout.

### **Other Less Significant Risks or Risks that Are Difficult to Quantify**

**Demographic/Participant Risks other than Mortality:** Demographic risks other than mortality are risks that participant behavior will differ widely from expected. This can include participants electing to commence benefits earlier than expected, or in a different form than expected. This is not a risk for the EORT, since benefit commencement dates are known and the benefits are payable only in the form of a single life annuity.

**Inflation Risk:** Inflation risk occurs in final average pay (FAP) plans and in plans that provide automatic cost-of-living adjustments (COLA) to retirees when actual inflation is higher than expected. Since wages are generally tied to inflation, FAP plans will be paying out higher pensions when inflation is higher than expected. Similarly, COLAs may be higher than expected. This is not a risk for the EORT, since nearly all benefit amounts are fixed and no COLA is provided.

**Legislative Risk:** Legislative risk is the chance that changes in law or regulatory guidance will force an unfavorable outcome for you as plan sponsor. The EORT is subject to the Florida Protection of Public Employees Act, as set forth in Part VII of Chapter 112 of the Florida Statutes, most recently revised in 2016. The Act sets minimum funding and reporting requirements, with oversight by the Florida Department of Management Services, Bureau of Local Retirement Systems. The EORT is also subject to certain federal requirements, such as the limitation on qualified plan benefits in Section 415 of the Internal Revenue Code.

### **Plan Maturity Measures**

Plan maturity refers to the composition of your plan by age. A recently-established plan with no retirees is considered to be an immature plan. A very mature plan is one whose liability is primarily on behalf of participants who are in pay status.

The risk to a plan sponsor increases as a plan becomes more mature. Simply put, a sponsor's revenue may or may not grow, but as a plan becomes more mature, its potential impact will grow without regard to the supporting revenue-generating activities. We generally consider a plan that has liabilities greater than 50% attributable to participants in pay status to be a mature plan.

The EORT has 79% of its liability attributable to participants in pay status at 10/1/2025. All participants will be in payment status beginning December 1, 2025.

## Section 5 – Risk Disclosure

A significant risk is that benefit payouts can outpace contributions and investment earnings as a plan matures, with the worst outcome to be insolvency, where available assets cannot cover current benefit payments. Key asset transactions for the EORT over the last five years are shown below.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024<sup>d.</sup></u>	<u>2025<sup>e.</sup></u>
City contributions <sup>a., b.</sup>	\$ 796,094	\$ 430,025	\$ 538,179	\$ 647,260	\$ 424,573
Benefit payments	\$ 491,782	\$ 507,167	\$ 589,511	\$ 589,511	\$ 589,511
Asset value at beginning of year <sup>c.</sup>	\$8,307,061	\$8,588,866	\$8,418,942	\$8,737,506	\$ 9,255,009
Benefit payments as a percentage of assets	6%	6%	7%	7%	6%
Rate of investment return	-0.25%	-1.09%	4.60%	4.93%	4.31%

- a. Contribution for plan year, including receivable at year-end
- b. 2022 contribution includes \$2,282 reimbursement for excess benefit payments in 2022, in accordance with Ordinance Section 40-299
- c. Including receivable contribution for prior plan year
- d. Short plan year from 1/1/2024-9/30/2024. Benefit payments and rate of investment return have been annualized for comparison purposes.
- e. 12-month plan year from 10/1/2024-9/30/2025.

### **Low-Default-Risk-Obligation Measure**

The Accrued Liability displayed in this report, which has been calculated using a 3.50% discount rate, represents a low-default-risk obligation measure. This measure reflects the present value of future cash flows expected from the plan under the assumption that a sponsor could invest against funding those cash flows using investments that have a low default risk. This lower default risk, in combination with the ability to match investment maturity with future cash flows, would allow a plan sponsor to fund a plan with a very stable funding deficit or surplus. A low risk of default is also assumed to improve benefit security for participants.

Most plans do not follow this approach in the long term because, while funding would be more predictable, the expected future contributions would be much higher to offset the lower expected return vs. a portfolio invested in assets with higher risk but higher expected returns.

The EORT, however, does employ a lower risk funding approach, as the Plan Ordinance limits allowable investments to specific fixed-income investments.