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August 23, 2019

Mr. Randall Barnes, Treasurer  
City of Jacksonville  
117 West Duval Street, Suite 300  
Jacksonville, FL 32202

**Re: Actuarial Impact Statement for City of Jacksonville General Employees Retirement Plan –  
Ordinance #2019-566 - REVISED**

Dear Randall:

The attached impact statement for Ordinance #2019-566 replaces the prior version dated August 12, 2019.

Enclosed is a sample cover letter to Mr. Douglas Beckendorf and the impact statement presenting the October 1, 2018 actuarial valuation results, along with the plan changes proposed in Ordinance #2019-566. The letter, or a similar version, should be copied onto your letterhead and sent to Mr. Beckendorf. Please note that the signature of an authorized plan representative is required on the last page of the impact statement. Please include a copy of the latest ordinance.

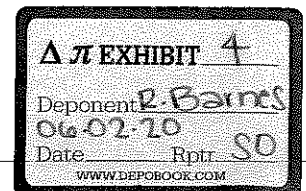
The work herein was completed under my supervision, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

If you have any questions or need any additional information, please let us know.

Sincerely,

Jeffrey S. Williams, FCA, ASA, MAAA, EA  
Vice President and Consulting Actuary

cc: Melissa Dykes – Jacksonville Electric Authority  
Tom Stadelmaier – City of Jacksonville Retirement System  
Matthew Powell – Segal Consulting



August 23, 2019

Mr. Douglas Beckendorf, Actuary  
Bureau of Program Services  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000

**Re: City of Jacksonville General Employees Retirement Plan**

Dear Mr. Beckendorf:

Enclosed is an actuarial impact statement for the proposed changes to the above referenced plan. Also included is a copy of the city ordinance regarding the proposed plan changes.

The impact statement presents costs using plan demographics and related liabilities as of October 1, 2018.

If you have any questions regarding the impact statement, please contact me or Jeff Williams of Segal Consulting at (678) 306-3100.

Sincerely,

Randall Barnes  
Treasurer, City of Jacksonville

Enclosure

cc: Jeffrey S. Williams, Segal Consulting

**City of Jacksonville General Employees Retirement Plan**  
**Actuarial Impact Statement**

Ordinance 2019-566 proposes the following plan changes occur to the City of Jacksonville General Employees Retirement Plan (“DB Plan”) if the Jacksonville Electric Authority (“JEA”) undertakes a Recapitalization Event (“Event”), as defined in Ordinance 2019-566. The proposed changes listed below are not a complete statement of every change listed in Ordinance 2019-566, but rather a listing of those changes that impacted the calculations herein. The changes only apply to employees hired prior to October 1, 2017.

- Active JEA DB Plan members who, at the time of the Event are eligible for a time service retirement, or normal retirement, as defined in Jacksonville Code Section 120.206(a), will not be eligible to earn additional credited service for benefit accrual purposes and will be treated as retired as of such date and eligible to immediately receive retirement benefits.
- Active JEA DB Plan members who are vested in the DB Plan as of the time of the Event and not yet eligible for normal retirement shall be treated as a vested separated member and will be eligible to receive their vested accrued benefit on the earliest normal retirement date they would have been eligible for had they continued to work in covered employment until such date. The vested accrued benefit will be calculated using the member’s final monthly compensation, as defined in Jacksonville Code Section 120.201(n), as of the date of the Event and credited service earned as of the date of the Event, along with additional credited service that would have been earned had the member remained in covered employment until their earliest eligible normal retirement date.
- Active JEA DB Plan members who are not vested in the DB Plan as of the time of the Event shall be treated as a vested separated member and have their vested accrued benefit calculated as if they had earned five (5) years of credited service and using their final monthly compensation as of the date of the Event. If the member has worked less than 36 months as of the date of the Event, their final monthly compensation will be the average of their monthly compensation over their period of actual service with JEA. In lieu of a deferred vested benefit from the DB Plan, the member may instead choose to receive a single lump sum payment equal to twice the member’s accumulated employee contributions, without interest.
- Active JEA employees who are members of the City of Jacksonville General Employees Defined Contribution Plan (“DC Plan”) and who have at least five years of service as of the time of the Event have the option to either remain in the DC Plan or transfer to the DB Plan, receive credited service in the DB Plan for their time as a JEA employee in covered employment prior to the transfer, and receive additional credited service that would have been earned had the member remained in covered employment until their earliest eligible normal retirement date under the DB Plan. The vested accrued benefit will be calculated using the member’s final monthly compensation, as defined in Jacksonville Code Section 120.201(n), as of the date of the Event. The member will at that time be considered a vested separated member of the DB Plan.
- Active JEA employees who are members of the City of Jacksonville General Employees Defined Contribution Plan (“DC Plan”) and who do not have at least five years of service as of the time of the Event may either choose to remain in the DC Plan or transfer to the DB Plan and be treated as a vested separated member, with their vested accrued benefit calculated as if they had earned five (5) years of credited service and using their final monthly compensation as of the date of the Event. If the member has worked less than 36 months as of the date of the Event, their final monthly compensation will be the average of their monthly compensation over their period of actual service with JEA.

- Employees of JEA who are active at the time of the Event and subsequently remain in or transfer into the DB Plan will be eligible for a survivor benefit in the event the employee passes away prior to their normal retirement date. The surviving spouse shall receive a monthly benefit of 75% of the deferred vested benefit, but with the benefit calculated based on a 2.0% benefit multiplier instead of 2.5%.
- Notwithstanding the previously described plan changes, JEA employees may earn additional accruals under the DB Plan if reemployed by the City of Jacksonville in accordance with Jacksonville Code Section 120.202(a)(4), as defined in Ordinance 2019-566.
- Only vested participants who are in the DB Plan or will transfer from the DC Plan into the DB Plan have the minimum benefit applied in accordance with Jacksonville Code Section 120.206(g)

In conjunction with the changes above, following adjustments to the assumptions have been made:

- JEA members who at the time of the Event are not eligible for normal retirement but who instead will have a vested accrued benefit are assumed to retire on the earliest normal retirement date they would have been eligible for had they continued to work in covered employment until such date.
- Turnover and disability decrements are no longer valued for JEA members who have a vested accrued benefit as determined by this ordinance.
- It is assumed that if JEA members have a choice of benefit options that they will choose the option most valuable to them.

For JEA DC participants who are assumed to transfer to the DB Plan, their DC account balances are being applied as an offset to their DB Plan liability.

**City of Jacksonville General Employees Retirement Plan**  
**Summary of Impact of the Changes Proposed in Ordinance 2019-566**  
**Based on the October 1, 2018 Actuarial Valuation**

	<b>10/1/2018 Actuarial Valuation</b>	<b>10/1/2018 Actuarial Valuation Ordinance 2019-566</b>
<b>A. Participant data</b>		
Active members	4,234	2,554
Total annual payroll	\$253,982,175	\$118,273,603
Retired members and beneficiaries	5,176	5,176
Total annualized benefit	\$181,292,088	\$181,292,088
Terminated vested members	185	2,008
Total annualized benefit	<u>\$3,344,160</u>	<u>\$70,185,105</u>
<b>B. Actuarial value of assets</b>	<u>\$2,021,545,306</u>	<u>\$2,021,545,306</u>
<b>C. Present value of all future expected benefit payments:</b>		
Active members:		
Retirement benefits	\$1,074,750,796	\$477,060,874
Vesting benefits	26,569,658	15,138,526
Disability benefits	17,377,689	7,405,454
Death benefits	39,378,770	15,042,191
Return of contributions	<u>185,538,727</u>	<u>95,056,317</u>
Total	\$1,343,613,640	\$609,703,362
Terminated vested members	25,251,691	662,675,438
Retired members and beneficiaries	<u>2,179,539,282</u>	<u>2,179,539,282</u>
Total	\$3,548,404,613	\$3,451,918,082

	<b>10/1/2018 Actuarial Valuation</b>	<b>10/1/2018 Actuarial Valuation Ordinance 2019-566</b>
<b>D. Unfunded actuarial accrued liability</b>	\$1,175,135,210	\$1,307,411,855
<b>E. Actuarial present value of accrued benefits</b>		
Vested accrued benefits		
Active members	\$685,187,700	\$338,285,354
Inactive members	25,251,691	662,675,438
Pensioners and beneficiaries	2,179,539,282	2,179,539,282
Non-vested active members	<u>39,787,473</u>	<u>19,024,764</u>
Total	\$2,929,766,146	\$3,199,524,838
<b>F. Pension cost</b>		
Normal cost	\$41,097,477	\$17,283,866
Expected employee contributions	-23,628,493	-10,774,167
Level % of payroll payment to amortize unfunded actuarial accrued liability	78,115,225	86,792,895
Amortized value of discounted value of allocated surtax revenue	-27,900,692	-27,900,692
Total minimum annual cost payable monthly at valuation date	70,196,729	67,830,393
Total employer cost cost projected to budget year	71,249,679	68,847,849
Projected payroll	257,791,908	120,047,707
As % of projected payroll	27.64%	57.35%
<b>Present value of active members' future salaries at attained age</b>	\$2,049,771,913	\$821,310,233
<b>Present value of expected future employee contributions</b>	\$204,977,191	\$82,131,023

The above changes are in compliance with Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the State Constitution.

**Actuary**

**Plan Representative**

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**Date:** August 23, 2019

## TABLE OF AMORTIZATION BASES

Type*	Date Established	Initial Period	Initial Amount	Annual Payment*	Years Remaining	Outstanding Balance
Fresh start	10/01/2016	30	\$1,024,497,0	\$68,369,421	28	\$1,026,576,652
Experience gain	10/01/2017	30	-5,594,096	-367,451	29	-5,601,185
Plan change	10/01/2017	30	-3,528,667	-231,782	29	-3,533,138
Assumptions change	10/01/2017	30	64,164,450	4,214,678	29	64,245,761
Experience gain	10/01/2018	29	-922,806	-60,538	29	-922,806
Assumptions change	10/01/2018	29	88,449,536	5,802,505	29	88,449,536
Plan change	10/01/2018	29	5,920,390	388,392	29	5,920,390
Ordinance 2019-566	10/01/2018	29	132,276,645	8,677,670	29	132,276,645
<b>Total</b>				<b>\$86,792,895</b>		<b>\$1,307,411,855</b>

\* Level percentage of payroll; per Part VII, Chapter 112.64(5)(b) of Florida Statutes, outstanding balances were amortized using a 1.50% payroll growth rate for October 1, 2018 valuation.

## TABLE OF SURTAX AMORTIZATION BASES

Type	Date Established	Initial Period	Initial Amount	Annual Payment	Years Remaining	Outstanding Balance
Discounted surtax revenue applied	10/01/2016	30	-\$322,190,859	-\$22,168,630	28	-\$332,865,158
Surtax offset gain	10/01/2017	30	-7,927,401	-520,716	29	-7,937,448
Surtax offset allocation assumption change	10/01/2017	30	-10,588,075	-695,484	29	-10,601,493
Surtax offset discount rate assumption change	10/01/2017	30	-18,720,570	-1,229,671	29	-18,744,293
Surtax offset gain	10/01/2018	29	-8,089,137	-530,670	29	-8,089,187
Surtax offset allocation assumption change	10/01/2018	29	-20,241,389	-1,327,884	29	-20,241,389
Surtax offset discount rate assumption change	10/01/2018	29	-21,761,957	-1,427,637	29	-21,761,957
<b>Total</b>				<b>-\$27,900,692</b>		<b>-\$420,240,925</b>

\* Level percentage of payroll; per Part VII, Chapter 112.64(5)(b) of Florida Statutes, outstanding balances were amortized using a 1.50% payroll growth rate for October 1, 2018 valuation.