

CITY OF MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2008

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010

April 20, 2009

Board of Trustees
City of Miami Beach Employees'
Retirement Plan
Miami Beach, Florida

Dear Board Members:

We are pleased to present our October 1, 2008 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By _____
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 08-1560

By _____
Melissa R. Algayer, MAAA, FCA
Enrolled Actuary No. 08-6467

Statement by Enrolled Actuary

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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Signature

Date

08-1560
Enrollment Number

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SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The required employer contribution developed in this year's actuarial valuation compared to last year is as follows:

	<u>Required City Contribution</u>		<u>Covered Payroll</u>
	<u>Amount</u>	<u>% of Payroll</u>	
For FYE 9/30/10 Based on 10/1/08 Valuation	\$ 17,137,394	25.20 %	\$ 68,009,550
For FYE 9/30/09 Based on 10/1/07 Valuation	12,863,823	21.57	59,632,425
Increase (Decrease)	4,273,571	3.63	8,377,125

The contribution has been adjusted for interest on the basis that employer contributions are made in a single payment on the first day of the fiscal year. The total actual employer contribution for the year ending September 30, 2008 was \$13,911,545 compared to the minimum required payment of \$13,911,545.

Revisions in Benefits

A Deferred Retirement Option Plan (DROP) was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, participants who have attained eligibility for Normal Retirement may continue working with the City for up to three years while receiving a retirement benefit that is deposited into a DROP account. The amount of the benefit is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant.

Revisions in Actuarial Assumptions and Methods

The investment return assumption was reduced from 8.65% per year to 8.50% per year. The investment return assumption will be further reduced to 8.35% for the October 1, 2009 Valuation, 8.25% for the October 1, 2010 Valuation, 8.15% for the October 1, 2011 Valuation and 8.00% for the October 1, 2012 Valuation. Additionally, the assumed retirement rates were increased by 10% for the first year of retirement eligibility to value the effect of adding the Deferred Retirement Option Plan (DROP).

Actuarial Experience

There was a net actuarial loss of \$29,844,325 for the year which means actual experience was less favorable than expected. The actuarial loss was due to lower than expected return on investments and average salary increases for continuing active participants that were greater than expected. The actuarial loss translates into an increase in the employer contribution equal to \$2,795,193 or 4.11% of covered payroll.

Funded Ratio

The funded ratio this year is 80.9% compared to 86.4% last year. This year's ratio was 82.1% before the changes in assumptions and benefits described above.

The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

Contribution rate last year	21.57 %
Change in benefits	(0.23)
Change in assumptions/methods	1.59
Payment on unfunded liability	(2.38)
Change in employer normal cost	0.57
Experience gain/loss	4.11
Change in administrative expense	<u>(0.03)</u>
Contribution rate this year	25.20

Required Contributions in Later Years

The current calculated City contribution requirement is 25.20% of payroll. However, due to the recent economic downturn, it is likely that future contribution rates will be significantly greater. It is important to keep in mind that under the asset smoothing method, the difference between actual and expected return is recognized over five years. As of September 30, 2008 the actuarial value of assets exceeded the market value by \$62,129,769. In addition, further asset losses have likely occurred after September 30, 2008. Once all the losses through September 30, 2008 are fully recognized in the actuarial asset values, the contribution rate will increase by roughly 8.5% of payroll unless there are offsetting gains.

Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution rate would have been 33.69% and the funded ratio would have been 69.1%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

SECTION B
VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2008	October 1, 2007
ACTIVE MEMBERS		
Number	1,158	1,061
Covered Annual Payroll	\$ 68,009,550	\$ 59,632,425
Average Annual Payroll	\$ 58,730	\$ 56,204
Average Age	43.6	44.0
Average Past Service	8.1	8.6
Average Age at Hire	35.5	35.4
RETIREES & BENEFICIARIES		
Number	968	959
Annual Benefits	\$ 27,377,651	\$ 25,397,555
Average Annual Benefit	\$ 28,283	\$ 26,483
Average Age	70.4	70.5
DISABILITY RETIREES		
Number	43	42
Annual Benefits	\$ 925,417	\$ 866,343
Average Annual Benefit	\$ 21,521	\$ 20,627
Average Age	67.5	66.9
TERMINATED VESTED MEMBERS		
Number	87	70
Annual Benefits	\$ 1,455,128	\$ 1,048,560
Average Annual Benefit	\$ 16,726	\$ 14,979
Average Age	46.0	45.6

ANNUAL REQUIRED CONTRIBUTION (ARC)			
A. Valuation Date	October 1, 2008 <i>After Changes</i>	October 1, 2008 <i>Before Changes</i>	October 1, 2007
B. ARC to Be Paid During Fiscal Year Ending	9/30/2010	9/30/2010	9/30/2009
C. Assumed Date of Employer Contrib.	10/1/2009	10/1/2009	10/1/2008
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 7,182,938	\$ 6,577,667	\$ 4,806,312
E. Employer Normal Cost	8,611,895	8,342,512	7,033,378
F. ARC if Paid on the Valuation Date: D+E	15,794,833	14,920,179	11,839,690
G. ARC Adjusted for Frequency of Payments	17,137,394	16,210,774	12,863,823
H. ARC as % of Covered Payroll	25.20 %	23.84 %	21.57 %
I. Covered Payroll for Contribution Year	68,009,550	68,009,550	59,632,425

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	October 1, 2008 <i>After Changes</i>	October 1, 2008 <i>Before Changes</i>	October 1, 2007
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 254,664,328	\$ 250,414,423	\$ 229,252,192
b. Vesting Benefits	23,920,489	23,123,375	21,754,022
c. Disability Benefits	14,021,461	14,278,491	13,244,697
d. Preretirement Death Benefits	4,708,553	4,810,150	4,407,978
e. Return of Member Contributions	941,618	939,821	730,217
f. Total	298,256,449	293,566,260	269,389,106
2. Inactive Members			
a. Service Retirees & Beneficiaries	295,403,500	291,682,922	269,399,622
b. Disability Retirees	9,297,635	9,184,094	8,639,742
c. Terminated Vested Members	12,672,793	12,404,440	9,500,862
d. Total	317,373,928	313,271,456	287,540,226
3. Total for All Members	615,630,377	606,837,716	556,929,332
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	526,481,586	518,252,592	478,067,829
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	470,386,912	461,202,986	432,296,450
E. Plan Assets			
1. Market Value	363,584,796	363,584,796	429,720,685
2. Actuarial Value	425,714,565	425,714,565	412,824,235
F. Unfunded Actuarial Accrued Liability: C-E2	100,767,021	92,538,027	65,243,594
G. Actuarial Present Value of Projected Covered Payroll	459,755,910	466,544,627	416,550,185
H. Actuarial Present Value of Projected Member Contributions	35,584,619	35,976,042	32,091,878

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2008 <i>After Changes</i>	October 1, 2008 <i>Before Changes</i>	October 1, 2007
B. Normal Cost for			
1. Service Retirement Benefits	\$ 10,131,158	\$ 9,930,065	\$ 8,482,694
2. Vesting Benefits	1,391,398	1,333,944	1,177,886
3. Disability Benefits	1,145,687	1,137,139	972,110
4. Preretirement Death Benefits	347,993	346,488	287,367
5. Return of Member Contributions	<u>582,672</u>	<u>581,889</u>	<u>521,354</u>
6. Total for Future Benefits	13,598,908	13,329,525	11,441,411
7. Assumed Amount for Administrative Expenses	<u>640,506</u>	<u>640,506</u>	<u>579,706</u>
8. Total Normal Cost	14,239,414	13,970,031	12,021,117
% of Covered Payroll	20.94 %	20.54 %	20.16 %
C. Expected Member Contribution	5,627,519	5,627,519	4,987,739
% of Covered Payroll	8.27 %	8.27 %	8.36 %
D. Employer Normal Cost: B8-C	8,611,895	8,342,512	7,033,378
% of Covered Payroll	12.66 %	12.27 %	11.79%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Derivation of the Current UAAL	
1. Last Year's UAAL	\$ 65,243,594
2. Last Year's Employer Normal Cost	6,370,392
3. Last Year's Contributions	13,911,545
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	6,194,610
b. 3 from dates paid	<u>1,203,349</u>
c. a - b	4,991,261
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	62,693,702
6. This Year's Actual UAAL Prior to Revisions	92,538,027
7. This Year's Gain (Loss): 5 - 6	(29,844,325)
8. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	8,228,994
9. This Year's Revised UAAL: 6 + 8	100,767,021
10. Gain (Loss) Due to Investments	(14,095,652)
11. Gain (Loss) Due to Other Causes	(15,748,673)

B. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date Established	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/94	15	\$1,654,392	1	\$397,914	\$397,914
10/1/94	15	8,743,997	1	2,103,102	2,103,102
10/1/95	15	(3,893,388)	2	(1,614,333)	(840,072)
10/1/96	15	(6,757,095)	3	(4,381,959)	(1,581,299)
10/1/96	15	(1,455,487)	3	(943,879)	(340,614)
10/1/97	15	(11,502,918)	4	(5,302,332)	(1,491,924)
10/1/98	15	(9,492,383)	5	(4,778,182)	(1,117,547)
10/1/99	15	(11,197,306)	6	(6,203,965)	(1,255,700)
10/1/99	15	761,013	6	421,648	85,343
10/1/00	15	(1,184,364)	7	(708,652)	(127,603)
10/1/01	15	4,182,294	8	2,631,432	430,077
10/1/01	15	8,482,719	8	5,337,185	872,301
10/1/02	30	24,017,296	24	21,644,140	1,974,300
10/1/03	30	16,972,622	25	16,931,463	1,524,794
10/1/04	30	9,682,048	26	9,408,144	837,456
10/1/05	30	9,377,578	27	8,825,367	777,285
10/1/06	30	11,796,972	28	11,082,805	966,698
10/1/06	30	34,747,408	28	32,643,865	2,847,361
10/1/07	30	(14,036,710)	29	(13,296,604)	(1,149,583)
10/1/07	30	(12,143,754)	29	(11,503,456)	(994,553)
10/1/08	30	29,844,325	30	29,844,325	2,559,476
10/1/08	30	8,228,994	30	8,228,994	705,726
		96,828,253		100,767,021	7,182,938

C. Amortization Schedule

The UAAL is being liquidated as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2008	\$ 100,767,021
2009	101,538,736
2010	105,089,644
2011	108,030,900
2012	109,136,887
2013	108,718,146
2018	95,571,479
2023	79,101,633
2028	54,336,639
2033	19,240,705
2038	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

Net actuarial gains in previous years are as follows:

Year Ended	Gain (Loss)
9/30/1990	\$ (9,106,524)
9/30/1991	2,727,904
9/30/1992	4,954,823
9/30/1993	5,370,894
9/30/1994	(1,696,061)
9/30/1995	6,661,918
9/30/1996	7,568,621
9/30/1997	13,539,264
9/30/1998	6,894,790
9/30/1999	16,168,137
9/30/2000	6,540,306
9/30/2001	(6,572,791)
9/30/2002	(32,586,068)
9/30/2003	(18,414,901)
9/30/2004	(9,682,048)
9/30/2005	(7,060,041)
9/30/2006	(11,796,971)
9/30/2007	14,036,710
9/30/2008	(29,844,325)

HISTORY OF INVESTMENT RETURNS AND SALARY INCREASES

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are consistent with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last several years:

Year Ending	General Plan				Unclassified Plan			
	Investment Return		Salary Increases		Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1989	11.6 %	8.0 %	1.9 %	6.0 %	14.6 %	8.0 %	3.2 %	6.0 %
9/30/1990	7.3	8.5	7.5	6.0	(2.3)	8.0	12.3	6.0
9/30/1991	8.1	8.5	3.0	6.0	21.6	8.5	3.4	6.0
9/30/1992	13.7	8.5	2.0 *	6.0	5.8	9.0	2.4	6.0
9/30/1993	11.4	8.5	3.1	6.0	14.1	9.0	6.3	6.0
9/30/1994	6.8	8.5	3.9	6.0	4.8	9.0	6.0	6.0
9/30/1995	11.4	8.5	8.8	6.0	24.1	9.0	7.6	6.0
9/30/1996	15.3	8.5	4.2	6.0	13.9	9.0	8.6	6.0
9/30/1997	13.8	8.5	6.0	6.0	19.1	9.0	7.4	6.0
9/30/1998	12.5	8.5	5.0	6.0	4.3	9.0	4.1	6.0
9/30/1999	14.4	8.5	7.3	6.0	18.8	9.0	7.1	6.0
9/30/2000	10.7	8.5	6.7	6.0	16.5	9.0	6.7	6.0
9/30/2001	7.2	8.5	9.3	6.0	9.7	9.0	7.0	6.0
9/30/2002	0.3	8.5	8.9	6.0	1.7	9.0	9.2	6.0
9/30/2003	4.3	8.5	8.1	6.0	4.6	9.0	7.5	6.0
9/30/2004	4.1	8.5	3.1	6.0	9.7	9.0	5.7	6.0
9/30/2005	4.4	8.5	4.7	6.0	10.7	9.0	6.8	6.0
9/30/2006	7.7	8.5	11.9	6.0	10.2	8.75	7.9	6.0
9/30/2007 **	12.0	8.75	(3.6)	6.0	NA	NA	NA	NA
9/30/2008 **	5.2	8.65	11.3	6.0	NA	NA	NA	NA
Averages	9.0 %	---	5.6 %	---	11.0 %	---	6.6 %	---

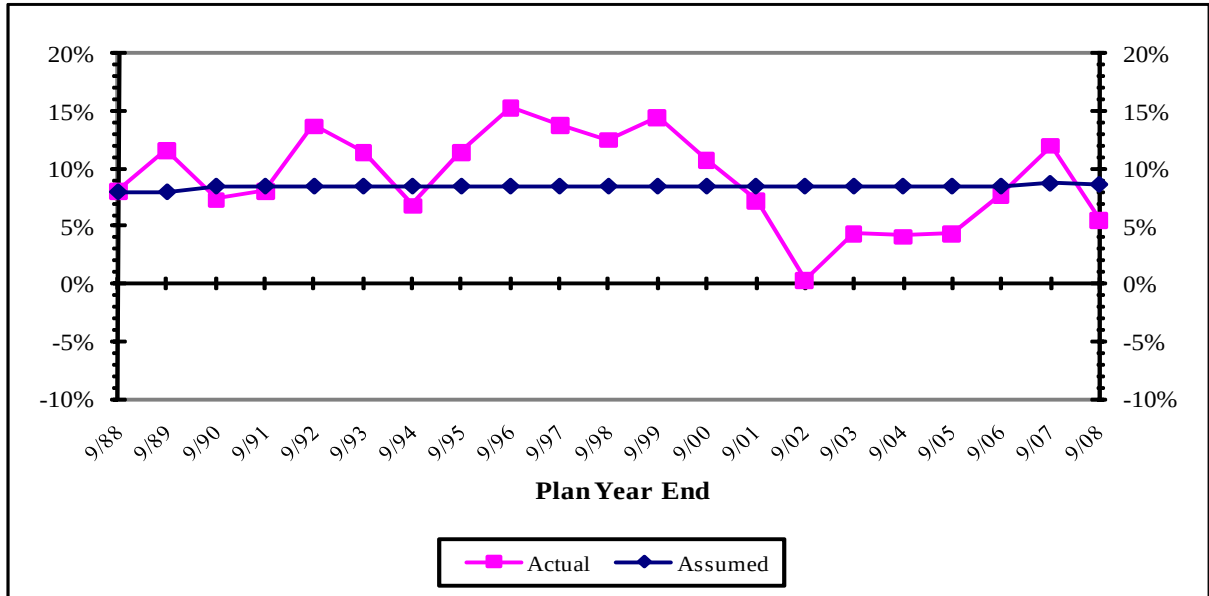
* Approximate rate

** Represents salary increases and investment return for the total group

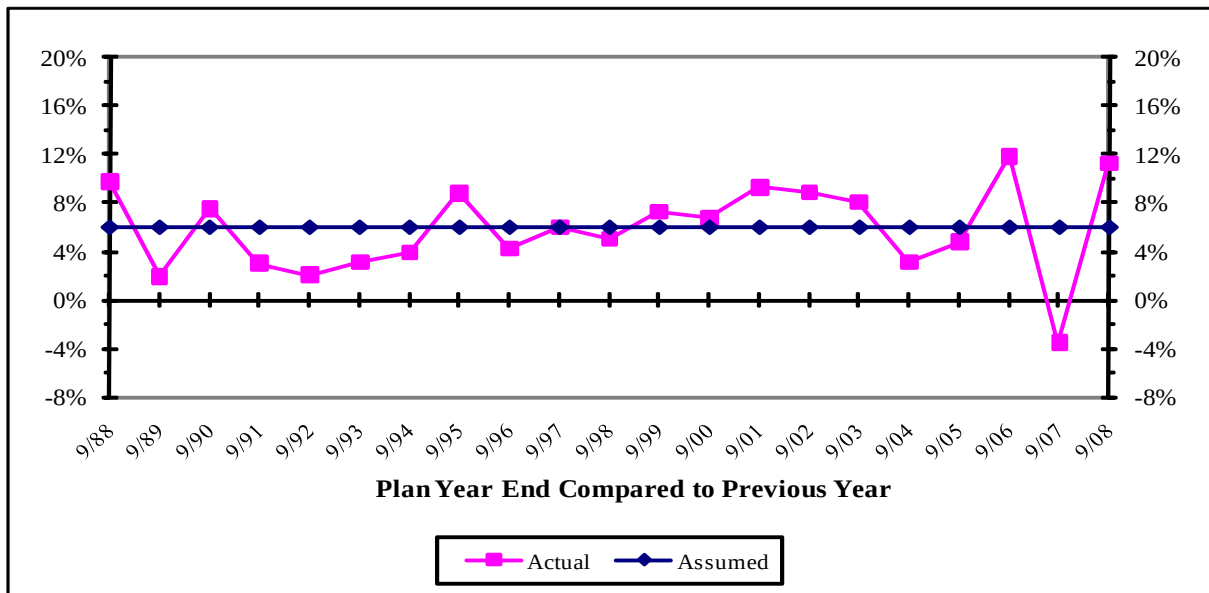
Note: Figures before 1992 were taken from Reports of Buck Consultants.

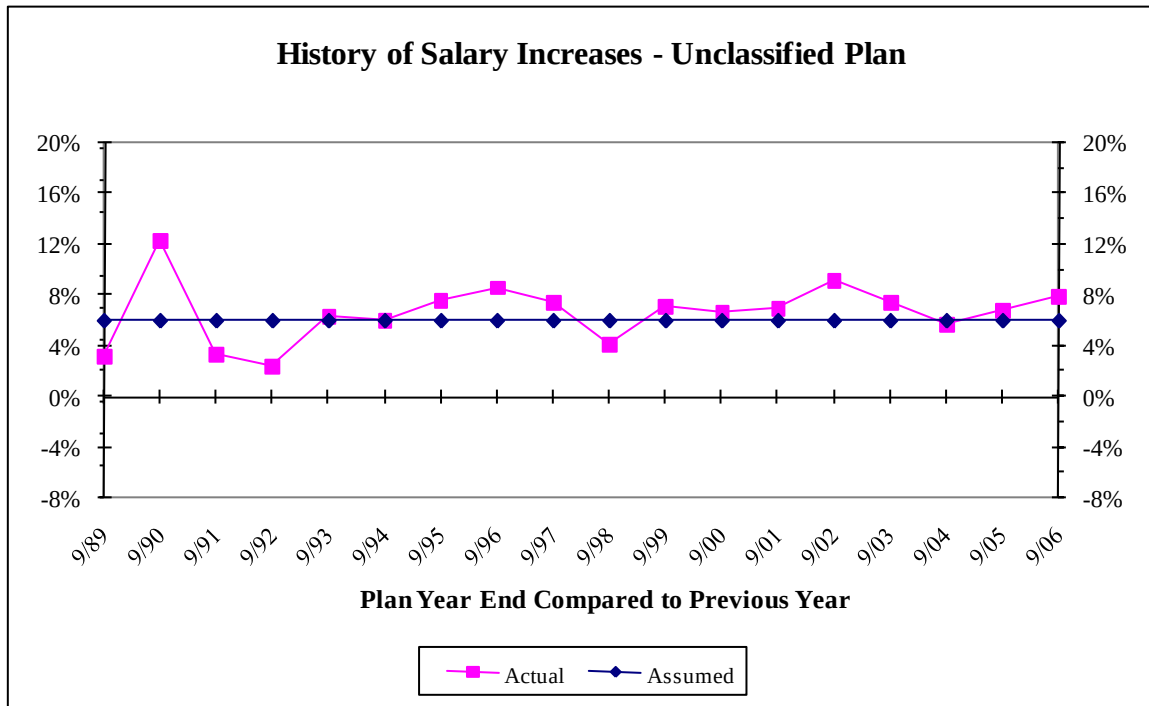
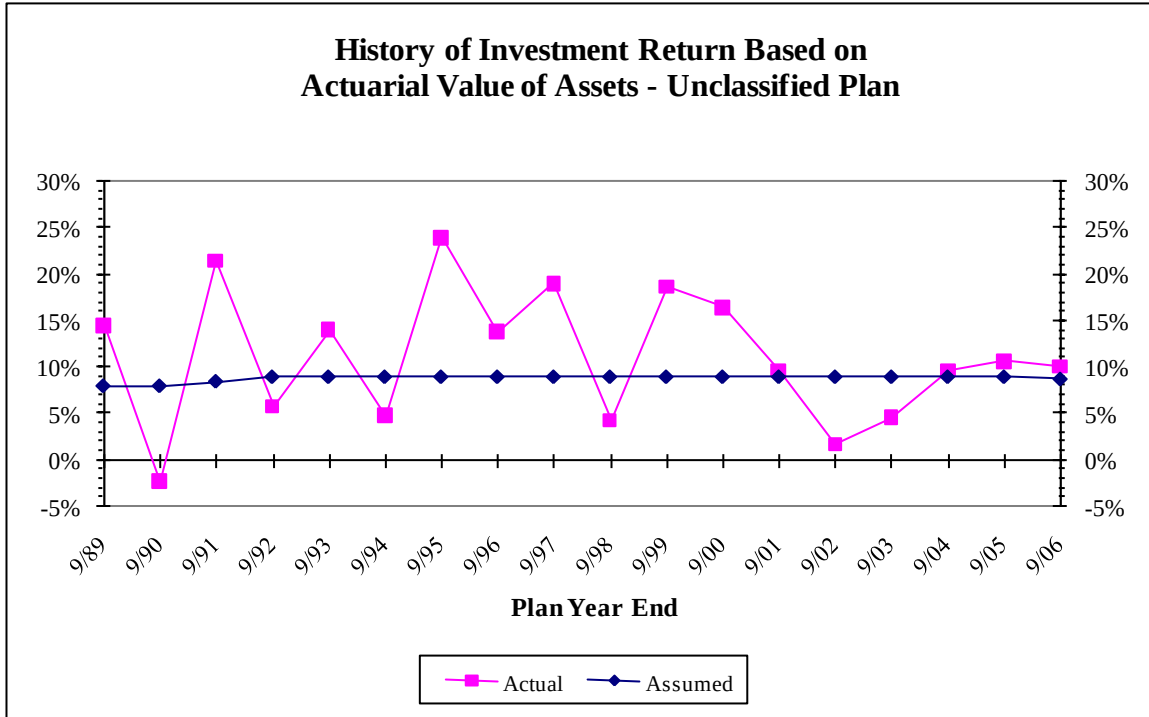
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and the end of each period. The exhibits that follow illustrate the table above in graphic form.

**History of Investment Return Based
on Actuarial Value of Assets - General Plan
and Combined Plan After 2006**



**History of Salary Increases - General Plan
and Combined Plan After 2006**





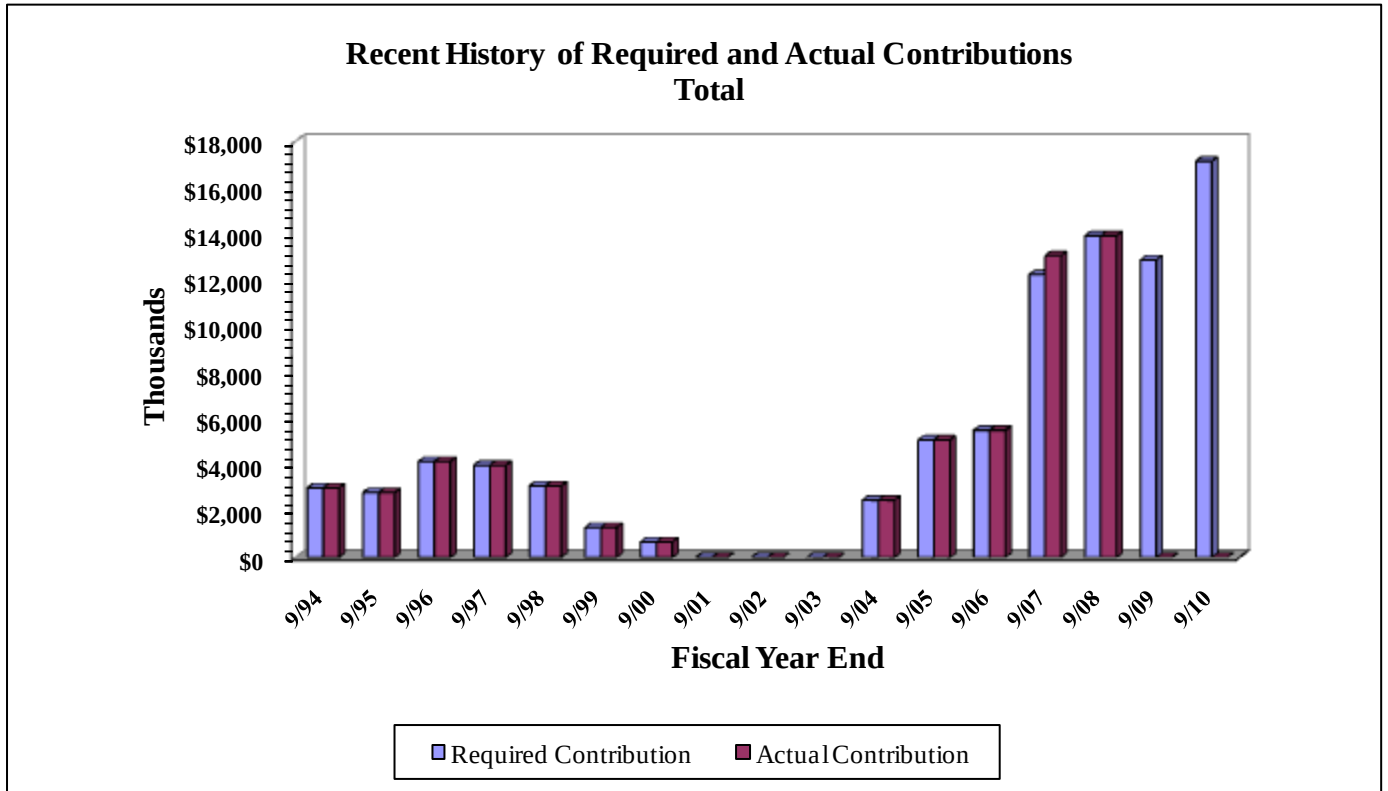
Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2003	109	46	20	40	0	3	2	1	15	9	24	33	714
9/30/2004	65	54	24	37	2	3	1	1	18	9	27	35	725
9/30/2005	73	62	16	43	2	3	2	1	23	19	42	37	736
9/30/2006 *	357	75	40	40	0	3	1	1	21	13	34	37	1,018
9/30/2007	149	106	40	86	2	3	1	2	17	46	63	49	1,061
9/30/2008	182	85	29	92	1	3	1	2	24	30	54	61	1,158
9/30/2009				123		3		2				64	
6 Yr Totals **	935	428	169	338	7	18	8	8	118	126	244	252	

* Includes 401a transfers

** Totals are through current Plan Year only

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS			
Valuation	End of Year To Which Valuation Applies	Required Contribution	Actual Contribution
		Amount	
10/1/92	9/30/94	\$ 3,004,556	\$ 3,004,556
10/1/93	9/30/95	2,809,509	2,809,509
10/1/94	9/30/96	4,151,807	4,151,807
10/1/95	9/30/97	3,982,477	3,982,477
10/1/96	9/30/98	3,091,359	3,091,359
10/1/97	9/30/99	1,293,920	1,293,920
10/1/98	9/30/00	666,897	666,897
10/1/99	9/30/01	-	-
10/1/00	9/30/02	-	-
10/1/01	9/30/03	-	-
10/1/02	9/30/04	2,476,702	2,476,702
10/1/03	9/30/05	5,082,595	5,082,595
10/1/04	9/30/06	5,500,329	5,500,329
10/1/05	9/30/07	12,234,519 *	13,053,231
10/1/06	9/30/08	13,911,545	13,911,545
10/1/07	9/30/09	12,863,823	NA
10/1/08	9/30/10	17,137,394	NA

* From February 28, 2006 Actuarial Impact Statement



ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 8.50% per year, compounded annually (net after investment expenses). The assumption rate for each of the next four valuations will be 8.35%, 8.25%, 8.15%, and 8.00% respectively.

The **Wage Inflation Rate** assumed in this valuation was 4.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 8.5% investment return rate translates to an assumed real rate of return over wage inflation of 4.5%.

Pay increase assumptions for individual active members are assumed to be 6.00% per year up to the assumed retirement age.

Age	Annual Rate of					
	Mortality		Turnover	Disability	Retirement*	
	Male	Female			Group A	Group B
25	0.05%	0.03%	14.6%	0.07%	NA	NA
30	0.06	0.03	7.8	0.08	NA	NA
35	0.09	0.05	5.7	0.13	NA	NA
40	0.12	0.07	4.7	0.20	NA	NA
45	0.22	0.10	3.3	0.31	NA	NA
50	0.39	0.16	2.1	0.46	30.0%	5.0%
55	0.61	0.25	1.1	0.64	12.0	5.0
60	0.92	0.42	0.4	1.04	20.0	60.0
65	1.56	0.71	NA	NA	100.0	100.0
70	2.75	1.24	NA	NA	NA	NA
75	4.46	2.40	NA	NA	NA	NA
80	7.41	4.29	NA	NA	NA	NA
85	11.48	6.99	NA	NA	NA	NA
90	16.63	11.18	NA	NA	NA	NA
95	23.41	18.24	NA	NA	NA	NA
100	31.92	29.52	NA	NA	NA	NA

*for those eligible to retire

Demographic Assumptions

The mortality table was the 1983 Group Annuity Mortality for males and females; for those who have terminated employment before 10/1/93, rates are based on the group's own experience. See Table above. For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rates of retirement used to measure the probability of eligible members retiring during the next year are shown in the above table. To value the effect of the DROP Plan, the retirement rates for the 1st year eligible were increased by an additional 10% more than shown in the above table.

Rates of separation from active membership were as shown in the above table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Rates of disability among active members are shown in the above table.

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be the average of non-investment related expenses averaged over the last two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in full on the first day of the fiscal year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A 50% joint and survivor annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Cost of Living Increase</i>	2.5% per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS		
	9/30/2008	9/30/2007
Cash and Securities - Market Value		
Cash and Equivalents	\$ 2,634,584	\$ 6,360,027
Treasury and Agency Bonds & Notes	11,537,121	13,495,275
Corporate Bonds	22,685,137	26,606,172
Common Stocks	49,641,367	51,670,353
Domestic Equity Funds	153,016,492	196,096,047
Domestic Bond Funds	92,429,493	90,745,990
State of Israel Bond	250,000	250,000
International Equity Funds	31,585,628	43,955,256
Total	363,779,822	429,179,120
Receivables and Accruals		
State Contribution	-	-
Member Contribution	-	-
Employer Contribution	214,660	209,672
Interest and Dividends	552,328	533,599
Other	534,223	313,734
Total	1,301,211	1,057,005
Payables		
Benefits	-	-
Refunds	-	-
Expenses	176,698	78,311
Other	1,319,539	437,129
Total	1,496,237	515,440
Net Assets - Market Value	363,584,796	429,720,685

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2008	Year Ending 9/30/2007
Market Value at Beginning of Period	\$ 429,720,685	\$ 378,035,985
Income		
Member Contributions	6,602,403	7,927,173
Employer Contributions	13,911,545	13,053,231
Library/Metro Dade Contributions	0	11,146
Investments - Interest and Dividends	7,136,653	5,559,442
Investments - Gains (Losses)	<u>(63,854,232)</u>	<u>52,758,436</u>
Total Investment Earnings	(56,717,579)	58,317,878
Total Income	(36,203,631)	79,309,428
Disbursements		
Monthly Benefit Payments	27,336,122	25,589,393
Lump Sum Distributions	0	0
Refund of Contributions	900,303	611,742
Investment Related Expenses	1,056,638	781,776
Other Administrative Expenses	639,195	641,817
Insurance Premiums	0	0
Transfers to Other Systems	<u>0</u>	<u>0</u>
Total Disbursements	29,932,258	27,624,728
Net Increase During Period	(66,135,889)	51,684,700
Market Value at End of Period	363,584,796	429,720,685

ACTUARIAL VALUE OF ASSETS

	Year Ending September 30	
	2008	2007
A. Beginning of Year Assets		
1. Market Value	\$ 429,720,685	\$ 378,035,985
2. Actuarial Value	412,824,235	358,458,949
B. Net of Contributions		
Less Disbursements*	(8,361,672)	(5,851,402)
C. Actual Net Investment Earnings*	(57,774,217)	57,536,102
D. Expected Investment Earnings*	35,347,654	31,109,159
E. Excess of Actual Over Expected Investment Earnings: C - D	(93,121,871)	26,426,943
F. Recognition of Excess Earnings Over 5 Years		
1. From This Year	(18,624,374)	5,285,389
2. From One Year Ago	2,685,676	(420,595)
3. From Two Years Ago	(213,718)	2,616,059
4. From Three Years Ago	1,329,304	1,431,635
5. From Four Years Ago	727,460	2,739,889
6. Total	<u>(14,095,652)</u>	<u>11,652,377</u>
G. 401A Plan Transfers	NA	NA
H. End of Year Assets (Before Revision)		
1. Market Value	363,584,796	429,720,685
2. Actuarial Value:		
A2 + B + D + F6 + G	425,714,565	395,369,083
3. Final Actuarial Value		
Within 80% to 120% of Market Value	425,714,565	395,369,083
I. Partial Write Up	NA	17,455,152
J. End of Year Assets After Write Up	425,714,565	412,824,235

* Net of Investment Related Expenses

INVESTMENT RATE OF RETURN

Year Ended	General Plan **		Unclassified Plan	
	Market Value	Actuarial Value	Market Value	Actuarial Value
9/30/89	NA %	11.6 %	14.6 %	14.6 %
9/30/90	NA	7.3	(2.3)	(2.3)
9/30/91	NA	8.1	21.6	21.6
9/30/92	12.2	13.7	5.8	5.8
9/30/93	14.6	11.4	14.6	14.1
9/30/94	1.4	6.8	5.3	4.8
9/30/95	20.0	11.4	25.9	24.1
9/30/96	9.8	15.3	22.7	13.9
9/30/97	23.0	13.8	35.2	19.1
9/30/98	8.4	12.5	(0.3)	4.3
9/30/99	13.1	14.4	19.1	18.8
9/30/00	10.8	10.7	11.5	16.5
9/30/01	(7.4)	7.2	(8.1)	9.7
9/30/02	(5.9)	0.3	(9.8)	1.7
9/30/03	17.4	4.3	16.9	4.6
9/30/04	11.4	4.1	13.0	9.7
9/30/05	12.8	4.4	13.8	10.7
9/30/06	7.4 *	7.7	7.5 *	10.2 *
9/30/07	15.3	12.0	NA	NA
9/30/08	(13.6)	5.2	NA	NA
Average Compounded Rate of Return for Number of Years Shown	8.4 %	9.0 %	10.9 %	11.0 %
Average Compounded Rate of Return for Last 5 Years	6.1 %	6.6 %	NA	NA

* Note: Effective 10/1/06, the former General and Unclassified Plans were merged and assets were combined. Investment returns after this date are for the total group.

** Combined Plan after 2006

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2008	October 1, 2007
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 304,701,135	\$ 278,039,364
b. Terminated Vested Members	12,672,793	9,500,862
c. Other Members	144,758,513	138,395,883
d. Total	462,132,441	425,936,109
2. Non-Vested Benefits	8,254,471	6,360,341
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	470,386,912	432,296,450
4. Accumulated Contributions of Active Members	52,644,549	50,696,622
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	432,296,450	395,731,353
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	9,183,926	0
b. Change in Actuarial Assumptions	0	4,457,370
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	57,142,961	58,308,862
d. Benefits Paid	(28,236,425)	(26,201,135)
e. Net Increase	38,090,462	36,565,097
3. Total Value at End of Period	470,386,912	432,296,450
D. Market Value of Assets	363,584,796	429,720,685
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1993	\$ 185,721,855	\$ 187,130,465	\$ 1,408,610	99.2 %	\$ 21,094,111	6.7 %
10/1/1994	188,997,087	202,078,377	13,081,290	93.5	21,944,531	59.6
10/1/1995	208,877,297	213,844,465	4,967,168	97.7	23,461,309	21.2
10/1/1996	226,633,680	222,221,064	(4,412,616)	102.0	25,148,361	(17.5)
10/1/1997	251,171,973	232,871,332	(18,300,641)	107.9	25,939,981	(70.5)
10/1/1998	266,716,007	240,760,472	(25,955,535)	110.8	25,070,334	(103.5)
10/1/1999	305,344,213	263,462,059	(41,882,154)	115.9	25,418,614	(164.8)
10/1/2000	326,816,322	277,933,325	(48,882,997)	117.6	25,889,403	(188.8)
10/1/2001	336,024,366	292,748,088	(43,276,278)	114.8	27,664,085	(156.4)
10/1/2002	322,181,146	319,831,292	(2,349,854)	100.7	30,350,644	(7.7)
10/1/2003	320,053,468	338,904,200	18,850,732	94.4	34,488,630	54.7
10/1/2004	320,735,755	352,105,058	31,369,303	91.1	34,619,199	90.6
10/1/2005	325,727,087	368,096,409	42,369,322	88.5	36,680,110	115.5
10/1/2006 (b)	338,504,669	394,231,589	55,726,920	85.9	40,113,847	138.9
10/1/2006 (a)	358,458,949	448,933,278	90,474,329	79.8	57,390,894	157.6
10/1/2007 (b)	395,369,083	472,756,431	77,387,348	83.6	59,632,425	129.8
10/1/2007 (a)	412,824,235	478,067,829	65,243,594	86.4	59,632,425	109.4
10/1/2008 (b)	425,714,565	518,252,592	92,538,027	82.1	68,009,550	136.1
10/1/2008 (a)	425,714,565	526,481,586	100,767,021	80.9	68,009,550	148.2

(a) After Changes

(b) Before Changes

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(GASB Statement No. 25)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1994	\$ 3,004,556	\$ 3,004,556	100.0 %
1995	2,809,509	2,809,509	100.0
1996	4,151,807	4,151,807	100.0
1997	3,982,477	3,982,477	100.0
1998	3,091,359	3,091,359	100.0
1999	1,293,920	1,293,920	100.0
2000	666,897	666,897	100.0
2001	0	0	NA
2002	0	0	NA
2003	0	0	NA
2004	2,476,702	2,476,702	100.0
2005	5,082,595	5,082,595	100.0
2006	5,500,329	5,500,329	100.0
2007	12,234,519 *	13,053,231	106.7
2008	13,911,545	13,911,545	100.0

* From February 28, 2006 Actuarial Impact Statement

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/07 To 10/1/08	From 10/1/06 To 10/1/07
A. Active Members		
1. Number Included in Last Valuation	1,061	1018
2. New Members Included in Current Valuation	182	149
3. Employment Terminations	(49)	(55)
4. Service Retirements	(29)	(40)
5. Disability Retirements	(1)	(2)
6. Deaths	(1)	(1)
7. Other - Transfers Out and Data Adjustments	(5)	(8)
8. 401A Transfers	<u>N/A</u>	<u>N/A</u>
9. Number Included in This Valuation	1,158	1,061
B. Terminated Vested Members		
1. Number Included in Last Valuation	70	64
2. Additions from Active Members	24	17
3. Lump Sum Payments/Refund of Contributions	0	(4)
4. Payments Commenced	(7)	(4)
5. Deaths	0	0
6. Other - Data Adjustments	<u>0</u>	<u>(3)</u>
7. Number Included in This Valuation	87	70
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	1001	995
2. Additions from Active Members	31	42
3. Additions from Terminated Vested Members	7	4
4. Deaths Resulting in No Further Payments	(29)	(41)
5. Deaths Resulting in New Survivor Benefits	0	2
6. End of Certain Period - No Further Payments	0	(1)
7. Other -- Lump Sum Distributions	<u>1</u>	<u>0</u>
8. Number Included in This Valuation	1,011	1001

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN - ACTIVE MEMBERS ON OCTOBER 1, 2008

Age Group	Years of Service							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	
20-24	47							47
Total Pay	1,520,609							1,520,609
Avg Pay	32,353							32,353
25-29	88	8						96
Total Pay	3,455,924	327,348						3,783,272
Avg Pay	39,272	40,919						39,409
30-34	89	23	11					123
Total Pay	3,815,937	1,056,261	592,431					5,464,629
Avg Pay	42,876	45,924	53,857					44,428
35-39	67	60	30	1				158
Total Pay	3,262,771	3,335,981	1,917,634	66,337				8,582,723
Avg Pay	48,698	55,600	63,921	66,337				54,321
40-44	63	42	43	20	6	1		175
Total Pay	3,460,991	2,658,024	2,901,448	1,402,814	403,155	67,478		10,893,910
Avg Pay	54,936	63,286	67,476	70,141	67,193	67,478		62,251
45-49	60	57	47	23	30	12		229
Total Pay	3,280,143	3,149,734	2,894,635	1,643,237	2,298,456	920,045		14,186,250
Avg Pay	54,669	55,258	61,588	71,445	76,615	76,670		61,949
50-54	33	32	26	7	15	7		120
Total Pay	1,596,558	2,016,688	1,510,392	486,265	1,191,020	601,024		7,401,947
Avg Pay	48,381	63,022	58,092	69,466	79,401	85,861		61,683
55-59	26	26	31	7	11	4		105
Total Pay	1,905,137	1,715,806	2,325,167	545,609	759,063	232,955		7,483,737
Avg Pay	73,275	65,993	75,005	77,944	69,006	58,239		71,274
60-64	14	13	22	10	11	1		71
Total Pay	663,533	601,642	1,649,093	871,249	724,551	116,220		4,626,288
Avg Pay	47,395	46,280	74,959	87,125	65,868	116,220		65,159
65-99	5	6	10	12		1		34
Total Pay	372,937	237,716	593,203	830,228		51,240		2,085,324
Avg Pay	74,587	39,619	59,320	69,186		51,240		61,333
Total No.	492	267	220	80	73	26		1,158
Total Pay	23,334,540	15,099,200	14,384,003	5,845,739	5,376,245	1,988,962		66,028,689
Avg Pay	47,428	56,551	65,382	73,072	73,647	76,499		57,020

INACTIVE MEMBERS ON OCTOBER 1, 2008

Age	Terminated Vested		Disabled		Retirees & Beneficiaries		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	30	\$ 374,583	1	\$ 27,681	7	\$ 109,927	38	\$ 512,191
45-49	41	765,937	1	22,776	11	590,130	53	1,378,843
50-54	12	266,364	7	191,965	73	3,499,710	92	3,958,039
55-59	3	24,478	4	84,619	117	4,501,432	124	4,610,529
60-64	1	23,766	9	260,400	135	4,883,335	145	5,167,501
65-69	0	-	2	53,575	128	3,730,840	130	3,784,415
70-74	0	-	4	73,306	135	3,449,825	139	3,523,131
75-79	0	-	3	28,909	126	2,600,148	129	2,629,057
80-84	0	-	9	145,352	121	2,346,320	130	2,491,672
85-89	0	-	3	36,834	74	1,160,189	77	1,197,023
90 & Up	0	-			41	505,805	41	505,805
Total	87	\$ 1,455,128	43	\$ 925,417	968	\$27,377,661	1,098	\$29,758,206

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

Effective Date

March 8, 2006 under Ordinance No. 2006-3504, whereby the former General and Unclassified Plans merge to form the Miami Beach Employees' Retirement Plan

Eligibility

Each general employee who works more than 30 hours per week is eligible for membership on his date of employment

Creditable Service

Service credited under the predecessor system plus service after such date with respect to which member contributions are made.

Earnings

For each person who becomes a member after the Second Tier Date, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For each person who became a member before the Second Tier Date, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Tier A members is limited to 10% of regular pay.

Second Tier Date

April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other"; and February 21, 1994 for members of MBEBA; October 18, 1992 for Unclassified members.

Final Average Monthly Earnings (FAME)

One-twelfth of average annual Earnings during the two highest paid years of Creditable Service, not less than the average monthly earnings for the 12 months prior to the effective date for Unclassified Tier A members

Normal Retirement

Eligibility	Age 50 and five years of Creditable Service for those in Tier A.
	Age 55 and five years of Creditable Service for those in Tier B.
Benefit	3% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME. There is a 90% cap for certain Tier A members.
Form of Benefit	50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Early Retirement

Eligibility	Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50.
Benefit	Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.

Delayed Retirement

Eligibility	Any time after the Normal Retirement Date.
Benefit	Calculated in the same manner as the Normal Retirement Benefit but using the FAME and Creditable Service as of the actual retirement date.

Disability Benefits

Eligibility	A total and permanent disability which renders a member incapacitated, mentally or physically, for the further performance of duty. Five years of Creditable Service is also required unless the disability is service-connected.
Benefit	Ordinary Disability: Accrued retirement benefit, without reduction, with a minimum of 35% of FAME. Service-Connected Disability: Accrued retirement benefit without reduction, with a minimum of 65% of FAME; 75% of FAME minimum for General Tier A members. Such amounts are reduced by workers' compensation benefits and, in certain cases, earned income will be considered in offsetting the benefit. The period of disability shall be included in Creditable Service for purposes of computing normal retirement benefits when a disability retiree reaches normal retirement age.

Preretirement Death Benefits

For a member who has at least three years of Creditable Service but who dies before commencement of retirement benefits, a monthly benefit is payable to the spouse or, if no spouse, to the children until age 21. The benefit is equal to 50% of the accrued normal retirement benefit without reduction with the result being a minimum of 30% of FAME and a maximum of 40% of FAME for General members.

Termination Benefits

Any member who terminates employment and does not request a refund of his own contributions and has completed at least five years of Creditable Service will be eligible to receive his accrued benefit upon reaching his normal retirement age.

Post Retirement Adjustments

Retirees receive a 2.5% increase each year.

Contributions

Tier A Members 10% of Earnings.

Tier B Members 8% of Earnings.

Employees who have reached the applicable benefit accrual cap (90% for General Tier A employees and 80% for all others) but have not yet reached retirement age will continue to contribute to the pension Plan, but only on the amount by which pay increases after reaching the cap

From the City The amount necessary to fund the Plan properly according to the Plan's actuary.

Changes Since Last Valuation

A Deferred Retirement Option Plan (DROP) was enacted on January 28, 2009 by Ordinance 2009-3626 allowing participants who have attained eligibility for Normal Retirement to continue working with the City for up to three years while receiving a retirement benefit that is deposited into a DROP account. The amount of the benefit that is deposited into the DROP account is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant.

April 20, 2009

Mr. Rick Rivera
Pension Administrator
City of Miami Beach Employees'
Retirement Plan
1700 Convention Center Drive
Miami Beach, Florida 33139

Dear Rick:

Enclosed are 20 copies of our October 1, 2008 Actuarial Valuation Report for City of Miami Beach Employees' Retirement Plan.

Please take the following actions:

1. Distribute a copy of the Report to Board members and other interested parties.
2. Send a copy of the Actuarial Report to:

Bureau of Local Retirement Systems
Division of Retirement
Post Office Box 9000
Tallahassee, Florida 32315-9000

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA
Senior Consultant & Actuary

JSP/rb

Enclosures