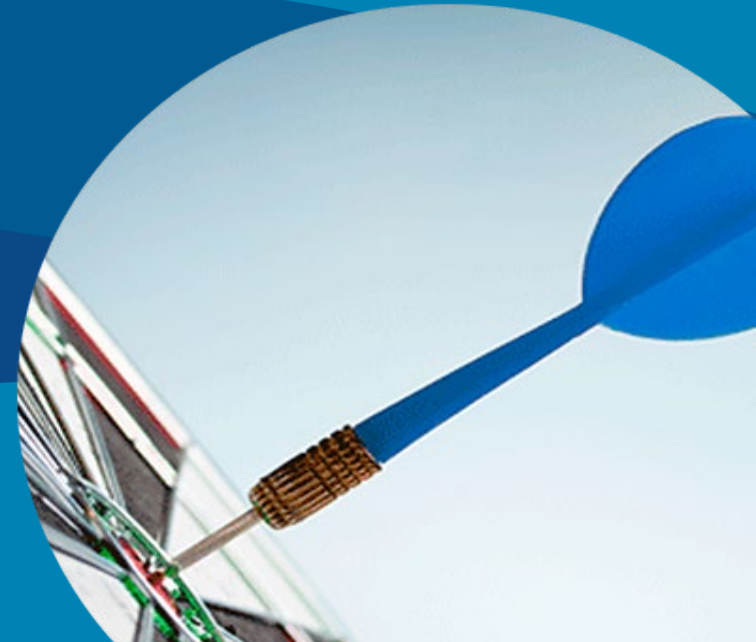




City of Clearwater Employees' Pension Plan

Presentation of the
January 1, 2026 Actuarial Valuation Report



Demographics of the Plan

- 1,563 Active Members (down a little from 1,572 last year).
 - Covered Payroll: \$128.5 million (vs. \$119.1 million last year).
 - Average Annual Pay = \$82,245 (vs. \$75,777 last year).
- 1,554 Retirees and Beneficiaries (up from 1,523 last year).
 - Annual Pensions: \$66.11 million (vs. \$63.34 million last year).
 - Average Annual Pension = \$42,543 (vs. \$41,591 last year).

Principal Assumptions Used

- Investment Return Assumption: 6.50% Net of Investment Fees.
- Mortality Rates: Same as Florida Retirement System, which were last updated as of 7/1/24 (based on PUB-2010 Mortality Tables).
 - Life Exp. for Age 65 Retired Non-Haz: 86.5 (Males); 88.6 (Females)
 - Life Exp. for Age 65 Retired Hazardous: 85.4 (Males); 88.2 (Females)
- Other Assumptions: Experience-based tables (updated 1/1/24 based on actual 2017-2022 experience).

Experience During 2025

- Net Investment Return: 11.4% (on Market Value); 6.27% (on smoothed Actuarial Value), vs. 6.50% assumed.
 - 5-Year Average: **6.2%**; 10-Year Average: **8.5%**
- Average salary increases: 11.56% vs. 5.74% expected.
- Mortality experience was lower than expected (\$845,596 actual decrease in retiree payroll vs. \$1,330,967 expected).
- Overall experience: Loss of \$39.05 million (3.17% of last year's actuarial liability).

Required City Contribution

- For FY 2027: **\$12,354,780 (9.61% of Covered Pay)** (vs. \$7,322,218, or 6.15% of Covered Pay, for FY 2026); Minimum city contribution (by Ordinance) = 7% of Covered Pay.
- Contribution increase is due primarily to liability-related experience losses, particularly salary increases; average salary increases: 11.56% vs. 5.74% assumed, driven primarily by salary increases for Police Officers (17.8%) and Firefighters (22.5%).
- Experience losses caused the required contribution to increase by 3.6% of Covered Pay (~ \$4.6 million) and the Plan's surplus to decrease by ~ \$39 million.

Credit Balance

- The Plan has a \$44.2 million credit balance that has been built up over time by city contributions in excess of the required contributions and interest (it was \$40.2 million at 1/1/2025).
- Established to help offset volatility/spikes in the required city contribution during times of financial stress.
- Any portion of this credit balance can be applied to reduce the city's required contribution, but the city must still contribute a minimum of 7% of Covered Pay.

Clearwater Pension Plan Liabilities

- Present Value of All Future Benefits as of 1/1/2026 (including benefits not yet earned, for expected future years of service):
\$1.56 Billion (vs. \$1.47 Billion last year)
- Actuarial Accrued Liability as of 1/1/2026 (based on benefits earned through 1/1/2026):
\$1.29 Billion (vs. \$1.23 Billion last year)
- *LDROM (Low Default Risk Obligation Measure) as of 1/1/2026:*
\$1.57 Billion (using a 4.90% interest rate)

Clearwater Pension Plan Assets

- Market Value of Assets as of 1/1/2026:
\$1.44 Billion (vs. \$1.34 Billion last year)
- Actuarial Value of Assets as of 1/1/2026 (reflecting asset smoothing over a trailing 5-year period):
\$1.39 Billion (vs. \$1.35 Billion last year)
- Actuarial Value of Assets Net of the Plan's Credit Balance (which is \$44.2 million as of 1/1/2026):
\$1.34 Billion (vs. \$1.31 Billion last year)

Clearwater Pension Plan Funded Ratios

- Based on Market Value of Assets:
111.73% (vs. 109.01% last year)
- Based on Actuarial Value of Assets (reflecting asset smoothing):
107.52% (vs. 110.02% last year)
- Based on Net Actuarial Value (Net of Credit Balance):
104.09% (vs. 106.76% last year)

Conclusion

- The City of Clearwater Employees' Pension Plan continues to be in great shape (one of the only **fully funded** pension plans in Florida with \$250+ million in assets).
- Among municipal/governmental retirement plans in Florida with over \$250 million in assets (about 60 plans), Clearwater's Pension Plan has the highest MV-based funded ratio.
- As of 7/1/2025, the Florida Retirement System had an 82.2% funded ratio (87.3% based on Market Value) using a 6.70% investment return assumption (\$212.6 Billion in assets).

Disclaimers

- This presentation is intended to be used in conjunction with the actuarial valuation report issued on April 20, 2026. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.