

May 5, 2017

Mr. Dave Williams, Administrator
Sunrise Police Officers Pension Board
13790 N. W. 4th Street, Suite 105
Sunrise, Florida 33325

Re: City of Sunrise Police Officers' Retirement System

Dear Dave:

As requested, we have prepared the enclosed exhibit which includes the estimated Average Final Compensation amounts at DROP entry that would cause a member's benefit to exceed the 415 limit if the member participates in the DROP for seven years. These estimates are based on the 415 limit for 2017. We recommend that this table be updated each year to reflect the updated 415 limit amount. This exhibit should be used for approximation purposes only. Actual 415 testing will be performed on an individual basis when members retire.

The exhibits have been prepared under two different scenarios relating to the treatment of the Plan's COLA when determining the 415 limit: (1) the 415 limit is reduced by the value of the Plan's COLA and (2) the 415 limit is not reduced by the value of the Plan's COLA.

In order to exclude the reduction in the 415 limit by the value of the Plan's COLA, it is our opinion that the Ordinance would need to be amended to describe the specific manner in which the COLA provision applies by detailing that the value of the Plan's COLA will not be used to reduce the 415 limit and that the 415 limit will increase each year by the increase in the statutory limit only and will not increase by the Plan's COLA. You may want to discuss this matter with the plan attorney.

The calculations were prepared based on what we believe are reasonable approaches to testing benefits under IRC Section 415(b) and the final regulations. However, we are neither tax attorneys nor tax professionals and the above information should not be construed as legal or income tax advice or opinion. There is no guarantee that the IRS would agree with the approaches used. We recommend qualified legal counsel review this report.

We welcome your questions and comments.

Respectfully submitted,



Jeffrey Amrose, EA, MAAA
Senior Consultant and Actuary

Enclosure

This communication shall not be construed to provide tax advice, legal advice or investment advice.

City of Sunrise Police Officers' Retirement System

**Estimated Average Final Compensation Amounts at DROP Entry
Resulting in Benefits Exceeding 415 Limit at DROP Exit**

Scenario 1: 415 limit is reduced by the value of the Plan's COLA

Age at DROP Entry	Age at DROP Exit	Years of Service at DROP Entry		
		20 Years	22.5 Years	25 Years
43	50	135,000	125,000	118,000
48	55	135,000	126,000	118,000
53	60	135,000	126,000	118,000

Scenario 2: 415 limit is not reduced by the value of the Plan's COLA

Age at DROP Entry	Age at DROP Exit	Years of Service at DROP Entry		
		20 Years	22.5 Years	25 Years
43	50	167,000	156,000	146,000
48	55	164,000	153,000	143,000
53	60	159,000	148,000	139,000

The above amounts were estimated based on the 2017 415 limit, current Plan provisions, and no after-tax member contributions. This exhibit should be used for approximation purposes only. Actual 415 testing will be performed on an individual basis when members retire.