

TAB 6

January 22, 2010

Ms. Diane Ponder
City of Palmetto
516 8th Avenue West
Palmetto, Florida 34220

Re: DROP Statements

Dear Diane:

We received your letter dated December 21, 2009 concerning the Board's decision to discontinue the issuance of quarterly DROP statements and have us prepare them on an annual basis. One option that we would like to bring to the Board's attention is to have us prepare projected statements for members upon DROP entry. These statements would show the projected balance at the end of each month for a five year period for members who elect the fixed rate of return. Projections cannot be prepared for members who elect the Plan's rate of return since the future returns are unknown. Currently, each member in the DROP has elected the fixed return rather than the Plan's rate of return.

In an effort to reduce fees we would recommend that we prepare projected DROP statements for members who elect the fixed rate of return. Since we would be preparing one statement instead of preparing many annual or quarterly statements, our fees will be reduced. For members who elect the plan's rate of return, we would recommend preparing DROP statements on an annual basis.

We have attached a sample of a DROP projection statement we prepared for one of our other clients. Please let us know if the Board would like us to proceed as we have recommended above or if we should produce annual DROP statements only.

We welcome your questions and comments.

Sincerely yours,



J. Stephen Palmquist, ASA
Senior Consultant and Actuary

JSP/ja

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CITY HALL

RETIREMENT SYSTEM

Estimated Projection of Your Deferred Retirement Option Plan (DROP) Account

Participant Sample Ee
 Date of First Deposit to Your DROP Account 4/1/2010
 Latest Date You May Participate in DROP 3/31/2016
 Estimated Monthly Deposit to Your DROP Account \$7,821.88
 Form of payment for benefit deposited into DROP account 10 Year Certain and Life Annuity

Date	Estimated DROP Account Balance as of						
	Year						
	2010	2011	2012	2013	2014	2015	2016
January 31	N/A	81,331.76	186,819.14	301,630.65	426,590.47	562,595.59	710,622.33
February 28	N/A	89,785.14	196,019.73	311,644.49	437,489.44	574,457.93	723,533.19
March 31	N/A	98,298.40	205,285.49	321,729.26	448,465.61	586,404.29	736,535.50
April 30	7,877.28	106,871.97	214,616.88	331,885.46	459,519.53	598,435.27	N/A
May 31	15,810.36	115,506.26	224,014.37	342,113.60	470,651.74	610,551.47	N/A
June 30	23,799.64	124,201.71	233,478.42	352,414.19	481,862.81	622,753.49	N/A
July 31	31,845.51	132,958.76	243,009.51	362,787.74	493,153.29	635,041.95	N/A
August 31	39,948.37	141,777.84	252,608.11	373,234.77	504,523.74	647,417.45	N/A
September 30	48,108.62	150,659.38	262,274.70	383,755.80	515,974.73	659,880.61	N/A
October 31	56,326.67	159,603.84	272,009.76	394,351.36	527,506.84	672,432.05	N/A
November 30	64,602.94	168,611.65	281,813.78	405,021.97	539,120.63	685,072.40	N/A
December 31	72,937.83	177,683.27	291,687.25	415,768.16	550,816.69	697,802.28	N/A

This estimated projection is based on the following assumptions:

- You will choose the normal form of payment, i.e. 10 Year Certain and Life Annuity.
- The investment return will remain fixed at 8.5% per year, compounded monthly. This rate may be adjusted up or down during your participation in the DROP, which will result in a change in the amounts shown above.
- Your monthly benefit will not change during your DROP participation.
- You will remain employed until the last day of each month as shown above. If your termination date does not match a date in the table above, the corresponding account balance will be calculated reflecting your actual termination date.

Considerable care has been taken in the preparation of the figures on this page. However, errors can and do occur from time to time. If you have reason to believe that the figures on this page are incorrect, it is your responsibility to inform the plan administrator. The system reserves the right to correct errors at any time, including after disbursement.