FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

PENSION NEWS CLIPS AUGUST 2021 ON FLORIDA PENSION ISSUES
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CIO EXCLUSIVE Ashbel "Ash" Williams, CIO of Florida SBA, to Retire in September
By Christine Giordano, Chief Investment Officer, August 18, 2021

After a year of challenges, and with an investment office about to undergo a generational shift, Ashbel "Ash" Williams, one of the most respected chief investment officers in the industry, is planning to retire in September. Williams has headed the $250 billion Florida State Board of Administration (SBA) since October 2008. The SBA manages more than 25 mandates, including the Florida Retirement System Pension Plan. Williams had returned to Florida during one of the most critical times in the state's financial history, when the fund had plummeted as a result of the great financial crisis. He said his reasons for retiring are based on the requirements of the state's retirement system program, and not anything else.

Firefighters, Ocoee officials continue negotiations
By Danielle Hendrix, Orange Observer, August 10, 2021

As Ocoee firefighters sound the alarm on department turnover, ongoing contract negotiations with the city aim to address issues such as retention and wages. Among the other articles in the contract the union has opened for negotiation is pension. The city's current proposal is to cap the percentage of the pension multiplier at 3.25% for those hired after 2015 and 3.5% for those hired prior, as well as capping the percentage of pension entitlement to 81.25% and member contribution 8%.

Split Lady Lake Commission turns down proposed police contract
By Meta Minton, Village-News, August 5, 2021

A split Lady Lake Commission has turned down a new police contract over complaints that the pension benefits are too generous. City Commissioner Holden expressed concern that the pension benefits negotiated with the PBA are too generous. The normal retirement age would be 55 with eight years of credited service or 20 years of credited service regardless of age. The new contract would reduce the years of credited service from 10 to eight years. The new contract would also increase the pension multiplier from 3.3 percent to 3.5 percent. The current police officer's contribution to the pension plan cannot exceed 5 percent. Town Manager William Lawrence, who has a background in law enforcement, tried to explain that the pension benefits have given the town an advantage when it comes to recruiting police officers, particularly more mature officers looking for a "second career" in law enforcement. "It makes it more attractive for them to stay. It's a good recruitment tool," Lawrence said.

Ben and Jerry's hits back at critics of boycott decision
By Batya Jerenberg, World Israel News, August 22, 2021

Ben and Jerry's hit back Thursday at opponents of its decision last month to stop selling their products in what it deems 'the occupied Palestinian territories' as soon as their local franchise's license runs out in December 2022. "Ben & Jerry's condemns the hateful and violent threats that have been directed at our company, our business partners, our Board, and particularly our Board Chair. We stand together—Ben & Jerry's and our Board—in denouncing hate, intimidation, and threats of violence in any form," the company tweeted. "We will continue to be guided by our values and commitment to human rights and justice." The ice-cream maker, and its owner, global food giant Unilever, have faced a serious backlash ever since Ben and Jerry's board of directors voted to stop supplying Judea, Samaria and eastern Jerusalem with its frozen treats, even though the decision will not take effect for over a year. Eight U.S. states have already begun to study whether these plans violate their states' anti-BDS laws, which demand in many cases that state-backed entities, including public pension funds, divest from companies that boycott any part of Israel. They are Arizona, **Florida**, Illinois, Maryland, New York, New Jersey, Rhode Island, and Texas.

Fitch Rates Cape Coral, FL's $23 Million General Obligation Bonds 'AA'; Outlook Stable

Fitch Ratings, August 18, 2021

In addition, Fitch has affirmed the 'AA' rating on the city's Issuer Default Rating (IDR) and the 'AA-' rating on the city's outstanding special obligation revenue bonds, series 2011 and 2015. The Rating Outlook is Stable. The city's long-term liability burden, including direct and overlapping debt and net pension liability (NPL), is low at around 7% of personal income including this issuance. The current issuance represents the second under a 2018 GO bond authorization for parks and recreation projects, and the city expects to issue its third and final tranche of authorized GO bonds (totaling about $20 million) within the next year and a half. The city maintains three defined benefit single-employer pension plans, including a general plan for non-public safety employees and separate plans for police and fire fighters. As is the case for the city's pension contribution levels, Fitch views the NPL as being overstated to some extent, as roughly a quarter of the city's workforce is related to its various self-supporting enterprise funds. The plans' aggregate ratio of assets to liabilities were 82% as of June 30, 2020 or 71% on a Fitch adjusted basis, which assumes a 6% investment rate of return. The city's aggregate NPLs totaled about $167 million utilizing each system's respective discount rate, or about $310 million on a Fitch-adjusted basis.

Florida posts 29.5% for fiscal year, surpassing its benchmark

By James Comtois, P&I, August 30, 2021

Florida Retirement System, Tallahassee, returned a net 29.5% for the fiscal year ended June 30, said a report posted on the website for the Florida State Board of Administration, which oversees the money management of the $199.6 billion pension fund. The fiscal-year return exceeded its primary benchmark return of 26.3%. For the three, five and 10 years ended June 30, the pension fund returned an annualized net 12.3%, 12% and 9.3%, respectively, above the respective benchmark returns of 11.2%, 10.9% and 8.4%. The board previously posted a net return of 3.1% for the fiscal year ended June 30, 2020. As of June 30, the pension fund's actual allocation was 55.2% global equities, 17.3% fixed income, 9.1% strategic investments, 8.7% private equity, 8.4% real estate, and 1.3% cash and cash equivalents.

More State and Local Employees, But Social Security Coverage Not Growing Apace

By John Iekel, ASPPA, August 25, 2021

The number of state and local government employees has been increasing at a greater rate than the number of such employees covered by Social Security, says a recently released study. More specifically, says the Social Security Administration (SSA) in "Trends in Noncovered Employment and Earnings Among Employees of State and Local Governments, 1994 to 2018," while the proportion of U.S. workers that state and local governments employed fell during that time, the absolute number of people they employed rose; at the same time, number of state and local government employees not covered by Social Security increased as well. The SSA says that California, Colorado, Georgia, Illinois, Louisiana, Massachusetts, Ohio and Texas account for almost four-fifths of all state and local government employees not covered by Social Security, and that California, Ohio and Texas together account for about half of the noncovered state and local government employees in 1994 and 2018. The report also cautions that demographic trends may accentuate these state-by-state differences. The SSA also says that the effects of these findings are more acute for men than women: it says that in both 1994–1998 and 2014–2018, the real median annual earnings of state and local government employees were higher among men than among women in both covered and noncovered employment. Nationwide, the percentage of state and local government employees NOT covered increased from 25.2% to 26.3% 1994-98 to 2014-18. **According to the FPPTA Pension Data Center statistics, in Florida, 22% of FPPTA member plans are not covered by Social Security. You can look at all the pension data by going to fpptа.org, log into your account, and then click on "Resources" and "Pension Plan Data Center."**

The LeRoy Collins Institute Announces New Director

LeRoy Collins News Release, July 2021

The LeRoy Collins Institute today announced that Lonna Rae Atkeson has been named its new director, overseeing all daily activities of the Institute. Dr. Atkeson is a renowned expert on election science and administration, survey research, public policy, voting rights, state politics, public opinion, and political behavior. She comes to the Institute from a position as professor and regents lecturer of political science at the University of New Mexico. Dr. Atkeson will replace Dr. Carol S. Weissert, who is retiring at the end of July after serving as director of the Institute for 14 years.
Editor's Note: The LeRoy Collins issues periodic reports on the status and health of Florida public pension plans and these reports have been harmful to all our pension efforts to maintain and preserve defined benefit plans.

Florida is America's future: Retired, politically active, collecting Social Security

By Allison Schrager, Benefits Pro, August 25, 2021

Texas, Florida, and Arizona census figures reveal an American economy where there's more growth coming from people who are moving to end their career rather than advance it. Yet the 2020 Census didn't point to San Francisco or New York as the fastest-growing city, or even one of the dozens of smaller metros that emulate them. The fastest growing metro area in the U.S. is the Villages, a retirement community in central Florida. An aging population has consequences for the economy. It could mean lower interest rates, at least for a few decades, because older people tend to hold more assets after a lifetime of saving and they shift some of their assets into bonds to reduce risk in their portfolios. Overall, Americans are moving less. They have become less likely to move for a job opportunity and aren't much more likely to move to start their own household. Retirement is the only category that experienced lots of growth. Most of the increase is simply due to the population aging. Over the last decade, the nation grew at its slowest rate since the 1930s, a slowdown broadly reflected in local area 2020 Census population counts released today. Less than half of the nation's 3,143 counties or equivalents gained population from 2010 to 2020, while the populations of around four-fifths of metro areas grew during the time period. In 2020, 86% of the U.S. population lived in metropolitan statistical areas, up from 85% in 2010. Another 8% lived in micropolitan statistical areas, down from 9% in 2010. California was the most populous state in 2020 (39.5 million), followed by Texas (29.1 million), Florida (21.5 million), New York (20.2 million) and Pennsylvania (13.0 million).

Blockbuster Gains Have Public Pensions Dialing Back Projections

By Martin Z Braun, Bloomberg, August 26, 2021

New York's $270 billion retirement fund, the third-largest in the U.S., cut its annual target to 5.9% from 6.8% after posting a record 33.5% gain in the most recent fiscal year. California's Public Employees' Retirement System -- the biggest in the nation -- along with funds in Maryland, Maine and Idaho have also lowered investment projections in the last two-months, but by smaller amounts. "We feel taking a more conservative outlook as far as expectations on performance will help us weather whatever the next downturn will be," New

York State Comptroller Thomas DiNapoli, said in a telephone interview. “We have a unique opportunity to better position the funds for the long term because of the outsized returns that we’ve had in the past year.” Government retirement systems, which count on annual gains to cover all the benefits promised to retirees, have increased their allocations to riskier investments in stocks, private equity and high-yield bonds after a decades-long decline in interest rates and slow global economic growth made it harder for them to meet long-term targets. While pensions were rewarded last year, it has exposed them to greater volatility and the chance that investment values can plummet such as after the 2008 global financial crisis. And since investment earnings make up almost two-thirds of public pension funding, a shortfall in long-term expected earnings must be made up by higher contributions or reduced benefits. Past performance is no guarantee of future results and Wall Street and pension managers expect future returns to fall based on forecasts for continued low interest rates and slowing economic growth**. More than half of 131 public pension reduced their return assumptions since fiscal 2018, resulting in a median assumed return of 7%, according to the National Association of State Retirement Administrators.** New York’s pension is 99.3% funded and has an 8.96% return over 30 years, according to the state comptroller’s office.