



# FY21 Data Analyses - Findings

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CEU Presentation



# Pension Data Center Mission

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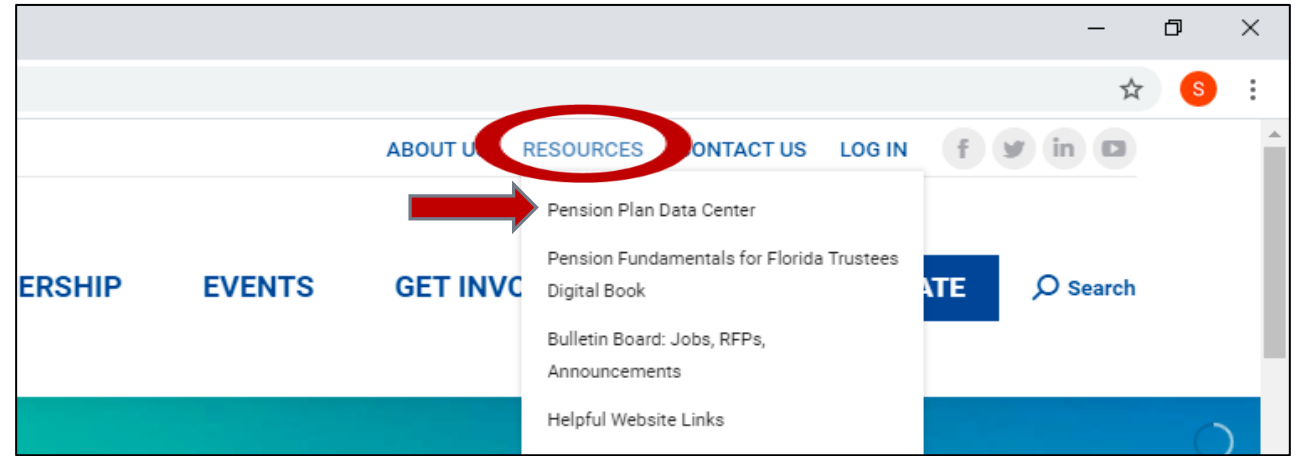
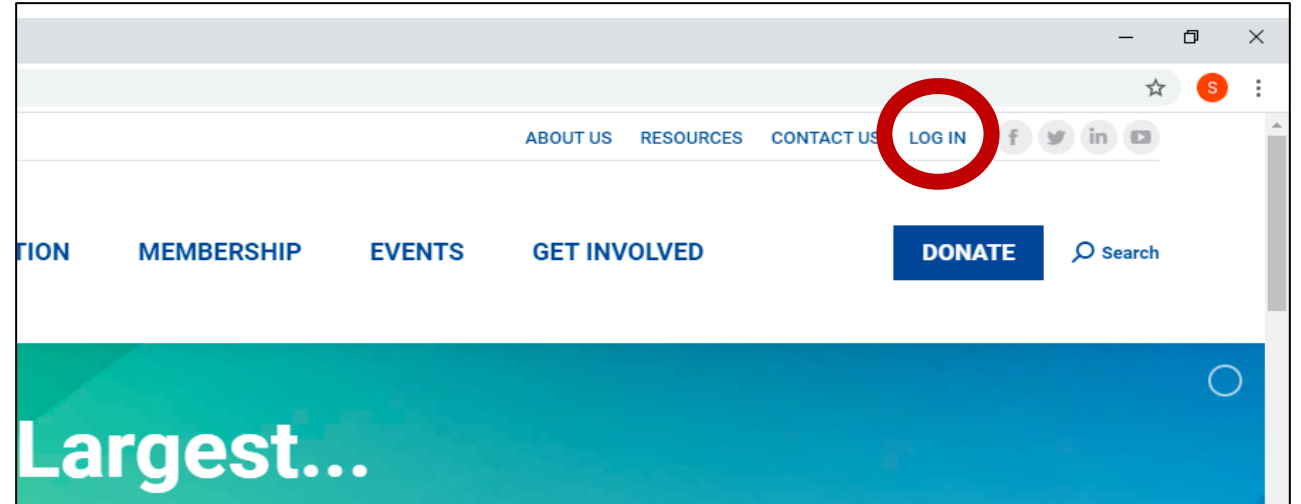
**“The FPPTA Pension Plan Data Center will provide plan statistics on all FPPTA member plans. It allows members to better understand their plan and make comparisons to other Florida defined benefit plans.”**

# Accessing the Pension Plan Data Center

- **Step 1:** The Pension Plan Data Center is a members' only resource. Go to [www.fppta.org](http://www.fppta.org) and **log in** to your member account using your username and password.
- **Step 2:** Once logged into your account, hover your cursor over the **Resources** menu (top of page) and click on **Pension Plan Data Center**.
- **Step 3:** Select the document you want to download and read.

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# **FY21 Data Report**

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## **Florida Local Defined Benefit Pension Plans FY21**

- Overview and Financial Personality**
- Investment of Assets**
- Funding the Plans**

**Report to the FPPTA membership to understand members' pension plan numbers, and compare FPPTA plans to all Florida local defined benefit plans. The report includes statistical data for FY21 and prior years where available.**

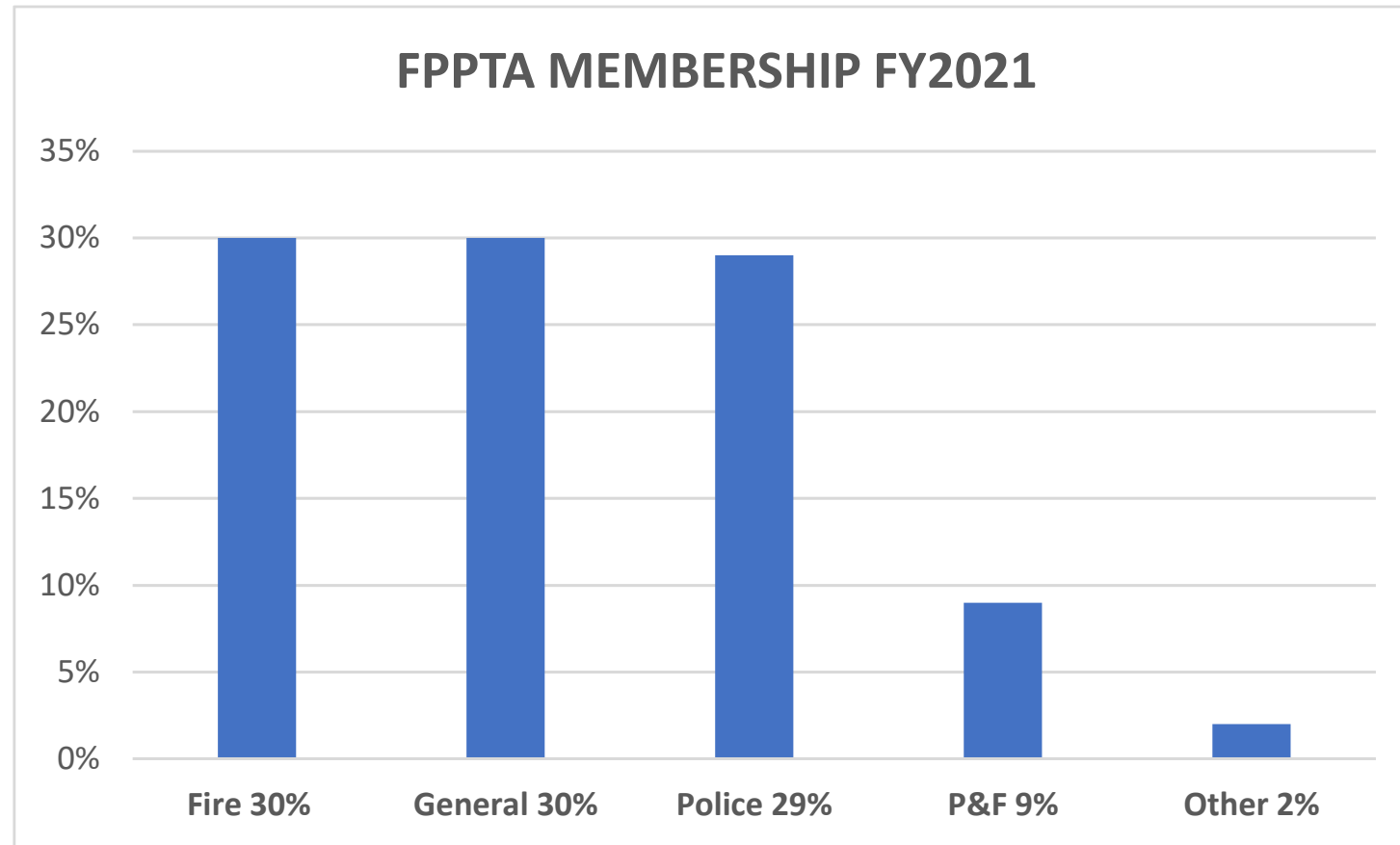
# Overview and Financial Personality

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- **Plan Name and Employee Group**
- **Number of Plan Participants**
- **Plan Status**
- **Employees Covered by Social Security**
- **Market Value of Assets as of 9/30**
- **Unfunded Accrued Liability (UAL)**
- **Funded Ratio – Current Valuation**
- **Actual Market Value Rate of Return**
- **Assumed Rate of Return**
- **Funding Requirement as Percentage of Payroll**
- **Percentage of Payroll Contributed by Employees**
- **Valuation Basis Total Dollar Contribution**

# FPPTA Plan Membership

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# Plan Status

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<b>Plan Status</b>	<b>Active</b>	<b>Closed</b>	<b>Frozen</b>	<b>% Active</b>
All Local Plans	365	103	13	76%
FPPTA Plans	237	64	5	78%



# Overview and Financial Personality Findings: FY21

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**69% all local plan participants (131,173) [306/481 plans]**

**78% FPPTA plans are active plans**

**77% covered by Social Security**

**Assets equal \$42 billion = 79% of total assets of all local plans out of \$53 billion**

# Overview and Financial Personality Findings: FY20

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**99.1% pre-funded – 6 plans below 70%**

**Market Return 19.3% vs 18.7% (all plans)**

**Range MR: 1.6% to 38.84% (FPPTA plans)**

**Assumed Rate 6.98% - declining since FY16**

**Valuation Basis Contribution = \$1.6 billion**

# Actuarial Fact Sheet

Pension Plan Data Center – Florid Actuarial\_Fact\_Sheets-2018.pdf

fppta.org/wp-content/uploads/2020/09/Actuarial\_Fact\_Sheets-2018.pdf

Actuarial\_Fact\_Sheets-2018.pdf 1 / 10 100%

One Page Fact Sheets

City Name	Plan Type	County Name
<a href="#">ALACHUA COUNTY LIBRARY</a>	General	Alachua
<a href="#">ALACHUA COUNTY SCHOOL BOARD</a>	Early Retirement Plan	Alachua
<a href="#">ALTAMONTE SPRINGS</a>	General	Seminole
<a href="#">ALTAMONTE SPRINGS</a>	Police	Seminole
<a href="#">APOPKA</a>	Fire	Orange
<a href="#">APOPKA</a>	General	Orange
<a href="#">APOPKA</a>	Police	Orange
<a href="#">ARCADIA</a>	General	De Soto
<a href="#">ARCADIA</a>	Police And Fire	De Soto
<a href="#">ATLANTIC BEACH</a>	General	Duval
<a href="#">ATLANTIC BEACH</a>	Police	Duval
<a href="#">ATLANTIS</a>	Police	Palm Beach
<a href="#">AUBURNDALE</a>	Fire	Polk
<a href="#">AUBURNDALE</a>	General	Polk
<a href="#">AUBURNDALE</a>	Police	Polk
<a href="#">AVENTURA</a>	Police	Miami-Dade
<a href="#">AVON PARK</a>	Fire	Highlands
<a href="#">AVON PARK</a>	Police	Highlands
<a href="#">BAL HARBOUR VILLAGE</a>	General	Miami-Dade
<a href="#">BAL HARBOUR VILLAGE</a>	Police	Miami-Dade
<a href="#">BARTOW</a>	Fire	Polk
<a href="#">BARTOW</a>	General	Polk
<a href="#">BARTOW</a>	Police	Polk
<a href="#">BAY HARBOR ISLANDS</a>	General	Miami-Dade
<a href="#">BAY HARBOR ISLANDS</a>	Police	Miami-Dade
<a href="#">BAY MEDICAL CENTER</a>	General	Bay
<a href="#">BELLE GLADE</a>	General	Palm Beach
<a href="#">BELLE GLADE (RETIRED)</a>	Police And Fire	Palm Beach
<a href="#">BELLE GLADE HOUSING</a>	General	Palm Beach
<a href="#">BELLEAIR</a>	Police	Dixie

## SAMPLE ACTUARIAL FACT SHEET

<b>City/District Name:</b> Boynton Beach		<b>Employee group(s) covered:</b> Police	
<b>Current actuarial valuation date:</b> 10/1/2019		<b>Plan Status:</b> Active	<b>Date prepared:</b> 1/14/2021
<b>Number of plan participants:</b>	295	<b>GASB 67 Reporting</b>	
<b>Actuarial Value of Plan Assets (AVA):</b>	\$108,078,649	<b>Discount Rate</b>	7.25%
<b>Actuarial Accrued Liability (AAL):</b>	\$152,640,260	<b>Total Pension Liability</b>	151,965,967
<b>Unfunded Accrued Liability (UAL):</b>	\$44,561,611	<b>Market Value of Plan Assets</b>	107,146,116
<b>Market Value of Plan Assets (MVA):</b>	\$107,300,912	<b>Net Pension Liability</b>	44,819,851
<b>MVA Funded Ratio (5-year history):</b>		<b>GASB 67 Funded Ratio</b>	70.51%
		<b>Averages for all plans with 2019 current actuarial valuation date</b>	
Current valuation	70.30%		86.62% *
1 year prior	70.18%		88.75% *
2 years prior	69.00%		85.83% *
3 years prior	68.16%		82.35% *
4 years prior	66.30%		82.16% *
<b>Rate of Actuarial Value, Actual (2019 Plan Year)</b>	6.73%		7.12%
<b>Return: Market Value, Actual</b>	5.17%		3.94%
Assumed	7.25%		7.19%
<b>Funding requirement as percentage of payroll:</b>	63.19%		59.70% **
<b>Percentage of payroll contributed by employee:</b>	7.00%		6.47% **
<b>Funding requirement as dollar amount:</b>	7,092,483		N/A

**Benefit Formula Description:** 3.00% X AFC X SC  
**AFC Averaging Period (years):** 5  
**Employees covered by Social Security?** Yes

Additional actuarial disclosures required by section 112.664, Florida Statutes:

Florida Statute Chapter	Discount Rate	Pension Liability	Market Value of Plan Assets	Net Pension Liability	Years assets sustain benefit payments	Total Dollar Contribution	Total % of Pay Contribution
112.664(1)(a)	7.25%	151,965,967	107,146,116	44,819,851	17.42	7,269,849	63.19
112.664(1)(b)	5.25%	188,389,240	107,146,116	81,243,124	14.17	10,967,475	95.33
Valuation Basis	7.25%	N/A	N/A	N/A	17.42	7,269,849	63.19

Link to annual financial statements: <https://frs.fl.gov/forms/LOC5340083PDF10012019N1.pdf>

\*Adjusted by excluding plans from average whose Funded Ratios were not within two standard deviations from the mean

\*\*Excludes plans with zero payroll

(For explanation of terms, see glossary on page 2)

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**Actuarial Summary Fact Sheet – Glossary of Terms**

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<b>Actuarial Value of Plan Assets (AVA):</b>	Assets calculated under an asset valuation method smoothing the effects of volatility in market value of assets. Used to determine employer contribution.
<b>Actuarial Accrued Liability (AAL):</b>	Portion of Present Value of Fully Projected Benefits attributable to service credit earned as of the current actuarial valuation date.
<b>Unfunded Accrued Liability (UAL):</b>	The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance the obligation.
<b>Market Value of Plan Assets (MVA):</b>	The fair market value of assets, including DROP accounts.
<b>MVA Funded Ratio:</b>	Market Value of Plan Assets divided by Actuarial Accrued Liability (GASB)
<b>Rate of Return (Assumed):</b>	Assumed long-term rate of return on the pension fund assets.
<b>Funding requirement as percentage of payroll:</b>	Total Required Contribution (employer and employee) divided by total payroll of active participants. No interest adjustment is included.
<b>AFC:</b>	Average Final Compensation or some variant of compensation (e.g., AME [Average Monthly Earnings], FAC [Final Average Compensation], FMC [Final Monthly Compensation] etc.)
<b>SC:</b>	Service Credit

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**Section 112.664 – Glossary of Terms**

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<b>Florida Statute Chapter:</b>	112.664(1)(a) – uses mortality tables used in either of the two most recently published FRS valuation reports, with projection scale for mortality improvement  112.664(1)(b) – uses same mortality assumption as 112.664(1)(a) but using an assumed discount rate equal to 200 basis points (2.00%) less than plan's assumed rate of return.  Valuation Basis – uses all the assumptions in the plan's valuation as of the current actuarial valuation date.
<b>Discount Rate:</b>	Rate used to discount the liabilities. Typically the same as assumed rate of return on assets.
<b>Total Pension Liability:</b>	Actuarial Accrued Liability measured using the appropriate assumptions as specified above and the Traditional Individual Entry Age Normal Cost
<b>Net Pension Liability:</b>	Total Pension Liability minus Market Value of Plan Assets.
<b>Years assets sustain benefit payments:</b>	Assuming no future contributions from any source, the number of years the market value of assets will sustain payment of expected retirement benefits. The number of years will vary based on the Florida Statute Chapter assumption.
<b>Total Dollar Contribution:</b>	Required contribution from all sources (i.e., employee and sponsor). Contribution will vary based on the Florida Statute Chapter assumption.
<b>Total % of Pay Contribution:</b>	Total Dollar Contribution divided by total payroll of active participants
<b>Annual financial statements:</b>	A report issued which covers a local government retirement system or plan to satisfy the financial reporting requirements of section 112.664(1), F.S.

# Investment of Assets - Florida

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- 1. Cash & Equivalents**
- 2. Equity: International**
- 3. Equity: Domestic**
- 4. Fixed Income: International**
- 5. Fixed Income: Domestic**
- 6. Real Estate**
- 7. Alternative Investment**
- 8. Other Assets**

# Investment of Assets Findings

## Investment Allocation FY2021

- Cash & Equivalents 2.4%
- Equity: International 9.7%
- Equity: Domestic 52.8%
- Fixed Income: International 0.7%
- Fixed Income: Domestic 20.7%
- Real Estate 8.4%
- Alternative Investments 3.9%
- Other Assets 1.6%



<b>Assets</b>	<b>FPPTA Plans</b>	<b>All Plans</b>
<b>Cash &amp; Equivalents</b>	\$1.1 B = 2.5%	\$1.2 B = 2.4%
<b>Equity: International</b>	\$3.8 B = 8.5%	\$5.1 B = 9.7%
<b>Equity: Domestic</b>	\$24.3B = 54.1%	\$28.2 B = 52.8%
<b>Fixed Income: International</b>	\$.3 B = 0.8%	\$.4 B = 0.7%
<b>Fixed Income: Domestic</b>	\$9.0 B = 20.1%	\$11.0 B = 20.7%
<b>Real Estate</b>	\$4.0 B = 8.8%	\$4.5 B = 8.4%
<b>Alternative Investments</b>	\$1.6 B = 3.5%	\$2.1 B = 3.9%
<b>Other Assets</b>	\$.8 B = 1.8%	\$.9 B = 1.6%
<b>Total Market Assets</b>	<b>\$44.9 B</b>	<b>\$53.2 B</b>
<b>DROP Amount</b>	\$2.2 B = 4.9%	\$2.3 B = 4.2%



# Public Fund Survey

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**Public Fund Survey, conducted by the National Association of State Retirement Administrators, the average public pension fund asset allocation is:**

**Public equities: 47.4%**

**Fixed income: 20.8%**

**Real estate: 8.2%**

**Alternative investments: 21.4%**

**Cash & Other: 2.2%**

# Funding the Plans

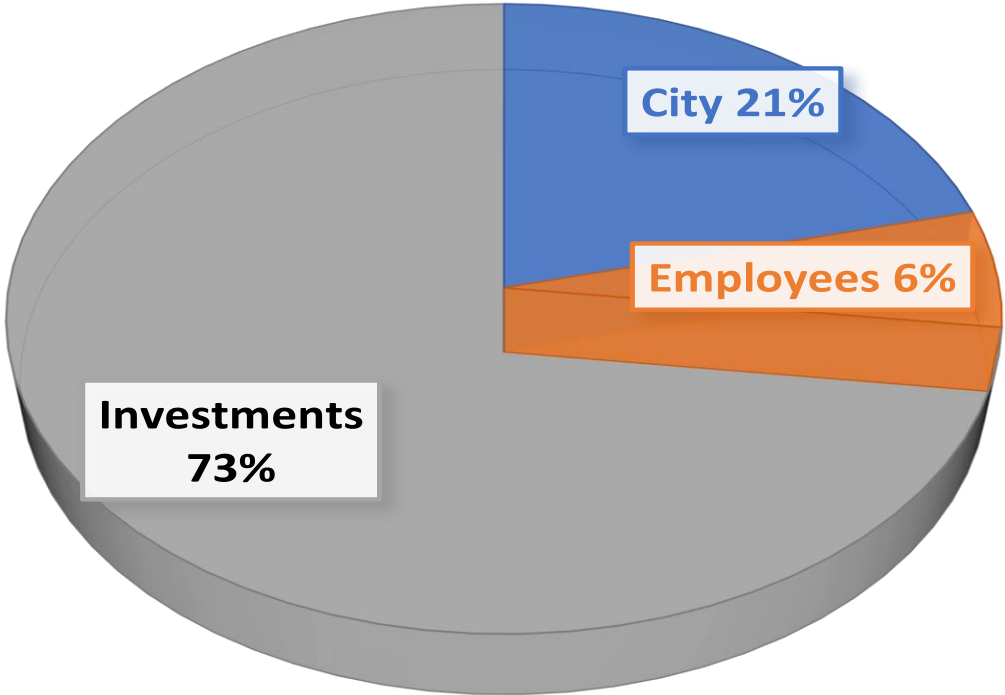
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- City Contribution
- Investment Returns
- Employee Contributions (state funding for 175/185 plans)

<b>B</b> enefits + <b>E</b> xpenses =	<b>C</b> ontributions + <b>I</b> nterest
	<b>City contribution</b>
	Normal costs +
	Unfunded liability
	<b>Investment earnings</b>
	ROI
	Dividends and Interest
	Appreciation
	<b>Employee contributions</b>
	P&F - 175/185 state funding

# Funding the Plans Findings

**PLAN FUNDING: FY21**



# Data Center Resources

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- Research Reports – FY18, FY19, FY20, FY21
- Actuarial Fact Sheets on all plans
- Data Files – including 175/185 funding
- Retirement Benefits
- Types of plans by city

# Using Data Center Information

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**#1** - Compare your plan with 481 Florida DB plans

**#2** - Defend your plan's actuarial data and explain your plan's situation

**#3** - Improve your plan's numbers through communications with other FPPTA plans and your consultants

# Role of the Trustee

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**#1 – Approve an investment and strategy that outline the asset allocation**

**#2 – Set the assumed rate of return for the plan in consultation with the actuary and investment consultant**