



FY21 Data Analyses - Findings

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CEU Presentation



Pension Data Center Mission

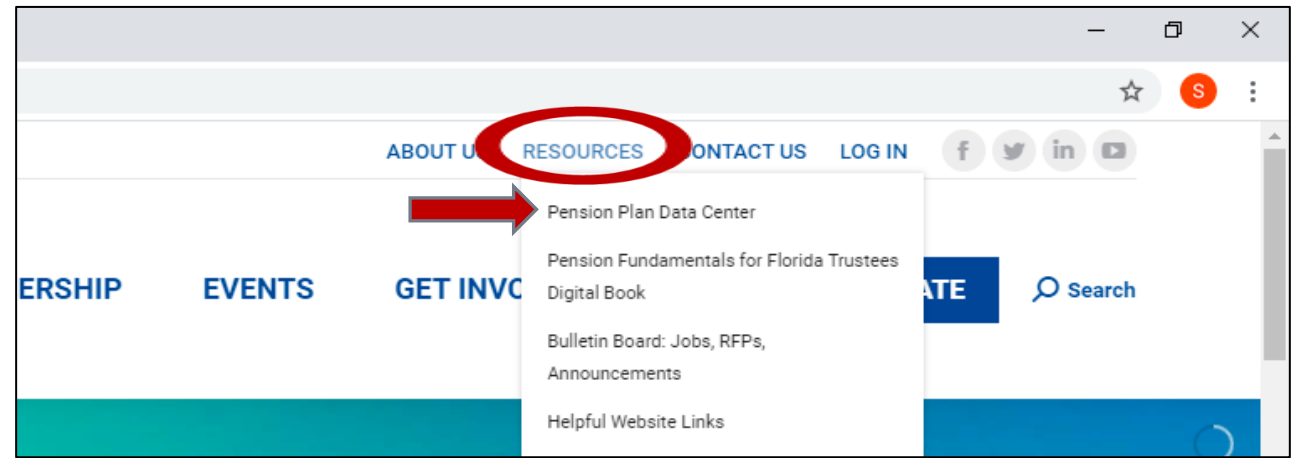
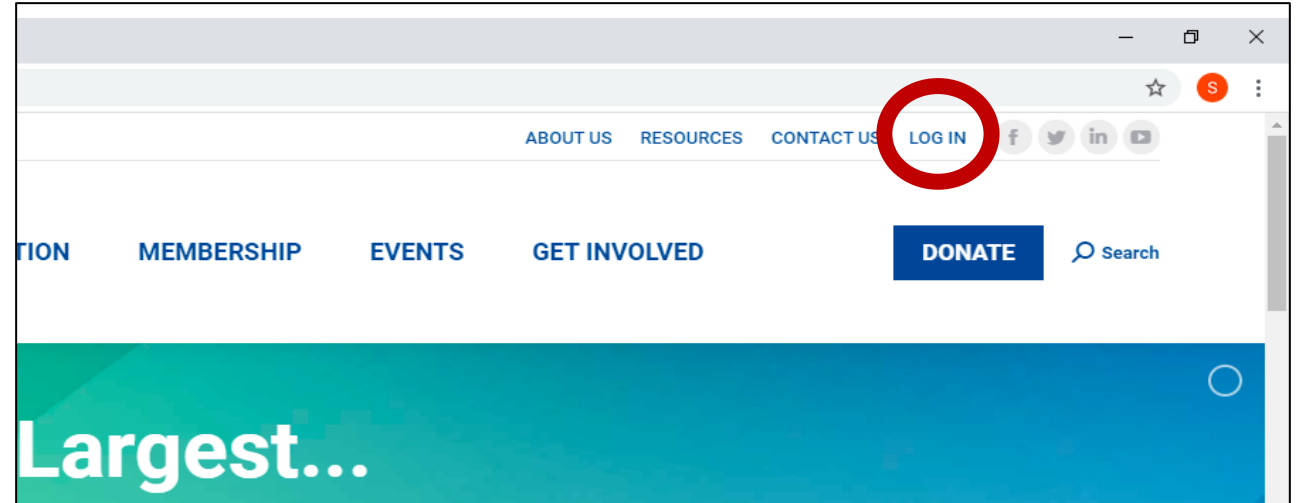
“The FPPTA Pension Plan Data Center will provide plan statistics on all FPPTA member plans. It allows members to better understand their plan and make comparisons to other Florida defined benefit plans.”

Accessing the Pension Plan Data Center

- **Step 1:** The Pension Plan Data Center is a members' only resource. Go to www.fppta.org 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

Florida Local Defined Benefit Pension Plans FY21

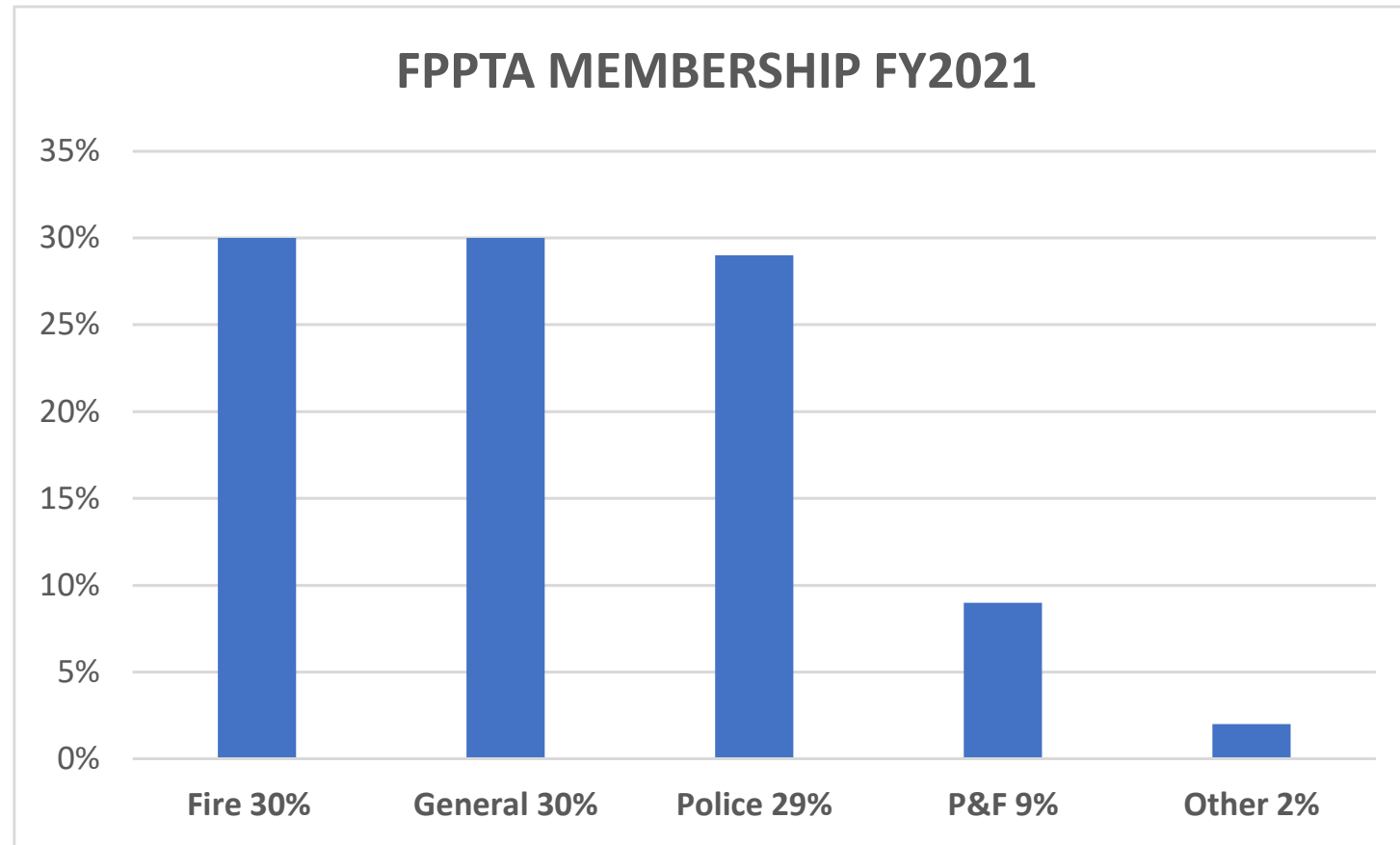
- Overview and Financial Personality**
- Investment of Assets**
- Funding the Plans**

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

- **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



Plan Status

| Plan Status | Active | Closed | Frozen | % Active |
|--------------------|---------------|---------------|---------------|-----------------|
| All Local Plans | 365 | 103 | 13 | 76% |
| FPPTA Plans | 237 | 64 | 5 | 78% |

Overview and Financial Personality Findings: FY21

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

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 x Actuarial_Fact_Sheets-2018.pdf x +

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

SAMPLE ACTUARIAL FACT SHEET

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

Actuarial Summary Fact Sheet – Glossary of Terms

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

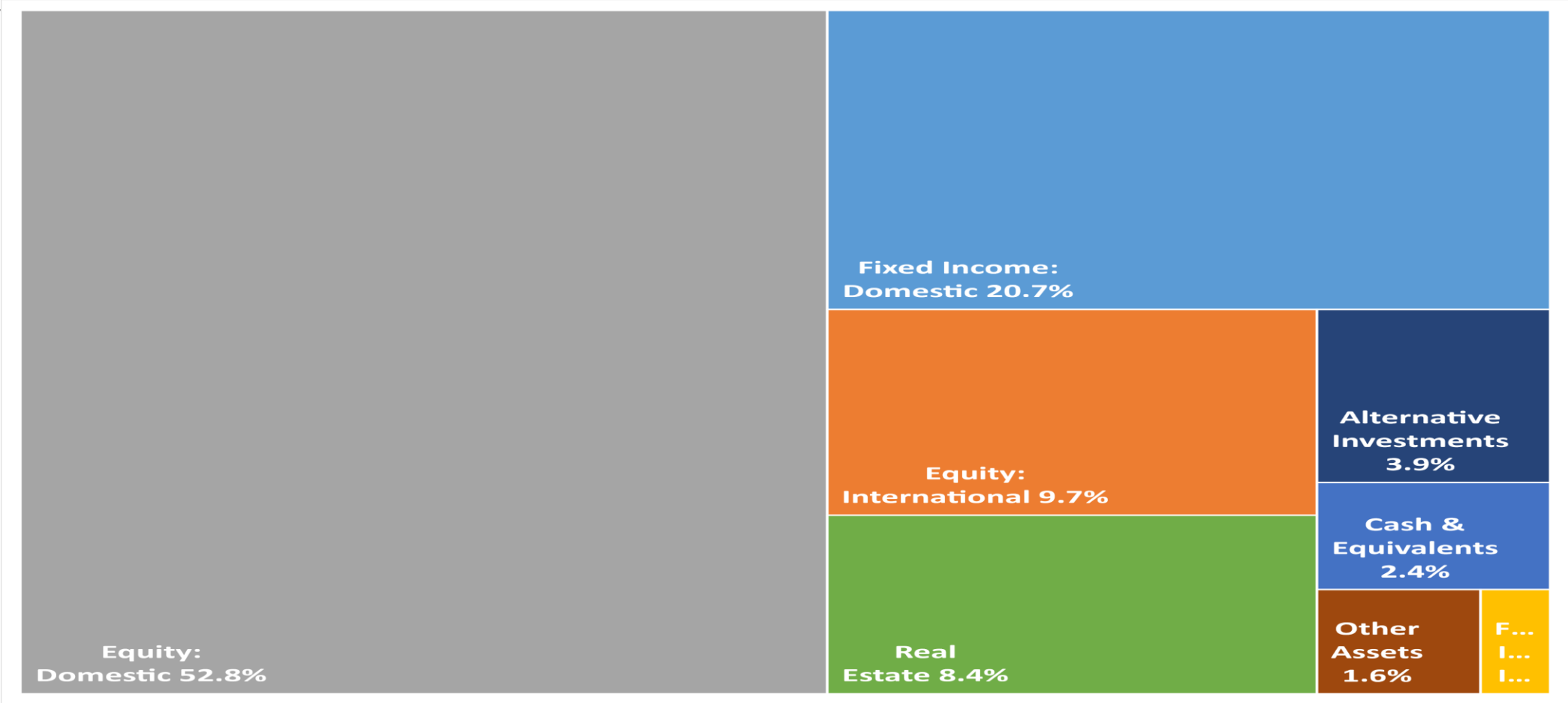
Section 112.664 – Glossary of Terms

| | |
|---|---|
| Florida Statute Chapter: | 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. |
| Discount Rate: | Rate used to discount the liabilities. Typically the same as assumed rate of return on assets. |
| Total Pension Liability: | Actuarial Accrued Liability measured using the appropriate assumptions as specified above and the Traditional Individual Entry Age Normal Cost |
| Net Pension Liability: | Total Pension Liability minus Market Value of Plan Assets. |
| Years assets sustain benefit payments: | 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. |
| Total Dollar Contribution: | Required contribution from all sources (i.e., employee and sponsor). Contribution will vary based on the Florida Statute Chapter assumption. |
| Total % of Pay Contribution: | Total Dollar Contribution divided by total payroll of active participants |
| Annual financial statements: | 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

- 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 FY21



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

Public Fund Survey

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%

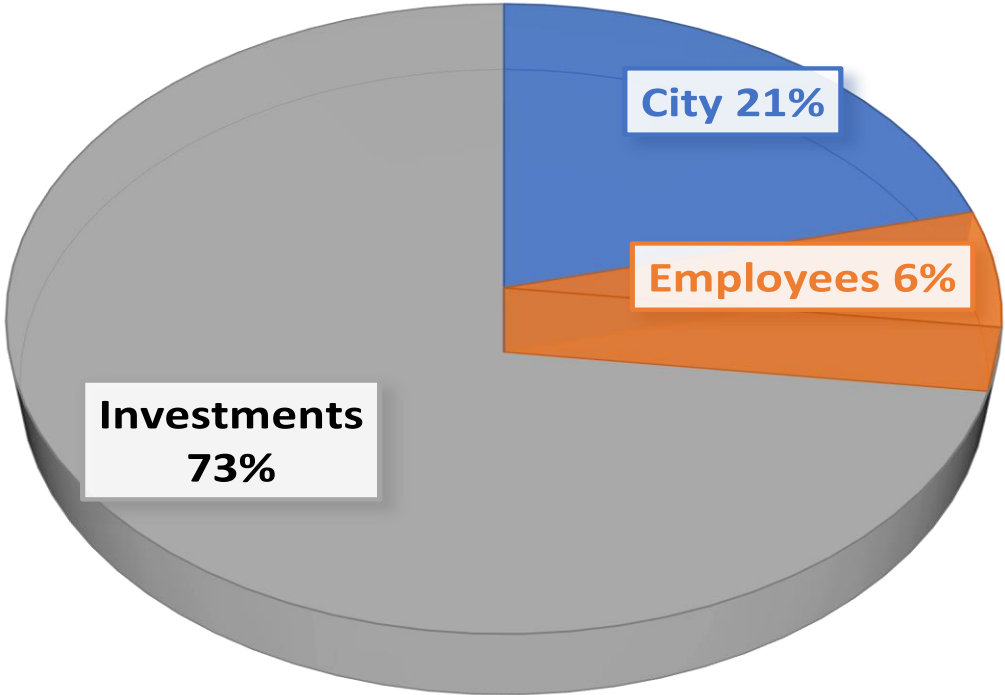
Funding the Plans

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

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

Funding the Plans Findings

PLAN FUNDING: FY21



Data Center Resources

- 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

#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

#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