

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



QUICK FACTS ON FLORIDA'S LOCAL GOVERNMENT RETIREMENT SYSTEMS

PLAN

The state of Florida has 489 defined benefit municipal and special district retirement plans for local government employees sponsored by 252 local governments. These include police officers, firefighters, and general government employees. Additionally, there is a statewide plan for state employees (and local governments who opt into the system) called the Florida Retirement System (FRS). A defined benefit plan promises to pay a specific benefit for life at retirement. The number of defined benefit plans increased by approximately 40% since 1981.

MEMBERS

The local government plans provide pension benefits to 164,703 members. Of this number, 102,188 are active employees and 62,515 are retirees or beneficiaries.

FUNDING

Employees generally contribute a percentage of their earnings into the pension plan. The contribution rate is higher for public safety officers not covered by Social Security. About three-fourths of the employees also pay 7.65% of earnings into Social Security and Medicare. Additional contributions to the pension plan come from the employer, State of Florida insurance premium tax (for qualified police and firefighter plans), and earnings generated on the invested assets.

The local pension plans have assets totaling \$23.2 billion. These assets are invested in securities: 62% in equities; 30% in fixed income; and 5% in cash or equivalents.

Nationwide, the funding of pension plans in 2007 came from the following sources: employees 5.87%; employers 12.56% and earnings on investments 81.57%.

[U.S. Census Bureau, 2007 report on plans of \$50 million or more]

BENEFITS

Retirement benefits are based on (1) average final earnings, (2) years of service, and (3) a benefit formula. Normal retirement age is based on: years of service and a minimum age; age with a minimum number of years of service; or after a certain number of years of service, regardless of age (typically public safety plans).

The local pension systems paid out \$1.4 billion in benefits to retirees and beneficiaries. The average benefit paid was \$22,386 per year. One-half of the plans do not grant a cost-of-living adjustment to retirees.

DISABILITY Service-related disability benefits are provided by the plans. Non-service disability benefits have reductions for Social Security benefits, Workers Compensation, or other earned income.

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The FPPTA was established in 1984 for the purpose of providing education and information for the Florida public pension systems and protecting defined benefit pension plans through educational seminars and conferences, where distinguished speakers, in an educational environment, focus on issues and subjects of global and national importance as they pertain to trustees and pension boards.