

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



QUICK FACTS ON FLORIDA'S LOCAL GOVERNMENT RETIREMENT SYSTEMS

PLAN The state of Florida has 490 defined benefit municipal and special district retirement plans for local government employees sponsored by 249 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 local defined benefit plans increased by approximately 40% since 1981.

MEMBERS The local government plans provide pension benefits to 187,756 members. Of this number, 96,109 are active employees and 91,647 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 \$35 billion. These assets are invested in securities: 67% in equities; 24.2% in fixed income; 4.75% in real estate, and 4.6% in cash, alternative investments or other assets. The majority were pre-funded between 80 – 100%.

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 \$2.4 billion in benefits to retirees and beneficiaries. The average benefit is \$26,728 per year – and it is fully taxable. About 53% of the plans grant a cost-of-living adjustment to retirees.

DISABILITY Service-related disability benefits are provided by 91% of 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.

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