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## **CUTS TO PUBLIC WORKER BENEFITS SINCE 2010 NEARLY UNIVERSAL IN FLORIDA CITIES**

Tallahassee – Municipal public employees since 2010 have lost benefits, lengthened their career service, increased pension contributions and/or decreased the formula used to calculate retirement benefits, among other changes, in a large majority of cities according to a survey conducted by the Florida Public Pension Trustees Association (FPPTA). The survey tracks the trends in how locally operated public pension plans have altered their retirement benefits.

“The results of the survey stand in stark contrast to public news reports about the rising costs of public worker retirement benefits,” noted FPPTA’s Chief Executive Officer, Kimberlie Ryals. “As much as 60 percent of retiree benefits are paid for with earnings on the pension fund. Many pension plans experienced a steep drop in value when the stock market hit record lows in 2009. Most cities have been busy since then reforming their employee retirement plans to save taxpayers money.”

While lengthening term of service and increasing employee contributions are among the most common changes, cities also have made structural changes to their pension plans by adding a second tier, or closing the pension plan to new hires. Most cities have enacted multiple changes.

The FPPTA identified nine possible changes designed to curtail benefits and/or structurally modify local pension plans and asked municipalities in multiple counties to identify any they have adopted since 2010. The survey so far has covered Broward County, Lee County and Miami-Dade County. The results have been strongly similar in all three samples so far. Plans are underway to expand the survey to include Palm Beach, Pinellas, Hillsborough and St. Lucie Counties next.

“In an effort to right the ship following the 2008 stock market crash and the Great Recession that followed, cities and employees have come together and enacted a wave of significant cuts to benefits in an effort to restore battered investment funds that pay for public worker retirement benefits,” said Ryals. Most of the state’s municipal pensions have recovered their losses.

Pension plan trustees and managers additionally report that trustee boards responsible for managing the funds have made changes to asset class and asset allocation, in some cases lowering expectations for returns, as among the strategies designed to return investment funds to their previously funded ratios.

The most recent FPPTA data comes from Miami-Dade County, where 44 incorporated communities with a population of at least 5,000 were surveyed about changes to their municipal pension plans. Eleven of the 44 cities polled reported their employees were enrolled in the Florida Retirement System (FRS), but the remaining communities operate at least 27 retirement plans for local public workers for police, fire and/or general employees. (One plan has been closed since 2002, while two cities offer 401 (a) accounts. Eight cities did not respond to the survey.)

Of the 27 Miami-Dade County pension plans that replied to the FPPTA survey, 14 have made changes to their employee retirement benefits, 8 have enacted multiple changes (three or more). The most common changes to plans include: adjusting benefits downward, adding a second tier, lengthening terms of service, curtailing DROP benefits/eligibility, and freezing or eliminating Cost of Living Adjustments.

Twenty-five of 36 municipal pension plans in Broward County have made similar changes, with 17 plans making three or more changes; while eight of the 10 municipal pension plans meeting the survey's criteria in Lee County have made changes.

"It seems clear that municipal workers and elected officials have been busy working to realign their objectives to more readily meet with new financial realities, including stock market volatility," concluded Ryals. "Of particular interest is the fact that different cities have enacted different changes, negotiating directly with public workers to make the changes most appropriate for their particular budgetary needs."

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*The Florida Public Pension Trustees Association is a non-profit 501 C (3) educational organization that provides a certification program for municipal pension plan trustees, administrators and sponsors, as well as a continuing education program required to maintain certification. The FPPTA was established in 1984. More than 260 of the state's 492 municipal public pension plans are FPPTA members. The FPPTA accepts no funding from PAC or union groups.*

For more information about municipal public pension funding and related issues, visit [www.publicpensioninstitute.org](http://www.publicpensioninstitute.org).

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