

City of Fort Lauderdale



Police & Firefighters' Retirement System Annual Report 2015

Plan Remains Financially Solid



On behalf of the seven member Board of Trustees, I am happy to report to you that our retirement plan is financially solid and able to pay the promised, guaranteed benefits to our retired police officers and firefighters or their survivors.

During the fiscal year (October 1 – September 30), the plan's return on investments was 0.74%, with a three-year return of 7.16% and a five-year return of 7.30%. Over the past 25 years,

the plan's average return on the portfolio's investments has been 8.72%. There have been 20 years of positive returns during that period. The plan was pre-funded at 99.5%, which far exceeds 70%, which is considered adequate funding for such plans.

Again, for the sixth consecutive year, the retirement plan was recognized by the Public Pension Coordinating Council for meeting the national standards in plan funding. A one-day investment seminar was held with all the investment managers, discussing performance and projected investment strategies.

The board of trustees made several decisions to enhance and guarantee the future of our retirement fund. First, based on the actuary's recommendations and an experience study, the trustees approved new actuarial assumptions and methods to develop costs that are stable, predictable and represent the best estimate of the anticipated experiences of the plan. As a result, the assumed return on investments remained at 7.5%.

Second, the IRS approved the trustees' request for a determination letter that the plan is a qualified plan under IRC 401(a) and entitled to favorable tax treatment.

Third, the audited financial statement ending September 30, 2014 was approved. In the statement from the auditors, they stated, "Management believes, and actuarial studies concur, that the System is in a financial position to meet its obligations. We believe the current financial position will continue to improve due to a prudent investment program, cost controls, strategic planning, and the City's continued funding of the required contributions at 100%."

Fourth, the annual actuarial evaluation report as of October 1, 2014 was approved by the trustees.

During the year, three investment managers were terminated due to their performance or other factors affecting their return on investments. They were replaced by investment managers selected on competitive presentations to the trustees. Based on our investment seminar and recommendations from CapTrust, our performance manager, the trustees added value-oriented real estate and private equity to the portfolio.

Our annual retirement planning seminar for members and spouses was again very successful and another is planned for September 23, 2016. If you are nearing retirement or just want some excellent planning information, you and your spouse should plan to attend.

The board of trustees hears monthly from the Retirees' Association, listening to their concerns and input. We work with the retirees to ensure the future of our retirement plan. We also work with the city and unions to make sure the plan is funded and administered appropriately. Last year, we reported about a concern regarding in-service distributions and rehired employees. The city commission adopted an ordinance change (Section 20-135(u)) to grandfather past retirees, those rehired between January 1, 1999 and December 31, 2013. Going forward, if you retire and return to city employment, it may have tax consequences for you. Please contact the pension office before accepting any employment with the City of Fort Lauderdale.

The trustee is a volunteer position, without pay. All trustees are required to be educated as trustees and to do self-education to remain current, as events happening daily affect our decisions. All seven trustees are certified as CPPT (Certified Public Pension Trustee) by the Florida Public Pension Trustee Association. Trustees attend schools, conferences and educational seminars to maintain their certification.

Your trustees meet monthly (usually the second Wednesday of each month) to conduct the business of your retirement plan. These meetings are open to the public and I invite you to attend. If cannot attend, the minutes of the meeting and next month's agenda are posted on our website, along with much other valuable information for you. I invite you to visit our website: www.ftlaudpfpension.com. We are proud of the services we provide to our active and retired members and pledge to continue our highest standards on your behalf.

Michael Dew
Chairman

2015 Retirement Plan Highlights

The Fort Lauderdale Police and Firefighters' Retirement System provides retirement, disability, and survivor benefits to police officers and firefighters of the City of Fort Lauderdale. The retirement system was established January 1, 1973 by city ordinance and is administered by the board of trustees according to this ordinance and Florida state statutes.

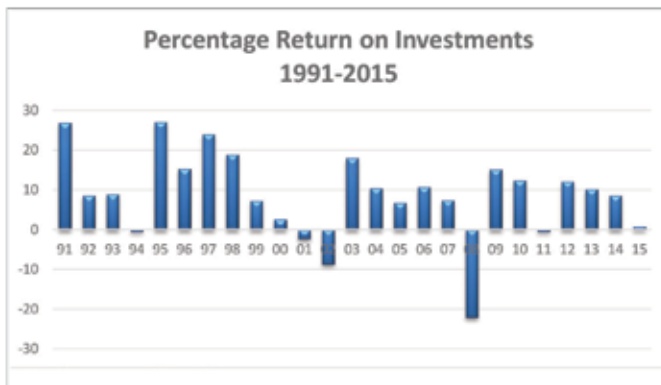
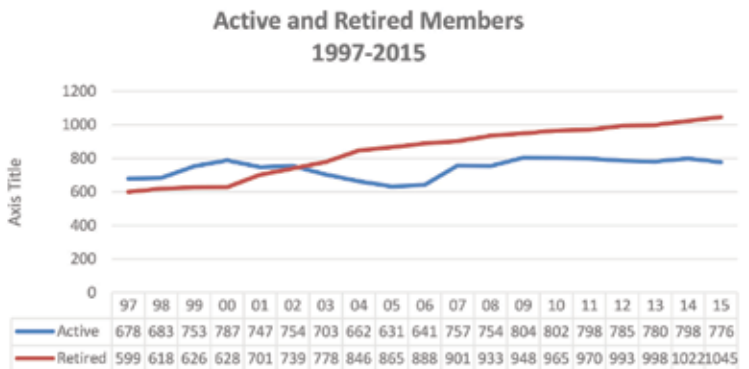
Active Members = 776
 Retirees/Beneficiaries = 908
 Disability Members = 27
 DROP Members = 95
 Terminated Vested = 15
 Total Plan Participants = 1,821
 New Entrants = 17

Market Value of Plan Assets = \$775 million
 Benefits Paid = \$46.5 million
 Member Contributions = \$5.7 million
 City Contributions = \$15.6 million
 State Contributions = \$5.8 million
 Dividends and Interest = \$14.8 million
 Gains on Investments = \$11.5 million

Overview of Your Plan's Finances

The charts below give you an overview of your retirement plan. The assets of the plan have grown over the past 15 years – from \$380 million to \$775 million, a growth of over 104%. The average return on investments over the past 25 years is 8.72%. The plan's returns have been positive for 20 of the 25 years. The

membership continues to increase as the number of retirees grows while the number of active members stays constant. The plan's funds are invested in a diversified portfolio of stocks and bonds, and rebalanced when needed.



Board of Trustees

Michael Dew (Police)
Chairman

J. Scott Bayne (Fire)

Kenneth Rudominer (Fire)
Vice Chairman

Dennis Hole (Consensus)

Jim Naugle (Appointed)

Richard Fortunato (Police)
Secretary

Jeffrey Cameron (Appointed)



Seated (l to r) Trustees Dennis Hole; Kenneth Rudominer, Vice Chairman; Jeffrey Cameron; Standing (l to r) Trustees Jim Naugle; Michael Dew, Chairman; Richard Fortunato, Secretary; and J. Scott Bayne

Your Pension Staff



Pictured (l to r) Lynn Wenguer, Executive Director; Alexandra Goyes, Deputy Director. The pension office is located at 888 S. Andrews Avenue, Suite 202 in Fort Lauderdale, FL 33316 or call 954-828-5595.

Information about your retirement plan is available on the website at www.ftlaudpfpension.com.

The State of American Retirement

The debate over guaranteed retirement plans (like the one provided to Fort Lauderdale police and firefighters) vs. individual retirement accounts (commonly called 401(k) accounts) has developed new information that's important to all workers. A recent report by the Economic Policy Institute, entitled "The State of American Retirement: How 401(k)s have failed most American workers," states that, "The shift from traditional pensions to individual savings has widened retirement gaps."

The gap adversely affects lower-income, black, Hispanic, non-college-educated, and unmarried Americans—the typical

working-age family or individual has no savings at all in retirement accounts. Public employees, high-income, white, college-educated, and married workers participate in defined-benefit pensions at a higher rate than other workers, but participation gaps are much larger under defined-contribution accounts. Single people tend to be less prepared for retirement than their married counterparts. Even among those approaching retirement (age 56–61), most single men and women do not have any retirement account savings.

In the public sector, over 90 percent of employees are covered by a guaranteed pension benefit (called a defined benefit plan). The private sector is quite different. From 1989–2013, the percentage of private sector workers with a defined benefit declined from 41% to 21%, while the number with a defined contribution account (401(k) account) increased from 35% to 43%. Over 47% of workers have no retirement plan at all.

Much of the 401(k) era coincided with rising stock and housing prices that propped up family wealth measures even as the savings rate declined. This house of cards collapsed in 2000–2001 and again in 2007–2009. In 2013 most families still had not recovered their losses from the financial crisis and Great Recession, let alone accumulated additional savings for retirement.

Less educated, minority, single, and female seniors are most likely to have low incomes in retirement. As a result, many seniors have as their sole source of income Social Security, especially low income seniors. That's one reason many seniors continue to work past normal retirement ages. While public pensions are essential for all retirees, they are especially important for minorities and female retirees.

The trends point to increasingly inadequate savings and retirement income for successive generations of Americans. Women especially are vulnerable in retirement due to lower lifetime earnings and longer life expectancies. Retirement security is declining. The evidence underscores the importance of expanding Social Security, defending defined benefit pensions for all workers, and providing opportunities for those without pensions.

How Does Florida Stack Up?

Expenditures made by retirees of state and local government provide a steady economic contribution to Florida communities and the state economy, according to the National Institute on Retirement Security. The average pension benefit of all Fort Lauderdale police and firefighter retirees is \$3,809 per month. Retiree expenditures stemming from state and local pension plan benefits supported 99,520 jobs in the state, representing 1.1% of Florida's labor force. Retirees' expenditures from these benefits supported a total of \$13.4 billion in total economic output in the state, and \$7.9 billion in value added in the state. Each \$1 in taxpayer contributions to Florida's state and local pension plans supported \$4.89 in total output in the state.

State and local pension benefits paid to Florida residents supported a total of \$1.9 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$59 million. Taxes attributable to direct, indirect and induced impacts accounted for \$1.8 billion in tax revenue. Each \$1 in state and local pension benefits paid to Florida residents ultimately supported \$1.81 in total output in the state. The greatest impact came in health care (doctors and hospitals) and real estate.

Police and Firefighters' Retirement System
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"The pension plan for the police officers and firefighters in the City of Fort Lauderdale is a defined benefit plan. The plan is administered by the Fort Lauderdale Police and Firefighters' Board of Trustees. The mission of the trustees is the efficient stewardship of the statutory pension benefits of its active members, retirees, and beneficiaries in such a manner as to safeguard retirement security."

2016 Summary Plan Description Available

A revised Summary Plan Description is available to all members. This publication summarizes the retirement plan benefits, including the benefit changes for newly hired police officers (hired on/after 4/1/2015) and firefighters (hired on/after 10/1/2015). It is a good description of the overall retirement plan and benefits, including benefits for survivors. The chapters in the publication focus on contributions, eligibility for retirement, retirement benefits, disability retirement, death and survivor benefits, and other general information about the retirement plan. Copies can be obtained on the pension plan website or by calling the pension office and requesting a copy.

Six Years and Counting

For the sixth consecutive year, the Fort Lauderdale Police and Firefighters' Retirement System has received the Public Pension Coordinating Council's (PPCC) award for plan funding of its retirement system. The award recognizes the professional standards for retirement plan funding and administration as set forth in the Public Pension Standards. Approximately 200 retirement systems received this recognition in 2015 out of over 2,500 public pension plans. Three organizations comprise the PPCC: National Conference on Public Employees Retirement Systems (NCPERS), National Council on Teacher Retirement (NCTR), and National Association of State Retirement Administrators (NASRA).

**Save
the Date**

2016 Police and Firefighter Retirement Planning Seminar

When: Full Day Event - Friday September 23rd
Where: City Hall Commission Chambers
100 N Andrews Ave, Fort Lauderdale

It's never too early or too late to plan for your retirement