



CITY OF FORT LAUDERDALE



POLICE & FIREFIGHTERS' RETIREMENT SYSTEM ANNUAL REPORT 2021

PLAN ENJOYS RECORD RETURNS

On behalf of the trustees of the Fort Lauderdale Police and Firefighters' Retirement System, I am pleased to present this annual report to our members. The Fort Lauderdale Police and Firefighters' Retirement System is made up of different membership classes. These classes are the plan sponsor (City of Fort Lauderdale and subsequently the taxpayers of the city), the active members who contribute a percentage of pay into the plan, and the retirees and beneficiaries (those receiving monthly, guaranteed benefits).

The 2021 fiscal year was another good year for our plan. On paper, most of the common metrics used to evaluate our plan met or exceeded our assumptions, due to the growth of the capital markets. The net investment income produced \$186.3 million, with a return on investments of 18.65%, the fifth highest return on investments in the plan's 31-year history. Over the past 31 years, the average return has been 8.8%. Last year's performance means the plan started its 2022 fiscal year extremely well-funded and well positioned to withstand the capital markets downturn that began in the first quarter of 2022.

This growth benefited the plan sponsor, by reducing the budgetary pressure required to adequately fund the plan. Active and DROP participants were able to share in last year's outstanding performance as well. The retirees and beneficiaries, whose benefits were set previously, however, did not get to participate in these positive returns. Inside this annual report, there is an article entitled, "Understanding COLA," that explains why a COLA has not been paid.



As fiduciaries, the board of trustees has to look out for the welfare of the plan as a whole. This means not making decisions that affect one class of members ahead of the others. As well, the board of trustees does not have the ability to change benefits. We are only permitted to administer the benefits bargained between the members represented by their unions and the plan sponsor. These words may have no solace for those whose standard of living is being ravished by inflation, but please keep in mind that this board of trustees remains steadfast in doing everything allowed under statute to rectify this situation. The path forward is through continued transparency and performing to the highest standard as stewards of public capital. Our job is to ensure the economic security of your benefits and to ensure that your pension check is received each month and the plan is funded.

We have returned to live board meetings on the second Wednesday of each month. I invite you to go to our website and become informed about the actions and activities of your pension board and retirement system. The minutes of all meetings are posted, along with other important information such as the agenda for the next meeting, summary plan description, and plan documents, while active members can log into their personal retirement accounts.

Kenneth Rudominer

Chairman

2021 Retirement Plan Highlights

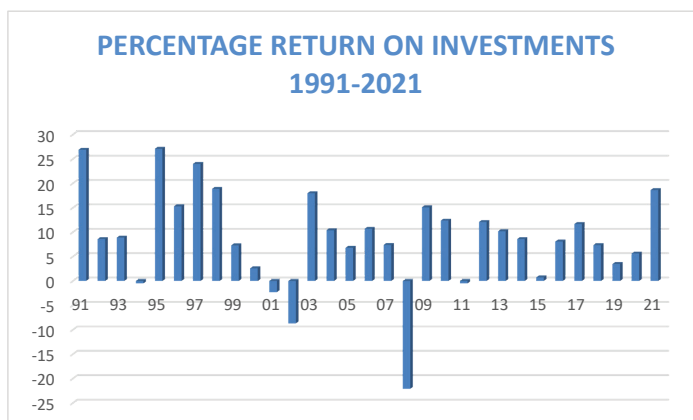
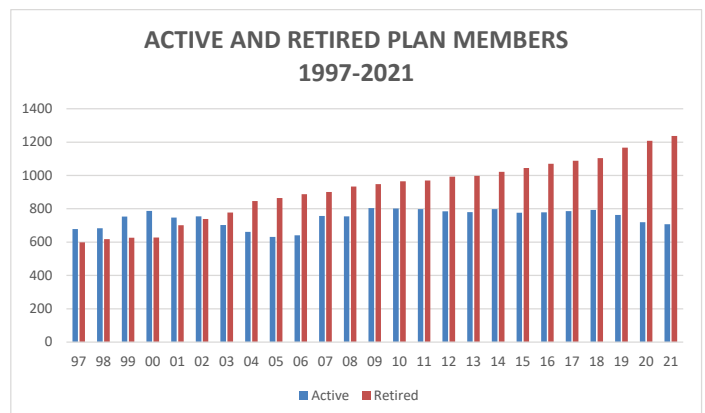
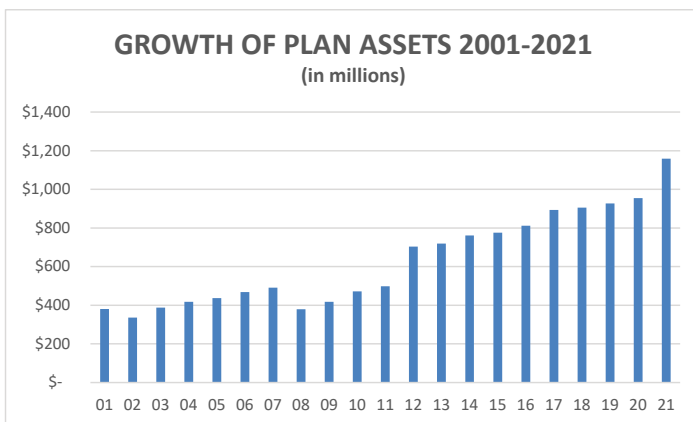
Active Members = 708
 Retirees/Beneficiaries = 961
 Disability Members = 32
 DROP Members = 210
 Terminated Vested = 34
 Total Plan Participants = 1,945
 New Entrants = 52

Market Value of Plan Assets = \$1.159 billion
 Benefits Paid = \$54.7 million
 Member Contributions = \$11.2 million
 City Contributions = \$19.8 million
 State Contributions = \$4.8 million
 Net Investment Income = \$186.3 million
 Pre-Funded Ratio = 92.4%

Overview of Your Plan's Finances

These charts provide an overview of your retirement plan. The assets of the plan have grown over the past 21 years – from \$380 million to \$1.159 billion, a growth of \$779 million. The average return on investments over the past 31 years is 8.8%. The plan's returns have been positive for

26 of the past 31 years. The total membership continues to grow, with retirees increasing and active members remaining basically constant. The plan's funds are invested in a diversified portfolio and rebalanced regularly.



Board of Trustees



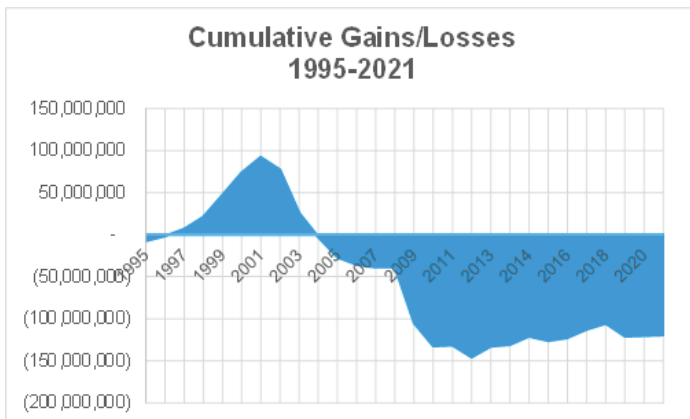
Members of the Board of Trustees (seated l to r) Dennis Hole; Kenneth Rudominer, Chairman; Jeffrey Cameron; **(back row l to r)** Derek Joseph; Richard Fortunato, Vice Chairman; J. Scott Bayne, Secretary; and Jim Naugle.

Understanding COLA

There has been much discussion regarding a cost-of-living adjustment (COLA) for retired members of our plan. To clarify the issue, it is important to understand basically how a COLA works.

It is important to know that only the City Commission and not the Pension Board can authorize a COLA. All benefit provisions of the plan, as required by state law, must be enacted by the Commission.

In 1994, the Florida Legislature adopted Ch 94-259, which limited COLA benefits based on “gains” to all actual gains of the plan, not just investment earnings. Florida Statutes 112.61 states the “actuarial experience may be used to fund additional benefits, provided that the present value of such benefits does not exceed the net actuarial experience accumulated from all sources of gains and losses. This act hereby establishes minimum standards for the operation and funding of public employee retirement systems and plans.” The key word is “accumulated gains and losses.”



Each year, the actuary does an actuarial valuation of the plan, to determine the city’s required contribution for the next year. Included in that actual valuation, is the determination of the plan’s cumulative gains/losses. In the latest actuarial valuation report, dated October 1, 2021, the actuary determined that our plan had a cumulative negative gain of \$119.4 million (\$119,422,842).

Beginning with the returns from 1995, the graph shows the cumulative gains/losses for each year. Since 2004, our cumulative

Your Pension Staff

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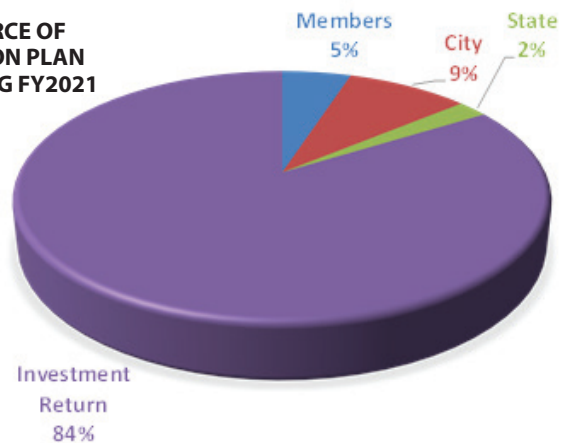
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returns have been negative. When we had cumulative gains, a COLA was paid. On July 15, 2008, the Fort Lauderdale City Commission allowed the COLA sunset provision to become effective, thus eliminating a COLA for anyone retiring or eligible to retire on or after that date. For more information on COLA, visit the plan’s website.

How is Our Pension Plan Funded?

The Fort Lauderdale Police and Firefighters plan funding comes from four sources. In the last fiscal year, funding came from the following: Member Contributions \$11.2 million or 5% (the total contributions by active members compared to the total income for the plan); City Contribution (required) \$19.8 million or 9%; State Contribution \$4.8 million or 2% (excluding amount for the firefighter Share Plan); and Investment Returns \$186.3 million or 84%. Across the nation, approximately two-thirds of all plan’s funding come from investment earnings. According to the chart, Fort Lauderdale is greater than other pension plans due to the investment return for 2021. The chart shows that the citizens of Fort Lauderdale contributed 9% to our funding last year. In other words, for every dollar paid out in benefits, the taxpayers contributed 9 cents, with the remaining 91 cents coming from investments, employee contributions, and state funding.

SOURCE OF PENSION PLAN FUNDING FY2021



Police and Firefighters' Retirement System

888 S. Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316



Mission Statement: 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.

SAVE THE DATE

2022 Retirement Planning Seminar

When: Friday, September 16th

8:30 am to 2:30 pm at City Hall

Topics include:

Estate Planning * Taxes in Retirement * Social Security
Medicare and Health Benefits * Lunch provided with sessions for
Deferred Compensation * Individualized consultations
with plan administrators



Who: Open to all members of the Police & Fire and General Employees Retirement Systems. Spouses are welcome and encouraged to attend.

Hosted by Fort Lauderdale Police & Firefighters' System and General Employees Retirement System

Preliminary schedule will be posted at www.ftlaudpfpension.com

Visit Our Website for Pension Information

The Police and Firefighters' Retirement Plan website is an invaluable resource for active members, retired members and beneficiaries to obtain information about their retirement benefits. All meeting notices and agendas are posted, along with copies of the approved minutes of each meeting. There is a wealth of financial information, summary plan description, and pension news stories from around the state. Active members can log into their individual retirement accounts to see account balances and estimated benefit payments. Please visit our website at: ftlaudpfpension.com. The website allows you to email any questions or comments to the pension office.

A Dozen Recognitions

The Police and Firefighters' Retirement System received the Public Pension Coordinating Council's (PPCC) award in 2021 for plan funding and administration of its retirement system. The award recognizes the professional standards as set forth in the Public Pension Standards. This is the twelfth consecutive year the plan has received this recognition. Approximately 200 retirement systems received this recognition in 2021 out of over 2,500 public pension plans. Three organizations comprise the PPCC: National Conference on Public Employees Retirement System (NCPERS), National Council on Teacher Retirement (NCTR), and National Association of State Retirement Administrators (NASRA).