



# CITY OF FORT LAUDERDALE



## POLICE & FIREFIGHTERS' RETIREMENT SYSTEM ANNUAL REPORT 2022

### MARKETS TURN NEGATIVE

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 for the period October 1, 2021 – September 30, 2022.

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 financial markets changed from last year, and they affected our performance. Our return on investments was a negative 10.29%. Total assets grew to \$1.019 billion, while retirees and beneficiaries received over \$63 million in guaranteed monthly benefits. Our plan is maturing; the ratio of active members of the total membership has decreased from 53% in 1997 to 34% in 2022. That means 66% of our plan participants are retired compared to 47% just 26 years ago.

Our benefits have grown over the years, thanks to the path trailblazed by our predecessors. The annual report contains the current cumulative gain/loss on page 3. This is the number used by the plan actuary to determine if we are eligible for a COLA. This number appears to be a large number, but for a plan our size it is not an insurmountable amount. With good plan governance and prudent risk adjusted investing, we can earn our way toward this

goal. Your Board of Trustees is committed to following that path.

On a personal note, I entered the DROP in March, 2022. I have served on the Pension Board since 2008, and studied and championed public safety retirements. The reality of what this meant didn't really sink in until I entered the process. Watching videos on retirement planning, most did not apply as we are getting a guaranteed benefit paid monthly for the rest of our lives. I can summarize all that my wife and I have learned about retirement planning in two words. **Thank You.**



Thank you to all of you reading this that fought through politics and collective bargaining to secure this benefit for me and my family. I can only imagine the bargaining and dealmaking that went on in the past to trade some benefits for others. Currently, the police and fire unions are experiencing the same issues right now, having to deal with trying to regain benefits given up to "Pension Reform" after the GFC of 2008. There are no easy choices.

The trustees who serve on the Police and Firefighter Pension System are committed to preserving and protecting the guaranteed pension benefits for all members. Every member of our plan gets equal representation and treatment. 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.

*Kenneth Rudominer*

Chairman

# 2022 Retirement Plan Highlights

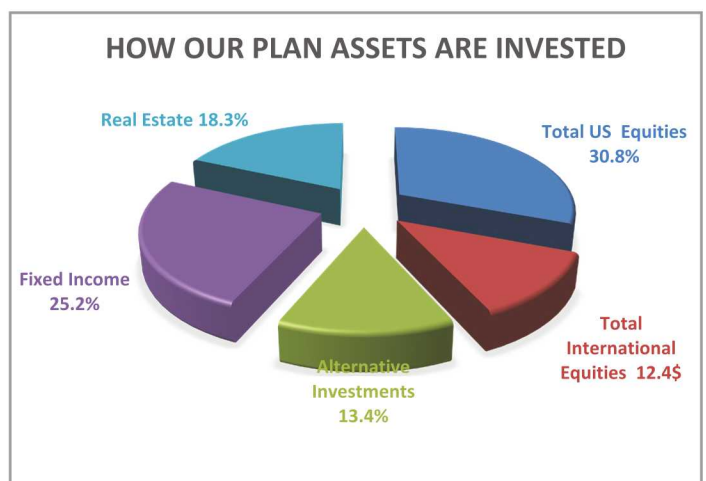
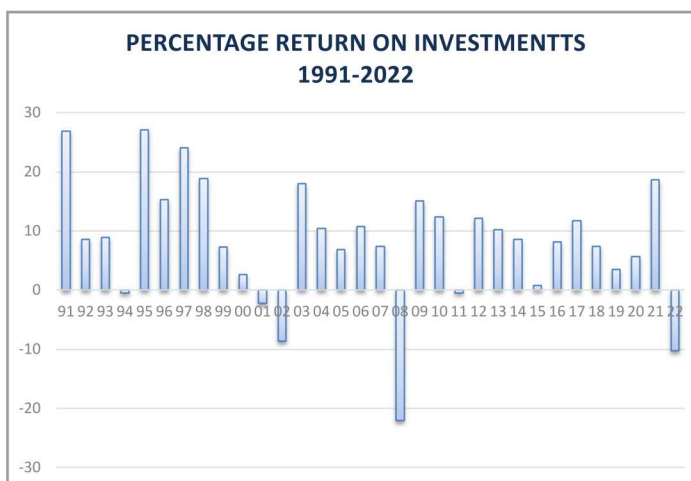
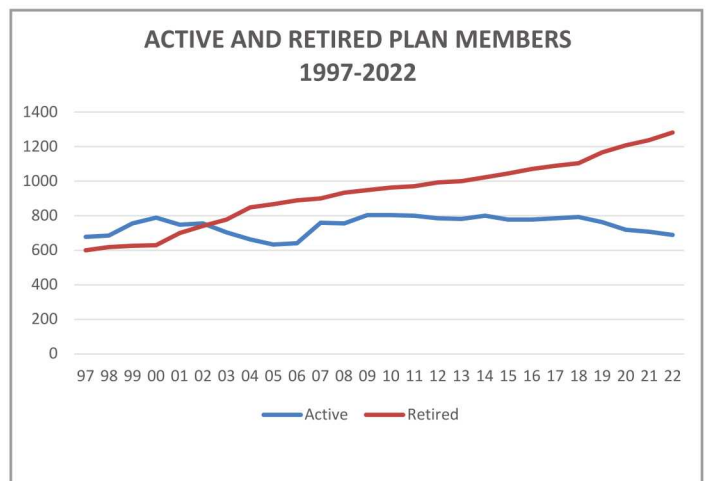
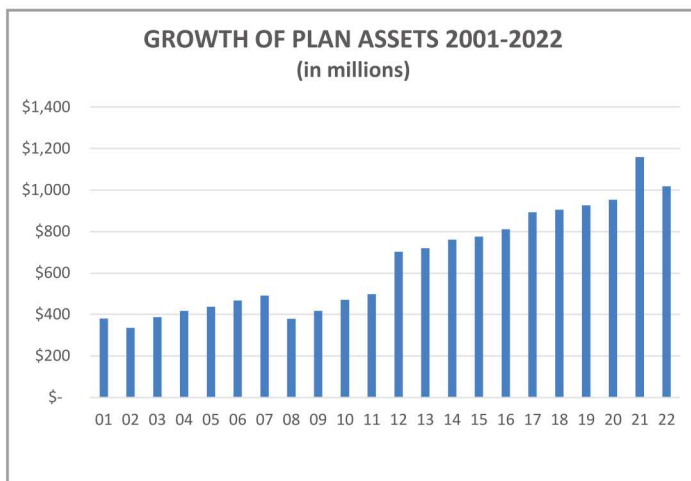
Active Members = 679  
 Retirees/Beneficiaries = 977  
 Disability Members = 35  
 DROP Members = 221  
 Terminated Vested = 39  
 Total Plan Participants = 1,971  
 New Entrants = 54

Market Value of Plan Assets = \$1.019 billion  
 Benefits Paid = \$63.1 million  
 Member Contributions = \$8.8 million  
 City Contributions = \$20.4 million  
 State Contributions = \$5.9 million  
 Net Investment Income = (\$114.9 million)  
 Pre-Funded Ratio = 92.1%

## 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 22 years – from \$380 million to \$1.019 billion, a growth of \$639 million. The average return on investments over the past 32 years is 8.2%. The plan's returns have been positive

for 26 of the past 32 years. The total membership continues to grow, with retirees increasing and active members remaining constant. The plan's funds are invested in a diversified portfolio and rebalanced regularly.





# Board of Trustees

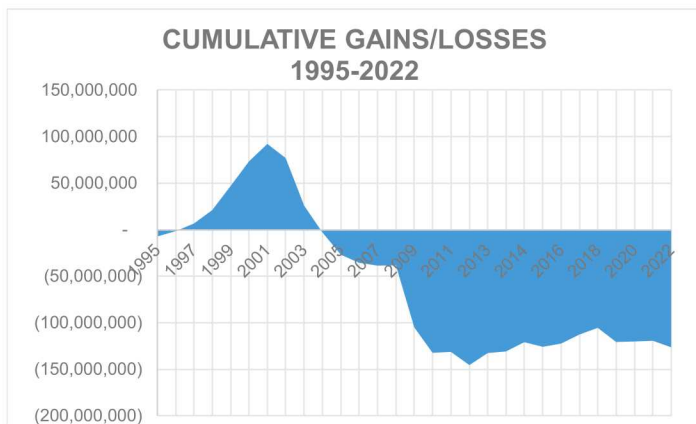


**Members of the Board of Trustees (seated l to r)** Dennis Hole; Kenneth Rudominer, Chairman; Jeffrey Cameron; **(back row l to r)** Derek Joseph, Vice Chairman; Richard Fortunato; J. Scott Bayne, Secretary; and Jim Naugle.

# Understanding Cumulative Gains/Losses

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, 2022, the actuary determined that our plan had a cumulative loss of \$ 126.3 million (\$126,330,286).

Beginning with the returns from 1995, the graph shows the cumulative gains/losses for each year. Since 2004, our cumulative returns have been negative. On July 15, 2008, the Fort Lauderdale City Commission allowed the COLA

# Your Pension Staff

**Lynn Wenguer, CPA, CPPT**  
Executive Director

**Alexandra Goyes, CPPT**  
Deputy Director

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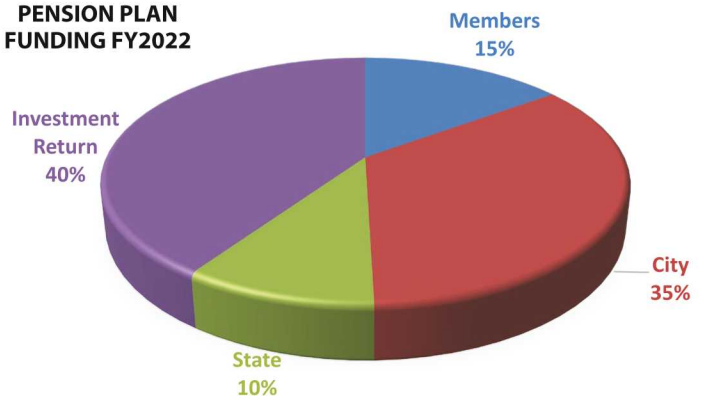
sunset provision to become effective, thus eliminating a COLA for anyone retiring or eligible to retire on or after that date.

# 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 \$8.8 million or 15% (the total contributions by active members compared to the total income for the plan); City Contribution (required) \$20.4 million or 35%; State Contribution \$5.9 million or 10% (excluding amount for the firefighter Share Plan); and Investment Returns \$23.8 million or 40%. Across the nation, approximately two-thirds of all plan’s funding come from investment earnings.

Because the net investment return was a negative \$114.9 million due to the downturn in the markets resulting in an investment loss of 10.29%. This year’s investment return is substantially less than last year, when we had a \$186.3 million net investment return. As investment returns fluctuate, these returns affect the city’s contribution, although it is smoothed over five years so as not to cause huge fluctuations in the city’s contributions in one year.

**SOURCE OF PENSION PLAN FUNDING FY2022**



**Police and Firefighters' Retirement System**  
888 S. Andrews Avenue, Suite 202  
Fort Lauderdale, Florida 33316

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**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.

## PLAN NOW FOR YOUR RETIREMENT



**Due to circumstances beyond our control, the next Retirement Planning Seminar will be held in 2024. Topics included:**

Estate Planning \* Taxes in Retirement \*

Social Security \* Medicare and Health Benefits \*

Deferred Compensation \* Last paycheck \*

Individualized consultations with administrators

You can go to [www.ftlaudpfpension.com](http://www.ftlaudpfpension.com) – our website to view past seminar presentations. Click on Plan Documents, then select Retirement Seminar.

### 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](http://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 2022 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 thirteenth consecutive year the plan has received this recognition. Approximately 200 retirement systems received this recognition in 2022 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).