

# **Florida Retirement System Actuarial Assumption Estimating Conference**

## **Executive Summary**

October 16, 2009

The Florida Retirement System Actuarial Assumption Conference met on October 16, 2009 and adopted the assumptions to be used in the actuarial valuation of Florida's Retirement System. The preliminary results show that the state is no longer in a surplus position --- indicating that an unfunded actuarial liability developed prior to July 1, 2009. On an actuarial basis, the system is only 87.6% funded, largely based on unfavorable asset performance in Fiscal Year 2008-09. The report addressed information received through July 1, 2009.

# Florida Retirement System

The Actuarial Assumption Estimating Conference  
Including Preliminary July 1, 2009 Actuarial Valuation Results

Presented by:  
Robert Dezube  
Consulting Actuary

October 16, 2009



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# Overview

- Key Economic Assumptions
- Historical Analysis
- 2009 Valuation
- Discussion Points
- Projections
- Appendix

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# Key Assumptions

## Used in 2008 & 2009 Actuarial Valuations

- Investment Earnings 7.75%\*
- General Wage Increase 4.00%\*\*
- Post-Retirement Benefit Increase 3.00%
- Growth in Membership 0.00%

\*Includes a 3.0% inflation assumption

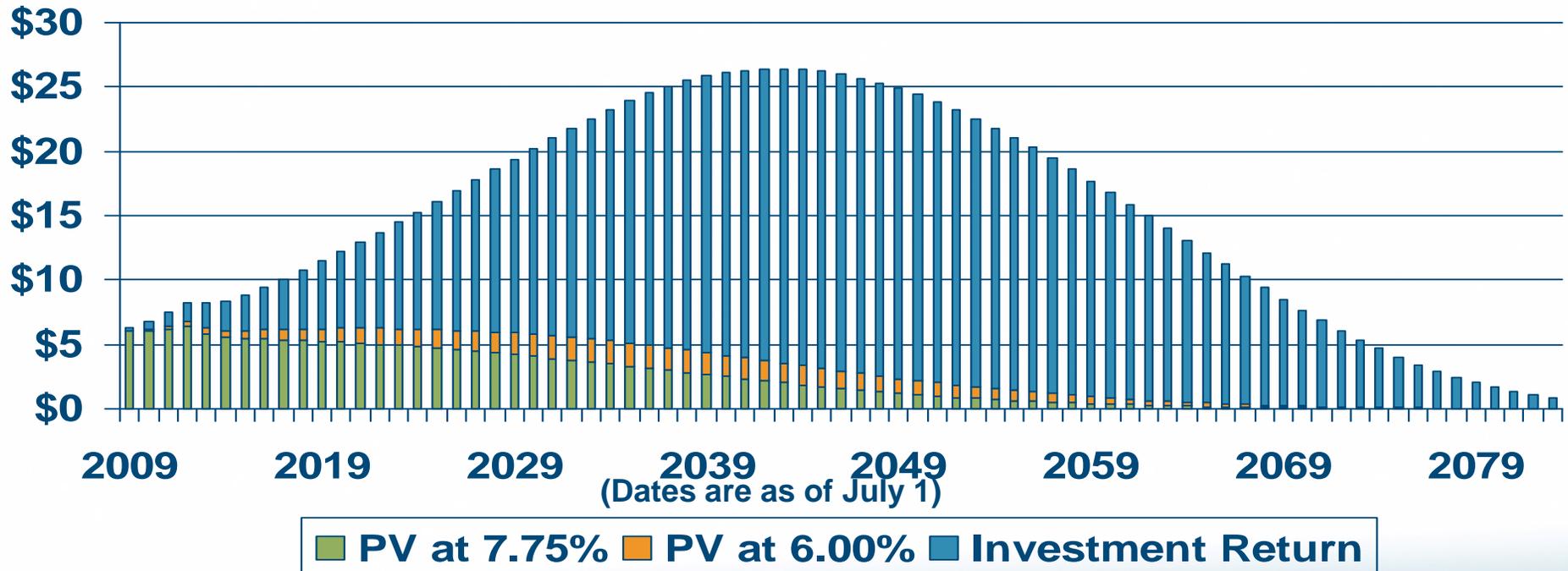
\*\*There are additional salary increases due to promotion and longevity

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# Time-Value of Money: Benefit Payments

The chart represents the effect of the time-value of money on promised benefit payments. In each year, the total bar is equal to expected benefit payments (exclusive of transfers to PEORP). The green portion represents each year's benefit payments, discounted at 7.75% to July 1, 2009 (ie., the value of benefit payments in "today's dollars.") The orange portion is similar to the green, discounted at 6.0%. The blue portion of each bar represents the difference in dollars between the total value to be paid that year less the value in today's dollars.

(\$ In Billions)



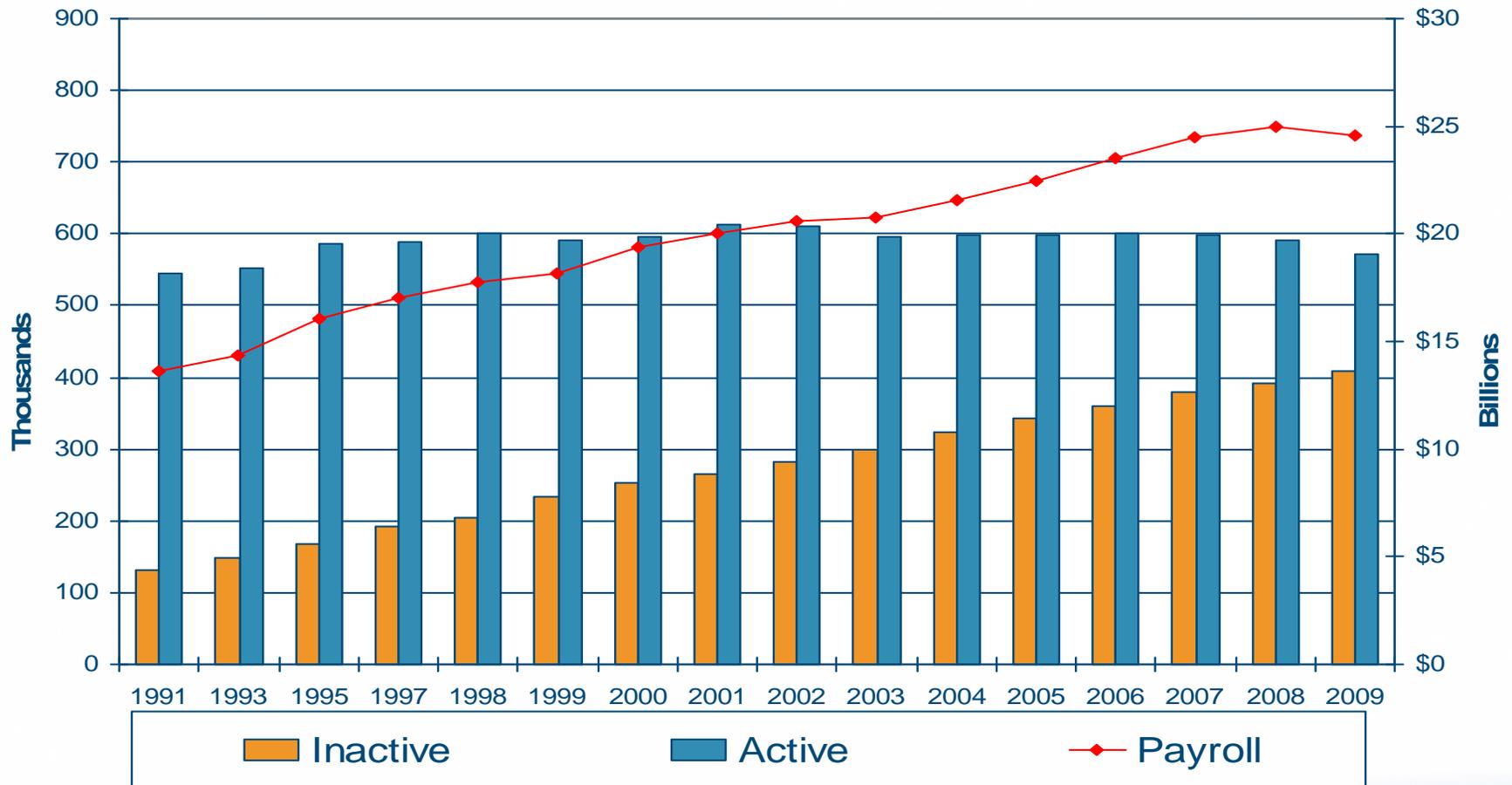
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# Historical Analysis

- Membership & Employer Payroll
- Market & Actuarial Value of Assets
- Liabilities
- Funding Target
- Contributions
- Plan Cash Flows
- Historic Asset Returns

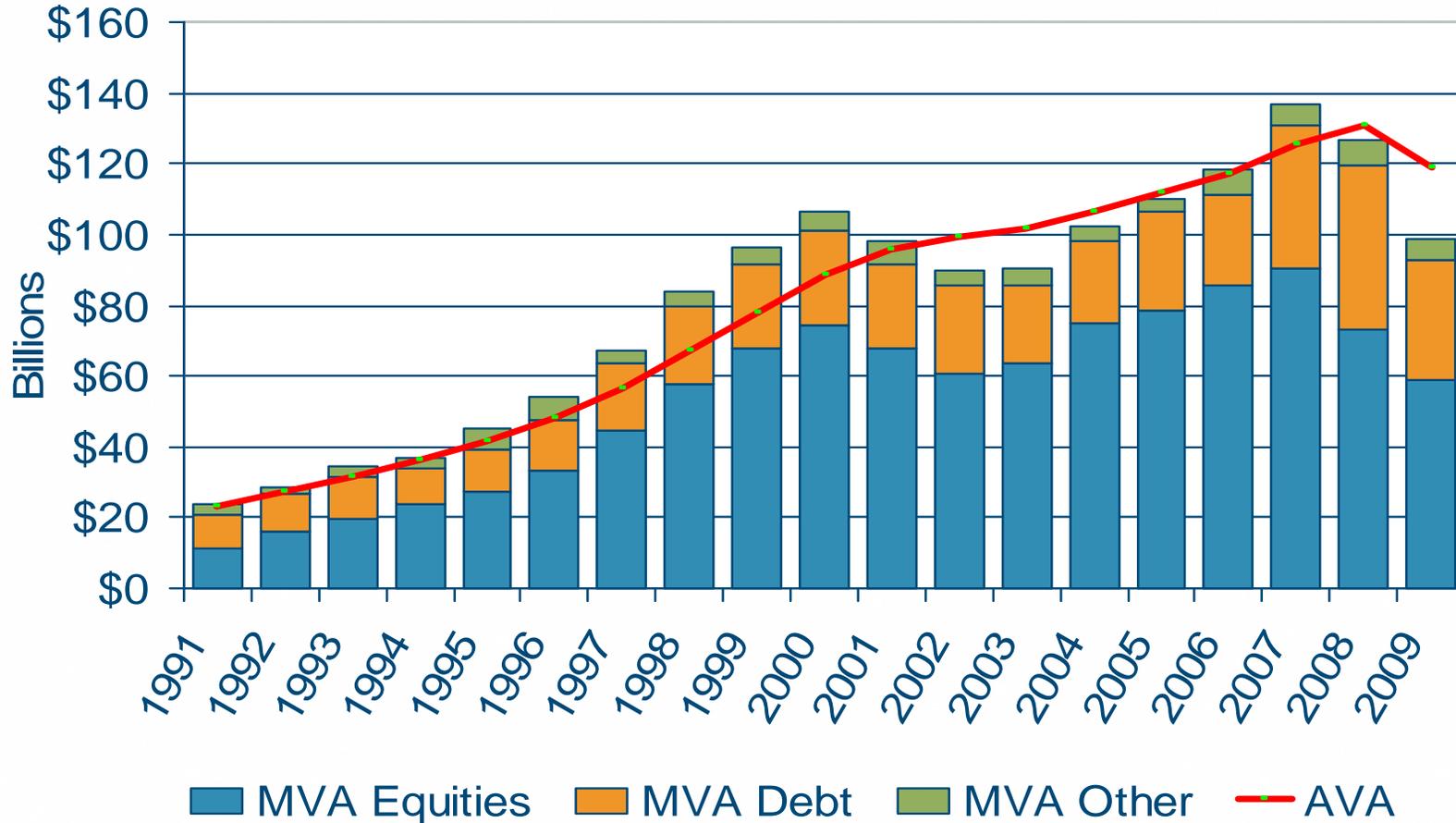
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# Membership & Employer Payroll



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# Market & Actuarial Value of Assets



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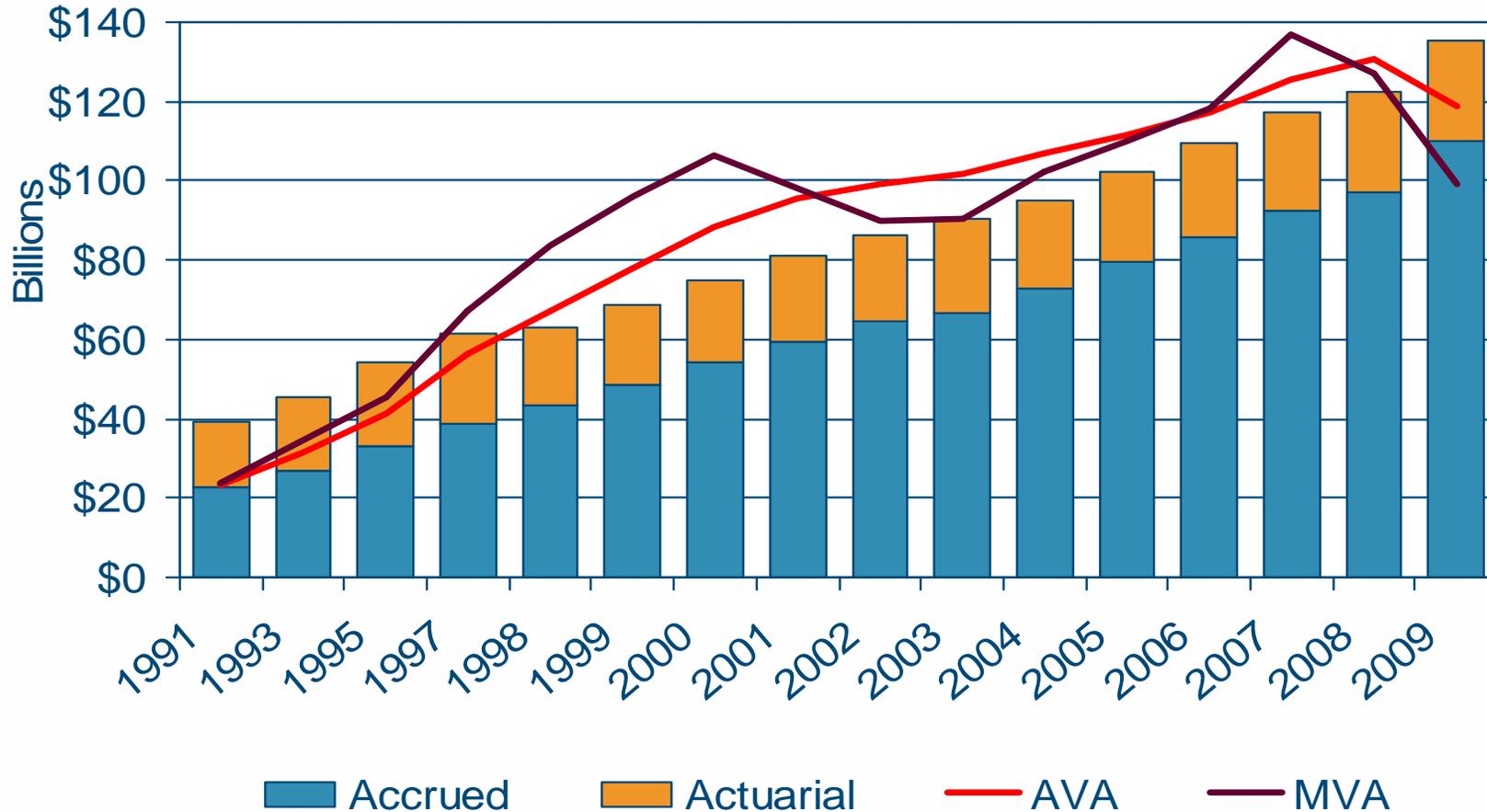
# Actuarial Liability

	<u>Actuarial Accrued Liability</u>	<u>AVA</u>	<u>UAL</u>
<b>2008 Valuation</b>	<b>\$122.5</b>	<b>\$130.7</b>	<b>(\$8.2)</b>
<b>2009 Valuation under Prior Assumptions</b>	<b>\$128.4</b>	<b>\$118.8</b>	<b>\$9.6</b>
<b>2009 Valuation under New Assumptions</b>	<b>\$135.5</b>	<b>\$118.8</b>	<b>\$16.7</b>

The New Assumptions are based on the most recent experience study of the period from July 1, 2003 through June 30, 2008. Unless otherwise noted, the 2009 results shown on subsequent slides are based on the New Assumptions.

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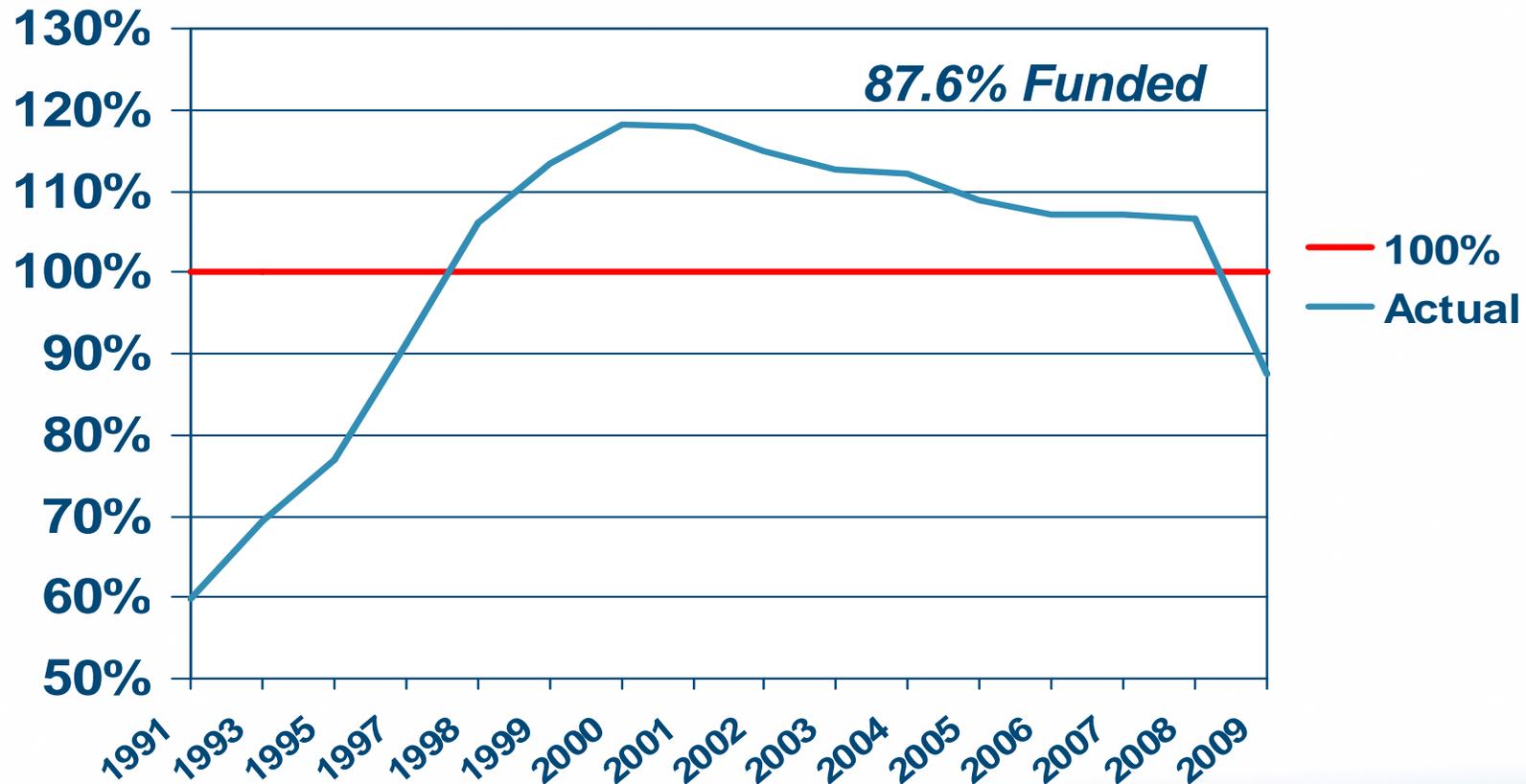
# Liabilities



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# Funding Target:

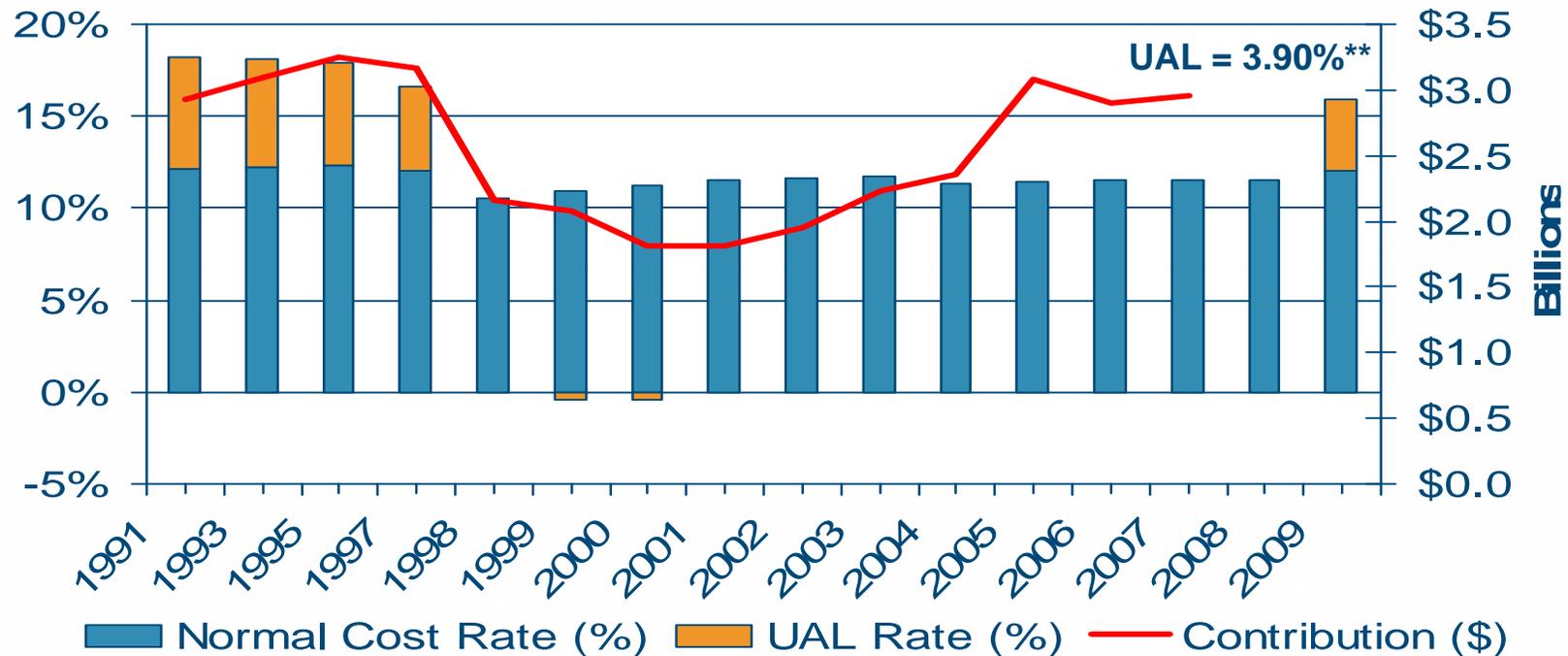
## Actuarial Value of Assets / Actuarial Liabilities



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# Contributions

(Composite contribution rate shown in year developed;  
contribution amount adjusted for budget lag\*)

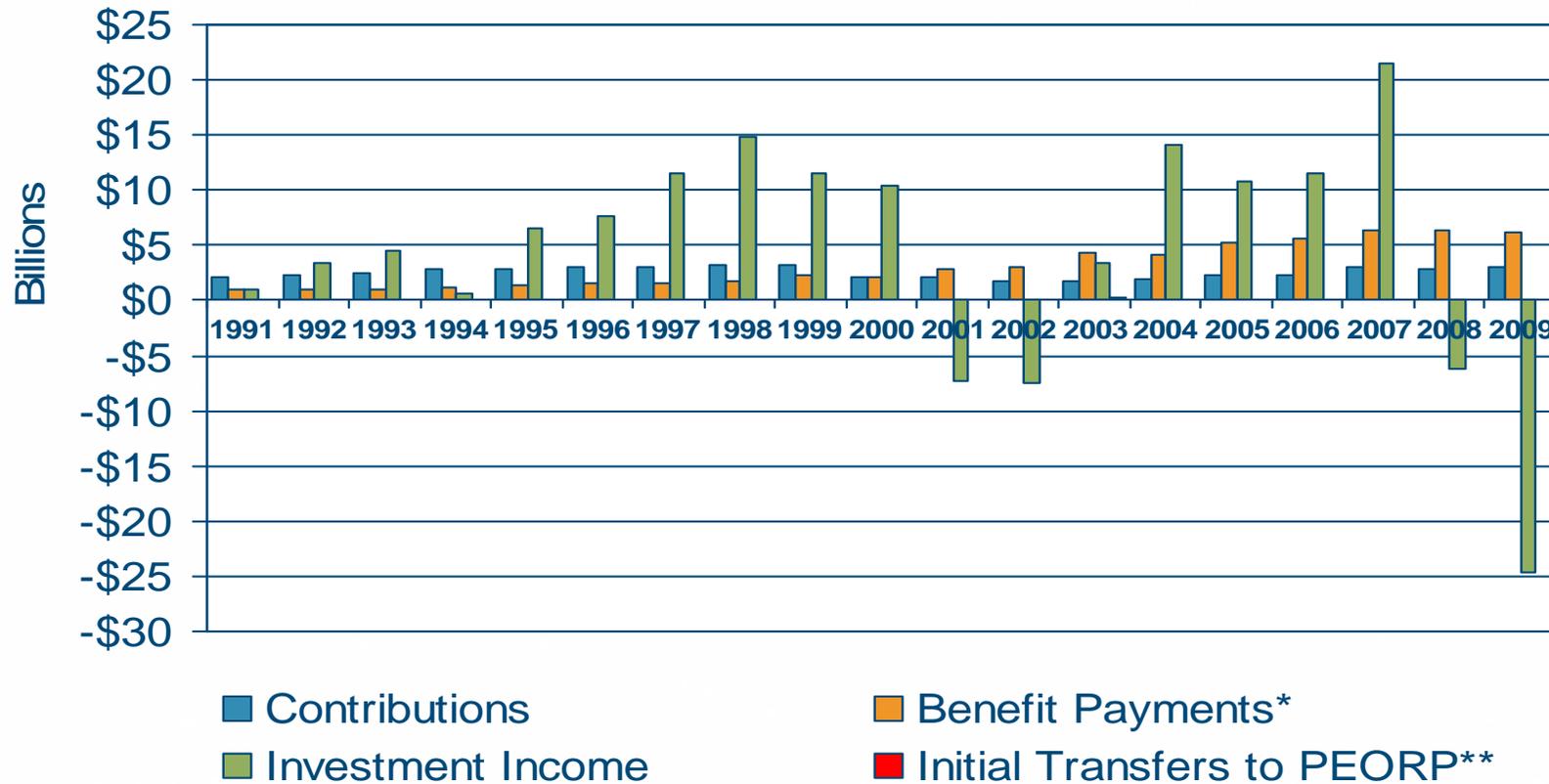


\*For example, contributions for FY 2009 are shown in 2007 because the 2007 actuarial valuation developed contribution rates for FY 2009.

\*\*For purposes of this presentation, the UAL rate was approximated as the rate needed to amortize the entire UAL over 30 years.

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# Plan Cash Flows

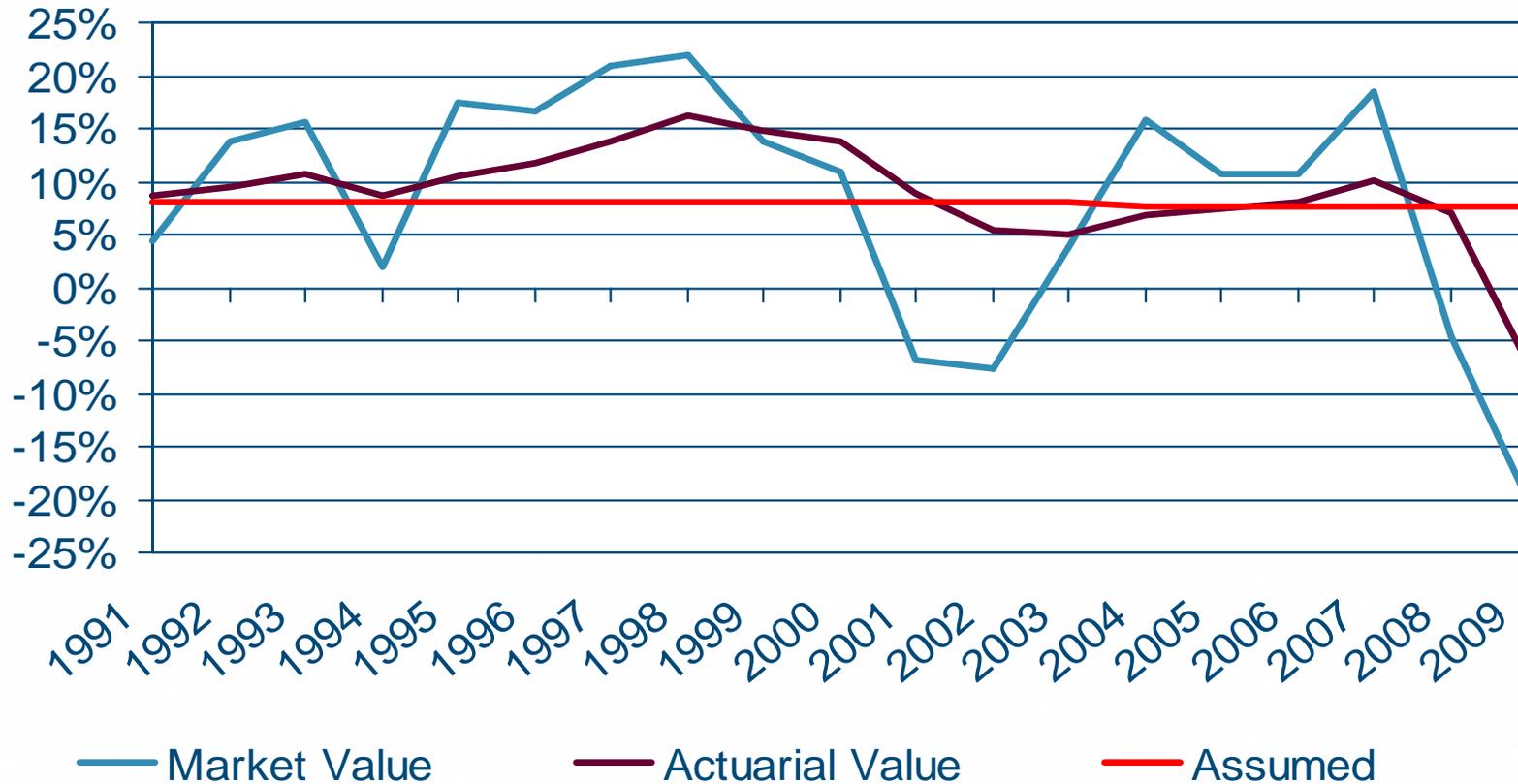


\* Includes Transfers to PEORP

\*\* See Slide 19 for more detail.

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# Historic Asset Returns



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# 2009 Valuation

- Valuation Highlights
- Composite Funding Levels
- Normal Cost Rates
- Summary of PEORP Elections
- Effect of Salary Distribution on Normal Cost Rates

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# 2009 Valuation Highlights

- Results are based on the 2009 actuarial assumptions and methods as established by the July 1, 2003 – June 30, 2008 experience study
- FRS is no longer in a surplus position
- Unfavorable Asset Performance
- Prior to application of the corridor, AVA exceeds MVA by 31.1% or \$30.8 billion; After application of the corridor, AVA exceeds MVA by 20.0% or \$19.8 billion

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# Asset Smoothing

Five-year smoothing method helps alleviate heavy losses (on an actuarial basis) at times of unfavorable asset performance. However, large gains are also not “felt” at once.

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# Assets: MVA vs. AVA

(\$ in Billions)

<u>Year</u>	<u>MVA</u>	<u>MVA Return</u>	<u>AVA</u>	<u>AVA Return</u>
2000	\$106.5	10.82%	\$ 88.5	13.79%
2001	98.4	-6.93	95.5	8.82
2002	89.7	-7.62	99.4	5.44
2003	90.5	3.76	101.9	5.10
2004	102.4	15.73	106.7	6.93
2005	110.2	10.71	111.5	7.43
2006	118.5	10.65	117.2	8.06
2007	136.7	18.38	125.6	10.16
2008	126.9	-4.65	130.7	6.98
2009	99.0	-19.71	118.8	-6.74

In 2006 & 2007 the MVA exceeded the AVA, as a result of four years of MVA returns greater than the 7.75% assumed return. In 2008 and 2009 the AVA once again exceeds the MVA, representing the smoothed impact of the past two year of unfavorable MVA returns. The MVA return in 2008-09 was -19.71%.

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# Composite Funding Levels

	<u>2008</u>	<u>2009</u>	<u>Change</u>
<b>Actuarial Liability</b>	<b>\$122.5</b>	<b>\$135.5</b>	<b>10.6%</b>
<b>Actuarial Value of Assets</b>	<b>\$130.7</b>	<b>\$118.8</b>	<b>-9.1%</b>
<b>Unfunded Actuarial Liability</b>	<b>(\$8.2)</b>	<b>\$16.7</b>	<b>-303.7%</b>
<b>% Funded</b>	<b>106.7%</b>	<b>87.6%</b>	

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# Normal Cost Rates

<u>Employer</u>	Date of Actuarial Valuation			<u>08-09 Change</u>
	<u>7/1/2008</u>	<u>7/1/2009 *</u>	<u>7/1/2009 **</u>	
FRS Regular	9.63%	9.64%	9.98%	0.35%
Special Risk				
Regular	22.11%	22.15%	22.99%	0.88%
Administration	12.10%	11.79%	11.67%	-0.43%
Elected Officers' Class				
Judicial	20.65%	20.75%	20.34%	-0.31%
Leg-Atty-Cab	15.20%	15.10%	15.00%	-0.20%
County	17.50%	17.31%	17.19%	-0.31%
Senior Management	13.43%	13.46%	12.15%	-1.28%
Composite Rate (without DROP)	11.54%	11.64%	12.01%	0.47%
Composite Rate with DROP equal 9.80%	11.42%	11.50%	11.85%	0.43%

\*Before Assumption Changes

\*\*After Assumption Changes

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# Allocation of Assets

(\$ Shown in Billions)

	Regular	Special Risk		Elected Officers			Senior	DROP	Grand
		Reg	Admin	Judicial	Leg-Atty-Cab	County	Mgmt		Total
1. Actuarial Liability	\$93.4	\$22.9	\$0.1	\$1.0	\$0.1	\$0.6	\$3.1	\$14.3	\$135.5
2. Unadjusted AVA	99.1	21.6	0.1	1.0	0.1	0.4	2.6	(6.1)	118.8
3. UAL: (1) – (2)	(5.7)	1.3	0.0	0.0	0.0	0.2	0.5	20.4	16.7
4. Aggregate Funded Percentage: (2) / (1)									87.6%
5. DROP Assets required to meet Aggregate Funded Percentage								\$12.5	
6. Proportion of DROP Liability	0.7675	0.1768	0.0003	0.0143	0.0017	0.0050	0.0345	-	1.0000
7. DROP Assets to be reallocated	(\$14.3)	(\$3.3)	\$0.0	(\$0.3)	\$0.0	(\$0.1)	(\$0.6)	\$18.6	-
8. Allocated AVA: (2) + (7)	84.8	18.3	0.1	0.7	0.1	0.3	2.0	12.5	118.8
9. Final UAL: (1) – (8)	\$8.6	\$4.6	\$0.0	\$0.3	\$0.0	\$0.3	\$1.1	\$1.8	\$16.7

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# PEORP – July 1, 2009

<u>Employer</u>	<u>Remaining “Original” Participants</u>	<u>Contingent Liability (000 omitted)</u>
FRS Regular	9,340	\$208,854
Special Risk		
Regular	317	10,669
Administration	1	(19)
Elected Officer’s Class		
Judicial	5	(523)
Leg-Atty-Cab	5	161
County	13	106
Senior Management	<u>220</u>	<u>9,133</u>
<b>2009 TOTAL</b>	<b>9,901</b>	<b>\$228,381</b>
<u>For Comparison:</u>		
2008 TOTAL	10,627	\$227,602
2003 TOTAL	21,043	\$312,915
Net Assets transferred to PEORP in 2003:		\$353,193

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## Discussion Points

- We continue to recommend changes to the method of funding DROP that would explicitly recognize the impact of DROP on each class.
- In 2007 we studied two alternative (more traditional) ways to fund DROP. In each, the contribution rates for each class of membership would include the cost of its members electing DROP:
  - DROP members treated as retirees (i.e., DROP payroll not used in developing the amount of contributions.)
  - DROP members treated as actives. Valuation would use more elaborate coding to model DROP as a decrement separate from retirement.
- We will be repeating this study based on 2009 valuation data and assumptions

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# Actuarial Liability & Asset Projections

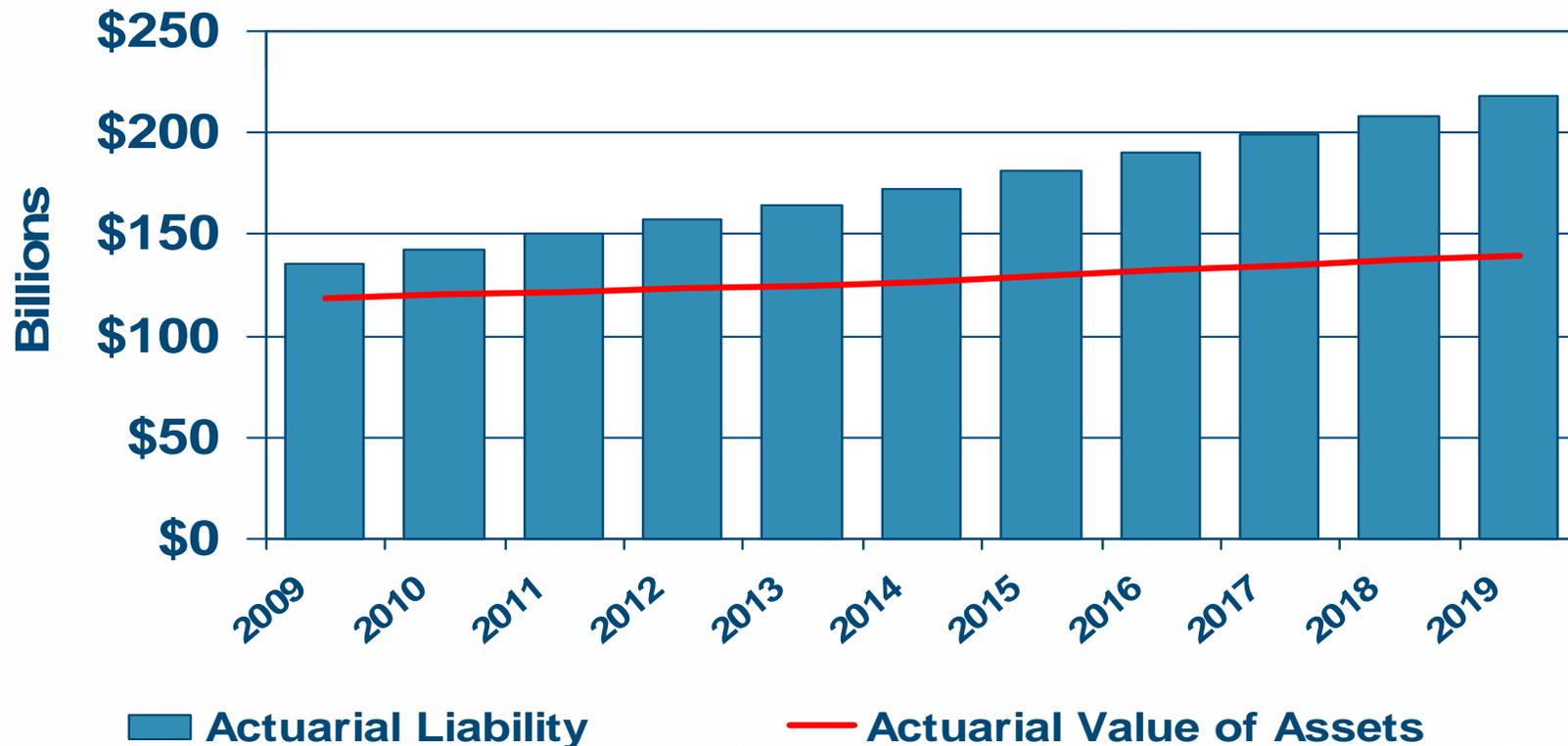
- Assuming 7.75% constant investment returns
- Assuming 15.00% investment returns for one year followed by constant 7.75% returns
- Assuming 15.00% investment returns for one year, 0.00% return the following year, followed by constant 7.75% returns

\*\*\* All returns are on a Market Value basis

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# Comparison of Actuarial Liabilities & Assets

(Assuming Constant 7.75% Investment Returns)

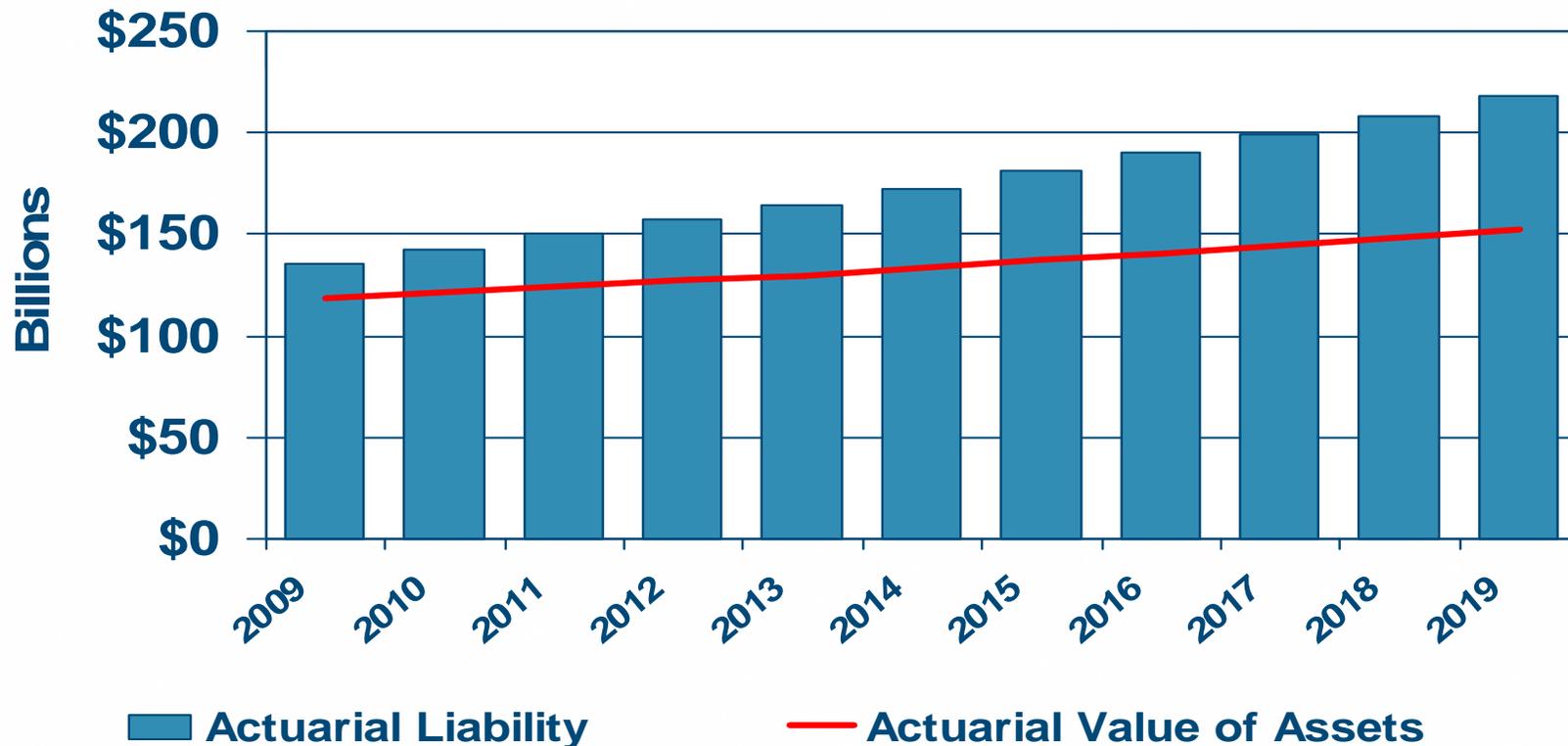


*Contributions assumed to be 10.34% of payroll. Rate set to equal FY09-10 composite reduced rate.*

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# Comparison of Actuarial Liabilities & Assets

(Assuming 15.00% Return Followed by Constant 7.75% Returns)

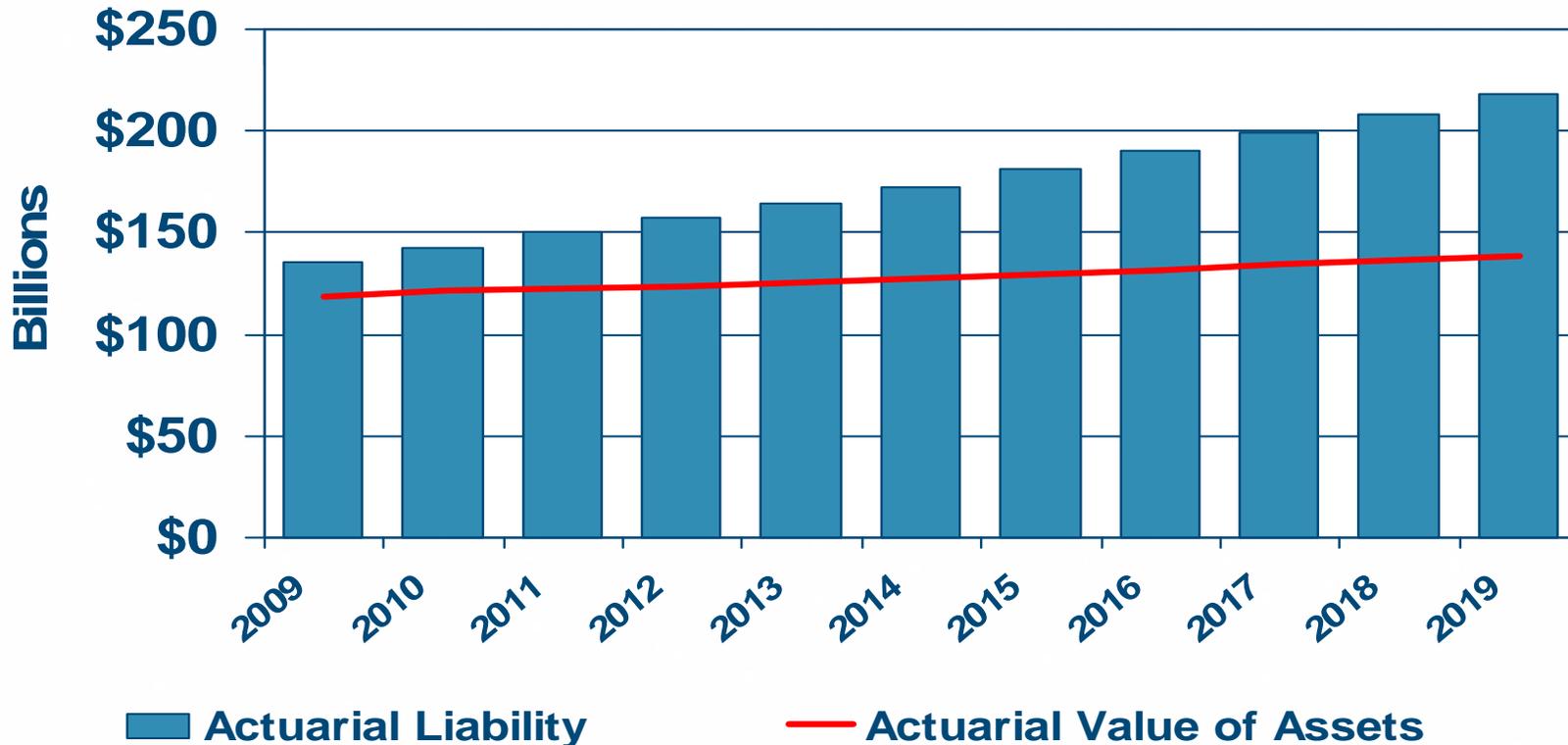


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# Comparison of Actuarial Liabilities & Assets

(Assuming one year with a 15.00% Return, the following year with a 0.00% Return, Followed by Constant 7.75% Investment Returns)



*Contributions assumed to be 10.34% of payroll. Rate set to equal FY09-10 composite reduced rate.*

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# Comparison of Actuarial Liabilities & Assets

(Assuming Constant 7.75% Investment Returns)



*Contributions in 2010 and beyond are assumed to be 16.14% of payroll.  $16.14\% = 12.24\%$  composite NC rate (including DROP) plus estimated 3.90% UAL rate.*

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# Comparison of Actuarial Liabilities & Assets

(Assuming 15.00% Return Followed by Constant 7.75% Returns)

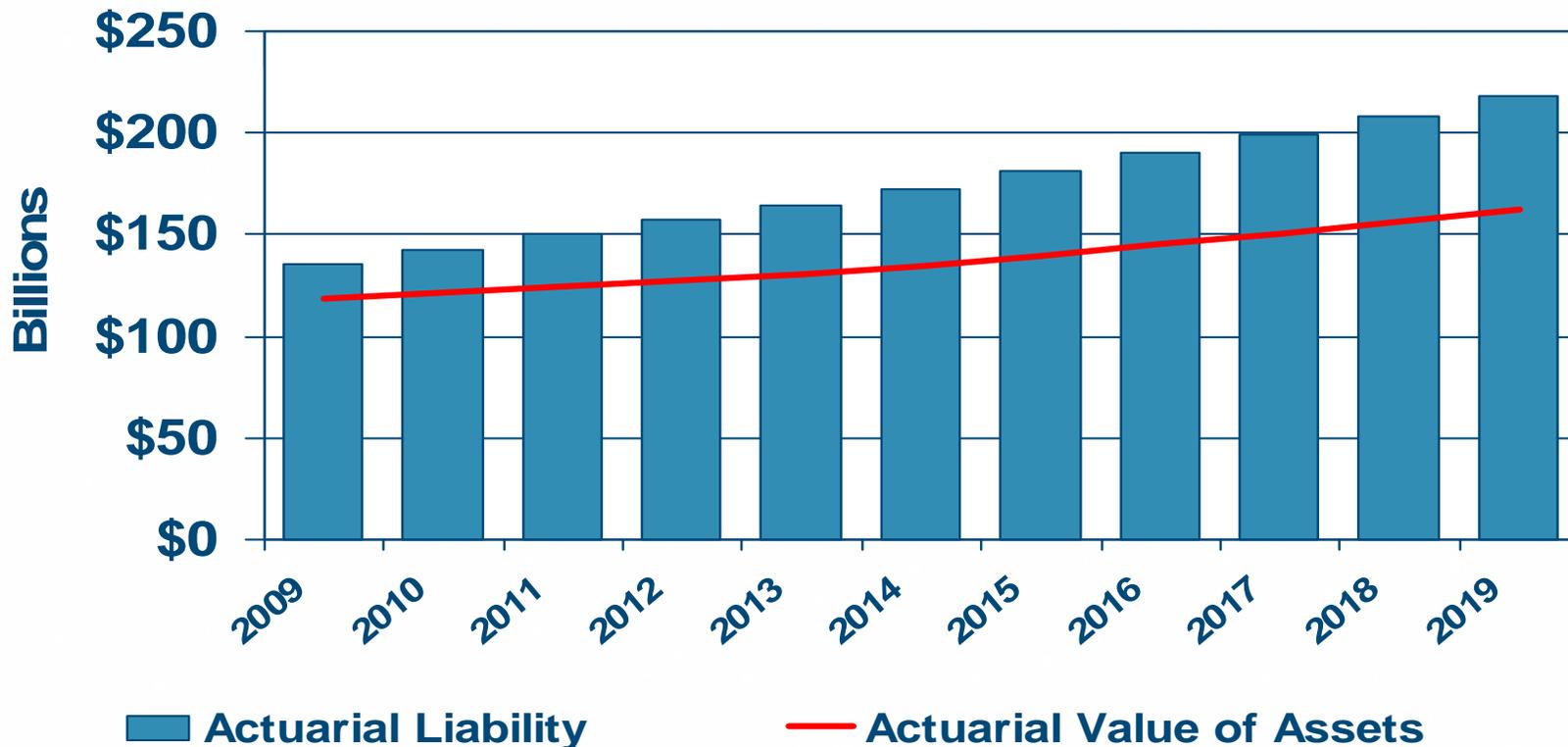


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# Comparison of Actuarial Liabilities & Assets

(Assuming one year with a 15.00% Return, the following year with a 0.00% Return, Followed by Constant 7.75% Investment Returns)



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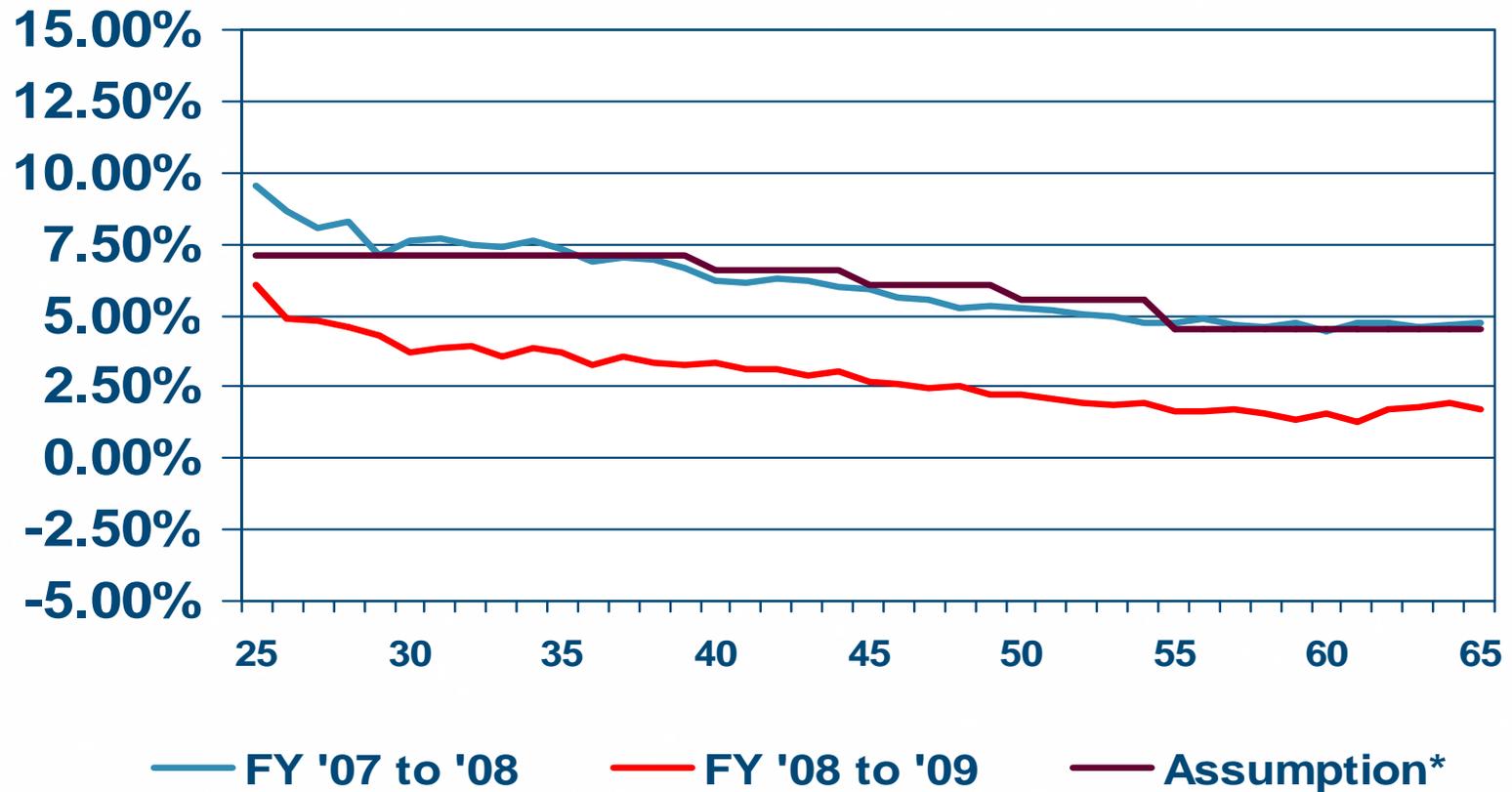
# Appendix

- Salary Experience
  - Compare last two years
  - Compare last five years

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# Salary Experience

(All Actives – Last two fiscal years)

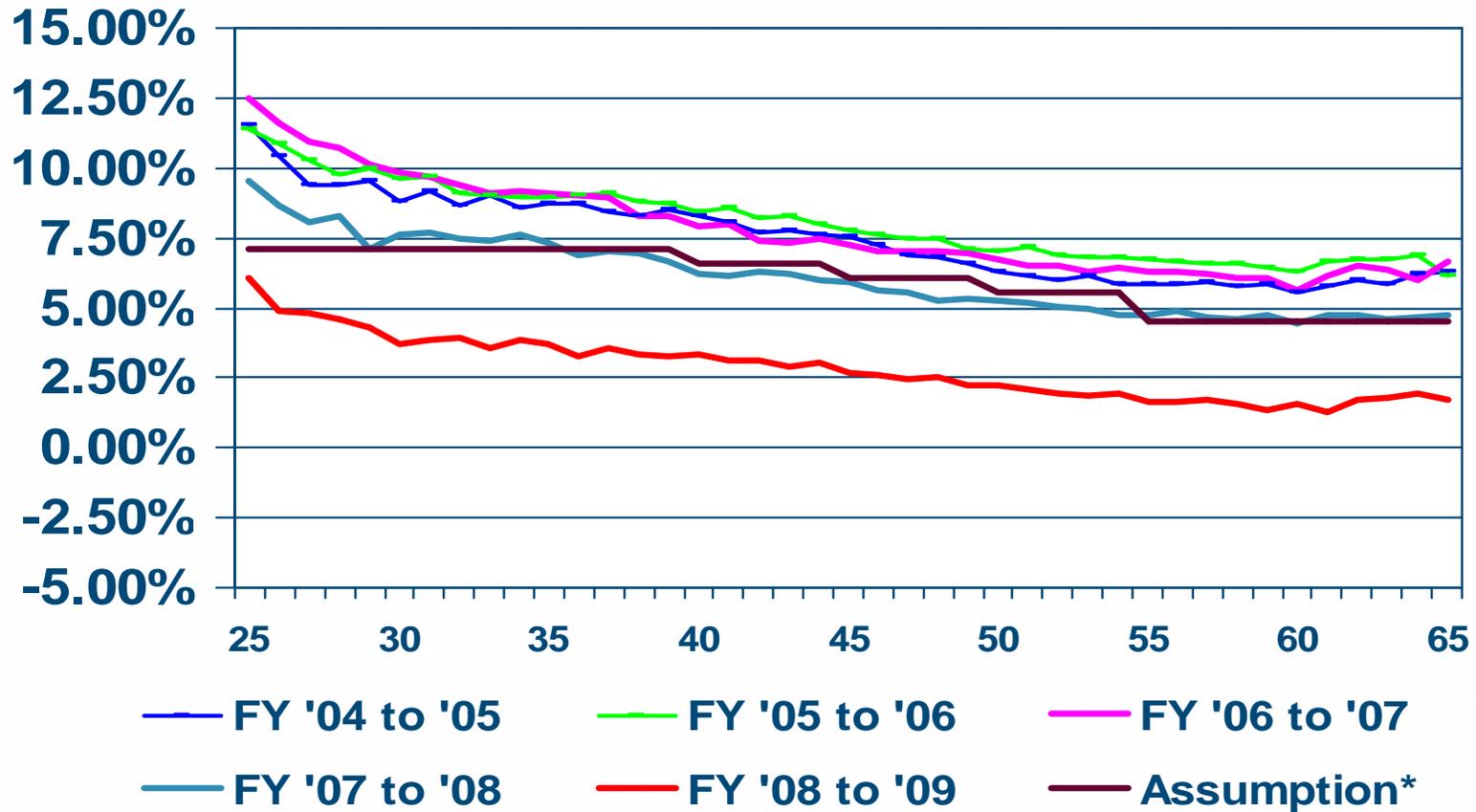


\*Plotted against old salary scale assumption since assumption changes are effective July 1, 2009.

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# Salary Experience

(All Actives – Last five fiscal years)



\*Plotted against old salary scale assumption since assumption changes are effective July 1, 2009.

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# Conclusion

The purpose of this presentation is to provide preliminary results of the July 1, 2009 actuarial valuation of the Florida Retirement System Pension Plan and compare them to results from prior valuations. The results are not yet final and are subject to review and possible revision.

We relied, without audit, on information (some oral and some written) supplied by the Division of Retirement. This information includes, but is not limited to, plan provisions, employee data, and financial information. Census data provided to us by the Division has been reviewed for reasonableness and for consistency with data used in prior valuations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The actuarial assumptions used in performing this valuation have been recommended by the actuary and adopted by the Actuarial Assumption Conference based on Milliman's most recent review of the System's experience completed during Fiscal Year 2009. We believe the assumptions used reflect our best estimate of anticipated future experience of the plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from these assumptions, the true cost of the plan could vary from our results.

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**FLORIDA RETIREMENT SYSTEM**  
**Actuarial Valuation**  
**as of**  
**July 1, 2009**



**December 2009**

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**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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December 1, 2009

Ms. Sarabeth Snuggs  
State Retirement Director  
Division of Retirement  
PO Box 9000  
Tallahassee, FL 32315-9000

Dear Ms. Snuggs:

At your request, we have conducted our annual actuarial valuation of the Florida Retirement System (FRS) as of July 1, 2009, for determining contribution payments for Fiscal Year 2011. The major findings of the valuation are contained in the following report.

Section I contains an Executive Summary of the results of our valuation followed by four sections containing detailed information on FRS Assets (Section II), Liabilities (Section III), Contributions (Section IV), and Accounting Statements (Section V). In the Appendices, we provide information regarding actuarial methods and assumptions, a summary of plan provisions, membership statistics, cost projections, and a glossary of terms.

All costs and liabilities shown in this report have been determined on the basis of actuarial assumptions and methods set forth in Appendix A. The actuarial assumptions used in performing this valuation have been recommended by the actuary and adopted by the Actuarial Assumption Conference based on Milliman's most recent review of the System's experience for the period July 1, 2003 through June 30, 2008, and incorporated into the July 1, 2009 actuarial valuation which develops contribution rates for the Plan Year 2010-2011. We believe these assumptions are reasonable and have used them for purposes of GASB Statements No. 25 and No. 27. For funding purposes, we believe that the assumptions are reasonable except for the retirement assumptions which have been modified to reflect the Assumption Conference decision on funding DROP. The current funding method treats the impact of DROP on a system basis meaning the retirement rates of each class do not explicitly recognize the probability of a member electing DROP participation, and the related impact on each class's liabilities and funding. The difference between the liability and normal cost on this basis and that



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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used for GASB reporting is funded through the DROP contribution rate. The results of this report are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 25 and No. 27 are for purposes of fulfilling financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and No. 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Division of Retirement. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit provision or related expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. There were no known events that were not taken into account in the valuation. Other than the aforementioned experience study, we have not assumed any changes in the trend of actuarial experience.

Milliman's work product was prepared exclusively for the internal business use of Florida Department of Management Services, Division of Retirement. It is a complex technical analysis that assumes a high level of knowledge concerning the Florida Retirement System's operations, and uses Division data, which Milliman has not audited. To the extent that Milliman's work is not subject to disclosure under applicable public record laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) The Division of Retirement may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The division of Retirement may provide a copy of Milliman's work, in its entirety, to other Governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,

Milliman, Inc.

A handwritten signature in blue ink that reads "Robert S. Dezube".

Robert S. Dezube, F.S.A.  
Consulting Actuary, Enrollment #08-3397

# SECTION I

## EXECUTIVE SUMMARY



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

## EXECUTIVE SUMMARY

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This report presents the results of our July 1, 2009 actuarial valuation of the Florida Retirement System. In this section, we compare the 2008 and 2009 principal valuation results for the total System. This comparison includes an analysis of the primary factors contributing to the change in the FRS's assets, liabilities, and contributions since July 1, 2008. We conclude this section with summary comments regarding the System's overall financial condition.

We would like to point out several key changes reflected in this valuation:

- The composite normal cost rate, excluding DROP, increased from 11.54% of payroll on July 1, 2008 to 11.95% of payroll on July 1, 2009. The increase was primarily attributable to the change in assumptions as recommended following completion of the July 1, 2003 to June 30, 2008 experience study. Had the assumptions remained unchanged the composite normal cost rate would have been 11.64% of pay (i.e., a 0.10% increase due to demographic changes) instead of the actual 11.95%. The purpose of the experience study was to analyze recent demographic and economic changes in order that the assumptions be more reflective of future anticipated experience. If the assumptions not been modified, and future experience followed the new assumptions, the System could have experienced continual actuarial losses in the future resulting in upward pressure on contribution rates.
- The unfunded actuarial liability (including DROP liability) also changed due to an additional year of experience and the assumption changes; in fact, the surplus was eliminated completely. On July 1, 2008 the actuarial value of assets exceeded the actuarial liability, yielding a surplus of \$8.2 billion; on July 1, 2009 the actuarial liability exceeds the actuarial value of assets (including the application of the 80%/120% corridor), yielding an Unfunded Actuarial Liability (UAL) of \$15.4 billion, excluding additional liability funded through the DROP contribution rate. This marks the first actuarial valuation since July 1, 1997 where the FRS has a UAL.
- Prior to July 1, 2002, all members of the FRS Defined Benefit Program were provided a 90-day election period to elect between the Defined Benefit Program and the Public Employee Optional Retirement Program (PEORP). Members newly hired after the election period for their employee group are provided five months after their month of hire to file an election between the two primary programs. Members who do not make an election default into the Defined Benefit Program. After the period during which a member had the choice to elect the Defined Benefit Program or the PEORP, an employee will have one opportunity before retirement, at the employee's discretion, to choose to move from the Defined Benefit Program to the PEORP or from the PEORP to the Defined Benefit Program. During the initial election period, approximately 21,000 members (less than 4% of the active population) elected to transfer from the FRS



Defined Benefit Program to the PEORP during the enrollment periods for existing defined benefit plan members. Due to the relatively small percentage making the election, the initial impact on the Defined Benefit Program was *deminimus*. Approximately \$363 million was transferred from the Defined Benefit Program to the PEORP in 2003 as a result of these elections creating an estimated actuarial gain of \$293 million. Whether the long-term impact will be more significant will be determined by the actions (i.e., elections) of future hires. While to date these elections have also been primarily to the FRS Defined Benefit Program, it is unknown whether this trend will continue. As of July 1, 2009, approximately 14% of the FRS population is currently participating in PEORP.

Members of the FRS Defined Benefit Program who elected to join PEORP and elected to transfer the present value of their service credits during the initial election period in 2002 and then choose to make a second election back to the Defined Benefit Program will not have to pay to the Defined Benefit Program the full cost of their actuarial liability. The cost of this potential subsidy is considered a contingent liability. This contingent liability is considered pre-funded because legislation enacted in 2001 “walls off” for 25 years the actuarial gain arising from these transfers to PEORP. The remaining contingent liability as of July 1, 2009 is \$228 million.

In general, throughout this report, any reference to FRS refers to the FRS Defined Benefit Program, unless noted to the contrary.

The tables immediately following compare July 1, 2008 actuarial valuation results with July 1, 2009 actuarial results. The difference column shows the change between the final July 1, 2009 valuation results and the July 1, 2008 results.

### **A. Assets and Liabilities**

A comparison of the actuarial liabilities and actuarial value of assets follows. These figures are based upon the actuarial assumptions used to determine the actuarial costs of the FRS (see Appendix A). Under current methodology, the actuarial value of assets cannot be less than 80% or greater than 120% of the market value of assets. This corridor restriction does not come into play unless there are dramatic asset gains or losses in the prior plan year. The purpose of the corridor is to ensure that the “smoothed” value of assets does not vary from the market value by more than 20%. This is the first time in recent history that the corridor has applied. For comparison, the following table shows the actuarial value of assets both with and without the corridor restriction.

# EXECUTIVE SUMMARY

	Valuation Results (numbers in \$ billions)		
	July 1, 2008	July 1, 2009	Difference
1. Actuarial Liability	\$ 122.5	\$134.2	\$ 11.7
<u>With Current Corridor Restriction on AVA:</u>			
2. Actuarial Value of Assets	\$ 130.7	\$118.8	\$(11.9)
3. Unfunded Actuarial Liability (1 – 2)	\$ (8.2)	\$ 15.4	\$ 23.6
4. Funded Percentage (2 / 1)	106.7%	88.5%	(18.2%)
<u>Without Corridor Restriction on AVA:</u>			
5. Actuarial Value of Assets	\$ 130.7	\$129.8	\$ (0.9)
6. Unfunded Actuarial Liability (1 – 4)	\$ (8.2)	\$ 4.4	\$ 12.6
7. Funded Percentage (5 / 1)	106.7%	96.7%	(10.0%)

In Section V of this report we present an additional measure of funded status, the "accumulated benefit obligation" (ABO), based on both the actuarial value of assets and the market value of assets.

## B. Contributions

Contribution rates for each class are set by statute and consist of a normal cost contribution and an unfunded liability contribution. The unfunded liability amortization payment will consist primarily of costs or savings associated with plan changes, assumption changes, differences in actual and expected experience, or changes in actuarial methodology (if applicable). As of July 1, 2009 the FRS has an unfunded actuarial liability of \$15.4 billion.



## EXECUTIVE SUMMARY

The comparative FRS Regular and Special Risk contribution rates resulting from the 2008 valuation and this valuation are as follows:

	July 1, 2008 Valuation Results		July 1, 2009 Valuation Results		Difference	
	FRS Reg	Special Risk	FRS Reg	Special Risk	FRS Reg	Special Risk
Normal Cost	9.63%	22.11%	9.99%	22.54%	0.36%	0.43%
Certain Post-1998 Benefit Increases and Experience Studies	-0.95%	-0.60%	2.02%	7.13%	2.97%	7.73%
Initial Surplus Reduction	<u>0.95%</u>	<u>0.60%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>-0.95%</u>	<u>-0.60%</u>
Preliminary FRS Contribution Rate	9.63%	22.11%	12.01%	29.67%	2.38%	7.56%
Additional Surplus Reduction/(UAL Contribution)	-1.04%	2.64%				
Administrative Charge	0.00%	0.00%	<b>Not determined</b>			
Enacted DB FRS Contribution Rate (Prior to blending for the uniform rate structure)	8.59%	19.47%	<b>Not determined</b>			

The July 1, 2008 valuation provided proposed contribution rates for plan year 2009-2010. Hence, there is a two-year lag between when the rates are set and when the contribution dollars are coming into the System. The July 1, 2008 FRS contribution rates for all classes were reduced through use of the available surplus. Therefore, the contribution lag will result in an increase in the unfunded actuarial liability as of July 1, 2010 assuming no further gains or losses as UAL contributions would not begin until plan year 2010-2011.

The current valuation calculates contribution rates for plan year 2010-2011. See Section IV.

The prior existence of a surplus and/or the rate stabilization mechanism may lead to an accounting disclosure under GASB Statement Number 27 (see Section V).

### C. Membership

The total membership (active, terminated vested, retired, and DROP) of the FRS Defined Benefit Program decreased by 659 members from 982,326 as of July 1, 2008, to 981,667 as of July 1, 2009, a decrease of 0.1%. The total annualized payroll of active members (exclusive of DROP members) decreased by 1.63%, from \$25.00 billion as of July 1, 2008 to \$24.59 billion as of July 1, 2009, a \$0.41 billion decrease in payroll.



A summary of membership change by status follows:

	Valuation Results: Counts		
	July 1, 2008	July 1, 2009	% Change
Active Members	589,922	572,591	-2.9%
Terminated Vested Members	87,722	89,481	2.0%
Retired Members	273,429	286,674	4.8%
DROP Members	<u>31,253</u>	<u>32,921</u>	5.3%
Total Members	982,326	981,667	-0.1%

## D. Experience

Several factors contributed to the changes in the FRS's assets, liabilities and contribution rates between July 1, 2008 and July 1, 2009. These factors included:

### 1. Assets:

The assets of the FRS, measured on an actuarial basis (i.e., smoothed), decreased by \$11.956 billion. This change was attributable to the following:

Change Due to:

• Contributions Received	\$2.958
• Payment of Benefits, and Expenses	(6.215)
• Investment Experience	(8.699)
Total	(\$11.956) billion

Of this total change, an increase of \$6.748 billion was expected, based on our assumption that the assets of the FRS would earn 7.75% during plan year 2008-2009. However, the actual annualized investment return on the actuarial value of assets was -6.74% resulting in an investment loss of \$18.704 billion. On a market value basis, the assets of the FRS earned -19.71%.

# EXECUTIVE SUMMARY

On a year-by-year basis, the assets earned the following:

Asset Bases	Rates of Return*		
	2006/2007	2007/2008	2008/2009
Market Value	18.38%	-4.65%	-19.71%
Actuarial Value	10.16%	6.98%	-6.74%

\* Assumes net cash-flow occurs mid-year

## 2. **Liabilities:**

The actuarial liabilities of the FRS increased by \$11.672 billion. This increase is attributable to the following:

Change due to:

- Expected increase based on prior assumptions \$6.152

### **Actual (Gains) / Losses**

• Assumption Changes	5.854
• Healthy Retiree, Beneficiary & Terminated Vested Death	(0.512) <sup>1</sup>
• Disabled Retiree Death	0.000
• Inactive Data Clean-Up	1.533
• Active Withdrawal	0.408 <sup>2 &amp; 3</sup>
• Active Retirement	(0.165)
• Active Death	0.013
• Active Disability	(0.007)
• Salary Increases less than expected	(1.968)
• New Actives	0.779 <sup>3</sup>
• New Renewed Members (includes rehires)	0.087
• Actives Entering DROP	0.753
• Demographics/Other	(1.255)
<b>Total Increase</b>	<b>\$11.672 Billion</b>

<sup>1</sup> The retiree mortality experience was an \$8.9 million gain.

<sup>2</sup> Includes PEORP and transfers between membership classes.

<sup>3</sup> Transfers between membership classes are valued as withdrawals from the prior membership class and new entrants into the new membership class.



The current financing method (see page I-12) for the DROP class makes it inconsistent with traditional gain/loss analysis. First, it makes any new DROP participant a source of actuarial loss since the retirement decrement reflects only expected retirements. Second, individual DROP liabilities are moved back to their original classes when the DROP membership ends. For purposes of this analysis, we have reallocated the DROP class gain/loss (see Table IV-3) to the seven traditional classes and subclasses of membership.

### 3. **Unfunded Liability:**

The net change in the FRS's unfunded actuarial liability was an increase of \$23.628 billion. The increase is attributable to the following:

Change due to:

• Expected Increase based on Prior Assumptions and Funding Policy	(\$0.596)
• Unfavorable Investment Experience	18.704
• Favorable Liability Experience	(0.334)
• Assumption or Benefit Changes	5.854
Total	\$23.628 Billion

See table on the following page for total gains/losses by class.

## UAL (Gain)/Loss by Source (All Amounts in Thousands)

	FRS	---- Special Risk ----			--Elected Officers' Class --		Senior	Grand Total
	Regular	Regular	Administration	Judges	Leg-Atty-Cab	County	Management	
Investment (Gain)/Loss (excluding DROP)	\$15,576,231	\$3,354,059	\$13,054	\$156,131	\$15,144	\$71,521	\$407,391	\$19,593,530
Allocation of DROP Investment (Gain)/Loss	<u>(707,300)</u>	<u>(152,304)</u>	<u>(593)</u>	<u>(7,090)</u>	<u>(688)</u>	<u>(3,248)</u>	<u>(18,499)</u>	<u>(889,722)</u>
<b>Total Investment (Gain)/Loss</b>	<b>\$14,868,930</b>	<b>\$3,201,755</b>	<b>\$12,461</b>	<b>\$149,041</b>	<b>\$14,456</b>	<b>\$68,273</b>	<b>\$388,892</b>	<b>\$18,703,808</b>
Liability (Gain)/Loss due to Assumption Changes (excluding DROP)	\$4,761,647	\$467,695	\$1,125	\$17,190	\$1,725	\$10,030	\$55,298	\$5,314,710
Additional (Gain)/Loss due to DROP	<u>398,410</u>	<u>110,406</u>	<u>132</u>	<u>6,742</u>	<u>877</u>	<u>2,428</u>	<u>19,988</u>	<u>538,984</u>
<b>Total Assumption Change (Gain)/Loss</b>	<b>\$5,160,057</b>	<b>\$578,101</b>	<b>\$1,257</b>	<b>\$23,932</b>	<b>\$2,602</b>	<b>\$12,458</b>	<b>\$75,286</b>	<b>\$5,853,694</b>
Liability (Gain)/Loss (excluding DROP) <sup>1</sup>	\$3,998,316	\$229,931	\$129	\$18,814	\$7,359	\$46,425	\$55,393	\$4,356,366
Additional (Gain)/Loss due to DROP <sup>1</sup>	<u>859,829</u>	<u>238,272</u>	<u>285</u>	<u>14,551</u>	<u>1,894</u>	<u>5,239</u>	<u>43,138</u>	<u>1,163,208</u>
<b>Total Liability (Gain)/Loss<sup>1</sup></b>	<b>\$4,858,146</b>	<b>\$468,203</b>	<b>\$414</b>	<b>\$33,365</b>	<b>\$9,252</b>	<b>\$51,663</b>	<b>\$98,531</b>	<b>\$5,519,574</b>
<u>Liability (Gain)/Loss by Source<sup>1</sup></u>								
Healthy Inactive Experience	(\$363,616)	(\$105,513)	(\$1,101)	(\$8,882)	(\$2,364)	(\$3,937)	(\$26,797)	(\$512,210)
Disabled Inactive Experience	(2,663)	2,396	9	2	0	46	(45)	(255)
Inactive New Entrants	1,322,099	158,553	0	6,418	2,107	2,342	41,663	1,533,182
Active Withdrawal <sup>2</sup>	108,043	311,244	1,870	6,186	577	(2,231)	(17,965)	407,724
Active Retirement	(151,170)	(13,170)	(50)	360	(81)	2,802	(3,951)	(165,260)
Active Death	18,082	(4,708)	3	(723)	164	60	213	13,091
Active Disability	(7,073)	(789)	0	(129)	(1)	(15)	670	(7,337)
Salary Increases less than Expected	(1,664,270)	(253,901)	(550)	(16,895)	(1,126)	(3,082)	(26,925)	(1,966,749)
New Actives <sup>2</sup>	521,627	223,041	1,312	3,545	365	2,373	27,050	779,313
New Renewed Members (includes Rehires)	82,263	619	(41)	(999)	332	1,064	3,348	86,586
Actives Entering DROP	538,889	194,428	459	11,915	864	4,605	2,125	753,284
Demographics/ Other	<u>(729,613)</u>	<u>(628,774)</u>	<u>(2,618)</u>	<u>16,648</u>	<u>6,773</u>	<u>38,353</u>	<u>43,741</u>	<u>(1,255,489)</u>
<b>Total Liability (Gain)/Loss</b>	<b>\$4,858,146</b>	<b>\$468,203</b>	<b>\$414</b>	<b>\$33,365</b>	<b>\$9,252</b>	<b>\$51,663</b>	<b>\$98,531</b>	<b>\$5,519,574</b>
<b>Total UAL (Gain)/Loss</b>	<b>\$19,727,076</b>	<b>\$3,669,958</b>	<b>\$12,875</b>	<b>\$182,406</b>	<b>\$23,708</b>	<b>\$119,937</b>	<b>\$487,423</b>	<b>\$24,223,383</b>

<sup>1</sup> Based on prior assumptions

<sup>2</sup> Transfers between membership classes are valued as withdrawals from the prior membership class and new entrants into the new membership class.



**4. Contributions:**

On a level-rate-of-pay basis, the FRS contribution rates for each membership class changed as follows:

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior
	<u>Regular</u>	<u>Regular</u>	<u>Administration</u>	<u>Judicial</u>	<u>Leg-Atty-Cab</u>	<u>County</u>	<u>Management</u>
A • July 1, 2008 Normal Cost	9.63%	22.11%	12.10%	20.65%	15.20%	17.50%	13.43%
• UAL Cost (Certain Post-1998 Benefit Increases and 1998 and 2003 Experience Studies)	-0.95%	-0.60%	19.97%	1.39%	1.85%	4.34%	2.35%
• Surplus Used for Rate Reduction	<u>-0.09%</u>	<u>-2.04%</u>	<u>-20.78%</u>	<u>-3.75%</u>	<u>-3.91%</u>	<u>-6.89%</u>	<u>-3.60%</u>
• Total July 1, 2008 Contribution Rate <sup>1</sup>	8.59%	19.47%	11.29%	18.29%	13.14%	14.95%	12.18%
B • July 1, 2008 Normal Cost	9.63%	22.11%	12.10%	20.65%	15.20%	17.50%	13.43%
• Impact of ....							
- Retirements, Disabilities, Terminations, and Transfers within membership classes	-0.02%	-0.01%	-0.32%	-0.08%	-0.24%	-0.31%	0.00%
- Actual Salary Increases	0.01%	0.02%	0.01%	0.02%	0.09%	-0.04%	0.00%
- New Entrants (excludes transfers)	0.01%	0.03%	0.00%	0.12%	-0.02%	-0.12%	0.02%
- New Assumptions / Plan Changes	0.35%	0.39%	-0.74%	-0.47%	-0.22%	-0.20%	-1.37%
- Other Experience	0.01%	0.00%	0.00%	0.04%	0.07%	0.28%	0.01%
• July 1, 2009 Normal Cost (July 1, 2008 Normal Cost plus "Impact of . . .")	9.99%	22.54%	11.05%	20.28%	14.88%	17.11%	12.09%
• UAL Cost (See Table IV-2)	<u>2.02%</u>	<u>7.13%</u>	<u>20.24%</u>	<u>12.71%</u>	<u>23.75%</u>	<u>26.43%</u>	<u>11.95%</u>
• Total July 1, 2009 Contribution Rate	12.01%	29.67%	31.29%	32.99%	38.63%	43.54%	24.04%

<sup>1</sup> See Page B-4, Defined Benefit Column.



E. Graphs

Chart A: ASSET / LIABILITIES

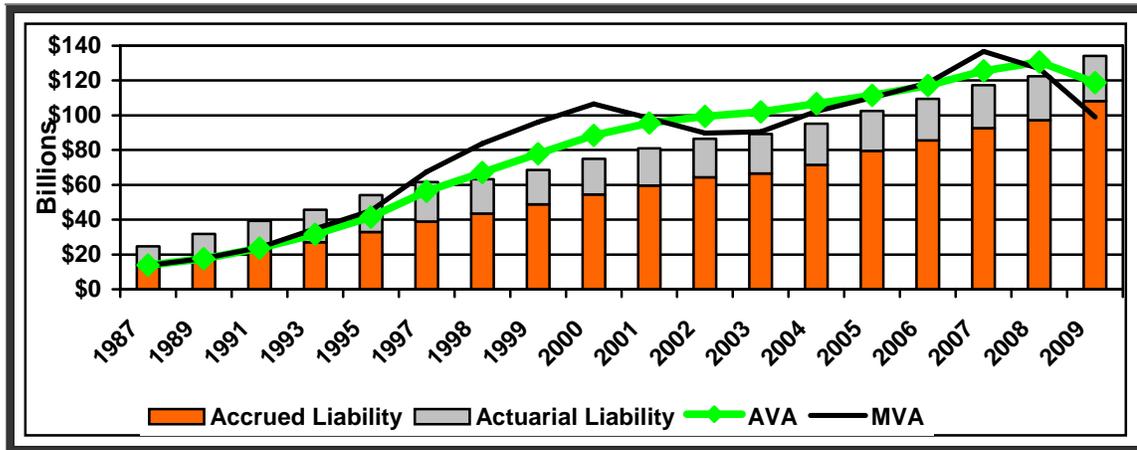


Chart B: CASH FLOWS

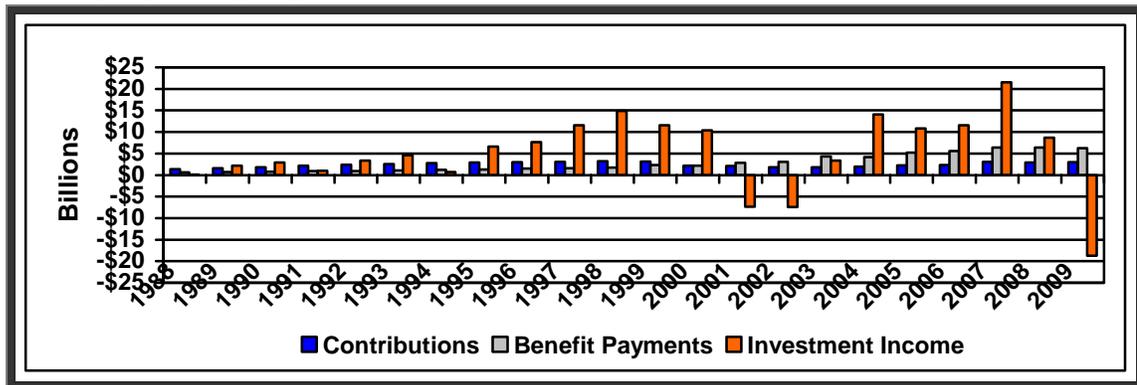
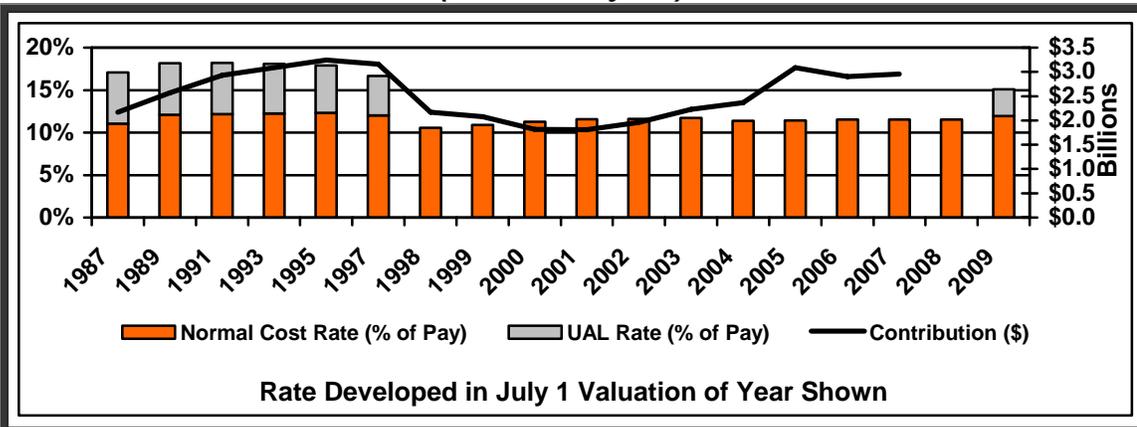


Chart C: CONTRIBUTION RATE (as % of Payroll) and CONTRIBUTIONS



\* As discussed earlier, the contribution rate developed in this report is for plan year 2010 – 2011. Therefore, our graph above accounts for the two-year lag between the development of the contribution rate and the actual contribution to the System. In 1999 through 2009, surplus assets were used to reduce rates below normal cost.

## F. Summary Comments

We caution that the results herein are applicable only for the next plan year. More than anything, the investment results will impact the contribution rates. Should the market fail to outperform our assumed rate of return, the deferred market losses will flow into the actuarial value putting upward pressure on contribution rates. (See the fourth bullet.)

- Benefit and payroll increases always have a direct impact on costs and liabilities.
- The state of the economy affects membership turnover (i.e., if job mobility or security is uncertain, people tend to stay, hence increasing benefits earned).
- The extremely favorable investment returns prior to 2000 helped to mitigate the unfavorable investment returns in 2001-2003. The FRS experienced favorable investment returns in 2004-2007. However, unfavorable investment returns in 2007-2009 and utilization of surplus assets for rate reduction and benefit funding have eroded the actuarial surplus and created an unfunded actuarial liability once again. Deferred investment losses from the past two years of unfavorable investment returns will be recognized over the next several years, causing the impact of favorable investment returns to be muted. Continued unfavorable investment returns in the future would increase the unfunded actuarial liability more rapidly, while extremely favorable investment returns would be required to offset the impact of the deferred investment losses. For example, returns as shown in the following table would produce the corresponding estimated UAL amounts assuming no liability gains or losses.

Market Return		UAL / (Surplus) <sup>1)</sup> measured as of		
PY 2009–2010	PY 2010–2011	July 1, 2009	July 1, 2010	July 1, 2011
7.75%	7.75%	\$15,439	\$21,229	\$25,384
0.00%	7.75%	15,439	26,728	31,748
0.00%	0.00%	15,439	26,728	36,903
14.97% <sup>2)</sup>	14.97% <sup>2)</sup>	15,439	19,825	21,089

<sup>1)</sup> Numbers in Millions

<sup>2)</sup> The estimated market value as of September 30, 2009 was \$110.05 billion as supplied by the State Board of Administration. The 14.97% is the necessary market return required to reflect a \$110.05 billion market value as of July 1, 2010.

## EXECUTIVE SUMMARY

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- The smoothing technique used in the calculation of the actuarial value of assets helps to mitigate market fluctuations. If the actuarial value of assets had been determined without the corridor restriction, the July 1, 2009 UAL would have been \$4.4 billion.
- Amortization of the unfunded actuarial liability over the statutory period assumes that payroll by class and in aggregate will increase by 4% per year. From July 1, 2008 to July 1, 2009, the payroll, in aggregate, used for amortization contributions increased by more than 4% due to the inclusion of defined contribution payroll as required by Florida law. Had the UAL payroll base not been expanded by the defined contribution payroll, the payroll base for amortization purposes would have decreased by 1.6%.
- The reader should note that while the effect of the implementation of PEORP is included in this report, the initial election percentage was less than 4%. Current PEORP membership is around 14% of total active membership. Elections by future hires may have a more material impact if a much larger percentage elect PEORP.
- The most recent experience study covered the period from July 1, 2003 to June 30, 2008. Experience studies are performed every five years and compare actual plan experience to the assumptions set forth in this report. This valuation reflects the assumption changes proposed by the June 30, 2008 experience study and adopted in plan year 2009 - 2010. See subsection H of this Executive Summary for additional detail.

We mention these caveats because the actuarial process merely measures the impact of these factors on FRS costs and liabilities after they have occurred. Unanticipated benefit or salary changes, changes in member behavior (e.g. withdrawal rates, rates of retirement, etc.), or changes in investment return could necessitate a change in the contribution rates.

Finally, we caution the readers of this report not to overemphasize the results of any single valuation as long-term trends are more important.

### G. DROP Contribution Rate

Since the FRS funds the DROP through a separate contribution rate, we have developed a contribution rate associated with the actual cost of the DROP. Due to the emergence of the UAL, it was necessary to reallocate the assets so that the DROP funding mechanism does not reflect the impact of DROP on each individual membership class. The asset reallocation developed in Table II-5 is based on the

presumption that assets assigned to the current DROP members equal the same percentage as the funded percentage of the FRS.

This asset re-allocation results in a UAL contribution rate of 4.97% of current DROP payroll increasing at the 4% payroll growth assumption. The other portion of the DROP contribution rate is based on the difference in the results of two scenario valuations:

- Funding Scenario – one in which DROP did not exist. In this scenario we estimated that half of those electing to go into DROP would have retired in the absence of the DROP.
- GASB Scenario – one in which the DROP exists as it does today.

The difference in these two scenarios represents the additional cost of assuming current active members will elect the DROP in the future. The difference in the dollar amount of the normal cost and the amortization cost of the two scenarios (using a 30-year level dollar amortization) represents the DROP contribution associated with future participation in DROP. This dollar amount is divided by current DROP payroll to determine the DROP contribution rate of 15.10%, compared with 11.14% determined by the July 1, 2008 valuation. The total DROP contribution rate for the July 1, 2009 valuation is 20.07% of DROP payroll.

## H. Experience Study Results

### *Demographic Assumptions*

#### 1. Active Mortality Rates

Actual active mortality experience was lower than expected for all classes. Pre-retirement mortality is not a major assumption, meaning small changes do not have major effects on results. Assumptions were adjusted to be more in line with experience and recognize general trends in mortality. Because there is little experience, we developed a male and female table to use for all classes.

#### 2. Early Retirement/Withdrawal

The statutes defining the provisions of the Florida Retirement System Defined Benefit Program do not significantly distinguish between vested members terminating and electing immediate early retirement with a reduced benefit versus those who terminate employment and defer retirement and then later commence receiving a reduced benefit prior to normal retirement age. In both cases the reduction is 5/12% of each month (i.e. 5% per full year) that the benefit commencement date precedes normal retirement age. Therefore, in preparing

our actuarial valuations, we do not significantly distinguish between rates of withdrawal and early retirement; instead we make the assumption that if a member terminates within 10 years of his normal retirement age he will elect an immediate reduced benefit, otherwise he will elect to defer commencement of his benefit until his normal retirement age. For this reason we examined rates of withdrawal for members who have at least 6 years of service in conjunction with the early retirement rates.

Experience was greater than expected for Senior Management males and females and less than expected for all other classes. Assumptions were adjusted to be more in line with experience based on service for the first 10 years and based on age thereafter. The first 6 years of service pertain to withdrawal only, since participants are not eligible for early retirement until they have 6 years of service.

We also looked at the incidences of members withdrawing from the defined benefit plan and entering the defined contribution plan just prior to terminating employment. Such transfers allow vested members to receive benefits paid immediately as a lump sum. The data available on post-termination distributions was not adequate to create a credible assumption. We will continue to discuss it with the Division. While the members taking refunds affect liabilities, the primary impact of such transfers is reflected in the Program's cash flow, which affects investment strategies.

### **3. Normal Retirement Rates (excluding DROP)**

For most members, current legislation requires members to make their DROP elections when they first become eligible for unreduced retirement, although some groups are allowed to postpone their DROP elections. Since the DROP program has now been in effect for some time, we studied normal retirement and DROP separately.

Normal retirements were less than expected for all of the classes; implying that actual retirements have been occurring at older ages.

### **4. DROP**

Currently DROP is funded via its own contribution rate that does not vary by the participant's membership class. We discussed changing this, so that each class' contribution rate would account for their DROP participants. However, the Legislature elected to continue funding DROP in the current manner.

DROP experience was generally less than expected for all classes. (Since 2003, the retirement rates have been increased to reflect members electing to DROP.) The prior experience study included the first years DROP was available as an option. As such, members past first retirement eligibility were given the option to

DROP. This study showed fewer elections at older ages because most members are required to make an election close to when they first become retirement eligible.

Most members may elect to DROP for up to 60 months. Some groups, however, including K through 12 instructional personnel, are allowed to extend their DROP participation beyond the initial 60-month period. Each year, legislation is introduced to increase the number of groups allowed to extend DROP participation. Our study found that members exiting DROP during the study period had an average DROP length of approximately 45 months and a sizable proportion of members extended their DROP periods beyond 60 months. However, there was not enough information to form a credible assumption. We will continue to discuss it with the Division.

### 5. Disability Rates

- ***Non-Duty***

Rates of non-duty disability retirement were less than expected for all classes. Assumptions were refined to be more in line with experience. Similar to the rates set in the last experience study, membership classes are grouped into three groups: (i) Regular, (ii) ECO, ESO, Judge, and Senior Management, and (iii) Special Risk and Special Risk Administrative. Each group has separate rates for males and females.

- ***Line-of-Duty***

Experience was less than expected for all classes. Assumptions were refined to be more in line with experience. Rates are grouped in the same manner as Non-Duty Disability rates.

### 6. Inactive Mortality and Disabled Mortality Rates

The prior experience study analyzed healthy inactive mortality rates by class and found that experience was similar for the Regular and Special Risk Classes. The rates developed by the last study grouped the Regular and Special Risk classes together, and grouped all other membership classes together. The 2008 experience study analyzed inactive mortality rates by class and we recommend maintaining the current grouping of membership classes.

Healthy inactive mortality experience was less than expected for the larger classes. The other classes did not have much experience. We developed slightly adjusted rates to be more in line with experience.

Disabled inactive mortality experience was less than expected for the larger classes. The other classes did not have enough experience to study. We developed male and female tables to use for all of the classes.

## 7. Salary Scale

Each class was studied separately. The increases in pay were generally below the assumption in all classes, although there were a few exceptions such as Special Risk Male with 10 or more years of service. We created merit scales for each class separately based on service for the first 10 years and based on age thereafter, in addition to general wage inflation. Pay increases tend to be higher in the first 10 years of service, and then gradually decline.

### ***Economic Assumptions***

Economic assumptions generally consist of the investment return rate, inflationary salary increases, and rates of COLA. These assumptions are much more driven by the state of the nation's economy than by FRS's experience. They also are usually chosen for the long term. As seen below, no changes were proposed other than the merit and seniority assumption (see salary scale discussion on preceding page).

The major economic assumptions can be summarized as follows:

Item	Annual Rate	
	<u>Current</u>	<u>Proposed</u>
Price Inflation	3.0%	3.0%
Investment Return	7.75%	7.75%
Individual Salaries:		
Inflation		
Merit & Seniority	Varies by Age and Service (see prior page)	Varies by Age and Service (see prior page)
Total Payroll Growth:		
Inflation	4.0%	4.0%
Membership Growth	0.0%	0.0%

The analysis was done with the assistance of the State Board of Administration and was based on materials provided by them.

# SECTION II

# ASSETS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

In many respects, an actuarial valuation can be considered similar to an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2009. On that date the assets available for the payment of benefits are appraised. The 2008 asset values do not reflect any changes made to the financial statements after preparation of the 2008 actuarial valuation report. These assets are compared with the actuarial liabilities. The actuarial process thus leads to a method of determining what contributions by members and/or their employers are needed to systematically eliminate the shortfall, if any.

This section of the report deals with the asset determination. In the next section, the actuarial liabilities will be discussed. Section IV will deal with the process for determining required contributions, based upon the relationship between the assets and actuarial liabilities.

Two measures of FRS assets are presented in the valuation:

The market value of assets tends to be the more erratic of the two asset measures and therefore is not used for determining the required payroll contribution rates.

The actuarial value of assets is a second measure of FRS asset holdings. It is the market value of all assets with a smoothing technique applied to mitigate market fluctuations. It is developed and used to stabilize the required FRS contributions.

The actuarial valuation measure, implemented in 1989, reflects a five-year averaging methodology, as required by Florida Law (S.121.031(3)(a), Florida Statutes). Under this method, the expected actuarial value of assets is determined by crediting the rate of investment return assumed in our valuation (7.75% beginning July 1, 2004) to the prior year's actuarial value of assets. Then, 20% of the difference between the actual market value and the expected actuarial value of assets is recognized. The actuarial value of assets is also restricted by a 20% corridor around the market value of assets, so that it cannot be greater than 120% or less than 80% of the market value. Table II-3 presents the details of this calculation.

Six tables are presented in this section, summarizing the financial resources of the System on July 1, 2009. The assets are analyzed by category in Table II-1. Table II-2 shows the reconciliation of assets from July 1, 2008 to July 1, 2009. Table II-3 provides a detailed development of the July 1, 2009 actuarial value of assets. In Table II-4, the actuarial value of assets is allocated to each employee group, based on estimated cash flows, and the reallocation of assets from the various classes to the DROP class (see Table II-5). Table II-5 shows the derivation of reallocation of assets to the DROP class in order that DROP as a class is funded to the same extent as the System as a whole. (This reallocation ensures that the accumulation

of assets in the DROP class does not impact the contribution rates of the other classes). Finally in Table II-6, rates of return are presented along with a comparison of asset allocation figures between 2008 and 2009.

The data for Table II-1 (Market Value as of July 1, 2009) was furnished to us by the Division of Retirement. The values have been accepted for use in this report without audit, but have been reviewed for consistency and reasonableness, when compared to prior reports.

**Table II-1  
Florida Retirement System  
Summary of Assets (Market)  
(by Asset Category)  
(\$ in Thousands)**

<b><u>Asset Category</u></b>	<b>Market Value as of July 1,</b>	
	<b><u>2008</u></b>	<b><u>2009</u></b>
1. Common Stock	\$73,184,600	\$58,853,911
2. Bonds	\$46,585,328	\$33,841,778
3. Real Estate	\$8,884,301	\$6,506,329
4. Temporary Investments	\$15,558,986	\$9,512,218
5. Cash – Including Certificates of Deposit	\$568,170	\$1,152,855
6. Receivables	\$5,803,183	\$3,837,599
7. Miscellaneous	\$811	\$738
8. Reverse Purchase Agreements	\$1,114,117	\$1,475,431
Gross Assets	\$151,699,496	\$115,180,859
9. Current Liabilities and Reserves	(\$24,781,091)	(\$16,210,283)
<b>Total Net Assets</b>	<b>\$126,918,405</b>	<b>\$98,970,576</b>

**Table II-2  
Florida Retirement System  
Reconciliation of Market Value of Assets**

<b>Total Net Assets as of June 30, 2008</b>	<b>\$126,918,405,020</b>
+ Contributions by Source:	
Pension Contributions – State <sup>1 &amp; 3</sup>	678,777,464
Pension Contributions - Non-State <sup>1 &amp; 3</sup>	2,556,629,547
Pension Contributions - PEORP	18,595,158
Pension Contributions - Employees	138,264,160
Transfer from ORP	119
Transfer from OAP	0
Other	0
+ Interest and Dividends:	
Interest Income	103,900,427
Dividend Income	1,367,459,136
Real Estate Income	382,122,632
Other <sup>2</sup>	(55,802,030)
+Net Realized and Unrealized Appreciation: (26,488,816,951)	
- Pension Payments: <sup>3</sup>	5,669,557,697
- Contribution Refunds:	4,012,351
- Disbursements – PEORP	943,887,717
- Expenses: <sup>2</sup>	16,032,785
- Transfers to Other Funds and Departments <sup>1</sup> :	15,467,860
<b>Total Net Assets as of June 30, 2009</b>	<b>\$98,970,576,272</b>

<sup>1</sup> Includes PEORP Administrative fees.

<sup>2</sup> Effective with the implementation of GASB #25, certain investment expenses (contractual services and fees) are used to offset investment income rather than being classified as expenses.

<sup>3</sup> Includes PEORP contributions and disbursements of \$434,158,493 which are excluded in the development of the AVA.

**Table II-3  
Florida Retirement System  
Development of 2009  
Actuarial Value of Assets**

1. FRS Market Value of Assets on July 1, 2008	\$126,918,405,020
2. Actuarial Value of Assets on July 1, 2008	\$130,720,547,448
3. 2008/2009 Net Cash Flow (Contributions less Benefits and Expenses)	(\$3,256,691,962)
4. Value of Assets, July 1, 2009, if Items 2 and 3 earned an assumed rate of 7.75%	\$137,468,501,100
5. Market Value of Assets, July 1, 2009	\$98,970,576,272
6. Net Assets (Actuarial Value Basis) Available for Benefits Prior to Application of Corridor 4 + ((5 - 4) x 20%)	\$129,768,916,134
7. 120% of Market Value [120% (5)]	\$118,764,691,550
8. 80% of Market Value [80% (5)]	\$79,176,461,018
9. Actuarial Value of Assets on July 1, 2009 Lesser of (6) and (7), but not less than (8)	<u><u>\$118,764,691,550</u></u>

**Table II-4**  
**Florida Retirement System**  
**Development of Actuarial Value of Assets**  
**By Membership Class**  
**(\$ in Thousands)**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	Total	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	System
1. Allocated Actuarial Value of Assets by Class, July 1, 2008	\$108,728,764	\$23,162,107	\$92,854	\$1,092,633	\$106,848	\$506,803	\$2,824,038	(\$5,793,500)	\$130,720,547
2. Total Contribution for the Plan Year	1,905,201	765,285	345	22,492	895	7,232	65,436	191,221	2,958,107
3. Benefit Payments and other Disbursements	4,350,916	790,595	5,861	52,551	5,548	33,574	89,960	885,794	6,214,799
4. Estimated Investment Earnings during the Year	(7,244,523)	(1,559,977)	(6,071)	(72,617)	(7,043)	(33,264)	(189,478)	413,810	(8,699,163)
5. Unadjusted Actuarial Value of Assets: (1) + (2) - (3) + (4)	99,038,526	21,576,820	81,267	989,957	95,152	447,197	2,610,036	(6,074,263)	118,764,692
6. Net Transfers (see Table II-5)	(14,404,830)	(3,318,673)	(4,699)	(268,090)	(30,972)	(94,429)	(646,664)	18,768,357	0
7. Allocated Actuarial Value of Assets by Class, July 1, 2009: (6) + (7)	\$84,633,696	\$18,258,147	\$76,568	\$721,867	\$64,180	\$352,768	\$1,963,372	\$12,694,094	\$118,764,692



**Table II-5  
Florida Retirement System  
Reallocation of Actuarial Value of Assets  
By Membership Class  
(\$ in Thousands)**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	Total	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	System
1. Actuarial Accrued Liability									\$134,204,076
2. Actuarial Value of Assets									118,764,692
3. Unfunded Actuarial Liability (UAL): (1) – (2)									\$15,439,384
4. Aggregate Funded Percentage: (2) / (1)									88.50%
5. DROP Assets Required to Meet Aggregate Funded Percentage: (1) x (4) – Table II-4 (item 5)								\$18,768,357	
6. Proportion of DROP Liability by Class	0.7675	0.1768	0.0003	0.0143	0.0017	0.0050	0.0345	N/A	1.0000
7. DROP Assets to be Re-Allocated	(\$14,404,830)	(\$3,318,673)	(\$4,699)	(\$268,090)	(\$30,972)	(\$94,429)	(\$646,664)	\$18,768,357	0



**Table II-6  
Florida Retirement System**

**A. Rates of Return on Investments <sup>1</sup>**

<u>Asset Bases</u>	Rates of Return		
	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>
Market Value	18.38%	-4.65%	-19.71%
Actuarial Value	10.16%	6.98%	-6.74%

<sup>1</sup> Assumes net cash flow occurs mid-year.

**B. Allocation of Assets at Market Value**

<u>Asset Category</u>	<u>July 1, 2008</u>	<u>July 1, 2009</u>
Stocks	57.66%	59.47%
Bonds	36.70%	34.19%
Real Estate	7.00%	6.57%
Temporary Investments	12.26%	9.61%
Cash	0.45%	1.16%
Other (includes receivables & payables)	-14.07%	-11.00%
	100%	100%

# SECTION III

# LIABILITIES



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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In the previous section, an actuarial valuation was compared to an inventory process, and an analysis was given of the inventory of assets of the FRS as of the valuation date, July 1, 2009. In this section, the discussion will focus upon the commitments of the FRS, which will be referred to as its actuarial liabilities. In later sections, other liabilities are presented (Section V) based on accounting principles of FASB and GASB. It is important to note that the accountant's liabilities are presented for disclosure and comparison purposes and that the actuarial liabilities in this section are used for determining the FRS contribution requirements.

The liabilities presented in this report differ by whether future anticipated salary increases or service credits are included in the calculation. Actuarial liabilities include future salary increases and service credits. The GASB No. 25 accounting liabilities include future salary increases and service credits (actuarial liabilities). The GASB No. 25 liabilities are also based on DROP retirees being included in the class of membership from which they retired, and active liabilities are based on the full retirement rates (per page I-12.). FASB accounting liabilities do not include either future salary increases or future service credits. See Section V of this report for further information on GASB No. 25 and other accounting liabilities.

A fundamental principle in financing a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. There are several methods that could be used in making such a determination.

The method used for this valuation is referred to as the "entry age actuarial cost method." Under this method, a level percent of pay (employer cost) is determined which will pay for projected benefits at retirement for a new entrant into the plan if future experience actually matches the actuarial assumptions. The level percent required is called the normal cost rate and the product of that rate and payroll is the normal cost.

The actuarial liability is that portion of the actuarial present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL). (If the difference is negative, the excess of the funds accumulated over the liabilities may be referred to as the surplus.) If the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the UAL, this UAL will be reduced. Benefit improvements, actuarial gains and losses, and changes in actuarial procedures will also have an effect on the total actuarial liability and on the UAL.

After the amount of the UAL has been determined, a schedule of contributions is established to amortize it. Section IV of the report discusses the contribution schedules in detail.

Table III-1 contains a breakdown of the actuarial liabilities and unfunded actuarial liabilities/(surplus) in the FRS for both the 2008 and 2009 valuations. In Table III-2, the 2009 liabilities are shown for each employee group.

Legislation enacted in 2001 “walls off,” for 25 years, the actuarial gains arising from former Pension Plan participants electing the Investment Plan option. The “walled off” amount is called the contingent liability. The actuarial liabilities generally do not include the contingent liability. However, surplus, if any, used for contribution rate reductions is net of the contingent liability. Table III-3 shows contingent liability and the number of participants, by class, who elected to transfer from the Defined Benefit Plan to the Investment Plan.

**Table III-1  
Florida Retirement System  
Actuarial Liabilities  
(\$ in Thousands)**

	July 1, 2008	July 1, 2009 Pre-Assumption Changes	July 1, 2009 Post-Assumption Changes
1. Actuarial Liabilities for:			
(a) Active Members	\$58,222,298	\$59,067,740	\$60,423,844
(b) Retired, Disabled and Beneficiary Members	47,190,827	51,295,708	55,054,800
(c) Terminated Vested Members	4,032,310	4,181,594	4,381,108
(d) DROP	13,086,864	13,805,340	14,344,324
2. Total Actuarial Liability	\$122,532,299	\$128,350,382	\$134,204,076
3. Actuarial Value of Assets	\$130,720,547	\$118,764,692	\$118,764,692
4. Unfunded Actuarial Liability / (Surplus)	(\$8,188,248)	\$9,585,690	\$15,439,384
5. PEORP Contingent Liability <sup>1)</sup>	227,602	228,381	228,381
6. Surplus Available for Rate Reduction	(\$7,960,646)	\$0	\$0

<sup>1)</sup> See Table III-3.

**Table III-2  
Florida Retirement System  
Actuarial Liabilities  
July 1, 2009  
(\$ in Thousands)**

	FRS	---- Special Risk ----	-- Elected Officers' Class --				Senior	Total	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	System
1. Present Value of Benefits for:									
a. Active Members	\$64,086,983	\$22,685,570	\$15,566	\$635,066	\$27,001	\$210,163	\$2,256,852	\$0	\$89,917,201
b. Retired, Disabled and Beneficiary Members	43,196,551	9,715,621	70,817	522,163	60,126	367,602	1,121,920	14,344,324	69,399,124
c. Terminated Vested Members	<u>3,598,926</u>	<u>578,519</u>	<u>1,556</u>	<u>17,383</u>	<u>10,049</u>	<u>30,039</u>	<u>144,636</u>	<u>0</u>	<u>4,381,108</u>
d. Total Present Value of Benefits (a)+(b)+(c)	110,882,460	32,979,710	87,939	1,174,612	97,176	607,804	3,523,408	14,344,324	163,697,433
2. Present Value of Future Normal Cost (Actives):	\$18,428,050	\$10,321,276	\$2,335	\$210,004	\$6,649	\$56,500	\$468,543	\$0	\$29,493,357
3. Actuarial Liabilities for:									
a. Active Members (1a – 2)	\$45,658,933	\$12,364,294	\$13,231	\$425,062	\$20,352	\$153,663	\$1,788,309	\$0	\$60,423,844
b. Retired, Disabled and Beneficiary Members (1b)	43,196,551	9,715,621	70,817	522,163	60,126	367,602	1,121,920	14,344,324	69,399,124
c. Terminated Vested Members (1c)	3,598,926	578,519	1,556	17,383	10,049	30,039	144,636	0	4,381,108
d. Total Actuarial Liability (a)+(b)+(c)	\$92,454,410	\$22,658,434	\$85,604	\$964,608	\$90,527	\$551,304	\$3,054,865	\$14,344,324	\$134,204,076
4. Actuarial Value of Assets	\$84,633,696	\$18,258,147	\$76,568	\$721,867	\$64,180	\$352,768	\$1,963,372	\$12,694,094	\$118,764,692
5. Unfunded Actuarial Liability / (Surplus)	\$7,820,714	\$4,400,287	\$9,036	\$242,741	\$26,347	\$198,536	\$1,091,493	\$1,650,230 <sup>1</sup>	\$15,439,384
6. Present Value of Future Pay	\$187,916,114	\$46,218,476	\$20,587	\$1,051,143	\$45,523	\$340,405	\$3,957,820	\$0	\$239,550,068

<sup>1</sup> This is a bookkeeping item. DROP liabilities include the total present value of benefits to all members currently in DROP. When a member leaves DROP, their liability is transferred to the class of membership from which they retired.

**Table III-3  
Public Employee Optional Retirement Program (PEORP)  
Contingent Actuarial Liabilities  
July 1, 2009  
(\$ in Thousands)**

	<u>FRS Regular</u>	<u>----Special Risk---- Regular</u>	<u>Administration</u>	<u>-----Elected Officers' Class----- Judicial</u>	<u>Leg-Atty-Cab</u>	<u>County</u>	<u>Senior Management</u>	<u>DROP</u>	<u>Total System</u>
<u>As of July 1, 2008</u>									
Contingent Liability	\$207,488	\$10,995	(\$18)	(\$679)	\$179	\$121	\$9,516	N/A	\$227,602
Participant Counts	9,998	352	1	7	6	16	247	N/A	10,627
<u>As of July 1, 2009</u>									
Contingent Liability <sup>1&amp;2</sup>	\$208,854	\$10,669	(\$19)	(\$523)	\$161	\$106	\$9,133	N/A	\$228,381
Participant Counts	9,340	317	1	5	5	13	220	N/A	9,901

<sup>1</sup> The contingent liability is not included in the actuarial liabilities of FRS and is removed from the surplus.

<sup>2</sup> The contingent liability as of July 1, 2009 is calculated as the July 1, 2003 contingent liability increased by six years of interest, adjusted for the proportion of original transfers remaining in PEORP.

# SECTION IV

# CONTRIBUTIONS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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Any difference between the actuarial liabilities and the assets would have to be made up of (1) the excess of future contributions over normal costs and (2) the excess of actual investment returns over assumed returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion. In the past when the FRS had an actuarial surplus, contributions were allowed to fall below the Normal Cost. In this section we develop and present the FRS contribution rates based on the July 1, 2009 membership data to be effective for the Plan Year beginning July 1, 2010.

First, we present a description of the actuarial method used to determine the FRS contribution. This is followed by a series of tables presenting the details of our calculations.

## A. Funding Methods

The actuarial cost method used to determine the pattern of future contributions is called the "entry age actuarial cost method". Under this method (as is the case for most actuarial cost methods), the contributions required are based on two elements:

- The normal cost
- The amortization payment to liquidate the unfunded actuarial liability (UAL) or surplus.

These elements are described in more detail below.

### 1. Normal Cost

Under the entry age actuarial cost method, the normal cost rate is that level percentage of pay, which would fully fund a member's benefit at retirement, if paid from the year of entry (i.e., "entry age") to the year of retirement if future experience exactly matches the actuarial assumptions.

We have determined the normal cost rates for the FRS separately by type of employee and benefit. These are summarized in Table IV-1.

### 2. Unfunded Actuarial Liability (UAL)

The term "fully funded" is often applied to a system where contributions at the normal cost rate are completely adequate to pay for the benefits of all existing employees. More often than not, systems are not fully funded, either because benefit improvements in the past have not been completely paid for, or because actuarial

deficiencies have occurred due to experience that has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial liability (UAL) exists. For the FRS, this is the first year since 1997 that a UAL exists, or that the Plan does not have a surplus.

Table IV-2 shows the UAL Contribution rates. Table IV-3 shows how the UAL/surplus was derived for the FRS. A key consideration in appraising the adequacy of the funding of the FRS is how the UAL, if any, is being funded.

Starting in the 1998 actuarial valuation, all UAL bases in existence at that time were considered fully amortized, since the Plan was in surplus position. Now that the UAL has reemerged, all gains and losses are subject to amortization. In this valuation we show the amortization of each plan/assumption change since 1998 and experience gains/losses starting in 2009.

## **B. EMPLOYER CONTRIBUTION RATES**

Table IV-4 presents the calculated employer contribution rates. Unlike in recent years, there is no surplus available with which to reduce contribution rates.

The reader should note that the payroll base for UAL contributions is approximately \$2 billion larger than the payroll base for normal cost contributions. This is because Florida law requires the employer of certain defined contribution program participants to make UAL contributions based on their payroll. Thus the total contribution shown is an arithmetic sum but the actual contribution percentage will vary by employer based on their workforce percentage of defined contribution program employees.

Shown on the next page is an excerpt from Table D-3, which provides a projection of the UAL costs that were previously paid from the surplus.

# CONTRIBUTIONS

	<b>2010 – 2011 Plan Year (in millions)</b>
1 Estimated Current Year Surplus Available RSM	\$0
2 Increase/(Decrease) in Available Surplus from prior year	(\$148.7)
<b><u>Amortization of UAL Bases</u></b>	
3 12% Increase in Special Risk benefits (in pay status before 07/01/2000)	(\$23.6)
4 Special Risk Minimum In-Line-of-Duty Disability Increased to 65%	\$0.4
5 1993-1998 Experience Study Assumption Changes	\$30.2
6 1998-2003 Experience Study Assumption Changes	\$217.4
7 2003-2008 Experience Study Assumption Changes	(\$361.3)
8 2009 New Gain/(Loss)	<u>(\$800.4)</u>
<b>Subtotal [(3) + (4) + (5) + (6) + (7) + (8)]</b>	<b>(\$937.3)</b>
9 Across the Board Rate Reduction of 0%	<u>\$0</u>
<b>Total [Subtotal + (9)]</b>	<b>(\$937.3)</b>
10 Surplus Available / (UAL Amortization) [(1) + Total] =	(\$937.3)

Please refer to table D-3 for important footnotes that should be understood when reading this table.

## C. CHANGES SINCE PRIOR VALUATION

As a result of our comprehensive July 1, 2003 to June 30, 2008 experience study, several demographic assumptions have been changed (i.e. are first used in the July 1, 2009 actuarial valuation.) For complete details see the Executive Summary of this valuation report.



**Table IV-1  
Florida Retirement System  
Normal Cost Rates by Decrement  
July 1, 2009**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	DROP	Composite
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management		Rate
1. Vested Benefits and Early Retirement	2.44%	3.04%	3.06%	2.69%	6.83%	5.02%	2.76%	NA	2.54%
2. Regular Retirement	6.89%	17.47%	6.96%	16.01%	7.15%	11.08%	8.70%	NA	8.54%
3. Non-Duty Death	0.18%	0.40%	0.11%	0.70%	0.35%	0.43%	0.20%	NA	0.22%
4. Line of Duty Death	0.13%	0.36%	0.29%	0.25%	0.22%	0.22%	0.16%	NA	0.17%
5. Non-Duty Disability	0.30%	0.63%	0.22%	0.51%	0.24%	0.28%	0.21%	NA	0.34%
6. Line of Duty Disability	0.05%	0.64%	0.41%	0.12%	0.09%	0.08%	0.06%	NA	0.14%
7. Total Normal Cost	<u>9.99%</u>	<u>22.54%</u>	<u>11.05%</u>	<u>20.28%</u>	<u>14.88%</u>	<u>17.11%</u>	<u>12.09%</u>	<u>NA</u>	<u>11.95%</u>



**Table IV-2  
Florida Retirement System  
UAL Contribution Rates  
July 1, 2009**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior		Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	
1. Previous UAL Bases*									
a. Special Risk-Regular 12% Pre-2000 Retired Benefit Increase (2000)	0.00%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
b. Special Risk 65% In-Line-of-Duty Disability (2000)	0.00%	-0.01%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
c. 1998 Experience Study (1999)**	-0.10%	-0.18%	-0.85%	0.00%	0.00%	0.00%	-0.04%	0.00%	-0.10%
d. 2003 Experience Study (2004)	<u>-0.83%</u>	<u>-1.03%</u>	<u>22.53%</u>	<u>1.46%</u>	<u>1.89%</u>	<u>4.67%</u>	<u>2.36%</u>	<u>-0.21%</u>	<u>-0.73%</u>
e. Total UAL Bases	-0.93%	-0.60%	21.81%	1.46%	1.89%	4.67%	2.32%	-0.21%	-0.75%
2. 2008-2009 (Gains) / Losses	1.68%	6.97%	-3.96%	10.36%	20.31%	20.44%	9.03%	3.55%	2.69%
3. 2008-2009 Assumption Changes	1.27%	0.76%	2.39%	0.89%	1.55%	1.32%	0.60%	1.63%	1.22%
4. 2008-2009 Plan Changes	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
5. Total UAL Contribution Rates	2.02%	7.13%	20.24%	12.71%	23.75%	26.43%	11.95%	4.97%	3.16%

\* Year in parentheses refers to year when bases were calculated.

\*\* For classes with 0.00%, amortization payments are being made; however as a percentage of payroll they round to less than 0.005%.



**Table IV-3  
Florida Retirement System  
Unfunded Actuarial Liability (UAL) Bases  
July 1, 2009  
(\$ in Thousands)**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	DROP	Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management		
1. Expected UAL / (Surplus) Prior to Assumption Changes	(\$26,158,663)	(\$2,502,377)	(\$8,845)	(\$200,294)	(\$27,127)	(\$13,838)	(\$17,955)	\$20,145,100	(\$8,783,999)
2. Actuarial Accrued Liability (Table III-2)	\$92,454,410	\$22,658,434	\$85,604	\$964,608	\$90,527	\$551,304	\$3,054,865	\$14,344,324	\$134,204,076
3. Actuarial Value of Assets (Table II-4)	<u>84,633,696</u>	<u>18,258,147</u>	<u>76,568</u>	<u>721,867</u>	<u>64,180</u>	<u>352,768</u>	<u>1,963,372</u>	<u>12,694,094</u>	<u>118,764,692</u>
4. Total UAL / (Surplus) (2 – 3)	<u>\$7,820,714</u>	<u>\$4,400,287</u>	<u>\$9,036</u>	<u>\$242,741</u>	<u>\$26,347</u>	<u>\$198,536</u>	<u>\$1,091,493</u>	<u>\$1,650,230</u>	<u>\$15,439,384</u>
5. Net Transfers	0	0	0	0	0	0	0	0	0
6. UAL Bases									
a. Special Risk-Regular 12% Pre-2000 Retired Benefit Increase	\$0	\$322,660	\$0	\$0	\$0	\$0	\$0	\$0	\$322,660
b. Special Risk 65% In Line of Disability	0	(3,135)	51	0	0	0	0	0	(3,084)
c. 1998 Experience Study	(301,944)	(91,415)	(328)	42	2	5	(2,721)	0	(396,358)
d. 2003 Experience Study	(2,945,347)	(601,708)	10,045	26,543	1,998	33,597	206,367	(65,417)	(3,333,921)
e. 2008 Experience Study	4,761,647	467,695	1,125	17,190	1,725	10,030	55,298	538,984	5,853,694
f. 2009 Experience Gain/Loss	29,251,531	6,444,723	16,912	434,862	52,840	205,879	1,077,007	(19,114,065)	18,369,689
g. Unrecognized Gain/Loss while in Surplus	<u>(22,945,173)</u>	<u>(2,138,533)</u>	<u>(18,769)</u>	<u>(235,896)</u>	<u>(30,219)</u>	<u>(50,975)</u>	<u>(244,459)</u>	<u>20,290,728</u>	<u>(5,373,296)</u>
h. Total Bases	<u>\$7,820,714</u>	<u>\$4,400,287</u>	<u>\$9,036</u>	<u>\$242,741</u>	<u>\$26,347</u>	<u>\$198,536</u>	<u>\$1,091,493</u>	<u>\$1,650,230</u>	<u>\$15,439,384</u>
7. New UAL Base (6f + 6g)	\$6,306,358	\$4,306,190	(\$1,857)	\$198,966	\$22,621	\$154,904	\$832,548	\$1,176,663	\$12,996,393



**Table IV-4  
Florida Retirement System  
Employer Contribution Rates  
July 1, 2009 Valuation for Plan Year Beginning July 1, 2010**

**No surplus available for rate reductions.**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP <sup>1</sup>	(including DROP)
1. Normal Cost <sup>3</sup>	9.99%	22.54%	11.05%	20.28%	14.88%	17.11%	12.09%	11.95% <sup>2</sup>	15.10%	12.18%
2. UAL Cost <sup>3</sup>	2.02%	7.13%	20.24%	12.71%	23.75%	26.43%	11.95%	3.02%	4.97%	3.16%
3. Total Cost [(1) + (2)] <sup>3</sup>	12.01%	29.67%	31.29%	32.99%	38.63%	43.54%	24.04%	14.97%	20.07%	15.34%
4. UAL Cost Paid from Surplus	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. Rate Reduction Paid from Surplus	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6. Total Adjusted Contribution [(3) + (4) + (5)]	12.01%	29.67%	31.29%	32.99%	38.63%	43.54%	24.04%	14.97%	20.07%	15.34%

<sup>1</sup> DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost in the traditional sense.

<sup>2</sup> Due to the relatively different payrolls by membership class excluding DROP, and the changes to the actuarial assumptions, this year the composite normal cost contribution rate is 0.41% more than last year's rate of 11.54%. Had the assumptions not changed, the normal cost would have increased by 0.10% due to demographic changes (from 11.54% to 11.64%).

<sup>3</sup> Item (1) is expressed as a percentage of the salaries of participating members, whereas item (2) is expressed as a percentage of a larger payroll base that includes those employees for whom only UAL contributions are due. Item (3) is an arithmetic sum of (1) and (2). The total cost will vary by employer and their workforce percentage of employees who are not participants in the Defined Benefit Plan.

# SECTION V

## ACCOUNTING STATEMENTS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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# ACCOUNTING STATEMENT

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Statement No. 35 of the Financial Accounting Standards Board (FASB) previously required the Florida Retirement System to disclose certain information regarding the Plan's funded status. Statement No. 25 of the Governmental Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The FASB-35 disclosures are intended to provide a "snap shot" view of how the Plan's assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. The accrued benefits obligation (ABO) are determined assuming that the plan is ongoing and participants continue to terminate employment, retire, and otherwise act in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

Table V-1 presents the ABO for the Florida Retirement System determined as of July 1, 2009. All of the calculations presented in that table are based on the actuarial assumptions used in the valuation, as described in Appendix A, except no salary projection. Values of the ABO are shown by type of member and by class. The active members' values are also divided between the employee-financed (accumulated member contributions) and employer-financed portions, with the employer-financed portions shown separately for vested benefits and non-vested benefits.

Table V-2 presents the total ABO for the FRS for current and prior valuations. The prior year results displayed are always after any plan and/or assumptions changes.

Table V-3 reconciles the ABO determined as of the prior valuation, July 1, 2008, to the ABO as of July 1, 2009. This reconciliation indicates the impact of the assumption changes and plan changes, if any.

GASB Statement No. 25 requires the actuarial accrued liability (AAL) to be compared with the actuarial value of assets used for funding purposes. The report includes two tables for GASB No. 25 disclosures and a third table used in the Comprehensive Annual Financial Report. Table V-4 shows the GASB No. 25 Accounting Statement Information by membership class. Table V-5 shows similar information for the total FRS comparing several years' results in addition to the July 1, 2009 results. Table V-6 shows the Solvency Test for the FRS for the 2007, 2008, and 2009 valuations. The Solvency Test compares the actuarial accrued liabilities to the market value of assets. The Statement No. 25 liabilities are based on DROP retirees being included in the class of membership from which they retired, and active liabilities are based on the full retirement rates (per page I-12.)



# ACCOUNTING STATEMENT

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The trend of the FRS's funding status, as measured by the unfunded AAL or ABO over a period of time, is one indication of the progress being made in accumulating sufficient assets to pay benefits when due. Some of the basic trend data for this valuation and the prior two valuations (i.e., as of July 1, 2007 and July 1, 2008) for the FRS are shown in Table V-2 (ABO) and Table V-5 (AAL). Past and future results are affected by changes in actuarial assumptions, benefit provisions, accounting policies, etc.

For fiscal 1999-00 because the System was in a surplus position and the FRS employers contributed the normal cost (which was more than the actuarially determined contribution level), an accounting disclosure under GASB Statement Number 27 first became necessary. For fiscal 2000-01, the System continued in a surplus position and FRS employers again contributed more than the GASB actuarially determined contribution. For fiscal 2001-02 through fiscal 2003-04, because of the rate stabilization mechanism, the FRS employers have contributed less than the actuarially determined contribution, whereas in fiscal 2004-2005 the employers contributed more than the actuarially determined contribution. In fiscal 2005-2006 employers again contributed less than the actuarial determined contribution. For fiscal 2006-2007 through fiscal 2008-2009, actual contributions were more than expected meaning the FRS employers contributed more than the actuarially determined contributions, assuming 30 year amortization of the surplus. To date, the accumulation impact remains a negative number (i.e., cumulative contributions exceed actuarially determined contributions, both adjusted with interest). The Annual Required Contribution (ARC) developed in the 2007 annual valuation which applies to FY 2008-2009, \$2,535,854,000, included the sum of the composite contribution rate (including DROP) of 11.79% offset by the minimum UAL amortization payment required by GASB. As shown on Table V-7, the Annual Pension Cost (APC) is \$2,522,397,000 and the total employer contribution was actually \$2,808,418,000. Therefore, if GASB 27 applies, the State's CAFR must reflect a Net Pension Obligation (NPO) of (\$861,779,000), as compared to an NPO of (\$575,758,000) as of the prior year.

**Table V-1**  
**Florida Retirement System**  
**Accumulated Benefit Obligation - FASB Statement #35**  
**July 1, 2009**  
**(All Amounts in Thousands)**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	DROP	Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management		
<b>A. Accumulated Benefit Obligation</b>									
1. Active Members									
a. Accumulated Member Contributions Employer - Financed	\$29,958	\$6,429	\$0	\$384	\$77	\$367	\$1,474	\$0	\$38,689
b. Vested Benefits	25,397,994	6,450,987	8,298	270,585	12,622	96,039	1,075,911	0	33,312,436
c. Non - Vested Benefits	760,148	281,017	20	6,579	453	3,266	12,812	0	1,064,295
d. Total	\$26,188,100	\$6,738,433	\$8,318	\$277,548	\$13,152	\$99,672	\$1,090,197	\$0	\$34,415,420
2. Annuitants	\$43,196,551	\$9,715,621	\$70,817	\$522,163	\$60,126	\$367,602	\$1,121,920	\$14,344,324	\$69,399,124
3. Other Inactive Members	\$3,598,926	\$578,519	\$1,556	\$17,383	\$10,049	\$30,039	\$144,636	\$0	\$4,381,108
4. Total Accumulated Benefit Obligation	\$72,983,577	\$17,032,573	\$80,691	\$817,094	\$83,327	\$497,313	\$2,356,753	\$14,344,324	\$108,195,652
<b>B. Assets Available for Benefits</b>									
1. Market	\$70,528,080	\$15,215,122	\$63,807	\$601,556	\$53,483	\$293,973	\$1,636,143	\$10,578,412	\$98,970,576
2. Actuarial Basis	\$84,633,696	\$18,258,147	\$76,568	\$721,867	\$64,180	\$352,768	\$1,963,372	\$12,694,094	\$118,764,692
<b>C. Unfunded Total Accumulated Benefit Obligation,</b>									
Assets at:									
1. Market	\$2,455,497	\$1,817,451	\$16,884	\$215,538	\$29,844	\$203,340	\$720,610	\$3,765,912	\$9,225,076
2. Actuarial Basis	(\$11,650,119)	(\$1,225,574)	\$4,123	\$95,227	\$19,147	\$144,545	\$393,381	\$1,650,230	(\$10,569,040)
<b>D. Percent of Accumulated Obligation Funded,</b>									
Assets at:									
1. Market	96.64%	89.33%	79.08%	73.62%	64.18%	59.11%	69.42%	73.75%	91.47%
2. Actuarial Basis	115.96%	107.20%	94.89%	88.35%	77.02%	70.93%	83.31%	88.50%	109.77%



# ACCOUNTING STATEMENT

**Table V-2**  
**Florida Retirement System**  
**Analysis of Funding Progress - FASB Statement #35**  
**(All Amounts in Thousands)**

	July 1, 2007 Valuation Basis	July 1, 2008 Valuation Basis	July 1, 2009 Pre-Assumption Changes	July 1, 2009 Valuation Basis
<b>A. Accumulated Benefit Obligation</b>				
1. Active Members				
a. Accumulated Member Contributions Employer - Financed	\$65,936	\$44,557	\$38,689	\$38,689
b. Vested Benefits	31,157,798	31,886,231	32,633,269	33,312,436
c. Non - Vested Benefits	<u>1,023,542</u>	<u>1,078,875</u>	<u>1,046,160</u>	<u>1,064,295</u>
d. Total	\$32,247,276	\$33,009,663	\$33,718,118	\$34,415,420
2. Annuitants	\$43,583,228	\$47,190,827	\$51,295,708	\$55,054,800
3. Other Inactive Members	\$3,824,115	\$4,032,310	\$4,181,594	\$4,381,108
4. DROP	<u>\$12,920,751</u>	<u>\$13,086,864</u>	<u>\$13,805,340</u>	<u>\$14,344,324</u>
5. Total Accumulated Benefit Obligation	\$92,575,370	\$97,319,664	\$103,000,760	\$108,195,652
<b>B. Assets Available for Benefits</b>				
1. Market	\$136,705,907	\$126,918,405	\$98,970,576	\$98,970,576
2. Actuarial Basis	\$125,584,704	\$130,720,547	\$118,764,692	\$118,764,692
<b>C. Unfunded/(Surplus) Total Accumulated Benefit Obligation, Assets at:</b>				
1. Market	(\$44,130,537)	(\$29,598,741)	\$4,030,184	\$9,225,076
2. Actuarial Basis	(\$33,009,334)	(\$33,400,883)	(\$15,763,932)	(\$10,569,040)
<b>D. Percent of Accumulated Benefit Obligation Funded, Assets at:</b>				
1. Market	147.67%	130.41%	96.09%	91.47%
2. Actuarial Basis	135.66%	134.32%	115.30%	109.77%
<b>E. Annual Salaries<sup>1</sup></b>	\$26,385,768	\$26,891,340	\$26,573,196	\$26,573,196
<b>F. Unfunded/(Surplus) Accumulated Benefit Obligation as a Percent of Salary, Assets at:</b>				
1. Market	-167.25%	-110.07%	15.17%	34.72%
2. Actuarial Basis	-125.10%	-124.21%	-59.32%	-39.77%

<sup>1</sup> Includes Drop Salaries



# ACCOUNTING STATEMENT

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**Table V-3**  
**Florida Retirement System**  
**Statement of Changes in Total Actuarial**  
**Present Value of All Accrued Benefits**  
**(All Amounts in Thousands)**

	<u>Accumulated Benefit Obligation</u>
Actuarial Present Value of Accrued Benefits at July 1, 2008	\$97,319,664
Increase (Decrease) During Year Attributable to:	
Increase for Interest Due to Decrease in Discount Period	\$7,305,944
Benefits Paid – PY 2009	(\$6,214,800)
Benefits Accrued & Other Gains / Losses	\$4,589,952
Plan Provision / Assumption Changes	\$5,194,892
Net Increase (Decrease)	\$10,875,988
Actuarial Present Value of Accrued Benefits at July 1, 2009	\$108,195,652

# ACCOUNTING STATEMENT

**Table V-4**  
**Florida Retirement System**  
**Accounting Statement Information - GASB Statement #25**  
**July 1, 2009**  
**(All Amounts in Thousands)**

	FRS Regular	---- Special Risk ---- Regular	Administration	----- Elected Officers' Class ----- Judicial	Leg-Atty-Cab	County	Senior Management	Total
1. Actuarial Accrued Liability:								
a. Active Member Contributions	\$29,958	\$6,429	\$0	\$384	\$77	\$367	\$1,474	\$38,689
b. Annuitants	54,205,909	12,252,024	74,408	727,059	83,798	439,773	1,616,154	69,399,125
c. Other Inactive Members	3,598,926	578,519	1,556	17,383	10,049	30,039	144,636	4,381,108
d. Active Members	<u>47,228,371</u>	<u>12,860,083</u>	<u>13,467</u>	<u>442,909</u>	<u>20,742</u>	<u>157,471</u>	<u>1,833,632</u>	<u>62,556,675</u>
2. Total Actuarial Accrued Liability [1(a) + 1(b) + 1(c) + 1(d)]	\$105,063,164	\$25,697,055	\$89,431	\$1,187,735	\$114,666	\$627,650	\$3,595,896	\$136,375,597
3. Actuarial Value of Assets	94,548,732	20,499,218	90,178	854,857	79,508	433,209	2,258,990	118,764,692
4. Unfunded Actuarial Accrued Liability / (Surplus) (UAAL), [2 - 3]	\$10,514,432	\$5,197,837	(\$747)	\$332,878	\$35,158	\$194,441	\$1,336,906	\$17,610,905
5. Funded Ratio	89.99%	79.77%	100.84%	71.97%	69.34%	69.02%	62.82%	87.09%
6. Covered Payroll	\$21,952,721	\$3,853,205	\$3,169	\$132,126	\$8,262	\$51,106	\$572,607	\$26,573,196
7. UAAL / (Surplus) as a % of Payroll	47.90%	134.90%	-23.57%	251.94%	425.54%	380.47%	233.48%	66.27%



# ACCOUNTING STATEMENT

**Table V-5**  
**Florida Retirement System**  
**Accounting Statement Information - GASB Statement #25**  
**(All Amounts in Thousands)**

	July 1, 2007 Valuation Basis	July 1, 2008 Valuation Basis	July 1, 2009 Pre-Assumption Changes	July 1, 2009 Valuation Basis
1. Actuarial Accrued Liability:				
a. Active Member Contributions	\$65,936	\$44,557	\$38,689	\$38,689
b. Annuitants	56,503,978	60,277,690	65,101,048	69,399,125
c. Other Inactive Members	3,824,115	4,032,310	4,181,594	4,381,108
d. Active Members	<u>58,476,484</u>	<u>59,732,657</u>	<u>60,597,086</u>	<u>62,556,675</u>
2. Total Actuarial Accrued Liability [1(a) + 1(b) + 1(c) + 1(d)]	\$118,870,513	\$124,087,214	\$129,918,417	\$136,375,597
3. Actuarial Value of Assets	\$125,584,704	\$130,720,547	\$118,764,692	\$118,764,692
4. Unfunded Actuarial Accrued Liability / (Surplus) (UAAL), [2 - 3]	(\$6,714,191)	(\$6,633,333)	\$11,153,725	\$17,610,905
5. Funded Ratio	105.65%	105.35%	91.41%	87.09%
6. Covered Payroll <sup>1</sup>	\$26,385,768	\$26,891,340	\$26,573,196	\$26,573,196
7. UAAL / (Surplus) as a % of Payroll	-25.45%	-24.67%	41.97%	66.27%

<sup>1</sup> Includes Drop Salaries



*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

# ACCOUNTING STATEMENT

**Table V-6**  
**Florida Retirement System**  
**Solvency Test**  
**(All Amounts in Thousands)**

	<u>July 1, 2007</u> <u>Valuation Basis</u>	<u>July 1, 2008</u> <u>Valuation Basis</u>	<u>July 1, 2009</u> <u>Post-Assumption</u> <u>Changes</u>
1. Actuarial Accrued Liability for:			
a. Retired and Disabled Members, and Survivors	\$56,503,978	\$60,277,690	\$69,399,125
b. Vested Deferred and Inactive Status Members	3,824,115	4,032,310	4,381,108
c. Active Members			
i) Accumulated employee contributions with interest	65,936	44,557	38,689
ii) Employer-financed liabilities	<u>58,476,484</u>	<u>59,732,657</u>	<u>62,556,675</u>
d. Total	\$118,870,513	\$124,087,214	\$136,375,597
2. Net Assets Available for Benefits at Market Value	\$136,705,907	\$126,918,405	\$98,970,576
3. Ratio of Market Value of Assets to Actuarial Accrued Liabilities: [2 / 1]	115.00%	102.28%	72.57%



# ACCOUNTING STATEMENT

**Table V-7**  
**Florida Retirement System**  
**Net Pension Obligation - GASB Statement #27**  
**(All Amounts in Thousands)**

	ACTUAL		PROJECTED
	<u>7/1/2007 - 6/30/2008</u>	<u>7/1/2008 - 6/30/2009</u>	<u>7/1/2009 - 6/30/2010</u>
1. Unfunded Actuarial Liability (UAL) / (Surplus)	(\$6,181,784)	(\$6,714,190)	(\$6,633,333)
2. Amortization of UAL	(334,602)	(363,419)	(359,043)
3. Normal Cost	<u>2,947,274</u>	<u>2,899,273</u>	<u>3,029,632</u>
4. Annual Required Contribution: [2 + 3]	\$2,612,672	\$2,535,854	\$2,670,590
5. Interest on Net Pension Obligation:	(29,669)	(44,621)	(66,788)
6. Adjustment to Annual Required Contribution:	<u>20,722</u>	<u>31,164</u>	<u>46,646</u>
7. Annual Pension Cost: [4 + 5 + 6]	\$2,603,725	\$2,522,397	\$2,650,448
8. Contributions Made:	<u>\$2,796,651</u>	<u>\$2,808,418</u>	<u>NA</u>
9. Increase in Net Pension Obligation: [7 - 8]	(192,926)	(286,021)	NA
10. Net Pension Obligation at Beginning of Year:	<u>(382,832)</u>	<u>(575,758)</u>	<u>(861,779)</u>
11. Net Pension Obligation at End of Year:	(575,758)	(861,779)	NA



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# APPENDIX A

## ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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The actuarial procedures and assumptions used in this valuation are described herein.

Table A-1 summarizes the assumptions. The pre-and post-retirement mortality rates are taken from the sources listed. The other rates were developed from the experience of the FRS and are illustrated in Tables A-2 through A-9, as noted.

The actuarial assumptions are intended to estimate the future experience of the members of the FRS and of the FRS in other areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the FRS' benefits. These assumptions are based on the most recent experience study of the period from July 1, 2003 through June 30, 2008.

All tables in this section give independent rates of decrement expressed as percentages. The independent rates of decrement are referred to by the general symbol "q" in actuarial notation. The underlying theory is described more fully in Life Contingencies, by C. Wallace Jordan, Society of Actuaries (Second Edition, 1967), page 278.

## ACTUARIAL COST METHOD

The actuarial valuation is prepared using the entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs, is called the unfunded actuarial liability (UAL). The UAL is amortized as level percentages of the projected payroll (salaries of present and future members of the FRS) during various amortization periods. When the UAL remained negative (i.e., surplus position), it was not amortized.

The normal cost for the valuation year was calculated separately for each individual, based on his or her age at entry into the FRS. The individual normal costs, assuming the member has always been in the current class, were then aggregated and divided by the total current compensation of the individuals included in the valuation to determine the normal cost rate as a percentage of compensation.



# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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## RECORDS AND DATA

The data used in this valuation consist of financial information and records of age, service and income of active members, annuitants and other inactive members. All of the data was supplied by the FRS, and was accepted for valuation purposes without audit.

## REPLACEMENT OF TERMINATED MEMBERS

The ages and relative salaries at entry of future members are assumed to follow a new entrant distribution based on the current active population. Under this assumption, the normal cost rates for active members will remain valid in future years, unless the governing law or actuarial assumptions are changed.

## GROWTH IN MEMBERSHIP

The membership of the FRS is assumed to grow at the rate of 0.0% per year. This assumption was changed in the July 1, 1997 valuation from 1.50% in the July 1, 1995 valuation, as required by GASB No. 25.

## ADMINISTRATIVE EXPENSE

Administrative expenses are paid from investment earnings. It is assumed that investments will yield 7.75% as the valuation assumption and 0.25% to cover the administrative expenses.

## VALUATION OF ASSETS

The asset valuation method determines the actuarial value as follows:

- Step 1.** Determine the total yield on the investments of the FRS using the full investment return (including capital gains) measured by the difference in the actuarial value of the assets at the beginning of the plan year just ended and the market value of assets at the end of the year. For the first year this method is employed, the market value of assets is used for the beginning of the plan year.
- Step 2.** Calculate the excess of the yield determined in Step 1 over the expected yield for the same year according to the actuarial assumptions.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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**Step 3.** Calculate an adjusted yield equal to the expected yield plus one-fifth of the yield determined in Step 2.

**Step 4.** The actuarial value of assets used in this valuation equals the amount that would have existed if the actual yield on the assets had been at the yield determined in Step 3.

The resulting actuarial value of the assets shall be not less than 80% nor more than 120% of the market value.

This method conforms to Section 121.031(3)(a), Florida Statutes, calling for an averaging method acceptable under U.S. Treasury Regulations in effect on August 16, 2008.

## INVESTMENT EARNINGS

The future investment earnings of the assets of the FRS are assumed to accrue at an annual rate of 7.75%, compounded annually, net of investment expenses.

## POST-RETIREMENT BENEFIT INCREASES

A post-retirement increase of 3% per year is assumed.

## INTEREST ON EMPLOYEE CONTRIBUTIONS

Interest is only credited on accounts held by members of TRS. A 6.5% annual rate of interest is assumed to be credited on these accounts.

## FUTURE SALARIES

Salaries are assumed to increase between 4.00% and 10.00% per year depending on the member's age and service. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.00% per annum rate of increase in the average wage level of the membership. Table A-2 shows merit (i.e., promotion and longevity) scale rates at representative ages, by class.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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## SERVICE RETIREMENT

Members are assumed to take unreduced retirement at the rates shown in Table A-3. Rates of reduced early retirement are included in rates of other terminations of employment.

All members who have attained age 80 (age 70 for TRS, SCOERS and IFAS) in active service are assumed to retire immediately.

## DISABLEMENT

Note that the frequency of disablement reflects not only the impairments but also the policies underlying the approval of claims and the administration of disability benefits. The more liberal the administration or conditions under which an employee may qualify for disability, the greater the expected incidence of disability.

### *Line-of-Duty Disability Incidence Rates*

The rates used to estimate the likelihood of line-of-duty disability were initially based on Social Security disability experience reported in the Social Security Administration's disability study published as Actuarial Study Number 74, adjusted to recognize the FRS line-of-duty disability incidence experience. The most recent study looked at the line-of-duty disability incidence experience for the five fiscal years ending June 30, 2008, and adjusted the current tables slightly.

### *Not-in-Line-of-Duty Disability Incidence Rates*

The rates used to estimate the likelihood of not-in-line-of-duty disability were initially based on Social Security disability experience reported in the Social Security Administration's disability study published as Actuarial Study Number 74, adjusted to recognize the FRS not-in-line-of-duty disability incidence experience. These rates were modified to be more in line with FRS experience during the five plan years ending June 30, 2008.

The rates of disablement used in the valuation are illustrated in Tables A-4 and A-5.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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## PRE-RETIREMENT MORTALITY

Mortality rates for members who die in service are based on the RP-2000 Employee Mortality tables for males and females. Table A-6 shows these rates at representative ages.

To allocate active member deaths between duty and non-duty death, the following percentages of total active member deaths were assumed to be duty deaths.

Age	FRS-Special Risk		FRS-All Other Groups	
	Men	Women	Men	Women
37	60%	60%	25%	15%
42	40	40	25	15
47	30	30	15	10
52	25	25	15	10

## POST-RETIREMENT MORTALITY

Mortality rates for all members once in retirement status are based on the RP-2000 Healthy White Collar tables for males and females, as projected from the year 2000 to the valuation year using Projection Scale AA, adjusted by the following percentages:

	Males	Females
Regular and Special Risk Class	90.9%	95.8%
ECO, ESO, Judges, Senior Management and Special Risk Administrative	82.4%	56.7%

Table A-7 shows these rates for representative ages.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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## DISABILITY MORTALITY RATES

Disability mortality rates are based on the RP-2000 Disabled Retiree Table for males, and the PBGC Disabled with Social Security Table for females, adjusted by the following percentages:

	Adjustment Factor
Males	
Under age 45	92.4%
Age 51 and over	73.9%
Ages 46 – 50 are interpolated between the two factors	
Females	
Under age 65	82.9%
Age 65 and over	88.1%

Representative rates of disability mortality are illustrated in Table A-8.

## OTHER TERMINATIONS OF EMPLOYMENT

Table A-9 shows, for representative ages, the rates assumed in this valuation for future withdrawal from active service for reasons other than death, disability or retirement with an unreduced benefit. These rates contain the probability of retiring with a reduced immediate pension.

## ELIGIBLE SURVIVORS

It is assumed that 80% of deceased active members will have survivors eligible for lifetime benefits upon their death. Males are assumed to be three years older than their female spouses.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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## MILITARY SERVICE AND OUT-OF-STATE SERVICE CREDITS

Each member is assumed to have the following additional years of service credit purchased:

Type of Service Credit	FRS-Special Risk		FRS-All Other Groups	
	Men	Women	Men	Women
Military Service Credit <sup>1)</sup>	0.2818	0	0.1853	0
Out-of-State Service Credit	0	0	0.0910	0.0910

<sup>1)</sup> Pre-1987 hires only.

No extra service credit was assumed for TRS, SCOERS and IFAS participants.

## ANNUAL LEAVE CREDIT

Unused annual leave in the amount of 139 hours is assumed to be credited to each retiring member to increase the salary used for calculating the retirement benefits. An increase in the retirement benefit of 1.66% is assumed to result from this factor.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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**TABLE A-1**  
Summary of Valuation Assumptions  
July 1, 2009

I. Economic Assumptions

A. General Wage Increases	4.00%*
B. Investment Earnings	7.75%*
C. Growth in Membership	0.00%
D. Post-Retirement Benefit Increases	3.00%

\* Including a 3.0% inflation assumption.

II. Non-Economic Assumptions

A. Salary Increases Due to Promotion and Longevity	Table A-2
B. Service Retirement	Table A-3
C. Disablement	Tables A-4 and A-5
D. Pre-Retirement Mortality	RP-2000 Mortality Tables for males and females. Table A-6
E. Post-Retirement Mortality	RP-2000 Healthy White Collar Tables for males and females, projected from 2000 using Projection Scale AA. Table A-7
F. Disabled Termination (Mortality and Recovery)	Table A-8
G. Other Terminations of Employment	Table A-9

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-2 Salary</b>										
<b>REGULAR – Male</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
1	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
3	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%	2.84%
4	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
5	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
6	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.50%	0.50%	0.50%	0.50%
<b>REGULAR - Female</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
1	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%
2	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
3	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
4	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
5	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
6	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
7	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.00%	0.00%	0.00%	0.00%
<b>ECO, ESO – Male and Female</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
1	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
2	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
3	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
4	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
5	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
6	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
7	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
8	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
9	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
10 or more	0.43%	0.43%	0.43%	0.43%	0.43%	0.23%	0.03%	0.00%	0.00%	0.00%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A2 (cont.) Salary</b>											
<b>JUDGES – Male and Female</b>											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
1	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
2	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
3	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
4	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
5	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
6	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
7	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
8	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
9	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
10 or more	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.00%	0.00%	0.00%	0.00%
<b>SENIOR MANAGEMENT – Male</b>											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%
1	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%
2	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%
3	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%
4	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%
6	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	2.18%	2.18%	2.18%	2.18%	2.18%	1.74%	1.30%	0.86%	0.86%	0.86%	0.86%
<b>SENIOR MANAGEMENT - Female</b>											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
1	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
2	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
3	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
4	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%	4.02%
5	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%
6	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%	2.59%
7	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
8	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
9	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
10 or more	2.18%	2.18%	2.18%	2.18%	2.18%	1.36%	1.15%	0.54%	0.00%	0.00%	0.00%



# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-2 (cont.) Salary</b>											
<b>SPECIAL RISK – Male</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
3	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
4	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
5	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
6	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%
7	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
8	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%
9	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%
10 or more	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	1.00%	0.50%	0.50%	0.50%	0.50%
<b>SPECIAL RISK – Female</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%
1	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%
2	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
3	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%
4	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
5	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
6	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%
7	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%
8	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
9	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
10 or more	2.50%	2.50%	2.50%	2.50%	2.00%	1.50%	1.25%	0.75%	0.75%	0.75%	0.75%
<b>SPECIAL RISK ADMIN – Male and Female</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
1	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
2	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
3	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
4	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
5	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
6	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%	3.46%
7	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%	2.61%
8	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
9	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%	2.19%
10 or more	1.97%	1.97%	1.97%	1.97%	1.55%	1.12%	0.91%	0.91%	0.91%	0.91%	0.91%



# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-3  
Unreduced Retirement Annual Rates**

<b>REGULAR</b>					
Age	Male		Female		
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility	
20	0.0%	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%
45	13.0%	3.4%	14.9%	2.0%	
50	28.5%	10.8%	24.9%	7.1%	
55	35.6%	10.4%	30.4%	8.6%	
60	44.8%	11.9%	40.3%	16.6%	
65	25.8%	12.1%	32.1%	20.9%	
<b>ELECTED OFFICERS' GROUPS: ECO, ESO</b>					
Age	Male		Female		
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility	
20	0.0%	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%
45	10.0%	0.0%	9.8%	1.5%	
50	12.0%	0.9%	16.0%	1.5%	
55	17.9%	1.9%	21.2%	5.0%	
60	24.1%	6.2%	17.3%	9.0%	
65	27.3%	12.0%	21.7%	13.4%	
<b>JUDICIAL</b>					
Age	Male		Female		
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility	
20	0.0%	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%
45	10.0%	0.0%	9.8%	1.5%	
50	12.0%	0.9%	16.0%	1.5%	
55	15.0%	1.9%	21.2%	5.0%	
60	15.1%	6.2%	23.0%	9.0%	
65	25.0%	12.0%	22.7%	13.4%	

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-3 (cont.) Unreduced Retirement Annual Rates*</b>				
<b>SENIOR MANAGEMENT SERVICE</b>				
Age	Male		Female	
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	12.5%	2.5%	14.8%	0.5%
50	29.5%	13.5%	25.5%	7.2%
55	35.5%	12.5%	30.9%	8.1%
60	45.3%	18.1%	48.8%	15.6%
65	36.9%	25.0%	40.9%	24.8%
<b>TRS and SCOERS</b>				
Age	Male		Female	
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	16.3%	2.5%	15.0%	1.5%
50	32.7%	2.5%	26.3%	1.5%
55	34.0%	13.5%	32.5%	9.0%
60	100.0%	56.5%	100.0%	55.5%
65	37.5%	56.5%	88.8%	57.5%
<b>SPECIAL RISK</b>				
Age	Male		Female	
	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	2.5%	1.0%	2.5%	1.0%
45	8.1%	1.0%	4.4%	5.0%
50	22.3%	4.8%	15.5%	4.7%
55	17.5%	5.0%	14.3%	5.1%
60	12.9%	5.3%	18.1%	8.4%
65	39.8%	14.5%	31.7%	10.6%

\* It is assumed that IFAS participants will retire upon the later of attainment of age 62 and 10 years of covered service or immediately, if beyond that time.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-3 (cont.)  
Unreduced Retirement Annual Rates**

SPECIAL RISK ADMINISTRATIVE SUPPORT					
Male			Female		
Age	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%
45	11.3%	0.0%	11.3%	0.0%	0.0%
50	18.0%	4.5%	18.0%	4.5%	4.5%
55	33.0%	5.8%	56.5%	5.8%	5.8%
60	24.8%	11.6%	42.6%	11.6%	11.6%
65	69.2%	56.0%	69.5%	56.0%	56.0%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-4 Line-of-Duty Disability Annual Rates</b>		
<b>REGULAR</b>		
Age	Male	Female
20	0.002%	0.000%
25	0.002%	0.001%
30	0.003%	0.001%
35	0.005%	0.003%
40	0.009%	0.005%
45	0.014%	0.008%
50	0.022%	0.010%
55	0.034%	0.016%
60	0.048%	0.022%
65	0.050%	0.020%
<b>ECO, ESO, JUDGES, SENIOR MANAGEMENT</b>		
Age	Male	Female
20	0.004%	0.001%
25	0.004%	0.001%
30	0.005%	0.001%
35	0.007%	0.002%
40	0.011%	0.003%
45	0.017%	0.005%
50	0.029%	0.007%
55	0.044%	0.011%
60	0.044%	0.014%
65	0.044%	0.013%
<b>SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE</b>		
Age	Male	Female
20	0.012%	0.008%
25	0.012%	0.008%
30	0.017%	0.016%
35	0.029%	0.037%
40	0.051%	0.068%
45	0.087%	0.106%
50	0.138%	0.153%
55	0.215%	0.152%
60	0.301%	0.151%
65	0.231%	0.143%
<b>TRS and SCOERS</b>		
Same as Non-Duty Disability		

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-5 Non-Duty Disability Annual Rates</b>		
<b>REGULAR</b>		
Age	Male	Female
20	0.000%	0.000%
25	0.027%	0.010%
30	0.053%	0.026%
35	0.066%	0.049%
40	0.092%	0.070%
45	0.122%	0.114%
50	0.203%	0.184%
55	0.339%	0.294%
60	0.445%	0.419%
65	0.215%	0.105%
<b>ECO, ESO, JUDGES, SENIOR MANAGEMENT</b>		
Age	Male	Female
20	0.000%	0.002%
25	0.000%	0.002%
30	0.016%	0.017%
35	0.022%	0.030%
40	0.033%	0.047%
45	0.072%	0.096%
50	0.121%	0.151%
55	0.210%	0.162%
60	0.313%	0.162%
65	0.156%	0.106%
<b>SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE</b>		
Age	Male	Female
20	0.037%	0.036%
25	0.037%	0.036%
30	0.043%	0.046%
35	0.055%	0.075%
40	0.087%	0.118%
45	0.140%	0.209%
50	0.292%	0.254%
55	0.244%	0.328%
60	0.206%	0.328%
65	0.206%	0.328%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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**Table A-5 (cont.)  
Non-Duty Disability Annual Rates**

TRS and SCOERS		
Age	Male	Female
20	0.149%	0.089%
25	0.149%	0.089%
30	0.190%	0.154%
35	0.264%	0.262%
40	0.396%	0.382%
45	0.616%	0.580%
50	1.044%	0.914%
55	1.918%	1.532%
60	2.724%	1.876%
65	3.436%	1.924%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-6</b>				
<b>Pre-Retirement Mortality Annual Rates</b>				
<b>REGULAR, ECO, ESO, JUDGES, SENIOR MANAGEMENT</b>				
	Male		Female	
Age	Duty Death	Non-Duty Death	Duty Death	Non-Duty Death
20	0.01%	0.03%	0.00%	0.02%
25	0.01%	0.03%	0.00%	0.02%
30	0.01%	0.03%	0.00%	0.02%
35	0.02%	0.06%	0.01%	0.04%
40	0.03%	0.08%	0.01%	0.06%
45	0.02%	0.13%	0.01%	0.10%
50	0.03%	0.18%	0.02%	0.14%
55	0.04%	0.21%	0.02%	0.18%
60	0.06%	0.33%	0.03%	0.28%
65	0.09%	0.52%	0.05%	0.42%
70	0.12%	0.68%	0.06%	0.55%
75	0.18%	1.04%	0.09%	0.81%
80	0.31%	1.77%	0.15%	1.33%
<b>SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE</b>				
	Male		Female	
Age	Duty Death	Non-Duty Death	Duty Death	Non-Duty Death
20	0.02%	0.01%	0.01%	0.01%
25	0.02%	0.02%	0.01%	0.01%
30	0.03%	0.02%	0.02%	0.01%
35	0.05%	0.03%	0.03%	0.02%
40	0.04%	0.06%	0.03%	0.04%
45	0.05%	0.11%	0.03%	0.08%
50	0.05%	0.16%	0.04%	0.13%
55	0.08%	0.23%	0.06%	0.17%
60	0.10%	0.29%	0.08%	0.24%
65	0.15%	0.46%	0.12%	0.35%
70	0.20%	0.60%	0.15%	0.46%
75	0.31%	0.92%	0.23%	0.68%
80	0.52%	1.57%	0.37%	1.11%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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<b>Table A-6 (cont.) Pre-Retirement Mortality Annual Rates</b>		
<b>TRS, SCOERS</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
20	0.05%	0.02%
25	0.05%	0.03%
30	0.07%	0.04%
35	0.09%	0.05%
40	0.13%	0.08%
45	0.20%	0.11%
50	0.38%	0.17%
55	0.65%	0.25%
60	1.00%	0.39%
65	1.59%	0.69%
70	2.63%	1.16%
75	0.00%	0.00%
80	0.00%	0.00%
<b>IFAS</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
20	0.03%	0.02%
25	0.04%	0.02%
30	0.04%	0.03%
35	0.08%	0.05%
40	0.11%	0.07%
45	0.15%	0.11%
50	0.21%	0.17%
55	0.30%	0.25%
60	0.49%	0.39%
65	0.76%	0.58%
70	0.99%	0.76%
75	0.00%	0.00%
80	0.00%	0.00%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-7 <sup>1)</sup>		
Post-Retirement Mortality Annual Rates		
REGULAR AND SPECIAL RISK		
Age	Male	Female
20	0.15%	0.01%
25	0.19%	0.02%
30	0.23%	0.03%
35	0.29%	0.05%
40	0.35%	0.09%
45	0.44%	0.14%
50	0.54%	0.23%
55	0.49%	0.33%
60	0.60%	0.54%
65	1.06%	0.87%
70	1.75%	1.46%
75	3.06%	2.46%
80	5.40%	4.13%
85	9.52%	7.11%
90	16.21%	12.09%
95	24.32%	18.64%
100	31.32%	22.76%
105	36.17%	28.09%
110	36.36%	34.94%
115	36.36%	38.33%
120	90.91%	95.83%

ECO, ESO, J, SM, and SRA		
Age	Male	Female
20	0.14%	0.01%
25	0.17%	0.01%
30	0.21%	0.02%
35	0.26%	0.03%
40	0.32%	0.05%
45	0.40%	0.09%
50	0.49%	0.14%
55	0.45%	0.20%
60	0.54%	0.32%
65	0.96%	0.52%
70	1.59%	0.86%
75	2.77%	1.46%
80	4.89%	2.44%
85	8.62%	4.21%
90	14.68%	7.15%
95	22.03%	11.03%
100	28.37%	13.46%
105	32.77%	16.62%
110	32.94%	20.67%
115	32.94%	22.68%
120	82.35%	56.70%

<sup>1)</sup> Rates are shown for 2000. Rates are projected to the valuation date using projection Scale AA.

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

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<b>Table A-8 Disabled Termination (Mortality and Recovery)</b>		
All Groups		
Age	Male	Female
20	2.09%	2.18%
25	2.09%	2.18%
30	2.09%	1.96%
35	2.09%	1.77%
40	2.09%	1.73%
45	2.09%	1.86%
50	2.14%	2.13%
55	2.62%	2.44%
60	3.11%	2.74%
65	3.71%	3.26%
70	4.63%	3.62%
75	6.07%	4.33%
80	8.08%	6.57%
85	10.47%	9.93%
90	13.56%	14.81%
95	19.77%	22.24%
100	25.47%	33.37%
105	29.41%	50.05%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9  
Other Terminations of Employment Annual Rates**

<b>REGULAR – Male</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	32.8%	27.2%	25.8%	25.8%	24.4%	24.4%	23.4%	27.4%	27.4%	27.4%
1	25.4%	18.5%	15.4%	14.3%	12.6%	12.5%	12.2%	12.2%	12.2%	12.2%
2	22.7%	17.2%	14.0%	12.8%	12.0%	11.6%	10.7%	10.7%	10.7%	10.7%
3	18.4%	14.6%	13.2%	12.6%	10.7%	10.3%	9.4%	9.3%	9.3%	9.3%
4	15.8%	12.7%	11.8%	10.9%	9.0%	8.8%	7.9%	7.8%	7.8%	7.8%
5	11.7%	9.7%	8.8%	8.5%	7.4%	6.8%	6.0%	6.8%	6.8%	6.8%
6	11.1%	8.5%	7.8%	7.5%	6.7%	6.5%	5.5%	5.4%	5.4%	5.4%
7	11.1%	8.4%	7.1%	6.8%	6.2%	6.0%	5.3%	5.2%	5.1%	5.1%
8	11.0%	7.7%	6.4%	6.2%	5.8%	5.1%	4.6%	4.4%	4.3%	4.3%
9	10.0%	6.3%	5.5%	5.3%	5.3%	5.1%	4.6%	4.3%	4.2%	4.2%
10 or more	9.8%	6.2%	4.7%	4.2%	3.0%	2.7%	3.0%	4.5%	5.3%	3.7%
<b>REGULAR – Female</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	30.3%	26.6%	25.4%	25.4%	24.4%	24.4%	23.2%	23.2%	23.2%	23.2%
1	25.8%	19.8%	16.9%	15.9%	14.0%	13.9%	13.4%	13.4%	13.4%	13.4%
2	22.1%	17.1%	14.5%	13.5%	12.1%	11.9%	11.0%	11.0%	11.0%	11.0%
3	17.4%	13.0%	11.6%	11.2%	10.0%	9.8%	8.8%	8.7%	8.7%	8.7%
4	15.4%	12.9%	11.3%	10.9%	9.1%	8.8%	8.4%	8.3%	8.3%	8.3%
5	13.5%	10.7%	9.4%	9.0%	7.0%	6.7%	6.2%	6.1%	6.1%	6.1%
6	11.4%	9.7%	8.7%	8.0%	6.5%	6.5%	5.9%	5.8%	5.8%	5.8%
7	11.3%	9.2%	8.1%	7.8%	6.3%	6.1%	5.5%	5.4%	5.4%	5.4%
8	10.5%	7.8%	7.1%	6.8%	6.1%	5.8%	5.5%	5.4%	5.4%	5.4%
9	10.2%	7.1%	6.5%	6.2%	5.0%	4.7%	4.6%	4.5%	4.5%	4.5%
10 or more	11.6%	5.3%	5.4%	4.6%	3.3%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>ECO – Male</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
1	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
2	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
3	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
4	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
5	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
6	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
7	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
8	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.6%	13.4%	13.3%	11.5%
9	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.6%	4.4%	4.3%	2.5%
10 or more	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.6%	5.3%	5.2%	3.5%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

<b>Table A-9 (cont.) Other Terminations of Employment Annual Rates</b>										
<b>ECO – Female</b>										
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65
					40	45				
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
2	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
3	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
4	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
5	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
6	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
7	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
8	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	11.9%	11.7%	11.6%	10.2%
9	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.1%	2.8%	2.7%	1.0%
10 or more	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.1%	3.9%	3.8%	2.4%
<b>ESO – Male</b>										
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65
					40	45				
0	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
1	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
2	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
3	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
4	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
5	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
6	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
7	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
8	20.2%	20.2%	20.2%	20.2%	20.2%	20.8%	20.0%	18.7%	18.4%	16.7%
9	6.6%	6.6%	6.6%	6.6%	6.6%	7.2%	6.4%	5.2%	4.9%	3.1%
10 or more	6.7%	6.7%	6.7%	6.7%	6.7%	7.1%	6.6%	5.7%	5.5%	4.2%
<b>ESO – Female</b>										
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65
					40	45				
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
2	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
3	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
4	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	17.8%	17.8%	17.8%	17.8%	17.8%	18.4%	17.6%	16.3%	16.0%	14.3%
9	3.5%	3.5%	3.5%	3.5%	3.5%	4.1%	3.3%	2.1%	1.8%	0.0%
10 or more	10.8%	10.8%	10.8%	10.8%	10.8%	11.4%	10.6%	9.4%	9.1%	7.3%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9 (cont.)  
Other Terminations of Employment Annual Rates**

<b>JUDGES - Male</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
1	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
2	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
3	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
4	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
5	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
6	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
7	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
8	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
9	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.1%	0.8%	0.7%	0.5%	0.5%
10 or more	2.0%	2.0%	2.0%	1.9%	1.9%	1.9%	1.7%	1.3%	1.1%	0.7%	0.7%
<b>JUDGES – Female</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
2	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
4	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
5	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
6	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
7	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
8	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
9	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%	1.1%	1.0%	0.8%	0.8%
10 or more	2.9%	2.9%	2.9%	2.7%	2.7%	2.7%	2.4%	2.0%	1.8%	1.4%	1.4%
<b>SENIOR MANAGEMENT – Male</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
1	27.9%	23.3%	20.7%	19.4%	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
2	24.9%	21.4%	19.3%	18.0%	17.2%	16.9%	16.8%	16.8%	16.8%	16.8%	16.8%
3	19.5%	18.5%	17.7%	17.1%	16.7%	16.4%	16.2%	16.0%	16.0%	16.0%	16.0%
4	15.5%	14.9%	14.5%	13.6%	12.9%	12.6%	12.4%	12.3%	12.2%	12.2%	12.2%
5	10.9%	10.5%	10.0%	9.7%	9.3%	8.6%	8.2%	8.1%	8.0%	8.0%	8.0%
6	10.6%	10.3%	9.8%	9.3%	9.0%	8.7%	8.4%	8.3%	8.1%	8.1%	8.1%
7	10.5%	10.2%	9.7%	9.2%	8.8%	8.5%	8.3%	8.1%	8.0%	8.0%	8.0%
8	9.6%	9.5%	9.1%	8.8%	8.5%	8.3%	8.1%	8.0%	7.9%	7.8%	7.8%
9	6.6%	6.6%	6.3%	6.1%	5.9%	5.7%	5.6%	5.4%	5.3%	5.3%	5.3%
10 or more	4.8%	4.8%	4.1%	3.6%	3.2%	2.9%	3.0%	3.1%	3.5%	2.6%	2.6%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9 (cont.)  
Other Terminations of Employment Annual Rates**

<b>SENIOR MANAGEMENT – Female</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
1	25.8%	21.7%	19.6%	18.5%	18.1%	18.0%	18.0%	18.0%	18.0%	18.0%
2	22.8%	20.0%	18.3%	17.3%	16.7%	16.5%	16.4%	16.4%	16.4%	16.4%
3	19.0%	18.0%	17.3%	16.7%	16.2%	15.9%	15.7%	15.6%	15.6%	15.6%
4	14.6%	14.0%	13.5%	13.0%	12.7%	12.4%	12.1%	12.0%	11.8%	11.8%
5	12.1%	11.3%	10.5%	9.9%	9.4%	9.0%	8.7%	8.6%	8.5%	8.5%
6	10.9%	10.6%	10.1%	9.7%	9.4%	9.1%	8.8%	8.7%	8.5%	8.5%
7	10.3%	10.1%	9.6%	9.2%	8.8%	8.6%	8.4%	8.2%	8.1%	8.1%
8	7.7%	7.6%	7.1%	6.8%	6.5%	6.2%	6.0%	5.9%	5.8%	5.7%
9	7.4%	7.4%	6.9%	6.5%	6.1%	5.8%	5.5%	5.3%	5.1%	5.1%
10 or more	4.8%	4.8%	3.9%	3.2%	2.7%	2.4%	2.1%	1.9%	1.9%	1.9%
<b>SPECIAL RISK – Male</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.4%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%
1	10.3%	9.8%	9.5%	8.8%	8.0%	7.3%	6.5%	5.8%	5.3%	5.3%
2	8.6%	8.1%	7.7%	7.4%	6.8%	6.0%	5.3%	4.7%	4.7%	4.7%
3	8.4%	7.9%	7.5%	7.2%	6.7%	6.0%	5.3%	4.7%	4.7%	4.7%
4	7.5%	7.0%	6.7%	6.5%	6.0%	5.5%	5.0%	4.6%	4.6%	4.6%
5	5.3%	5.3%	5.3%	5.3%	4.8%	4.3%	3.8%	3.3%	3.3%	3.3%
6	5.2%	5.2%	5.2%	5.1%	4.6%	4.1%	3.6%	3.2%	3.2%	3.2%
7	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
8	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
9	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
10 or more	2.3%	2.3%	2.1%	2.0%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%
<b>SPECIAL RISK – Female</b>										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
1	15.5%	14.2%	13.2%	12.2%	11.2%	10.2%	9.2%	8.4%	8.4%	8.4%
2	12.3%	11.6%	10.6%	9.6%	8.6%	7.6%	6.6%	5.8%	5.8%	5.8%
3	10.3%	9.8%	9.3%	8.8%	8.3%	7.6%	6.6%	5.6%	5.6%	5.6%
4	9.7%	9.2%	8.7%	8.4%	7.6%	7.0%	6.4%	5.4%	5.4%	5.4%
5	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	5.3%	5.3%	5.3%
6	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.1%	5.1%	5.1%
7	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8	4.2%	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
9	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%	4.0%	4.0%	4.0%	4.0%
10 or more	1.9%	1.9%	1.7%	1.5%	2.5%	2.5%	1.6%	4.0%	4.0%	4.0%

# ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9 (cont.)  
Other Terminations of Employment Annual Rates**

<b>SPECIAL RISK ADMINISTRATIVE – Male</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	14.6%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
1	11.3%	10.8%	10.3%	9.9%	9.7%	9.5%	9.4%	9.4%	9.4%	9.4%	9.4%
2	10.4%	9.7%	9.3%	8.9%	8.7%	8.5%	8.4%	8.4%	8.4%	8.4%	8.4%
3	9.7%	9.1%	8.7%	8.3%	7.9%	7.8%	7.7%	7.6%	7.6%	7.6%	7.6%
4	8.8%	8.3%	8.0%	7.8%	7.6%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
5	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
6	4.4%	4.4%	4.4%	4.2%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
7	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
8	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
9	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
10 or more	3.9%	3.9%	3.6%	3.4%	3.2%	3.3%	3.6%	7.5%	7.5%	7.5%	7.5%

<b>SPECIAL RISK ADMINISTRATIVE – Female</b>											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
1	19.4%	18.0%	17.1%	16.5%	16.1%	15.9%	15.7%	15.7%	15.7%	15.7%	15.7%
2	17.5%	16.9%	16.5%	16.2%	15.9%	15.8%	15.7%	15.7%	15.7%	15.7%	15.7%
3	20.3%	19.8%	19.3%	19.0%	18.7%	18.6%	18.4%	18.4%	18.4%	18.4%	18.4%
4	20.8%	20.2%	19.8%	19.4%	19.0%	18.8%	18.7%	18.7%	18.7%	18.7%	18.7%
5	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
6	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
7	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%
8	17.8%	17.8%	17.7%	17.7%	17.7%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%
9	17.8%	17.8%	17.8%	17.8%	17.7%	17.7%	17.6%	17.6%	17.6%	17.6%	17.6%
10 or more	18.4%	18.4%	18.1%	17.8%	17.6%	17.7%	18.0%	21.0%	21.0%	21.0%	21.0%

# APPENDIX B

## SUMMARY OF PLAN PROVISIONS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

# SUMMARY OF PLAN PROVISIONS

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All actuarial calculations are based upon our understanding of Florida Statutes regarding the retirement provisions of the retirement systems. These provisions are briefly summarized below for reference purposes, along with corresponding references to the Statutes. This summary encompasses the major provisions; it does not attempt to cover all of the detailed provisions.

## **PART I: FLORIDA RETIREMENT SYSTEM (FRS)**

The benefit and contribution provisions of the FRS are set forth in Chapter 121 of the Florida Statutes. Provisions relating to other State-administered retirement systems are set forth in other sections of the Florida Statutes, under Chapters 112, 122, and 238.

### **EFFECTIVE DATE**

The effective date of the Florida Retirement System (FRS) was December 1, 1970. The FRS was created with closure and consolidation of the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was also consolidated with the Florida Retirement System. The FRS was created to provide a defined benefit retirement, disability, and survivor program for participating public employees. Social Security coverage is also required for all members.

Beginning in 2002, the FRS became one system with two primary programs, the existing Defined Benefit Program and a defined contribution plan alternative to the defined benefit plan known as the Public Employee Optional Retirement Program (PEORP). The earliest that any member could participate in PEORP was July 1, 2002.

As of July 1, 2007, the Institute for Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the FRS as a closed group.

(Section 121.011(2))

### **MEMBERSHIP**

Membership is a condition of employment for all new state, county, or other participating agency employees filling regularly established positions and employed on or after December 1, 1970, or who elected to transfer from an existing System. Employees may be full-time or part-time and can be elected, appointed, or employed in state government, county government, a state university, or a community college. A city or special district may join the FRS at its option.



# SUMMARY OF PLAN PROVISIONS

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Effective July 1, 1978, a member in an existing retirement system who is re-employed after termination of employment may remain in that system, provided his or her member contributions have not been withdrawn.

Members of the FRS Defined Benefit Program were provided an educational period about their plan choice options prior to a 90-day election period to elect between the Defined Benefit Program and the Public Employee Optional Retirement Program (PEORP). Members newly hired after the election period for their employee group are provided five months after their month of hire to file an election between the two primary programs. Members who do not make an election default into the Defined Benefit Program.

After the period during which a member had the choice to elect the Defined Benefit Program or the PEORP, the employee has one opportunity, at the employee's discretion, to choose to move from the Defined Benefit Program to the PEORP or from the PEORP to the Defined Benefit Program.

(Sections 121.051, 121.4501)

## CLASSIFICATION

There are five separate classes of members: Regular Class, Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, and Senior Management Service Class. In addition, the Deferred Retirement Option Program is available to members who meet the requirements for normal retirement under the defined benefit program of the FRS.

**Regular Class members** are members not classified as members of the Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, or Senior Management Service Class.

**Special Risk Class members** are members employed as law enforcement officers, emergency medical technicians, paramedics, firefighters, firefighter trainers, fire prevention inspectors, correctional officers, correctional probation officers, certain professional health care positions within the Department of Children and Family Services and the Department of Corrections, youth custody officers, correctional officers, or certain forensic positions within a law enforcement agency, or a medical examiner's office who meet the criteria set forth in the Florida Retirement System law and rules.

**Special Risk Administrative Support Class members** are former Special Risk members who have been moved or been re-assigned to non-Special Risk administrative support positions within a Florida Retirement System Special Risk employing agency.



# SUMMARY OF PLAN PROVISIONS

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***Elected Officers' Class members*** include the governor, lieutenant governor, cabinet officers, supreme court justices, district court of appeals judges, circuit judges, county court judges, state attorneys, public defenders, and elected county officers. Also included are city and special district officers if the employer chose to place their elected officials in this class. All such elected officers may withdraw from the Florida Retirement System, or elect membership in the Senior Management Service Class or in the Senior Management Service Optional Annuity Program for state officers.

***Senior Management Service Class members*** are members currently participating in the Florida Retirement System who hold positions in the Senior Management Service of the State of Florida; community college presidents; appointed school board superintendents; county and city managers; selected managerial staff of the Legislature; the Auditor General and managerial staff; the Executive Director of the Ethics Commission; the State University System Executive Service and university presidents; selected managerial staff of the State Board of Administration; judges of compensation claims; selected managerial staff with the Judicial Branch; Chief Deputy Court Administrator; capital collateral regional counsels and assistant capital collateral regional counsels; assistant state attorneys; assistant public defenders; assistant statewide prosecutors or assistant attorneys general; and nonelective managerial positions designated for SMSC membership by local government agencies. Members in this class have chosen not to participate in the elective Senior Management Service Optional Annuity Program for state senior managers or to withdraw from the FRS if employed by non-state employers. This class became effective February 1, 1987, and members of an existing retirement system and members of the Special Risk or Special Risk Administrative Support Classes who were employed prior to February 1, 1987 could elect to remain in such system or class.

***Deferred Retirement Option Program*** allows members of the Defined Benefit Program of the Florida Retirement System (FRS) in any of the above five classes to elect to retire and have their FRS benefits accumulate in the FRS Trust Fund, earning interest, while the member continues to work for an FRS employer. DROP membership is for a specific and limited period.

(Sections 121.021(12), 121.0515, 121.052, 121.055, 121.091 (13))

## CONTRIBUTIONS

Since January 1, 1975, for the state and for school boards, and since October 1, 1975, for other agencies, the total cost of the System has been paid by the participating employers.

(Section 121.071 (2))



# SUMMARY OF PLAN PROVISIONS

The employer contribution rates for the July 1, 2009 – June 30, 2010 plan year are as follows:

Classification	Defined Benefit	PEORP	Blended
Regular	8.59%	9.25%	8.69%
Special Risk	19.47	21.33	19.76
Special Risk Administrative Support Elected Officers'	11.29	11.80	11.39
- Judicial	18.29	19.63	18.40
- State	13.14	13.81	13.32
- County	14.95	16.61	15.37
Senior Management Service	12.18	11.21	11.96
DROP	9.80	N/A	9.80

The above rates exclude the 0.05% administrative charge for PEORP administration and education (except DROP), and the 1.11% for the financing of the health insurance subsidy described later in this part.

The separate Defined Benefit and PEORP rates above were modified by the 2008 Legislature to reflect potential transfers to PEORP and to continue the uniform rate structure for both the primary plans of the FRS. The net result of the legislation was that employers contributed the same rate (i.e. blended) whether the member elected PEORP membership or FRS Defined Benefit Program membership with the anticipated elections to not impact the expected amount of actual FRS defined benefit contributions.

(Section 121.71)

## FRS DEFINED BENEFIT PROGRAM

### NORMAL RETIREMENT BENEFIT

#### *Eligibility*

- Regular Class
  1. 30 years of creditable service at any age.
  2. Age 62 and 6 or more years of creditable service.

(Section 121.021(29)(a))



# SUMMARY OF PLAN PROVISIONS

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- Special Risk Class
  1. 25 years of special risk service at any age; or
  2. Age 55 and 6 or more years of special risk service; or
  3. Age 52 and 25 years of creditable service, including special risk service and up to a maximum of four years of active duty wartime military service credit.
  4. 30 years of any creditable service, at any age, or age 62 and 6 or more years of creditable service (same requirement as the Regular Class).

(Section 121.021(29)(b))

- Special Risk Administrative Support Class  
(with six or more years of Special Risk Class service, the same requirements as apply to the Special Risk Class, otherwise same as apply to the Regular Class)

(Section 121.021(29)(b))

- Elected Officers' Class  
(same requirements as apply to Regular Class)

(Section 121.021(29)(d))

- Senior Management Service Class  
(same requirements as apply to Regular Class)

(Section 121.021(29)(c))

## **Normal Form**

Straight life benefit (Option 1), payable on the last day of each month, with a guarantee that benefits paid will at least equal member contributions.

(Section 121.091(1))

# SUMMARY OF PLAN PROVISIONS

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## ***Optional Forms***

10-year certain and life benefit (Option 2), 100% joint and survivor benefit (Option 3), or 66-2/3% joint and survivor benefit (Option 4). If the joint annuitant is the member's non-disabled child, payment ceases upon attainment of the joint annuitant's 25th birthday under the 100% and 66- 2/3% joint and survivor benefit.

(Section 121.091(6))

## ***Dual Retirement***

In the event a member accumulates retirement benefits to commence at different normal retirement ages by virtue of having performed duties for an employer which would entitle him or her to benefits as both a Special Risk Class member and a member of another class, the amount of the benefits payable shall be computed separately with respect to each such age, and the sum of such computed amounts shall be paid. Note that this does not apply to a Special Risk Administrative Support Class member with at least 6 years of Special Risk Class Membership when the Special Risk and Special Risk Administrative Support Classes are the only memberships held because such a member is treated as a Special Risk Class member.

(Section 121.091(2))

## ***Regular Benefit Amount***

The monthly FRS allowance is the product of:

1. Average monthly compensation in the highest five plan years of creditable service;
2. Creditable service during the applicable period; and
3. The appropriate benefit percentage for periods of service.

(Sections 121.021(17), (24) and (25), 121.091(1))

## SUMMARY OF PLAN PROVISIONS

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The appropriate benefit percentages are as follows:

- For Creditable Service as a Regular Member Subsequent to November 30, 1970:

Retirement at:	Percentage
Age 62 with 6 years of creditable service, or 30 years of creditable service	1.60%
Age 63 with 6 years of creditable service, or 31 years of creditable service	1.63
Age 64 with 6 years of creditable service, or 32 years of creditable service	1.65
Age 65 with 6 years of creditable service, or 33 years of creditable service	1.68

(Section 121.091(1))

- For Service as a Special Risk Class member:

Retirement on or After July 1, 2001 with Service Performed During:	Percentage
December 1, 1970 to September 30, 1974	2.00%
October 1, 1974 and thereafter	3.00

(Section 121.091(1))

## SUMMARY OF PLAN PROVISIONS

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- For Creditable Service as a Special Risk Administrative Support Class member Subsequent to November 30, 1970:

Retirement at:	Percentage
Age 55 with 6 years of creditable service, or age 52 with 25 years of creditable service, which may include up to four years of active duty wartime military service, or 25 years of creditable service	1.60%
Age 56 with 6 years of creditable service, or age 53 with 26 years of creditable service, which may include up to four years of active duty wartime military service, or 26 years of creditable service	1.63
Age 57 with 6 years of creditable service, or age 54 with 27 years of creditable service, which may include up to four years of active duty wartime military service, or 27 years of creditable service	1.65
Age 58 with 6 years of creditable service, or age 55 with 28 years of creditable service, which may include up to four years of active duty wartime military service, or 28 years of creditable service	1.68

(Section 121.091(1))

- For Service as an Elected Officers' Class member: 3% for each year of creditable service in such class, except 3-1/3% for service in the judicial class. Military service credit is at the rate for Regular Class members.

(Sections 121.052(5)(a) and (d), 121.091(1))

- For Service as a Senior Management Service Class member: 2% for each year of creditable service in such class, after January 31, 1987.

(Section 121.055(4)(d))

# SUMMARY OF PLAN PROVISIONS

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## ADDITIONAL BENEFIT AMOUNT

In addition, members may receive an additional retirement allowance under the pre-1971 existing systems. The benefit is a percentage of average compensation times the creditable service in that system up to November 30, 1970. The system percentages are:

### ***State and County Officers and Employees' Retirement System:***

2.00% for creditable service rendered under Division A prior to Social Security coverage; and 1.50% for creditable service rendered under Division B subsequent to Social Security coverage.

### ***Teachers Retirement System:***

Plan E: 2.00%

(Sections 121.091(1)(c), 122.28, 238.07(7)(a))

## MINIMUM BENEFIT

### ***Eligibility***

The month following attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the survivor's portion of a member's benefit, the 65th anniversary of the deceased member's birth. The member must have earned at least 10 years of creditable service and retired under normal retirement.

### ***Benefit Amount***

An eligible benefit recipient will receive a benefit adjustment to bring the benefit to the calculated minimum benefit. Effective July 1, 2009, the minimum monthly benefit is \$24.74 multiplied by years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

# SUMMARY OF PLAN PROVISIONS

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## HEALTH INSURANCE SUBSIDY

A subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, the benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

## EARLY RETIREMENT

### *Eligibility*

Six years of creditable service for all classes of membership.

(Section 121.021(30))

### *Benefit Amount*

The normal retirement benefit accrued to the date of early retirement, reduced by 5/12% for each month that the early retirement date precedes the normal retirement date based upon age. The normal retirement date is age 62, except for Special Risk Class members, for whom it is age 55.

(Sections 121.021(30), 121.091(3))

## NON-DUTY DISABILITY RETIREMENT

### *Eligibility*

Members are eligible if totally and permanently disabled:

After completing at least 8 years of creditable service (or after 6 years if disability retirement is ordered for a judge by the Supreme Court).

# SUMMARY OF PLAN PROVISIONS

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## ***Benefit Amount***

Same as for normal retirement, but based on average monthly compensation and creditable service to the date of disability retirement.

## ***Minimum Benefit Amount***

25% of average monthly compensation.

If the Supreme Court orders disability retirement for a judge, the minimum is two-thirds of compensation at disability. This benefit is not paid from the FRS Trust Fund.

(Section 121.091(4))

## **LINE-OF-DUTY DISABILITY**

### ***Eligibility***

Members are eligible if totally and permanently disabled during the actual performance of duty. There is no service credit requirement.

### ***Benefit Amount***

Same as for normal retirement, but based on average monthly compensation and creditable service to the date of disability retirement.

### ***Minimum Benefit Amount***

42% of average monthly compensation, except for the Special Risk and the Special Risk Administrative Support classes whose members are entitled to 65% of average monthly compensation.

If the Supreme Court orders disability retirement for a judge, the minimum is two-thirds of compensation at disability. This benefit is not paid from the FRS Trust Fund.

(Section 121.091(4))

# SUMMARY OF PLAN PROVISIONS

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## POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected.

## NON-DUTY PRE-RETIREMENT DEATH BENEFITS

### *Eligibility*

Employment is terminated by death after 6 years of creditable service for all classes of membership.

### *Benefit Amount*

The normal or early retirement benefit amount for which the member would have been eligible had the member retired on his or her date of death and elected the 100% joint and survivor form of payment in favor of his or her beneficiary who is the surviving spouse or other eligible dependent. The monthly benefit is normally payable to the member's beneficiary for the beneficiary's lifetime. If the beneficiary is the member's non-disabled child, payment ceases upon attainment of the beneficiary's 25th birthday.

If the member had completed at least 20 years of creditable service, the reduction for early retirement is applied from the earlier of age 62 (age 55 for Special Risk Class and Special Risk Administrative Support Class members) or the date on which the member would have completed 30 years of creditable service, had he or she continued employment. The value of this benefit may not be less than the member's accumulated contributions, if any.

(Sections 121.091(3) and (7))

## LINE-OF-DUTY PRE-RETIREMENT DEATH BENEFITS

### *Eligibility*

Member died during the actual performance of duty. There is no service credit requirement.

# SUMMARY OF PLAN PROVISIONS

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## ***Benefit Amount***

The surviving spouse will receive one-half of the member's monthly compensation at death. If the spouse dies, or if there is no surviving spouse, the monthly benefits continue until the youngest child is 18.

A surviving spouse may elect to receive a non-duty death benefit in lieu of the duty death benefit.

(Section 121.091(7))

## **VESTING**

### ***Eligibility***

Six years of creditable service for all classes of membership.

### ***Benefit Amount***

The normal or early retirement benefit amount based on average monthly compensation and creditable service to the date of termination.

(Sections 121.021(45), 121.091(5))

## **DROP – DEFERRED RETIREMENT OPTION PROGRAM**

### ***Eligibility***

Vested FRS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service (or 25 years for Special Risk Class members) and has not reached age 57 (or age 52 for Special Risk Class members). In this case the participant can defer participation in DROP until he reaches age 57 (or age 52 for Special Risk Class members). Instructional Personnel in grades K-12 may defer DROP participation to any age. Participants who reached normal retirement before July 1, 1998 were eligible to participate in DROP for up to 60 months (36 months for Special Risk Class members) beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be invested in the FRS Trust Fund, earning tax-deferred interest while the member

## SUMMARY OF PLAN PROVISIONS

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continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his FRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective July 1, 2003, participants employed in eligible instructional positions with a district school board, the Florida School for the Deaf and Blind, or a developmental research school can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

### ***Disabled While in DROP***

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

### ***Death While in DROP***

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for FRS line-of-duty death benefits.

(Section 121.091 (13))

## RETURN OF EMPLOYEE CONTRIBUTIONS

A member who terminates employment but is not eligible to retire, to receive a vested retirement allowance, or to receive a disability pension, or the beneficiary of a member who passed away before satisfying the requirement for a pre-retirement death benefit, will be entitled to a refund of any employee contributions made by the member. No interest is credited on employee contribution accounts.

A vested terminated participant may elect to receive a return of employee contributions in lieu of a retirement benefit.

(Sections 121.071(2)(b), 121.091(7)(a), Sections 121.091(5)(a) and (c))

# SUMMARY OF PLAN PROVISIONS

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## **COST-OF-LIVING ADJUSTMENT**

Except for the health insurance subsidy, all retirement allowances, including the dollar factor used in the minimum benefit, are increased by 3.0% each July 1. A pro-rated rate may apply in the initial year of applicability.

(Section 121.101)

## **PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM**

The Public Employee Optional Retirement Program is a defined contribution plan offered to eligible employees as an alternative to the FRS Pension Plan. The plan is authorized under sec. 401(a) of the Internal Revenue Code.

### **Benefits**

Under the Public Employee Optional Retirement Program, benefits accrue in individual member accounts funded entirely by employer contributions and earnings thereon. Benefits are provided through employee-directed investments offered by approved investment providers. Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution. In addition to normal benefits and death benefits, the plan also provides disability coverage as described below.

(Sections 121.4501, 121.591)

## **CONTRIBUTIONS**

The employer contributions deposited in each participant's PEORP account are based upon allocation rates established by law for each membership class. This statutorily prescribed percentage of the participant's gross compensation for the calendar month is deducted from the total amount paid by the employer on behalf of all members in the same class of membership based on the uniform contribution rate established by law. Current PEORP allocation rates are set forth in the following charts. The allocation rates shown in the first chart below do not include the 0.05% charge for PEORP administration and education, the separate employer contribution assessed to fund the PEORP disability program, or the contribution of 1.11% for the financing of the health insurance subsidy described later in this part.

(Sections 121.71, 121.72)

## SUMMARY OF PLAN PROVISIONS

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The employer allocations to PEORP accounts are based on contribution rates as follows:

Classification	2009-2010 Plan Year Rates
Regular	9.00%
Special Risk	20.00
Special Risk Administrative Support	11.35
Elected Officers	
- Judicial	18.90
- State	13.40
- County	16.20
Senior Management Service	10.95

The employer contribution rates to fund the disability benefit under PEORP are as follows:

Classification	2009-2010 Plan Year Rates
Regular	0.25%
Special Risk	1.33
Special Risk Administrative Support	0.45
Elected Officers	
- Judicial	0.73
- State	0.41
- County	0.41
Senior Management Service	0.26

# SUMMARY OF PLAN PROVISIONS

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## HEALTH INSURANCE SUBSIDY

In addition to retirement or death benefits, eligible PEORP retirees or surviving spouses may receive a subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, to subsidize the cost of health insurance premiums. This benefit is established by law and is not indexed (adjusted for changes in the cost of living). To qualify for this benefit, PEORP members must terminate employment and meet the normal retirement requirements applicable to Defined Benefit Program members as defined under s. 121.021(29).

This benefit is separately funded, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

## NON-DUTY DISABILITY RETIREMENT

### ***Eligibility***

PEORP participants who have completed at least eight years of creditable service (or six years of creditable service if disability retirement is ordered for a judge by the Supreme Court) are eligible for regular disability benefits if they become totally and permanently disabled due to injury or illness suffered while actively employed in an FRS-covered position. Upon approval for disability retirement, the PEORP participant may choose either to retain his/her PEORP account balance or to surrender his/her account balance to the Defined Benefit Program and receive guaranteed lifetime monthly disability benefits, assuming the member remains disabled.

### ***Benefit Amount***

If the disabled PEORP participant chooses to retain his/her account balance, he/she may elect to receive the normal benefit payable under PEORP. If he/she elects to surrender the account balance and receive lifetime monthly disability benefits, the amount of each monthly payment is calculated in the same manner as provided for regular disability retirement under the Defined Benefit Program and is subject to the same threshold benefit amounts.

(Sections 121.091(4), 121.591(1) and (2))

# SUMMARY OF PLAN PROVISIONS

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## LINE-OF-DUTY-DISABILITY

### ***Eligibility***

PEORP participants are eligible for in-line-of-duty disability benefits if they become totally and permanently disabled due to injury or illness suffered during the actual performance of duty while actively employed in an FRS-covered position. There is no service credit requirement for in-line-of-duty disability benefits. Upon approval for disability retirement, the PEORP member may choose either to retain his/her PEORP account balance or to surrender his/her account balance to the Defined Benefit Program and receive guaranteed lifetime monthly disability benefits, assuming the member remains disabled.

### ***Benefit Amount***

If the disabled PEORP participant elects to retain his/her account balance, he/she may elect to receive the normal benefit payable under PEORP. If he/she elects to surrender the account balance and receive lifetime monthly disability benefits, the amount of each monthly payment is calculated in the same manner as provided for line-of-duty disability retirement under the Defined Benefit Program, and is subject to the same threshold benefit amounts.

(Sections 121.091(4), 121.591(1) and (2))

# SUMMARY OF PLAN PROVISIONS

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## **PART II: TEACHERS' RETIREMENT SYSTEM (TRS)**

The benefit and contribution provisions of the Statutes for this closed system are set forth in Chapter 238 of the Florida Statutes. Certain provisions are from other sections of the Florida Statutes.

### **EFFECTIVE DATE**

The effective date of the Retirement System was July 1, 1939.

(Section 238.02)

### **MEMBERSHIP**

All employees who were teachers in public schools, employees of professional non-profit teachers associations, county superintendents, Department of Education employees and the staff of the Teachers' Retirement System, and who were employed prior to December 1, 1970, are members of the Teachers' Retirement System.

Any member who was hired prior to July 1, 1955, and who did not later elect to join Plan E, retains membership in one of Plans A through D.

Any member who was hired on or after July 1, 1955 and prior to December 1, 1970, or who was hired prior to July 1, 1955 and so elected, is a member of Plan E.

(Sections 238.01(4), 238.05, 238.07(3))

### **MEMBER CONTRIBUTIONS**

All members of Plan E make contributions of 6% of earnable compensation. All members of Plans A through D will make contributions, to be determined by the actuary, to provide the annuities called for by the Statutes. All members contribute 0.25% of earnable compensation for survivor benefits.

(Section 238.09)

# SUMMARY OF PLAN PROVISIONS

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## EMPLOYER CONTRIBUTIONS

The employer will contribute the amount that, when combined with member contributions, will pay the total cost of the benefits payable. This amount, for Plan E, 10.24%; an additional 1.11% is contributed for the financing of the health insurance subsidy described later in this part.

(Section 238.09)

## NORMAL RETIREMENT BENEFIT

### *Eligibility*

Plan A: Age 60 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan B: Age 55 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan C: Age 55 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan D: Age 50 and 25 years of creditable service, or 30 years of creditable service at any age.

Plan E:

Members prior to July 1, 1963: Age 60 and 10 years of creditable service, or 30 years of creditable service at any age.

Members on or after July 1, 1963: Age 62 and 10 years of creditable service, or 30 years of creditable service at any age.

(Sections 238.07(2) and (9))

### *Normal Form*

Straight life benefit (Option 1), which will be the total of the pension paid by employer contributions plus an annuity based on the member's accumulated contributions.

(Sections 238.07(4), (5), (6) and (7))

# SUMMARY OF PLAN PROVISIONS

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## **Optional Forms**

Modified cash refund annuity (Option 2).  
100% joint & survivor (Option 3).  
50% joint and survivor (Option 4).

(Section 238.08)

## **Regular Benefit Amount**

The monthly allowance is:

Plans A & B:

The product of  $1/140$  of the member's average final compensation and years of membership service; plus

$1/70$  of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(4))

Plan C:

The product of  $1/120$  of the member's average final compensation and years of membership service; plus

$1/60$  of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(5))

## SUMMARY OF PLAN PROVISIONS

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### Plan D:

The product of 1/100 of the member's average final compensation and years of membership service; plus

1/50 of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(6))

### Plan E:

2% of the member's average final compensation multiplied by years of creditable service.

(Section 238.07(7)(a))

Average Final Compensation

The larger of the highest ten-year average compensation in the 15 years preceding retirement, or the career average salary.

(Section 238.01(14))

## MINIMUM BENEFIT

If a member retires after 30 years of creditable service, he or she shall receive at least \$100 per month. If a member retires under Plans A, B, or C with 10 or more years of service, but less than 30, he or she shall receive an annual retirement allowance equal to 1/60 of \$2,400 multiplied by years of creditable service (but not more than \$100 per month).

(Section 238.07(8))

## ADDITIONAL MINIMUM BENEFIT

### ***Eligibility***

Attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the pension, the 65th anniversary of the deceased member's birth. The member must have earned at least 10 years of creditable service.

# SUMMARY OF PLAN PROVISIONS

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## ***Benefit Amount***

Effective July 1, 2009, the minimum monthly benefit is \$24.74 times years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

## **EARLY RETIREMENT BENEFIT**

### ***Eligibility***

Only members of Plan E are eligible for early retirement. The requirement is age 55 and 10 years of creditable service.

(Section 238.07(2)(e)2)

### ***Benefit Amount***

The actuarial equivalent of the retirement benefit accrued at the early retirement date.

(Section 238.07(7)(b))

## **DISABILITY RETIREMENT**

If a member has 10 or more years of creditable service and is certified mentally or physically incapacitated for the performance of duty, and that the disability is permanent, he or she may retire on a disability retirement.

The member shall receive an allowance, as follows:

Plans A, B, C and D: A total retirement allowance equal to the larger of:

1. A factor times average final compensation times years of creditable service;
2. 25% times average final compensation;
3. \$75 per month; and
4. \$40 per year times years of creditable service.

## SUMMARY OF PLAN PROVISIONS

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However, the disability benefit shall not exceed a factor times average compensation times the possible years of creditable service to the normal retirement date.

The factor is 1/70 for Plans A and B, 1/60 for Plan C, and 1/50 for Plan D.

(Section 238.07(11))

Plan E: The larger of:

1. The accrued benefit based on average final compensation and creditable service at disability; and
2. 25% times average final compensation.

The disability benefit shall not exceed the retirement allowance payable if service had continued to the first date the member would have been eligible for service retirement at the same rate of compensation.

(Section 238.07(11))

### HEALTH INSURANCE SUBSIDY

A monthly subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, this benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

### POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected, plus a \$500 lump sum.

(Sections 238.07(16)(b)(7), 238.08(8))

# SUMMARY OF PLAN PROVISIONS

## PRE-RETIREMENT DEATH BENEFITS

### *Payable to Beneficiaries*

Minimum Period of Paid Service of Member in Florida as Regular Full-Time Teacher	Beneficiaries of Deceased Member	Benefits
1. One calendar day	Widow or widower who has care of dependent child or children of the deceased member.	\$190 per month for one child; \$250 per month if more than one child; maximum benefit \$250 per month.
2. One calendar day	One or more dependent children if there is no surviving widow or widower.	\$190 per month per child; maximum benefit \$250 per month if more than one child.
3. One calendar day	Dependent parents 65 years of age or older.	For each parent, \$100 per month for life.
4. One calendar day	Designated beneficiary and, if no designated beneficiary, then the executor or administrator of deceased member.	\$500 lump-sum death benefit payable only once.
5. One calendar day	Dependent widow or widower 50 years of age and less than 65 years of age.	\$150 per month for life.
6. Ten Years	Widow or widower 65 years of age or older.	\$175 per month for life.

If the member dies before completing three years of service, the above benefits are reduced for any Social Security benefits payable.

## SUMMARY OF PLAN PROVISIONS

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The benefits above are payable only if death occurs while in service, or during the following periods after service is terminated:

Years of Service	Period After Florida Service in Which Death Occurs
3 – 5	2 years
6 – 9	5 years
10 or more	10 years

The above restrictions do not apply if the member is receiving disability payments at time of death.

(Section 238.07(16))

### ***Payable to the Surviving Spouse***

Before 10 years of service: Return of member contributions with interest.

After 10 years of service: Instead of the death benefit described above, the surviving spouse may elect to receive the return of member contributions with interest or a 100% joint & survivor annuity, calculated assuming the member retired on the date of death.

(Section 238.08(5)(a))

## VESTING

### ***Eligibility***

After 10 years of creditable service if the member leaves employee contributions in the System.

### ***Benefit Amount***

The normal retirement benefit based on average final compensation and creditable service to the retirement date.

(Sections 238.07(9), 238.07(14))

# SUMMARY OF PLAN PROVISIONS

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## DROP – DEFERRED RETIREMENT OPTION PROGRAM

### *Eligibility*

Vested TRS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service and has not reached age 57. In this case the participant can defer participation in DROP until he reaches age 57. Instructional Personnel in grades K-12 may defer DROP participation to any age. Participants who reached normal retirement before July 1, 1998, were eligible to participate in DROP for up to 60 months beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be invested in the FRS Trust Fund, earning tax-deferred interest while the member continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his TRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective July 1, 2003, participants employed in eligible instructional positions with a district school board, the Florida School for the Deaf and Blind, or a developmental research school can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

### *Disabled While in DROP*

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

# SUMMARY OF PLAN PROVISIONS

---

## ***Death While in DROP***

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for TRS line-of-duty death benefits.

(Section 121.091 (13))

## **RETURN OF EMPLOYEE CONTRIBUTIONS**

A member who terminates employment but is not eligible to retire will be entitled to a refund of any employee contributions made, with interest.

(Sections 238.07(13), 238.10)

## **COST-OF-LIVING ADJUSTMENTS**

Retirees and beneficiaries of deceased retirees are eligible to receive cost-of-living adjustments identical to those for Florida Retirement System members.

(Section 121.101)

# SUMMARY OF PLAN PROVISIONS

---

## **PART III: STATE AND COUNTY OFFICERS AND EMPLOYEES' RETIREMENT SYSTEM (SCOERS)**

The benefit and contribution provisions of the Statutes are set forth in Chapter 122 of the Florida Statutes. Certain provisions are drawn from other sections of the Florida Statutes. This is a closed system that no longer includes any members in the high hazard or legislative categories.

### **EFFECTIVE DATE**

The effective date of the Retirement System was July 1, 1955.

(Section 122.01(2))

### **MEMBERSHIP**

All full-time employees of the state and its counties not covered by another system who were employed prior to December 1, 1970.

Those members who were hired prior to January 1, 1958 and did not elect to join Division B are in Division A. These members do not contribute to the Social Security system.

Those members who elected to join Division B and those members hired after December 31, 1957 and prior to December 1, 1970 are in Division B. These members contribute to the Social Security system.

(Sections 122.01, 122.24)

### **MEMBER CONTRIBUTIONS**

All members of Division A contribute 6% of salary.  
All members of Division B contribute 4% of salary.

(Sections 122.03, 122.27)

### **EMPLOYER CONTRIBUTIONS**

Employer contributions are:

Division A	9.99%
Division B	7.99%



# SUMMARY OF PLAN PROVISIONS

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To these rates 1.11% is added for the financing of the health insurance subsidy described later in this part.

(Section 122.35)

## **NORMAL RETIREMENT BENEFIT**

### ***Eligibility***

Members prior to July 1, 1963:	Age 60 and 10 years of service, or 30 years of creditable service.
Members after July 1, 1963:	Age 62 and 10 years of service, or 30 years of creditable service.
Members under former Chapters 121 and 134:	30 years of service.

(Sections 122.08(1), 122.08(8), 122.28)

### ***Normal Form***

Straight life benefit (Option 1).

(Section 122.08)

### ***Optional Forms***

Modified cash refund annuity (Option 2).  
50% joint & survivor (Option 3).  
100% joint & survivor (Option 4).

(Section 122.08)

### ***Regular Benefit Amount***

Division A: The monthly allowance is 2% of average final compensation for each year of service rendered.

## SUMMARY OF PLAN PROVISIONS

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Division B: 2% of average final compensation for each year of service rendered prior to the effective date of Social Security coverage, plus 1.5% of average final compensation for each year of service rendered after the effective date of Social Security coverage.

(Sections 122.08(1), 122.28(1))

### ***Average Final Compensation***

The larger of the highest ten-year average compensation in the fifteen years preceding retirement, or the career average salary.

(Section 122.02(2))

## **MAXIMUM BENEFIT**

Division A: No maximum.

Division B: For those who became members after June 30, 1963, monthly allowance plus Social Security primary insurance amount cannot be greater than 80% of average final compensation. For those who became members before July 1, 1963, there is no maximum.

(Sections 122.28(3), 122.08)

## **MINIMUM BENEFIT**

### ***Eligibility***

Attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the pension, the 65th anniversary of the deceased member's birth. The member must have earned at least ten years of creditable service and retired under normal retirement.

### ***Benefit Amount***

Effective July 1, 2009, the minimum monthly benefit is \$24.74 times years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

# SUMMARY OF PLAN PROVISIONS

---

## EARLY RETIREMENT BENEFIT

### ***Eligibility***

Age 55 and 10 years of service.

(Section 122.08(2)(a))

### ***Benefit Amount***

The actuarial equivalent of the retirement benefit accrued at the early retirement date.

(Section 122.08(2)(a))

## DISABILITY RETIREMENT

### ***Eligibility***

A member who has 10 or more years of service and becomes permanently and totally disabled may retire with a disability pension.

### ***Benefit Amount***

The benefit will be the same as the regular benefit amount, except that the benefit will not be less than the lesser of 50% of average final compensation or \$75. This minimum benefit does not apply to an officer or employee who has attained age 60 or is receiving Social Security disability.

(Section 122.09)

### ***Minimum Benefit***

A member of Division B shall receive his or her regular benefit amount, but no less than 20% of his or her average final compensation.

(Section 122.28(2))

### ***Form of Benefit***

Straight life annuity. No optional form may be elected.

(Section 122.08(6))

# SUMMARY OF PLAN PROVISIONS

---

## HEALTH INSURANCE SUBSIDY

A monthly subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, the benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

## POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected.

(Section 122.08(3))

## PRE-RETIREMENT DEATH BENEFITS

### ***Eligibility***

When employment is terminated by death after 10 years of service if member was eligible for normal or early retirement.

### ***Benefit Amount***

1. If surviving spouse has received a refund of the member's contributions, no benefit is payable.
2. If surviving spouse has not received a refund of the member's contributions, or has repaid the member's contributions, with interest, the spouse is entitled to receive a benefit, calculated assuming the member had retired on his or her date of death and had chosen a 100% joint & survivor option.

(Section 122.08(9))

# SUMMARY OF PLAN PROVISIONS

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## VESTING

### *Eligibility*

After 10 years of service if member leaves employee contributions in the System.

### *Benefit Amount*

The normal or early retirement benefit based on average final compensation and years of service to the date of retirement.

(Section 122.10(1))

## DROP – DEFERRED RETIREMENT OPTION PROGRAM

### *Eligibility*

Vested SCOERS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service, and has not reached age 57. In this case the participant can defer participation in DROP until he reaches age 57. Instructional Personnel in grades K-12 may defer DROP participation to any age. Members who reached normal retirement before July 1, 1998 were eligible to participate in DROP for up to 60 months beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be invested in the FRS Trust Fund, earning tax-deferred interest while the member continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his SCOERS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective either July 1, 2003 or July 1, 2004, participants employed in eligible instructional positions with a district school board (2003), the Florida School for the Deaf and Blind (2004), or a developmental research school (2004) can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

# SUMMARY OF PLAN PROVISIONS

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## ***Disabled While in DROP***

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

## ***Death While in DROP***

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for SCOERS line-of-duty death benefits.

(Section 121.091 (13))

## **RETURN OF EMPLOYEE CONTRIBUTIONS**

A member who terminates employment but is not eligible to retire, to receive a vested retirement allowance, or to receive a disability pension, or the beneficiary of a member who passed away before satisfying the requirements for a pre-retirement death benefit, will be entitled to a refund of any employee contributions made.

No interest is credited on employee contribution accounts.

(Section 122.10(1))

## **COST-OF-LIVING BENEFITS**

Retirees and beneficiaries of deceased retirees are eligible each July 1 to receive cost-of-living adjustments to their benefits. The adjustments are identical to those for Florida Retirement System members.

(Section 121.101)

# SUMMARY OF PLAN PROVISIONS

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## **PART IV: INSTITUTE OF FOOD AND AGRICULTURAL SCIENCES SUPPLEMENTAL RETIREMENT PROGRAM (IFAS)**

The benefit and contribution provisions of the Statutes are set forth in Chapter 121 of the Florida Statutes. Certain provisions are drawn from other sections of the Florida Statutes. This is a closed system.

### **EFFECTIVE DATE**

The effective date of the Supplemental Retirement Program was July 1, 1985.

(Section 121.40)

### **MEMBERSHIP**

Employees hired on or before July 1, 1983 who:

- a. hold both state and federal appointments while employed at the Institute,
- b. are not entitled to any benefit from a state-supported retirement system or Social Security based on service as an employee of the Institute, and
- c. are participants in the Federal Civil Service Retirement System.

(Section 121.40)

### **MEMBER CONTRIBUTIONS**

The total cost of the Program is paid by the participating employers.

### **EMPLOYER CONTRIBUTIONS**

Effective July 1, 2008, employer contributions are fixed at 18.75%.

(Section 121.40)



# SUMMARY OF PLAN PROVISIONS

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## NORMAL RETIREMENT BENEFIT

### *Eligibility*

Age 62 and 10 or more years of creditable service, plus immediate eligibility for retirement benefits under the Federal Civil Service Retirement System (i.e., attainment of age 55 and completion of at least 30 years of service or attainment of age 60 and completion of at least 20 years of service or attainment of age 62 and completion of at least 5 years of service).

(Section 121.40)

### *Normal Form*

Straight life benefit (Option 1).

(Section 121.40)

### *Optional Forms*

Modified cash refund annuity (Option 2).

50% joint & survivor (Option 3).

100% joint & survivor (Option 4).

(Section 121.40)

### *Regular Benefit Amount*

The sum of (a) and (b) less (c) where:

- a. The amount of a monthly retirement benefit that a participant would be entitled to receive under the Florida Retirement System calculated as follows:

The appropriate benefit percentage multiplied by average monthly compensation in the highest five years of credited service, the product then multiplied by the credited years of service, where the appropriate benefit percentage is as follows;

## SUMMARY OF PLAN PROVISIONS

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<u>Retirement at:</u>	<u>Percentage</u>
Age 62 with 10 years creditable service, or 30 years creditable service	1.60%
Age 63 with 10 years creditable service, or 31 years creditable service	1.63
Age 64 with 10 years creditable service, or 32 years creditable service	1.65
Age 65 with 10 years creditable service, or 33 years creditable service	1.68

- b. An amount equal to the monthly primary insurance amount that a participant would be entitled to receive under Social Security had he been covered for Social Security based only on service after December 1, 1970.
- c. The amount of a monthly retirement benefit that a participant would be entitled to receive under the Federal Civil Service Retirement System calculated as follows:

The sum of (i) and (ii) and (iii) below multiplied by average monthly compensation in the highest three years of credited service:

- i.) 1.50% multiplied by the credited years of service, up to 5, earned after December 1, 1970.
- ii.) 1.75% multiplied by the credited years of service earned after December 1, 1970 in excess of 5 years but not more than 5.
- iii.) 2.00% multiplied by the credited years of service earned after December 1, 1970 in excess of 10 years.

### **Credited Service**

Credited service is earned only for employment subsequent to December 1, 1970. It is awarded as follows:

- a. For service from December 1, 1970 through June 30, 1974 one month of credited service will be earned for each calendar month during which the employee is paid a salary payment.



## SUMMARY OF PLAN PROVISIONS

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- b. For service from July 1, 1974 through June 30, 1979 one month of credited service will be earned for each calendar month during which the employee is paid at least \$100 in salary payments. In any month that the employee is paid less than \$100 in salary payments, credited service shall be determined by dividing the actual salary payment by \$100.
- c. For service from July 1, 1979 through June 30, 1985 one month of credited service will be earned for each calendar month during which the employee is paid at least \$250 in salary payments. In any month that the employee is paid less than \$250 in salary payments, credited service shall be determined by dividing the actual salary payment by \$250.
- d. For service on or after July 1, 1985 one month of credited service will be earned for each calendar month during which the employee is paid a salary payment.

(Section 121.40))

### MAXIMUM BENEFIT

No maximum.

### MINIMUM BENEFIT

No minimum.

### EARLY RETIREMENT BENEFIT

None.

### DISABILITY RETIREMENT

None.

### HEALTH INSURANCE SUBSIDY

IFAS members are not eligible for the Health Insurance Subsidy.

# SUMMARY OF PLAN PROVISIONS

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## POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected.

(Section 122.40)

## PRE-RETIREMENT DEATH BENEFITS

### ***Eligibility***

When employment is terminated by death after 10 years of creditable service, or death occurs after termination of employment but while eligible for a terminated vested benefit.

### ***Benefit Amount***

The regular benefit amount for which the member would have been eligible had the member retired on his or her date of death and elected the 100% joint and survivor form of payment in favor of his or her surviving spouse or other dependent. The monthly benefit commences upon the beneficiary attaining age 62 and is payable to the member's beneficiary for the beneficiary's lifetime.

(Section 121.40)

## VESTING

### ***Eligibility***

Attainment of age 60 and 20 or more years of service or attainment of age 55 and 30 or more years of service.

### ***Benefit Amount***

The normal retirement benefit accrued to the date of termination. Benefits may not commence prior to age 62.

(Section 121.40)

# SUMMARY OF PLAN PROVISIONS

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## DROP – DEFERRED RETIREMENT OPTION PROGRAM

### *Eligibility*

IFAS members are not eligible for DROP.

## COST-OF-LIVING BENEFITS

Retirees and beneficiaries of deceased retirees are eligible each July 1 to receive cost-of-living adjustments to their benefits. The adjustments are identical to those for Florida Retirement System members.

(Section 121.40)

# APPENDIX C

## MEMBERSHIP DATA



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

## MEMBERSHIP DATA

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This valuation is based upon the membership of the System as of July 1, 2009.

The membership of the System includes employees of the State of Florida and participating political subdivisions. The membership is divided into several categories by System.

Tables C-1 through C-5 present distributions of members receiving service or disability retirement benefits, and of beneficiaries of deceased members. Shown in the tables are the numbers of persons receiving benefits and the total annual benefits received.

Table C-6 summarizes the DROP membership and provides total annual benefits received.

Tables C-7 through C-27 contain summaries of the active members in each category of membership. Values shown in the tables are the numbers of members and their total annual salaries. Table C-27 is the grand total of Tables C-7 through C-26.

Table C-28 presents a summary by System of active membership, payroll, and accumulated employee contributions.

**Table C-1**  
**Florida Retirement System**  
**Annuitants at July 1, 2009**  
**Regular and Early Retirement by Age**

Age	Men	Women	Total
<b>Number of Persons</b>			
Under 50	1,630	2,016	3,646
50 to 54	2,670	3,156	5,826
55 to 59	8,613	12,549	21,162
60 to 64	19,274	28,993	48,267
65 to 69	22,927	37,054	59,981
70 to 74	18,583	30,155	48,738
75 to 79	13,965	23,463	37,428
80 & Up	15,502	33,185	48,687
Total	103,164	170,571	273,735

<b>Annual Benefits (in Thousands)</b>			
Under 50	\$16,431	\$17,709	\$34,140
50 to 54	63,340	35,966	99,306
55 to 59	216,777	183,238	400,015
60 to 64	463,233	483,530	946,763
65 to 69	485,152	561,565	1,046,717
70 to 74	363,352	436,612	799,964
75 to 79	281,526	347,010	628,536
80 & Up	280,274	444,275	724,549
Total	\$2,170,085	\$2,509,905	\$4,679,990

**Table C-2**  
**Florida Retirement System**  
**Annuitants at July 1, 2009**  
**Disability Retirement by Age**

Age	Men	Women	Total
<b>Number of Persons</b>			
Under 50	459	641	1,100
50 to 54	654	985	1,639
55 to 59	981	1,668	2,649
60 to 64	1,149	1,906	3,055
65 to 69	800	1,316	2,116
70 to 74	406	689	1,095
75 to 79	222	358	580
80 & Up	223	482	705
Total	4,894	8,045	12,939

<b>Annual Benefits (in Thousands)</b>			
Under 50	\$7,212	\$7,210	\$14,422
50 to 54	9,987	11,530	21,517
55 to 59	13,848	19,394	33,242
60 to 64	16,387	21,983	38,370
65 to 69	10,647	14,853	25,500
70 to 74	5,040	7,266	12,306
75 to 79	2,676	3,405	6,081
80 & Up	2,381	4,100	6,481
Total	\$68,178	\$89,741	\$157,919

**Table C-3  
Florida Retirement System  
Potential Annuitants at July 1, 2009  
Vested Terminated Members by Age for the Regular,  
Senior Management, and Elected Officers' Classes**

Age	Men	Women	Total
<b>Number of Persons</b>			
Under 30	105	270	375
30 to 34	728	2,499	3,227
35 to 39	2,151	6,122	8,273
40 to 44	3,281	8,081	11,362
45 to 49	5,119	11,291	16,410
50 to 54	5,939	12,717	18,656
55 to 59	4,993	9,854	14,847
60 & Up	<u>3,608</u>	<u>7,358</u>	<u>10,966</u>
Total	25,924	58,192	84,116

Age	Men	Women	Total
<b>Annual Benefits (in Thousands) *</b>			
Under 30	\$274	\$621	\$895
30 to 34	2,612	8,819	11,431
35 to 39	10,138	26,968	37,106
40 to 44	20,453	41,368	61,821
45 to 49	36,978	63,704	100,682
50 to 54	46,994	76,341	123,335
55 to 59	40,308	61,279	101,587
60 & Up	<u>24,951</u>	<u>34,251</u>	<u>59,202</u>
Total	\$182,708	\$313,351	\$496,059

\* Deferred to Age 62

**Table C-4**  
**Florida Retirement System**  
**Potential Annuitants at July 1, 2009**  
**Vested Terminated Members by Age for the**  
**Special Risk Regular & Administrative Support Classes**

Age	Men	Women	Total
<b>Number of Persons</b>			
Under 30	20	11	31
30 to 34	226	126	352
35 to 39	738	329	1,067
40 to 44	1,020	363	1,383
45 to 49	959	373	1,332
50 to 54	552	217	769
55 to 59	222	72	294
60 & Up	99	38	137
Total	3,836	1,529	5,365

<b>Annual Benefits (in Thousands) *</b>			
Under 30	\$160	\$78	\$238
30 to 34	1,879	953	2,832
35 to 39	7,182	2,975	10,157
40 to 44	12,284	4,136	16,420
45 to 49	13,052	4,994	18,046
50 to 54	7,639	3,022	10,661
55 to 59	2,688	891	3,579
60 & Up	1,279	462	1,741
Total	\$46,163	\$17,511	\$63,674

\* Deferred to Age 55

**Table C-5**  
**Florida Retirement System**  
**Annuitants and Potential Annuitants at July 1, 2009**  
**All Types of Retirement by System**

System	Annuitants	Potential Annuitants	Total
<b>Number of Persons</b>			
Regular	258,762	82,820	341,582
Senior Management	1,994	931	2,925
Special Risk	23,739	5,347	29,086
Special Risk Administrative	162	18	180
Judges	669	37	706
Legislative/Attorneys/Cabinet	182	87	269
County Officials	1,166	241	1,407
Total	286,674	89,481	376,155
<b>Annual Benefits (in Thousands)</b>			
Regular	\$3,950,192	\$472,867	\$4,423,059
Senior Management	81,626	17,292	98,918
Special Risk	717,983	63,542	781,525
Special Risk Administrative	5,274	132	5,406
Judges	46,443	1,887	48,330
Legislative/Attorneys/Cabinet	5,064	1,080	6,144
County Officials	31,261	2,933	34,194
Total	\$4,837,843	\$559,733	\$5,397,576

**Table C-6**  
**Florida Retirement System**  
**Annuitants at July 1, 2009**  
**DROP Members \***

Age		Men	Women	Total
Number of Persons				
Under	50	209	47	256
	50 to 54	1,320	1,350	2,670
	55 to 59	3,590	5,881	9,471
	60 to 64	4,788	9,475	14,263
	65 to 69	1,923	4,116	6,039
	70 to 74	59	113	172
	75 to 79	18	23	41
	80 & Up	2	7	9
Total		11,909	21,012	32,921
Annual Benefits (in Thousands)				
Under	50	\$12,458	\$2,062	\$14,520
	50 to 54	65,761	37,164	102,925
	55 to 59	129,847	172,409	302,256
	60 to 64	119,939	192,290	312,229
	65 to 69	34,898	62,284	97,182
	70 to 74	602	1,489	2,091
	75 to 79	96	149	245
	80 & Up	0	64	64
Total		\$363,601	\$467,911	\$831,512

\* Amounts include all DROP applicants processed by the data collection date.

# MEMBERSHIP DATA

**Table C-7  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Regular: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	314	3,014,709				
20 to 24	3,907	83,954,659	118	3,140,693	1	29,969
25 to 29	7,552	232,439,274	2,264	78,005,009	78	2,784,498
30 to 34	5,554	185,456,262	4,942	201,154,480	1,341	57,394,139
35 to 39	4,681	159,092,792	4,810	201,084,031	4,032	192,252,027
40 to 44	4,552	155,844,996	4,275	179,615,350	3,833	181,794,852
45 to 49	5,055	171,693,233	4,674	195,840,762	3,840	180,085,205
50 to 54	4,460	151,326,937	4,630	189,844,492	3,935	181,492,130
55 to 59	3,865	129,768,842	4,219	172,773,153	3,734	170,488,475
60 to 64	2,304	72,216,578	3,195	127,270,015	2,643	119,301,357
65 & UP	1,555	31,502,330	2,341	71,101,623	1,553	57,277,745
TOTALS	43,799	1,376,310,612	35,468	1,419,829,608	24,990	1,142,900,397

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	37	1,706,974				
35 to 39	1,272	63,272,096	82	4,147,369		
40 to 44	3,495	187,428,532	1,662	87,878,618	86	4,299,263
45 to 49	4,053	215,009,610	4,448	256,291,621	1,683	95,377,623
50 to 54	3,858	204,445,935	4,380	253,533,111	3,488	214,085,525
55 to 59	3,788	196,871,465	3,959	233,185,790	3,108	196,836,838
60 to 64	2,382	123,369,575	2,168	126,547,083	1,430	92,036,104
65 & UP	992	46,499,836	519	30,016,840	244	17,607,789
TOTALS	19,877	1,038,604,023	17,218	991,600,432	10,039	620,243,142

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	72	3,942,424				
50 to 54	1,109	66,440,551	60	3,363,346		
55 to 59	1,290	86,457,719	234	14,413,641	2	162,258
60 to 64	413	30,243,836	173	12,581,852	14	1,081,315
65 & UP	152	11,759,276	125	11,716,115	48	4,483,603
TOTALS	3,036	198,843,806	592	42,074,954	64	5,727,176

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					314	3,014,709
20 to 24					4,026	87,125,321
25 to 29					9,894	313,228,781
30 to 34					11,874	445,711,855
35 to 39					14,877	619,848,315
40 to 44					17,903	796,861,611
45 to 49					23,825	1,118,240,478
50 to 54					25,920	1,264,532,027
55 to 59					24,199	1,200,958,181
60 to 64	1	39,037			14,723	704,686,752
65 & UP	9	851,370	3	231,657	7,541	283,048,184
TOTALS	10	890,407	3	231,657	155,096	6,837,256,214



# MEMBERSHIP DATA

**Table C-8  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Regular: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	501	3,739,425				
20 to 24	7,981	169,552,313	214	4,446,953		
25 to 29	19,554	607,516,966	6,057	206,626,426	120	4,024,273
30 to 34	12,658	376,525,147	13,893	521,299,950	3,738	147,354,404
35 to 39	11,307	310,559,119	12,016	424,470,620	10,951	456,464,669
40 to 44	10,672	279,070,296	11,024	362,825,490	9,789	376,844,114
45 to 49	10,143	263,144,574	11,553	359,734,558	10,624	378,767,522
50 to 54	8,043	216,082,584	10,423	335,667,293	10,353	366,133,659
55 to 59	5,878	162,665,322	7,974	263,537,721	8,115	297,229,855
60 to 64	2,961	75,135,673	4,905	156,682,170	4,340	155,469,547
65 & UP	1,676	29,656,734	2,533	58,741,750	1,823	49,790,869
TOTALS	91,374	2,493,648,153	80,592	2,694,032,931	59,853	2,232,078,912

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29			2	112,596		
30 to 34	79	3,212,284				
35 to 39	3,340	150,971,779	141	6,370,720	1	27,731
40 to 44	8,964	424,574,896	3,675	175,020,884	111	5,469,130
45 to 49	8,799	388,330,017	9,506	490,198,033	3,457	176,731,440
50 to 54	9,036	385,192,233	9,474	462,298,577	8,120	452,560,731
55 to 59	8,784	379,555,094	9,586	470,931,077	6,911	378,436,175
60 to 64	4,362	189,173,987	5,211	256,884,404	3,551	187,510,799
65 & UP	1,211	40,698,669	886	33,522,114	414	17,544,946
TOTALS	44,575	1,961,708,959	38,481	1,895,338,405	22,565	1,218,280,952

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	124	6,036,093				
50 to 54	2,175	123,457,956	66	3,219,385		
55 to 59	2,579	155,189,900	358	21,768,977	4	189,781
60 to 64	645	35,347,164	242	15,118,735	27	1,503,334
65 & UP	254	11,922,061	137	6,537,440	44	2,464,139
TOTALS	5,777	331,953,174	803	46,644,537	75	4,157,254

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					501	3,739,425
20 to 24					8,195	173,999,266
25 to 29					25,733	818,280,261
30 to 34					30,368	1,048,391,785
35 to 39					37,756	1,348,864,638
40 to 44					44,235	1,623,804,810
45 to 49					54,206	2,062,942,237
50 to 54					57,690	2,344,612,418
55 to 59					50,189	2,129,503,902
60 to 64	1	96,768			26,245	1,072,922,581
65 & UP	4	283,938	5	311,678	8,987	251,474,338
TOTALS	5	380,706	5	311,678	344,105	12,878,535,661



# MEMBERSHIP DATA

**Table C-9  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Special Risk: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	11	296,419				
20 to 24	2,880	97,002,006	46	1,847,881		
25 to 29	4,438	178,552,752	2,029	97,598,212	25	1,332,119
30 to 34	2,708	113,579,584	3,154	165,650,364	1,149	64,540,980
35 to 39	1,864	78,818,670	2,769	150,283,778	2,867	174,097,171
40 to 44	1,159	48,757,306	1,660	88,316,674	1,968	118,929,450
45 to 49	773	34,264,819	1,018	53,171,910	997	57,321,379
50 to 54	523	23,641,462	684	35,432,311	650	33,809,309
55 to 59	266	11,480,020	452	22,211,285	380	18,699,461
60 to 64	102	4,486,056	215	10,777,031	236	12,495,278
65 & UP	12	446,334	59	2,619,529	45	2,512,979
TOTALS	14,736	591,325,428	12,086	627,908,975	8,317	483,738,126

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	23	1,508,954	1	62,660		
35 to 39	1,370	88,964,031	59	4,126,437		
40 to 44	2,443	166,980,958	1,667	124,179,047	43	3,260,281
45 to 49	1,512	100,407,158	2,600	197,607,486	825	68,782,050
50 to 54	761	47,542,807	1,313	95,655,102	767	64,425,143
55 to 59	371	22,237,950	357	23,961,363	224	17,282,478
60 to 64	206	11,746,660	150	9,536,134	77	5,771,896
65 & UP	46	2,962,850	32	2,000,503	18	1,394,921
TOTALS	6,732	442,351,368	6,179	457,128,732	1,954	160,916,769

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	20	1,657,043				
50 to 54	145	12,631,913	3	268,919		
55 to 59	101	7,840,717	10	891,216		
60 to 64	21	1,663,572	7	531,929	1	94,762
65 & UP	7	587,999	4	288,461	1	67,501
TOTALS	294	24,381,244	24	1,980,525	2	162,263

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					11	296,419
20 to 24					2,926	98,849,887
25 to 29					6,492	277,483,083
30 to 34					7,035	345,342,542
35 to 39					8,929	496,290,087
40 to 44					8,940	550,423,716
45 to 49					7,745	513,211,845
50 to 54					4,846	313,406,966
55 to 59					2,161	124,604,490
60 to 64					1,015	57,103,318
65 & UP					224	12,881,077
TOTALS					50,324	2,789,893,430



# MEMBERSHIP DATA

**Table C-10**  
**Florida Retirement System**  
**Members and Their Salaries at July 1, 2009**  
**FRS - Special Risk: Women**

AGE	UNDER 5		SERVICE 5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	884	27,978,043	3	129,377		
25 to 29	1,534	55,206,035	613	26,278,330	9	388,081
30 to 34	870	32,012,939	1,028	47,544,206	338	16,576,936
35 to 39	602	23,148,025	825	37,889,476	902	48,086,643
40 to 44	394	14,621,283	500	23,481,212	615	32,408,544
45 to 49	261	9,947,676	329	14,823,781	410	21,437,532
50 to 54	154	6,220,890	197	8,363,501	255	12,272,386
55 to 59	86	3,514,538	99	4,522,766	129	6,079,969
60 to 64	22	898,654	46	1,962,599	38	1,634,801
65 & UP	3	124,467	6	233,193	20	904,956
TOTALS	4,810	173,672,550	3,646	165,228,441	2,716	139,789,848

AGE	15 TO 20		SERVICE 20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	4	167,993				
35 to 39	324	19,474,923	8	510,866		
40 to 44	632	38,982,558	369	25,464,314	4	238,619
45 to 49	464	26,927,435	712	47,615,175	174	12,332,032
50 to 54	301	16,223,298	369	22,967,845	267	17,596,106
55 to 59	108	6,405,867	116	6,695,359	74	4,512,779
60 to 64	54	2,787,251	39	1,912,560	17	971,799
65 & UP	9	466,439	5	321,581	1	57,731
TOTALS	1,896	111,435,764	1,618	105,487,700	537	35,709,066

AGE	30 TO 35		SERVICE 35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	1	79,503				
50 to 54	35	2,586,265	1	87,550		
55 to 59	21	1,588,694				
60 to 64	1	58,240				
65 & UP						
TOTALS	58	4,312,702	1	87,550		

AGE	45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24					887	28,107,420
25 to 29					2,156	81,872,446
30 to 34					2,240	96,302,074
35 to 39					2,661	129,109,933
40 to 44					2,514	135,196,530
45 to 49					2,351	133,163,134
50 to 54					1,579	86,317,841
55 to 59					633	33,319,972
60 to 64					217	10,225,904
65 & UP					44	2,108,367
TOTALS					15,282	735,723,621



# MEMBERSHIP DATA

**Table C-11  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Special Risk Administrative Support: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					2	84,175
35 to 39					3	146,623
40 to 44			1	45,845	2	91,617
45 to 49			2	75,382	1	38,660
50 to 54					1	39,654
55 to 59					2	88,046
60 to 64					1	34,154
65 & UP						
TOTALS			3	121,227	12	522,929

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	1	48,000				
40 to 44	4	175,186	3	145,298		
45 to 49	3	169,963	2	117,304		
50 to 54			1	56,650	3	157,264
55 to 59	2	81,966			1	41,263
60 to 64	1	43,121				
65 & UP						
TOTALS	11	518,236	6	319,252	4	198,527

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	3	156,677				
55 to 59						
60 to 64						
65 & UP						
TOTALS	3	156,677				

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					2	84,175
35 to 39					4	194,623
40 to 44					10	457,946
45 to 49					8	401,309
50 to 54					8	410,245
55 to 59					5	211,275
60 to 64					2	77,275
65 & UP						
TOTALS					39	1,836,848



# MEMBERSHIP DATA

**Table C-12  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Special Risk Administrative Support: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39					4	171,500
40 to 44			1	27,220		
45 to 49					1	42,975
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS			1	27,220	5	214,475

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	2	87,852	3	145,550		
45 to 49	2	74,342	2	81,675	1	36,079
50 to 54			2	95,462	1	37,520
55 to 59					1	35,216
60 to 64						
65 & UP						
TOTALS	4	162,194	7	322,687	3	108,815

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39					4	171,500
40 to 44					6	260,622
45 to 49					6	235,071
50 to 54					3	132,982
55 to 59					1	35,216
60 to 64						
65 & UP						
TOTALS					20	835,391



# MEMBERSHIP DATA

**Table C-13  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - Judicial: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	2	73,548				
35 to 39	3	423,888	5	656,174	6	822,165
40 to 44	8	920,127	11	1,541,090	4	588,380
45 to 49	9	1,267,598	15	2,143,960	10	1,276,223
50 to 54	12	1,503,103	18	2,594,894	30	4,131,837
55 to 59	11	1,114,942	21	2,803,231	20	2,825,915
60 to 64	20	2,711,411	23	3,336,840	17	2,458,300
65 & UP	4	423,882	8	1,157,526	10	1,442,740
TOTALS	69	8,438,499	101	14,233,715	97	13,545,560

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	5	709,280				
45 to 49	10	1,314,024	9	1,265,420		
50 to 54	23	3,223,948	19	2,665,999	21	2,958,256
55 to 59	26	3,739,840	36	5,190,457	30	4,304,040
60 to 64	22	3,159,520	20	2,869,360	21	3,030,560
65 & UP	5	709,280	4	572,260	1	145,080
TOTALS	91	12,855,892	88	12,563,496	73	10,437,936

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	1	145,080				
55 to 59	8	1,160,640				
60 to 64	7	1,015,560				
65 & UP						
TOTALS	16	2,321,280				

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					2	73,548
35 to 39					14	1,902,227
40 to 44					28	3,758,877
45 to 49					53	7,267,225
50 to 54					124	17,223,117
55 to 59					152	21,139,065
60 to 64					130	18,581,551
65 & UP					32	4,450,768
TOTALS					535	74,396,378



# MEMBERSHIP DATA

**Table C-14  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - Judicial: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	1	145,080				
35 to 39	4	464,468	3	308,754	5	672,594
40 to 44	3	418,175	12	1,573,623	8	1,128,400
45 to 49	11	1,376,783	12	1,456,855	10	1,426,620
50 to 54	7	980,211	7	999,440	17	2,336,699
55 to 59	4	478,842	4	572,260	6	846,300
60 to 64	2	290,160	2	290,160	6	870,480
65 & UP					3	435,240
TOTALS	32	4,153,719	40	5,201,092	55	7,716,333

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	9	1,281,013				
45 to 49	9	1,184,051	12	1,708,720		
50 to 54	14	1,990,148	15	2,103,660	5	693,160
55 to 59	17	2,412,915	20	2,856,598	17	2,449,930
60 to 64	7	1,007,500	5	733,460	3	459,420
65 & UP	1	145,080				
TOTALS	57	8,020,707	52	7,402,438	25	3,602,510

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	1	145,080				
55 to 59	1	145,080				
60 to 64						
65 & UP						
TOTALS	2	290,160				

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					1	145,080
35 to 39					12	1,445,816
40 to 44					32	4,401,211
45 to 49					54	7,153,029
50 to 54					66	9,248,398
55 to 59					69	9,761,925
60 to 64					25	3,651,180
65 & UP					4	580,320
TOTALS					263	36,386,959

# MEMBERSHIP DATA

**Table C-15  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - Legislators/Attorneys/Cabinet: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	1	29,832				
30 to 34	3	80,559	4	126,347	1	30,336
35 to 39	4	164,830	1	19,887	1	30,336
40 to 44	2	60,168	8	217,738	4	210,065
45 to 49	1	29,832	6	318,618		
50 to 54	3	90,504	4	118,165	3	91,008
55 to 59	1	30,336	2	134,150	2	183,476
60 to 64	1	30,336	4	244,148	2	64,521
65 & UP	1	30,336	5	151,680		
TOTALS	17	546,733	34	1,330,733	13	609,742

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	2	60,672	2	63,052		
50 to 54	6	479,452	1	112,965	2	194,743
55 to 59	4	487,963	1	153,140	1	74,830
60 to 64	4	267,106				
65 & UP	1	30,336				
TOTALS	17	1,325,529	4	329,157	3	269,573

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	1	30,336				
60 to 64	2	183,476				
65 & UP					1	150,792
TOTALS	3	213,812			1	150,792

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					1	29,832
30 to 34					8	237,242
35 to 39					6	215,053
40 to 44					14	487,971
45 to 49					11	472,174
50 to 54					19	1,086,837
55 to 59					12	1,094,231
60 to 64					13	789,587
65 & UP					8	363,144
TOTALS					92	4,776,071



# MEMBERSHIP DATA

**Table C-16  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - Legislators/Attorneys/Cabinet: Women**

AGE	SERVICE		SERVICE		SERVICE	
	UNDER 5	5 TO 10	10 TO 15	15 TO 20	20 TO 25	25 TO 30
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	1	25,745				
30 to 34						
35 to 39						
40 to 44	1	19,887			2	65,616
45 to 49					2	60,672
50 to 54	3	90,504	2	60,672	1	153,140
55 to 59					1	30,336
60 to 64	1	30,336	1	30,336	2	65,965
65 & UP			3	91,008	1	19,887
TOTALS	6	166,472	6	182,016	9	395,616

AGE	SERVICE		SERVICE		SERVICE	
	15 TO 20	20 TO 25	25 TO 30	30 TO 35	35 TO 40	40 TO 45
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	1	30,336				
45 to 49	1	153,140				
50 to 54			2	183,476		
55 to 59	1	153,140			1	84,827
60 to 64			1	30,336		
65 & UP						
TOTALS	3	336,616	3	213,812	1	84,827

AGE	SERVICE		SERVICE		SERVICE	
	30 TO 35	35 TO 40	40 TO 45	45 TO 50	50 & UP	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	45 TO 50	50 & UP	ALL YEARS	ALL YEARS	ALL YEARS	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					1	25,745
30 to 34						
35 to 39						
40 to 44					4	115,839
45 to 49					3	213,812
50 to 54					8	487,792
55 to 59					3	268,303
60 to 64					5	156,973
65 & UP					4	110,895
TOTALS					28	1,379,359



# MEMBERSHIP DATA

**Table C-17  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - County Officials: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	7	285,019				
30 to 34	5	66,786	3	114,738		
35 to 39	5	135,618	7	376,151	3	112,584
40 to 44	15	460,073	12	395,741	9	346,360
45 to 49	24	958,587	21	678,813	10	394,081
50 to 54	27	847,935	28	1,035,743	10	416,237
55 to 59	24	948,107	17	954,473	19	930,444
60 to 64	23	544,142	23	1,054,468	15	532,215
65 & UP	32	872,347	28	967,535	23	631,068
TOTALS	162	5,118,614	139	5,577,662	89	3,362,989

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	1	118,203				
40 to 44	10	565,190	4	363,904	1	97,163
45 to 49	10	614,588	12	1,036,515	1	130,886
50 to 54	18	606,651	6	528,333	11	842,420
55 to 59	23	1,185,050	14	847,118	13	1,292,174
60 to 64	10	446,368	10	588,240	4	336,099
65 & UP	17	575,170	11	395,407	3	81,174
TOTALS	89	4,111,220	57	3,759,517	33	2,779,916

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	1	100,047				
55 to 59	6	504,618				
60 to 64	2	42,931	2	189,633		
65 & UP	1	61,452	1	173,061		
TOTALS	10	709,048	3	362,694		

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					7	285,019
30 to 34					8	181,524
35 to 39					16	742,556
40 to 44					51	2,228,431
45 to 49					78	3,813,470
50 to 54					101	4,377,366
55 to 59					116	6,661,984
60 to 64					89	3,734,096
65 & UP					116	3,757,214
TOTALS					582	25,781,660



# MEMBERSHIP DATA

**Table C-18  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
EOC - County Officials: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	1	480				
30 to 34	3	73,690	1	77,491	1	23,448
35 to 39	5	189,556	1	3,600	4	144,500
40 to 44	10	216,700	2	72,425	4	210,572
45 to 49	7	216,408	5	167,949	4	175,771
50 to 54	5	109,251	8	256,378	18	815,751
55 to 59	18	403,773	15	834,926	15	866,110
60 to 64	14	639,493	13	728,184	13	682,647
65 & UP	15	484,348	11	433,209	13	651,281
TOTALS	78	2,333,699	56	2,574,162	72	3,570,080

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	2	136,908	1	92,498		
40 to 44	4	208,927	3	333,008		
45 to 49	4	131,288	9	560,924	4	332,522
50 to 54	9	513,272	17	1,171,772	6	562,843
55 to 59	14	794,142	7	535,092	8	538,961
60 to 64	7	384,935	14	1,139,610	2	196,737
65 & UP	6	205,112	4	211,212		
TOTALS	46	2,374,584	55	4,044,116	20	1,631,063

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	4	386,887	1	92,876		
55 to 59	7	579,471				
60 to 64	2	186,151	2	179,816		
65 & UP						
TOTALS	13	1,152,509	3	272,692		

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					1	480
30 to 34					5	174,629
35 to 39					13	567,062
40 to 44					23	1,041,632
45 to 49					33	1,584,862
50 to 54					68	3,909,030
55 to 59					84	4,552,475
60 to 64					67	4,137,573
65 & UP					49	1,985,162
TOTALS					343	17,952,905



# MEMBERSHIP DATA

**Table C-19  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Senior Management Service: Men**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	160	6,499,083				
30 to 34	140	6,034,925	61	3,611,001	12	797,607
35 to 39	57	3,254,272	73	4,835,366	52	4,111,612
40 to 44	41	2,768,416	52	4,375,404	69	5,844,501
45 to 49	46	3,765,897	45	3,760,616	81	7,421,693
50 to 54	30	2,948,721	57	5,333,046	70	6,935,312
55 to 59	41	3,726,618	72	6,960,484	90	9,388,010
60 to 64	38	3,741,295	56	5,301,808	69	7,536,545
65 & UP	13	1,090,423	24	2,128,921	24	2,926,063
TOTALS	566	33,829,650	440	36,306,646	467	44,961,343

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	16	1,279,545	2	147,901		
40 to 44	98	9,313,936	26	2,568,326	1	111,544
45 to 49	99	10,130,292	135	13,073,767	27	2,544,778
50 to 54	99	9,813,374	165	17,354,151	150	17,216,468
55 to 59	99	10,802,244	127	13,809,093	154	18,071,582
60 to 64	72	7,465,657	61	6,929,860	35	3,696,438
65 & UP	23	2,305,411	14	1,627,698	6	943,810
TOTALS	506	51,110,459	530	55,510,796	373	42,584,620

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	4	297,410				
50 to 54	36	3,894,336				
55 to 59	56	6,756,875	5	664,437		
60 to 64	14	2,213,714	6	803,678	1	125,617
65 & UP	1	86,668	3	477,484	3	743,546
TOTALS	111	13,249,003	14	1,945,599	4	869,163

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					160	6,499,083
30 to 34					213	10,443,533
35 to 39					200	13,628,696
40 to 44					287	24,982,127
45 to 49					437	40,994,453
50 to 54					607	63,495,408
55 to 59					644	70,179,343
60 to 64					352	37,814,612
65 & UP					111	12,330,024
TOTALS					3,011	280,367,279



# MEMBERSHIP DATA

**Table C-20  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
FRS - Senior Management Service: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	3	81,706				
25 to 29	190	7,762,757	3	165,966		
30 to 34	142	6,237,362	107	5,838,189	9	617,276
35 to 39	51	2,643,468	104	6,073,661	94	6,865,712
40 to 44	33	1,910,493	59	3,976,598	86	6,281,227
45 to 49	31	2,166,220	39	2,737,858	78	6,006,956
50 to 54	19	1,516,352	36	2,792,894	66	5,536,408
55 to 59	24	2,075,096	42	3,927,465	50	3,978,592
60 to 64	6	544,663	20	1,654,182	20	1,592,474
65 & UP	2	97,747	5	425,553	7	390,627
TOTALS	501	25,035,864	415	27,592,366	410	31,269,272

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	35	2,516,462	2	118,538		
40 to 44	124	10,370,292	49	3,733,035	4	225,370
45 to 49	104	8,939,109	154	13,847,545	64	5,970,505
50 to 54	99	8,852,214	122	11,718,136	144	14,316,278
55 to 59	72	7,027,062	119	11,424,963	119	11,968,910
60 to 64	27	2,755,258	37	3,476,149	51	4,734,535
65 & UP	8	552,879	3	229,934	2	239,890
TOTALS	469	41,013,276	486	44,548,300	384	37,455,488

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	2	206,808				
50 to 54	36	3,491,573	2	146,410		
55 to 59	44	4,368,941	5	497,608		
60 to 64	6	429,283			1	92,034
65 & UP	3	259,209	1	60,132		
TOTALS	91	8,755,814	8	704,150	1	92,034

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		SERVICE ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24					3	81,706
25 to 29					193	7,928,723
30 to 34					258	12,692,827
35 to 39					286	18,217,841
40 to 44					355	26,497,015
45 to 49					472	39,875,001
50 to 54					524	48,370,265
55 to 59					475	45,268,637
60 to 64					168	15,278,578
65 & UP	1	100,204	2	206,250	34	2,562,425
TOTALS	1	100,204	2	206,250	2,768	216,773,018



# MEMBERSHIP DATA

**Table C-21  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
TRS - Teachers' Retirement System: Men**

AGE	SERVICE UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64			1	97,014	2	130,245
65 & UP			7	749,847	3	335,093
TOTALS			8	846,861	5	465,338

AGE	SERVICE 45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64					3	227,259
65 & UP	2	212,529			12	1,297,469
TOTALS	2	212,529			15	1,524,728



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# MEMBERSHIP DATA

**Table C-22  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
TRS - Teachers' Retirement System: Women**

AGE	SERVICE UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64			1	77,878	1	78,478
65 & UP						
TOTALS			1	77,878	1	78,478

AGE	SERVICE 30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64			10	722,272	7	540,594
65 & UP			4	269,713	9	680,009
TOTALS			14	991,985	16	1,220,603

AGE	SERVICE 45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64					19	1,419,222
65 & UP	2	168,095			15	1,117,817
TOTALS	2	168,095			34	2,537,039



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# MEMBERSHIP DATA

**Table C-23  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
SCOERS - State & County Officers' Employees' R.S.: Men**

AGE	SERVICE UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE 30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64			1	47,294	1	36,744
65 & UP						
TOTALS			1	47,294	1	36,744

AGE	SERVICE 45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64					2	84,038
65 & UP						
TOTALS					2	84,038



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# MEMBERSHIP DATA

**Table C-24  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
SCOERS - State & County Officers' Employees' R.S.: Women**

AGE	SERVICE		SERVICE		SERVICE	
	UNDER 5	5 TO 10	5 TO 10	5 TO 10	10 TO 15	10 TO 15
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	15 TO 20	20 TO 25	20 TO 25	20 TO 25	25 TO 30	25 TO 30
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	30 TO 35	35 TO 40	35 TO 40	35 TO 40	40 TO 45	40 TO 45
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64			1	27,435		
65 & UP			1	20,369		
TOTALS			2	47,804		

AGE	SERVICE		SERVICE		SERVICE	
	45 TO 50	50 & UP	50 & UP	50 & UP	ALL YEARS	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64					1	27,435
65 & UP					1	20,369
TOTALS					2	47,804



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# MEMBERSHIP DATA

**Table C-25  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
IFAS - Institute of Food and Agricultural Sciences: Men**

AGE	SERVICE		SERVICE		SERVICE	
	UNDER 5	5 TO 10	5 TO 10	10 TO 15	10 TO 15	10 TO 15
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	15 TO 20	20 TO 25	20 TO 25	25 TO 30	25 TO 30	25 TO 30
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59			8	799,908	3	234,701
60 to 64			12	1,248,013	1	87,041
65 & UP			4	377,014		
TOTALS			24	2,424,935	4	321,742

AGE	SERVICE		SERVICE		SERVICE	
	30 TO 35	35 TO 40	35 TO 40	40 TO 45	40 TO 45	40 TO 45
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	45 TO 50	50 & UP	50 & UP	ALL YEARS	ALL YEARS	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59					11	1,034,609
60 to 64					13	1,335,054
65 & UP					4	377,014
TOTALS					28	2,746,677



# MEMBERSHIP DATA

**Table C-26  
Florida Retirement System  
Members and Their Salaries at July 1, 2009  
IFAS - Institute of Food and Agricultural Sciences: Women**

AGE	SERVICE		SERVICE		SERVICE	
	UNDER 5	5 TO 10	5 TO 10	10 TO 15	10 TO 15	10 TO 15
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	15 TO 20	20 TO 25	20 TO 25	25 TO 30	25 TO 30	25 TO 30
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54			1	58,773	2	158,153
55 to 59			4	331,336	6	481,891
60 to 64			2	141,823	1	60,242
65 & UP			4	310,247		
TOTALS			11	842,179	9	700,286

AGE	SERVICE		SERVICE		SERVICE	
	30 TO 35	35 TO 40	35 TO 40	40 TO 45	40 TO 45	40 TO 45
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	2	136,848				
60 to 64						
65 & UP						
TOTALS	2	136,848				

AGE	SERVICE		SERVICE		SERVICE	
	45 TO 50	50 & UP	50 & UP	ALL YEARS	ALL YEARS	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54					3	216,926
55 to 59					12	950,075
60 to 64					3	202,065
65 & UP					4	310,247
TOTALS					22	1,679,313



# MEMBERSHIP DATA

**Table C-27  
Florida Retirement System  
Distribution of Active Participants  
Grand Totals  
July 1, 2009**

----- SERVICE -----						
AGE	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	826	7,050,553				
20 to 24	15,655	378,568,727	381	9,564,904	1	29,969
25 to 29	33,438	1,088,317,943	10,966	408,673,943	232	8,528,971
30 to 34	22,086	720,285,882	23,193	945,416,766	6,591	287,419,301
35 to 39	18,583	578,894,706	20,614	826,001,498	18,924	883,978,136
40 to 44	16,890	505,067,920	17,617	666,464,410	16,393	724,743,698
45 to 49	16,361	488,831,627	17,719	634,911,062	16,068	654,455,289
50 to 54	13,286	405,358,454	16,094	582,498,829	15,409	614,163,530
55 to 59	10,218	316,206,436	12,917	479,231,914	12,563	511,634,989
60 to 64	5,494	161,268,797	8,503	309,331,941	7,402	302,738,284
65 & UP	3,313	64,728,948	5,023	138,051,527	3,522	116,983,455
TOTALS	156,150	4,714,579,993	133,027	5,000,146,794	97,105	4,104,675,622

----- SERVICE -----						
AGE	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29			2	112,596		
30 to 34	143	6,596,205	1	62,660		
35 to 39	6,361	326,781,947	295	15,514,329	1	27,731
40 to 44	15,791	840,708,956	7,461	419,831,984	250	13,701,370
45 to 49	15,072	753,445,689	17,603	1,023,467,237	6,236	362,237,915
50 to 54	14,224	678,883,332	15,887	870,504,012	12,987	785,804,610
55 to 59	13,309	631,754,698	14,354	770,721,294	10,671	636,646,595
60 to 64	7,154	342,606,938	7,731	412,114,910	5,194	298,970,148
65 & UP	2,319	95,151,062	1,486	69,584,810	689	38,015,341
TOTALS	74,373	3,675,928,827	64,820	3,581,913,832	36,028	2,135,403,710

----- SERVICE -----						
AGE	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	223	12,219,281				
50 to 54	3,546	213,436,365	133	7,178,486		
55 to 59	4,116	264,759,839	612	38,235,879	6	352,039
60 to 64	1,113	71,383,927	445	30,299,658	54	3,604,645
65 & UP	418	24,676,665	283	20,292,622	109	8,924,683
TOTALS	9,416	586,476,077	1,473	96,006,645	169	12,881,367

----- SERVICE -----						
AGE	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					826	7,050,553
20 to 24					16,037	388,163,600
25 to 29					44,638	1,505,633,453
30 to 34					52,014	1,959,780,814
35 to 39					64,778	2,631,198,347
40 to 44					74,402	3,170,518,338
45 to 49					89,282	3,929,568,100
50 to 54					91,566	4,157,827,618
55 to 59					78,766	3,649,543,683
60 to 64	2	135,805			43,092	1,932,455,053
65 & UP	18	1,616,136	10	749,585	17,190	578,774,834
TOTALS	20	1,751,941	10	749,585	572,591	23,910,514,393



**Table C-28**  
**Florida Retirement System**  
**Summary Totals for All Systems**  
**Number, Total Annualized Payroll and Accumulated Employee**  
**Contributions of Active Members by System**

<u>System</u>	<u>Number of</u> <u>Members</u>	<u>Total Payroll</u> <u>Payroll</u> (000's omitted)	<u>Accumulated</u> <u>Employee</u> <u>Contributions</u> (000's omitted)
Florida Retirement System			
Regular	499,201	\$20,285,837	\$24,960
Senior Management	5,779	510,487	1,474
Florida Retirement System - Special Risk			
Non-Administrative	65,606	3,638,188	6,429
Administrative	59	2,743	0
Florida Retirement System - Elected Officers' Class			
Judicial	798	113,056	384
Leg. / Atty. / Cabinet	120	6,282	77
County Elected Off.	925	44,635	367
Teachers Retirement System	49	4,145	4,763
State and County Retirement System	4	135	112
Institute of Food and Agricultural Sciences	50	4,521	11
<b>Total</b>	<b>572,591</b>	<b>\$24,610,029</b>	<b>\$38,577</b>
		Average Annual Salary =	\$42,980

# APPENDIX D

# PROJECTIONS



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

Table D-1 presents a projection of total costs of the employers covered by the Florida Retirement System (exclusive of PEORP) during the five-year period following the actuarial valuation date, July 1, 2009. The contributions shown beginning with plan year 2010-2011 are based on the assumption that the contribution levels calculated in this report and in conjunction with Florida law (see next paragraph) are extended throughout the projection period. The contributions shown for plan year 2009-2010 are based on the rates on page B-4, (after blending) of this report.

Table D-2 projects each existing amortization base as of July 1, 2009. Beginning in the July 1, 1998 actuarial valuation with the emergence of the surplus, all UAL bases in existence as that time were considered to be fully amortized. While the Plan was in surplus, the UAL amortization payment or credit was made from the surplus for certain post-1998 benefit increases and the 1998 and 2003 experience studies prior to any use of the surplus for contribution rate reductions or any other Florida Retirement System uses. Now that the plan is no longer in surplus, the UAL payment will be paid by employers as part of the contribution rate.

Table D-3 estimates the available surplus / (UAL) for the next three plan years based on Florida law. The estimates are projections of our July 1, 2009 valuation results, and assume experience occurs as stated in our July 1, 2009 valuation, except that the market value of assets is assumed to earn 7.75% per annum, and some of the stored asset losses will be recognized over this time period.

All three tables also assume that no surplus is available for rate reduction. The amortization methodology recognizes the time value of money.

**Table D-1  
Florida Retirement System  
Projection of Retirement Costs (Excluding Member Contributions)  
July 1, 2009**

(All Amounts in Millions)

	<u>2009 -2010</u>	<u>2010 -2011</u>	<u>2011 -2012</u>	<u>2012 -2013</u>	<u>2013 - 2014</u>
A. Normal Cost *	\$3,077	\$3,305	\$3,381	\$3,449	\$3,509
B. UAL Payment / (Surplus Utilization )	<u>(\$314)</u>	<u>\$918</u>	<u>\$938</u>	<u>\$950</u>	<u>\$965</u>
C. Total	\$2,763	\$4,223	\$4,319	\$4,399	\$4,474
D. Social Security	<u>\$2,019</u>	<u>\$2,069</u>	<u>\$2,123</u>	<u>\$2,174</u>	<u>\$2,222</u>
E. Grand Total	\$4,782	\$6,292	\$6,442	\$6,573	\$6,696

\* Includes DROP contributions on behalf of DROP members.

**Table D-2  
Florida Retirement System – July 1, 2009 Valuation  
Funding of UAL / (Surplus) by Duration of Amortization**

Years to Amortize UAL / (Surplus)

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	DROP
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	
Outstanding UAL Balance / (Surplus)	\$7,820,714	\$4,400,287	\$9,036	\$242,741	\$26,347	\$198,536	\$1,091,493	\$1,650,230
UAL Cost / (Savings) (see Table IV-2)	2.02%	7.13%	20.24%	12.71%	23.75%	26.43%	11.95%	4.97%
Normal Cost Payroll	\$20,275,957	\$3,638,188	\$2,743	\$113,056	\$6,282	\$44,369	\$510,352	\$1,963,167
UAL Payroll <sup>1</sup>	\$22,246,868	\$3,654,475	\$2,783	\$113,765	\$6,597	\$44,884	\$545,964	\$1,963,167
Annual Payment / (Savings) for FY 2010-2011	\$467,362	\$270,987	\$586	\$15,038	\$1,629	\$12,337	\$67,852	\$101,472
Amortization Period Calculated Assuming								
Level Dollar	11	11	11	11	11	11	11	11
Level Percent of Payroll	14	14	13	13	13	13	13	14

<sup>1</sup> The UAL payroll includes salaries for defined contribution program members who pay only the UAL contribution rate.

## Table D-3 Retirement Plan with FRS Rate Stabilization Mechanism Impact of Florida Law on FRS Trust Fund <sup>1</sup>

Updated FY 2010-2011 Forward Based on 07/01/2009 Valuation Results and 07/01/2009 Assets

		In Millions		
		<u>2010 - 11</u>	<u>2011 - 12</u>	<u>2012 - 13</u>
1	Estimated Current Year Surplus Available RSM <sup>2</sup>	\$0.0	\$0.0	\$0.0
2	Decrease in Available Surplus from prior year	(\$148.7)	\$0.0	\$0.0
3	12% Increase in Special Risk benefits (in pay status before 07/01/2000) <sup>3</sup>	(\$23.6)	(\$24.5)	(\$25.1)
4	Special Risk Minimum In-Line-of-Duty Disability Increased to 65% <sup>4</sup>	\$0.4	\$0.4	\$0.4
5	1993 - 1998 Experience Study Assumption Changes <sup>5</sup>	\$30.2	\$31.4	\$32.7
6	1998 - 2003 Experience Study Assumption Changes <sup>5</sup>	\$217.4	\$226.1	\$232.7
7	2003 - 2008 Experience Study Assumption Changes <sup>5</sup>	(\$361.3)	(\$375.5)	(\$390.5)
8	2009 New Gain/(Loss) <sup>6</sup>	<u>(\$800.4)</u>	<u>(\$832.4)</u>	<u>(\$862.9)</u>
	<b>Subtotal [(3) + (4) + (5) + (6) + (7) + (8)]</b>	<b>(\$937.3)</b>	<b>(\$974.5)</b>	<b>(\$1,012.7)</b>
9	Across the Board Rate Reduction of 0% <sup>7</sup>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
	<b>Total [Subtotal + (9)]</b>	<b>(\$937.3)</b>	<b>(\$974.5)</b>	<b>(\$1,012.7)</b>
10	Surplus Available / (UAL)			
	[(1) + Total] =	(\$937.3)	(\$974.5)	(\$1,012.7)

<sup>1</sup> Numbers exclude contributions to DC Plan

<sup>2</sup> Projected surplus based on 07/01/2009 valuation results. Using amortization method that reflects interest.

<sup>3</sup> Assumed to be paid from surplus. In the absence of a surplus, there is an additional cost to the Special Risk Regular Class of 0.61% attributable to the 12% increase in pre-2000 retired benefits.

<sup>4</sup> Assumed to be paid from surplus. In the absence of a surplus, there is an additional cost to the Special Risk Regular Class of 0.12% and an additional cost to the Special Risk Administrative Class of -0.01% attributable to the Increase in the Minimum ILOD Disability Benefit

<sup>5</sup> Assumed to be paid from surplus. In the absence of a surplus, there is an additional charge or credit to each class. See Table IV-2 for details.

<sup>6</sup> Includes FY2009 Experience Gain/Loss and Cumulative Gain/Loss unrecognized while Plan maintained a surplus.

# APPENDIX E

## COMPARISONS/RECONCILIATION



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

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## COMPARISONS/RECONCILIATION

This Appendix contains certain comparative information required by the state. The table below compares actual investment return, aggregate payroll growth, and individual salary increases with the actuarial assumptions.

The next table reconciles the flow of participants from the 2008 actuarial valuation to the 2009 actuarial valuation, while the last table cross-references the required sections of 112.64 with this report.

<b>TABLE E-1</b>			
<b>One-Year Comparisons</b>			
<b>1. Annual Rate of Investment Return on Actuarial Value of Assets</b>			
Period Ending	Actual	Assumed	
June 30, 2007	10.16%	7.75%	
June 30, 2008	6.98%	7.75%	
June 30, 2009	-6.74%	7.75%	
<b>2. Annual Rate of Payroll Growth</b>			
Period Ending	Actual <sup>1) &amp; 2)</sup>	Assumed <sup>2)</sup>	
June 30, 2007	4.23%	0.00%	
June 30, 2008	2.00%	0.00%	
June 30, 2009	-1.63%	0.00%	
<b>3. Individual Rates of Salary Increases for Regular Members and Special Risk Members</b>			
Year Ended June 30	Rate of Increase During Year		
	Regular Members	Special Risk	Assumed <sup>3)</sup>
2007	7.6%	7.8%	6.25%
2008	6.0%	6.0%	6.25%
2009	2.3%	5.4%	6.25%

<sup>1)</sup> Payroll excludes DROP members for all years

<sup>2)</sup> The payroll base compared is used for normal cost calculations

<sup>3)</sup> Individual rates vary by age



## COMPARISONS/RECONCILIATION

**TABLE E-2  
FLORIDA RETIREMENT SYSTEM  
DATA RECONCILIATION  
(FRS TRUST FUND)**

	Active Members	Disabled Members	Retired Members and Beneficiaries	DROP Participants	Total
Number reported as of July 1, 2008	589,922	12,711	260,718	31,253	894,604
New Entrants	44,870	0	0	0	44,870
Retirements	(13,851)	765	21,459	(8,373)	0
DROP	(10,041)	0	0	10,041	0
Terminations, PEORP Transfers and deaths with and without benefit	(38,309)	0	0	0	(38,309)
Cessation of benefit payments	NA	(537)	(8,442)	0	(8,979)
Number reported as of July 1, 2009	572,591	12,939	273,735	33,921	892,186

# COMPARISONS/RECONCILIATION

**Table E-3**  
**Florida Retirement System**  
**Cross Reference to Section 112.64 Reporting Requirements**

<b>Code Ref</b>		
<b>1 General Information:</b>		
1.003 (3g)	Includes certification by the enrolled actuary (signed and dated)?	Page 3
1.003 (11)	Do procedures follow commonly accepted procedures and determinations?	Page 3
1.003 (4g)	Disclosure of events not taken into account by actuary?	Page 2
1.003 (4g)	Disclosure of trends not assumed to continue (by actuary)?	Page 2
<b>2 Assumptions:</b>		
1.003 (3e)	Description and explanation of all actuarial assumptions?	A-1
1.003 (3f)	Is there a comparison of actual to expected salary increases over the preceding 3-year period?	E-1
1.003 (3f)	Is there a comparison of actual to expected investment returns over the preceding 3-year period?	E-1
1.003 (6)	Do assumptions factor in actual experience?	A-1
1.003 (6)	Is impact of inflation considered?	A-8
1.003 (6)	Any consistent experience gains or losses to suggest assumption changes?	No
1.003 (7)	Listing of changed assumptions?	1-13
<b>3 Plan Provisions &amp; Funding Method:</b>		
1.003 (4c)	Contain a summary of plan provisions?	B-1
1.003 (4d)	Contain a detailed summary of funding method?	A-1
1.003 (5)	Does funding method provide a contribution sufficient to meet the NC and amortize the UAL?	Y(Section IV)
<b>4 Assets &amp; Method:</b>		
1.003 (3a)	Is the MVA breakdown included (by cash, bonds, stocks, and other)?	II-3
1.003 (3a)	Is the "statement value" breakdown included?	No
1.003 (3a)	Is the derivation of AVA included?	II-5
1.003 (8)	Are administrative expenses being paid on a current basis?	II-4
	Asset reconciliation, including:	
1.003 (4j)	- contributions by source	II-4
1.003 (4j)	- interest and dividends	II-4
1.003 (4j)	- realized gains / (losses)	II-4
1.003 (4j)	- unrealized appreciation	II-4
1.003 (4j)	- pension payments	II-4
1.003 (4j)	- contribution refunds	II-4
1.003 (4j)	- expenses	II-4
1.003 (4j)	- other receipts (identified)	II-4 (transfer)
1.003 (4j)	- other disbursements (identified)	II-4 (PEORP)

# COMPARISONS/RECONCILIATION

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<b>5 UAL &amp; Amortization Schedule:</b>		
1.003 (3b)	Include a plan to amortize any UAL?	IV-1 & D-3
	Does amortization schedule of UAL exist (as of the valuation date) ...	
1.003 (3c)	- on an annual basis for the next 3-years?	No
1.003 (3c)	- for the final year?	No
1.003 (3c)	Is a statement as to how method was derived included?	A-1
1.003 (3d)	Is a description of actions taken to reduce the UAL included?	Section IV
	Reconciliation of UAL (must include items below):	
1.003 (4h)	- UAL for prior valuation (w/ start date)	IV-6
1.003 (4h)	- Normal Cost, contributions, & accrued interest	No
1.003 (4h)	- Impact of changes (assumption, funding method, amendments, gain/loss)	IV-6
1.003 (4h)	- UAL for current valuation	IV-6
<b>6 Results:</b>		
1.003 (4a)	Valuation Date clearly indicated?	I-4
1.003 (4e)	Are results separated by employee group?	III-3 and Sections IV & V
1.003 (4f)	Is there disclosure of any benefit and expense provided by and/or paid from plan assets for which no liabilities or current costs have been established?	Page 2
1.003 (4i)	Projection of emerging liabilities/cash flow needs for next 10-15 years (optional)	No
1.003 (4l)	Summary of principal results (for current and prior valuation) including:	
	- participant data (counts, total pay, total annual benefits by group)	C-2
	- assets (market and actuarial)	II-5
	- PVB (split: active by decrement, tv, ret & ben, dis, and total)	III-3
	- PV of future benefit payments	III-3
	- AL and UAL, i.e., including amount, date, amortization period	III-3
	- PVVB (by group), non-vested PVAB, Total PVAB	V-3
1.003 (4l)	Reconciliation of PVAB, including:	
	- PVAB at beginning of year	V-5
	- changes due to amendment and/or assumptions	V-5
	- change due to decrease in discount period and benefits accrued	V-5
	- Benefits paid	V-5
	- Other changes	V-5
	- Net increase (decrease)	V-5
	- PVAB at end of year	V-5
1.003 (4l)	Pension Cost	
	- Normal cost (shown for each benefit and amount for admin expense)	IV-4
	- Payment to amortize UAL	IV-7
	- Expected plan sponsor contribution (i.e. total of above pieces with interest, also as % of pay)	IV-7
	- Amount to be contributed by members (total and % of pay)	N/A

# COMPARISONS/RECONCILIATION

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1.003 (4l)	Past Contributions	
	- Required plan sponsor & member contribution	V-9
	- Actual contributions made by: plan sponsor, members, other	V-9
1.003 (4k)	Active member accumulated contributions with interest	V-4
1.003 (4l)	Net actuarial gain / loss	IV-6
1.003 (4l)	Other (PVFS & PVFC at attained age and at entry age, PVFC from other sources, PVF Expected BP)	III-4
<b>7 Data:</b>		
1.003 (4i)	Are membership demographics and financial statistics included?	C-1
1.003 (4i)	Age/service table for actives included?	C-8
1.003 (4i)	Data reconciliation?	E-2
<b>8 Contribution Rate:</b>		
1.003 (4a)	Applicable beginning and ending dates for recommended contribution indicated?	I-3
1.003 (4b)	Are ER and EE contribution rates adequate to meet benefits?	I-3
1.003 (4b)	Are contribution rate changes necessary to achieve or preserve funding?	No
1.003 (7)	Is the impact of assumption or cost method changes indicated?	I-1 & IV-2
1.003 (9)	Were costs to be paid at a later date adjusted for interest and/or salary?	Yes I-3
1.003 (10)	Is the effective date of recommended changes no later than the next fiscal year?	Yes I-3

# APPENDIX F

## GLOSSARY



**FLORIDA RETIREMENT SYSTEM**  
Actuarial Valuation as of July 1, 2009

*This work product was prepared solely for the Department of Management Services for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.*

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases the definitions have been modified for specific applicability to the Florida Retirement System.

**1. Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

**2. Actuarial Cost Method**

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Liability.

**3. Actuarial Gain (Loss)**

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

**4. Actuarial Present Value**

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

**5. Actuarial Valuation**

The determination, as of a valuation date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

**6. Actuarial Value of Assets**

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

**7. Actuarially Equivalent**

Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

**8. Amortization Payment**

That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Liability.

- *Level Percent of Pay*  
Produces a level series of payments when expressed as a percent of payroll. Cash payment increases in line with payroll growth assumption.
- *Level Dollar*  
Produces a decreasing pattern of payments when expressed as a level percent of payroll. Cash payment remains level.

**9. Entry Age Actuarial Cost Method**

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Liability.

**10. Normal Cost**

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

**11. Actuarial Liability**

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

**12. *Unfunded Actuarial Liability***

The excess of the Actuarial Liability over the Actuarial Value of Assets. When the Actuarial Value of Assets exceed Actuarial Liabilities a surplus exists.

**13. *Accrued Benefit***

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

**14. *Projected Benefits***

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

**15. *Unaccrued Benefit***

The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.