

# FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



## **PENSION NEWS CLIPS FEBRUARY 2018 ON FLORIDA PENSION ISSUES**

Prepared by Fred Nesbitt, FPPTA Media Consultant – [fnesbitt911@gmail.com](mailto:fnesbitt911@gmail.com)

### **Official, ex-firefighter pushes for first responders' PTSD bill**

By Alexandra Seltzer, Palm Beach Post, February 11, 2018

Democratic state Rep. Matt Willhite of Wellington questions why the Florida League of Cities opposes his bill (HB 227) that would make first responders with post-traumatic stress disorder eligible for workers compensation in an age of a nationwide drug epidemic and increased street violence. “They don’t want to make sure that one of their employees is in the best mental and physical shape to take care of the people that they’re there to represent?” he asked. In Boynton Beach, Commissioner Joe Casello — a former firefighter in Massachusetts for 30 years — announced support for the law on his Facebook page after finding out the city came out against the bill without the elected officials’ knowledge. Boynton has since announced it is in support of it. The Florida League of Cities, in a letter published in late January on its website, said it couldn’t support the PTSD legislation because of the expense to taxpayers to foot the bill for the first responders’ mental injuries. The Palm Beach County League of Cities hasn’t taken a position on the bill and likely won’t.

*Editor’s Note: Legislation is currently moving through the state legislature that provides Workers Compensation Benefits for First Responders. This bill has been added to the special order calendar of the House of Representatives for March 2. The state legislature adjourns March 9.*

### **Case Study Warns of Effect of Move From Public DB to Public DC**

By Rebecca Moore, Plan Sponsor, February 15, 2018

Since 2009, nearly every state modified its retirement systems to ensure long-term sustainability, most often by increasing employee contributions, reducing benefits or both, according to the National Institute on Retirement Security (NIRS). The NIRS studied the case of Palm Beach, Florida, which it says offers “an important cautionary tale on the detrimental impacts of switching public employees from DB pensions to DC accounts.” In 2012, the Palm Beach Town Council closed its existing DB pension systems for all employees, including police and fire. Going forward “combined” retirement systems offered police officers and firefighters dramatically lower DB pensions and new individual DC retirement accounts. The NIRS reports that the reaction of existing protective service officers was swift. Retirements accelerated dramatically. Because the only way younger public safety officers could obtain a better pension was to leave the town’s police and fire departments, those existing employees who did not retire looked for opportunities in nearby local jurisdictions. The town did not anticipate the financial impact of the high attrition. The unprecedented loss of new and experienced public safety officers caused the town’s training cost to soar likely reaching upwards of \$20 million, based on an “all in” cost estimate of \$240,000 per officer to bring a new police officer through the rookie period in Florida. The Town Council voted in 2016 to abandon the DC plans and improve the DB pensions for police officers and firefighters by raising benefits substantially and lowering the retirement age. The Council offset the cost of the police and fire

DB pension improvements by increasing employee contributions and eliminating the DC plan with its employer match.

*Editor's Note: The idea for this study came from a program presented at the FPPTA annual conference on the Palm Beach pension crisis. FPPTA is cited in the study for its input and support of the study. A copy of the study can be found [here](#).*

## **Jacksonville Police and Fire Pension Fund sees bounce in funding level, but extra contributions urged**

By A G Gankarski, Florida Politics, February 9, 2018

The good news first: Per a recent actuarial report from the fund, 2017's funded ratio is 47.60% compared to 43.02% last year (after reflecting all Actuarial Impact Statements). This is the highest ratio since 2010. The fund was bolstered by a bull market in investments, with "the total net investment return was 14.27% compared to the assumed annual investment return of 7.0%" and salary increases which were less than expected (6.3% actual versus 10% assumed for the year, including the 6.5% across-the-board salary increase given on October 1, 2017)." The 68-page report notes that retirements, turnover, and new hires were above projections (decreasing the experience level on the force), and mortality levels underperformed expectations. Jacksonville closed entry to defined benefit plans to new hires, instead implementing a robust defined contribution scheme with 25 percent matches for defined contribution plans for police, fire, and correctional workers, and raises amounting to 20 percent over three years for public safety workers.

## **Public Pension Doomsday Clock Stops as Funds Gain 15 Percent**

By Martin Z Braun. Bloomberg Markets, February 6, 2018

U.S. state and local governments have good reason to root for stocks to rebound from the crash. The record-setting rally had muted warnings since the financial crisis by investment consultants, academics and public officials that government retirement plans couldn't meet their targeted returns of seven to eight percent annually. The median public pension has exceeded those assumptions over the past five years, returning an annualized 9.1 percent, according to the Wilshire Trust Universe Comparison Service. Last year, U.S. public pensions reported median gains of 15.2 percent, the best since 2013 and double the annual targets they count on to pay benefits, according to figures released by Wilshire. While the previously gains will help ease the fiscal strain on state and local governments who have had to pay more into the funds to make up for lost ground, they haven't been enough to pull the retirement systems out of the hole. U.S. public pensions had 71.8 percent of assets required to meet obligations to retirees as of the fiscal year that ended in June 2016, according to a report by the Center for Retirement Research at Boston College. Assuming they achieve annual expected returns of 7.6 percent, they will have funding ratio of about 73 percent by 2021, according to CRR.

## **HAPPY BIRTHDAY**

Happy 100<sup>th</sup> Birthday to the International Association of Fire Fighters, founded on February 28, 1918, when 24 fire fighter locals met in convention in Washington, DC to form the IAFF.