PENSION NEWS CLIPS SEPTEMBER 2017 ON FLORIDA PENSION ISSUES
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Palm Beach may spend millions on pension shortfall
By William Kelly, Palm Beach Daily News, August 31, 2017

The Town Council is expected to discuss how to make the town's long-term pension plan financially whole, a decision that could mean annual contributions of millions of dollars for years to come. For the budget year that begins Oct. 1, the council is considering an extra $5 million contribution beyond the $9.2 million for which it is legally obligated. Last year, it put in $2.5 million above the legal obligation. The plan assumes a 7.5 percent return on investments over the 30-year period, but it is being gradually lowered to 7 percent over the next four years so it's closer to actual market performance. But that means the town has to make up the difference by pumping money into the plan each year. A half-percent change works out to millions of dollars over time. Jeff Amrose of Gabriel, Roeder, Smith, an actuary for the town, has suggested supplemental contributions to cover the $27.1 million shortfall in five years instead of 30. That works out to around $5.4 million a year, above the annual contributions for which the town already is legally obligated. Depending on the stock market performance during that period, more money may be required to hold the plan at the 68 percent level, he said. If the council decides to go that route, total annual contributions during the next five years would likely be in the range of $15 million to $18 million, he said. After that is accomplished, the town could focus on gradually boosting the funding level from 68 percent to 80 percent by 2025-26, he said.

Tampa General Employees to cut assumed rate of return to 7.5% over five years
By Rob Kozlowski, Pensions & Investments, September 26, 2017

Tampa (Fla.) General Employees' Pension Fund will lower its rate of return assumption to 7.5% from 8% over the next five years. The $695 million pension fund will reduce its assumed rate of return to 7.9% effective Jan. 1 and reduce it by an additional 10 basis points per year for the next five years until it reaches 7.5%. The board voted at its Aug. 15 meeting for the phased-down approach rather than reducing the assumption to 7.5% immediately because "increased contributions in the upcoming years would be difficult years for the city from a budgetary standpoint," according to the minutes. The current funding ratio for the pension fund is 89%, and the action was taken to ensure the pension plan's funding ratio remains high.

[Orlando leaders OK $1.2 billion budget, with boost for police, fire departments]
By Jeff Weiner, Orlando Sentinel, September 5, 2017

Orlando's budget for the coming year got a $17 million boost from rising property values, but nearly all of the money is slated to cover the city's rising costs for police and fire services. The biggest chunk of new money earmarked for public safety, about $6.2 million, will boost the police and fire pension funds because of a state law that required cities to update their calculations for determining life expectancy. The city also wants to hire 15 police officers, 12 firefighters and buy a new tower truck.

[Hallandale police, firefighters may merge with Broward Sheriff's Office]
By Susannah Bryan, Sun Sentinel, September 1, 2017

At the request of union leaders, city commissioners agreed to look into merging Hallandale's police and fire departments with the Broward Sheriff's Office. Union leaders told the Sun Sentinel they're worried about looming pension reform and talk of requiring employees to shoulder more of rising health care costs.

[Pension funds, managers avoid large disruptions from Hurricane Irma, put continuity plans to use]
By Rob Kozlowski, Pensions & Investments, September 11, 2017

Hurricane Irma has created some headaches for pension plans and money managers in South Florida, but emergency preparedness has prevented too much disruption. **Fred Nesbitt**, spokesman for the $858 million Fort Lauderdale (Fla.) Police and Fire Retirement System, said they were lucky "because we just got the side effects of the storm." Fort Lauderdale, on the east coast of southern Florida, avoided the brunt of the hurricane's impact, which hit the west coast hardest. "We got a lot of rain, a lot of wind, but the damage is minimal," Mr. Nesbitt said. While trees are down and roads have been flooded, "we're in pretty good shape," he said. The pension fund offices, currently closed because of the flooded roads, should be open within the next couple of days. Staff are working from home in the meantime. Mr. Nesbitt also added that the pension fund's Sept. 13 board meeting has been rescheduled to Sept. 20.

[City's pensions cloud sunny budget]
By: Adrian Moore, Business Observer, September 1, 2017

In his May State of the City address, Fort Myers Mayor Randall Henderson warned that general fund revenue is not covering all recurring operating expenses. Despite all of that growth in population and the city's tax base, the costs of health insurance and pension contributions are growing even faster. Unfortunately, this is a problem that won't be going away any time soon. As of last year, the city's three pension plans held assets only sufficient to cover 63% of the pension benefits promised to current and former city workers. In total, there are at least $168 million in unfunded pension promises — equivalent to twice the size of the city's general fund revenue. The total pension payments in 2016 accounted for 13% of total city revenue — for most cities, the pension cost to total revenue ratio is below 10%. Financially strong cities like St. Petersburg are often under 5%. Fort Myers pension payments were also more than a quarter of the $85 million in general fund revenue. The situation is likely even worse for Fort Myers because all of those contribution rates assume the city's pension systems will earn a rate of return between 7.625% and 8%, depending on the pension plan. In 2013, Ocala told its existing civilian employees they

would keep their benefits accrued to date, but get a less generous pension benefit on future earnings. They also closed their general defined benefit plan to new employees, offering them a defined contribution plan instead. More recently, Jacksonville closed its pension plan to new members and imposed a half cent sales tax to pay down its unfunded liabilities. And Fort Pierce, whose general employee fund is 93% funded, caps non-uniformed employee pensions at $100,000, or 75% of final average salary, whichever is lower.
Editor's Note: *Adrian Moore is vice president at Reason Foundation. Moore lives in Sarasota. The Reason Foundation is committed to advancing "the values of individual freedom and choice, limited government, and market-friendly policies." It is funded by the Koch brothers.*

The Magnitude Of The Coming Pension Storm Will Come To Light In 2018

By Patrick W. Watson, Forbes, September 28, 2017

Part of my job is helping John Mauldin with the research for his Thoughts from the Frontline letters. Regular readers know John isn't a doom-and-gloom guru. He's optimistic on most of our big challenges. Except for a few things—like the brewing state and local pension crisis. All over the U.S., states, cities, school districts and other governmental entities have promised their workers generous retirement benefits, but haven't set aside enough cash to pay what they will owe. At some point, perhaps soon, either they will have to cut benefits to retirees or stick taxpayers with a huge bill... or both. What else could go wrong? Plenty. Local governments often give retired police officers, firefighters, teachers, and other workers a pension plus healthcare benefits. Starting in 2018, the Governmental Accounting Standards Board—the source of generally accepted accounting principles (GAAP) for state and local governments—will force officials to record healthcare liabilities on their balance sheets. Pew Charitable Trusts estimates the national shortfall will add up to $645 billion. That's on top of the estimated $1.1 trillion in unfunded pension liabilities they already had. In other words, this giant problem that no one knows how to solve is about to get 59% worse!