

# THE FLORIDA RETIREMENT SYSTEM

Pension Plan & Other  
State-Administered Systems



ANNUAL REPORT  
JULY 1, 2012 - JUNE 30, 2013



FLORIDA DEPARTMENT OF MANAGEMENT SERVICES

**retirement**  
We serve those who serve Florida

**Rick Scott, Governor**  
**Craig Nichols, Secretary**  
**Dan Drake, State Retirement Director**





FLORIDA DEPARTMENT OF MANAGEMENT SERVICES

# retirement

We serve those who serve Florida

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Rick Scott, Governor

Craig J. Nichols, Agency Secretary

Dear Florida Retirement System Stakeholders:

We are pleased to present the Florida Retirement System 2012-13 Annual Report. This annual report covers the period from July 1, 2012, through June 30, 2013, and provides comprehensive information about the Florida Retirement System (FRS) and other state-administered retirement systems. It includes statements of financial conditions, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants and benefit payments, and a summary description of the retirement plans.

The FRS is the fifth-largest state retirement system in the country. The FRS has more than one million active and retired members and more than 1,000 participating employers. The FRS provides active and retired members with 24 hour access to FRS Online, an interactive website area that makes retirement information available to members of the FRS Pension Plan. Participating employers can also submit payrolls and view their member's information through FRS Online.

As of June 30, 2013, the FRS Trust Fund market value of assets totaled approximately \$132.4 billion. This reflects a 13.1 percent annualized investment return. The FRS Pension Plan is 85.9 percent funded as of June 30, 2013.

The Florida Legislature enacted the following substantive changes to the FRS during the 2013 Legislative Session:

- Established uniform employer contribution rates for the FRS membership classes and the contribution rate for the Deferred Retirement Option Program (DROP) effective July 1, 2013. New uniform employer contribution rates include fully funding the recommended unfunded actuarial liability. The required employee contribution rate remains at 3 percent.
- Increased the employer contribution rate for the Health Insurance Subsidy (HIS) from 1.11 percent to 1.20 percent effective July 1, 2013.

The Department of Management Services' Division of Retirement prepared this report. To the best of our knowledge, the enclosed data is accurate in all material respects and reported in a manner designed to fairly present the financial position and operations of the FRS. We created this report to provide complete and reliable information to members of the FRS, the Governor, the Florida Legislature and the citizens of Florida. We continue to work to make the FRS a cost-effective retirement system managed for the benefit of its active and retired members.

Sincerely,

Dan Drake  
State Retirement Director

# TABLE OF CONTENTS

<b>MANAGEMENT STAFF</b> .....	4
<b>AWARDS</b> .....	5
<b>INTRODUCTION</b> .....	7
Administrative Costs.....	8
Pension Plan Membership.....	9
Ration of FRS Active Members to Retirees .....	9
Membership and Payroll .....	10
Annuitants and Benefit Payments for the FRS Pension Plan.....	10
Disabilities .....	10
DROP Participants.....	10
FRS Trust Fund Assets .....	11
All Trust Funds Administered – Statement of Fund Balance .....	11
Total Composite Blended Rate .....	12
<b>LEGISLATION</b> .....	13
2013 Legislative Session .....	14
<b>FINANCIAL STATEMENTS</b> .....	15
Notes to the Financial Statements.....	16
Exhibit A – Defined Benefit Pension Plans Comparative Statement of Plan Net Assets.....	19
Exhibit B – Defined Benefit Pension Plans Comparative Statement of Changes in Net Assets.....	20
Exhibit C – Defined Contribution Plans Comparative Balance Sheet .....	21
Exhibit D – Defined Contribution Plans Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance .....	22
Exhibit E – Other Employee Benefit Trust Fund Comparative Balance Sheet .....	23
Exhibit F – Other Employee Benefit Trust Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance.....	24
Exhibit G – Special Revenue Fund Comparative Balance Sheet .....	25
Exhibit H – Special Revenue Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance.....	26
Schedule A – FRS Trust Fund Historical Trend Information.....	27
Schedule B – FRS Trust Fund Comparative Analysis of Administrative Expenses.....	28
<b>INVESTMENTS</b> .....	29
Statement from the State Board of Administration Executive Director .....	30
FRS Trust Fund Performance.....	31
FRS Trust Fund Distribution of Investments.....	32
<b>ACTUARIAL REPORT</b> .....	33
Statement from Milliman Inc., Consulting Actuaries.....	34
Statement of Actuary .....	37
Summary of Accrued and Unfunded Actuarial Liabilities.....	38
Solvency Test .....	38
Assumptions .....	38
History of FRS Unfunded Actuarial Liability/Surplus with Total Liabilities and Total Assets .....	39
FRS Payroll .....	40
Plan Cash Flows.....	40
Projected Benefit Payments .....	41
FRS Total Actuarial Assets Compared to Total Actuarial Liabilities .....	42
Retirement Contributions for the FRS .....	43





# TABLE OF CONTENTS

<b>STATISTICS</b> .....	45
Source of Membership and Covered Payroll for Fiscal Year 2012-13 .....	46
Active Members by System/Class.....	47
Annual Payroll by System/Class.....	47
Members' Required Contributions by System/Class .....	47
Profile of Active FRS Members .....	48
Profile of Active FRS Investment Plan Members.....	49
Profile of Active FRS Pension Plan Members .....	50
Active Members 2009-2013.....	51
Growth of Annuitants – All Systems 2009-2013.....	51
Refund Payments by Type .....	52
Total Refund Payments by Type .....	52
Active DROP Participants by System/Class.....	53
Profile of Active DROP Participants.....	53
DROP Accrued Benefits and Interest by System/Class.....	54
Terminated DROP Participants by System/Class .....	55
Profile of Terminated DROP Participants .....	55
Total Annuitants by System/Class.....	57
Average Benefits by System/Class .....	57
Total Annual Benefits by System/Class.....	58
Total Disability Benefits by System/Class .....	58
Profile of Total Annuitants by System/Class .....	59
Profile of FRS Annuitants .....	59
FRS Retirees and Beneficiaries by Age at Retirement.....	62
FRS Retirees and Beneficiaries by Years of Service at Retirement.....	62
Total Annuitants by Type of Retirement.....	63
Total Annual Benefits by Type of Retirement .....	63
Total Annuitants Added During Fiscal Year by Type of Retirement.....	63
Total Annual Benefits of Annuitants Added During Fiscal Year by Type of Retirement .....	63
Schedule of Average Benefits .....	64
2013 Pension Benefits by Florida County .....	65
Retirees by State .....	66
Retirees Outside the United States.....	66
Reemployed Retirees Not Eligible for Renewed Membership by Class .....	67
Profile of Reemployed Retirees Not Eligible for Renewed Membership.....	67
Comparison of Net Assets.....	68
<b>SUMMARY PLAN DESCRIPTION AND CHRONOLOGY</b> .....	71
<b>SOCIAL SECURITY COVERAGE</b> .....	83
<b>STATE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM</b> .....	85
<b>SENIOR MANAGEMENT SERVICE OPTIONAL ANNUITY PROGRAM</b> .....	91
<b>RETIREE HEALTH INSURANCE SUBSIDY</b> .....	95
<b>POLICE AND FIREFIGHTERS' PREMIUM TAX TRUST FUND</b> .....	101
<b>GLOSSARY</b> .....	103

# MANAGEMENT STAFF

The Division of Retirement manages Florida's state-administered retirement systems. The Governor appoints the secretary of the Department of Management Services who appoints the state retirement director. The following individuals are involved in managing the state-administered retirement systems:



Craig Nichols  
Secretary



Dan Drake  
Director



Elizabeth Stevens  
Assistant Director



Garry Green, Manager  
Research and Education



Jerry Haynes, Manager  
Administrative Services



Shirley Beauford, Chief  
Bureau of Benefit Payments



Cindy Randolph, Chief  
Bureau of Retirement  
Calculations



Keith Brinkman, Chief  
Bureau of Local Retirement  
Systems



Joyce Morgan, Chief  
Bureau of Enrollment  
and Contributions

### MAILING ADDRESS

Division of Retirement  
P.O. Box 9000, Tallahassee, FL 32315-9000





Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2013***

Presented to

***Florida Retirement System Pension Plan***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is fluid and cursive.

Alan H. Winkle  
Program Administrator

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# INTRODUCTION



## INTRODUCTION

The Florida Legislature established the Florida Retirement System (FRS) in 1970 by consolidating the state's existing state-administered retirement systems into one system. The FRS provides retirement, disability, or death benefits to 347,962 retirees or their designated beneficiaries and 38,724 Deferred Retirement Option Program (DROP) participants and offers a wide range of information services to 621,774 non-retired members. The FRS offers members a choice between a defined benefit plan (Pension Plan) or a defined contribution plan (Investment Plan) for all state, county<sup>1</sup>, district school board, community college, and university employees. Some cities, charter schools, metropolitan planning districts, and special districts can choose to participate in the system. Some State University System, State Community College System, and senior management employees can also choose to participate in non-integrated defined contribution plans instead of the FRS. Certain university faculty must participate in the State University System Optional Retirement Program. Members have a second election opportunity to change between the FRS Pension Plan and the FRS Investment Plan any time before retirement. The FRS Trust Fund assets were approximately \$129.7 billion as of June 30, 2013.

This annual report, which covers the period from July 1, 2012, through June 30, 2013, provides comprehensive information about the system, including statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plans. This report also contains a Legislation section which provides an overview of retirement-related legislation passed during the 2013 Legislative Session.

## ADMINISTRATIVE COSTS

The cost of administering the FRS decreased for the fiscal year 2012-13. The State Board of Administration deducts the fees for their investment services directly from the FRS Trust Fund, so they do not appear in the Division of Retirement's operating budget. For fiscal year 2012-13, the State Board of Administration paid \$436,875,409 for external investment and banking fees, for internal investment management, and other FRS administrative costs.

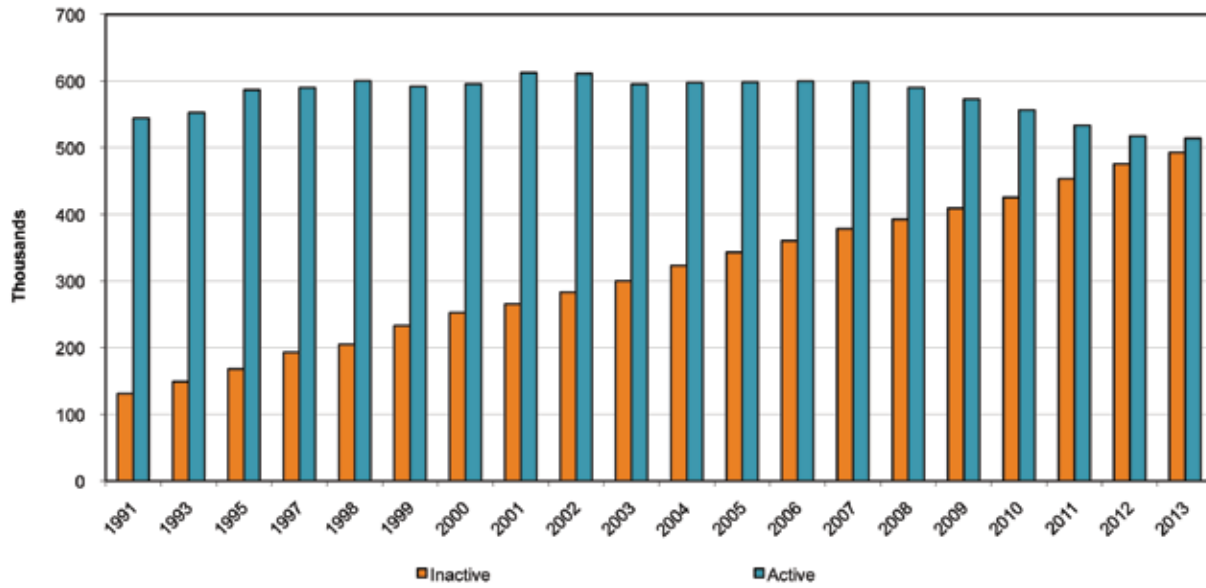
### Administrative Costs as of June 30

2012	2013	% Increase (Decrease)
\$16,615,230	\$16,531,832	(0.50%)

<sup>1</sup> Duval county employees employed after Oct. 1, 1968, are not eligible to participate in the FRS, except for elected county officers who have the option to participate in the FRS.



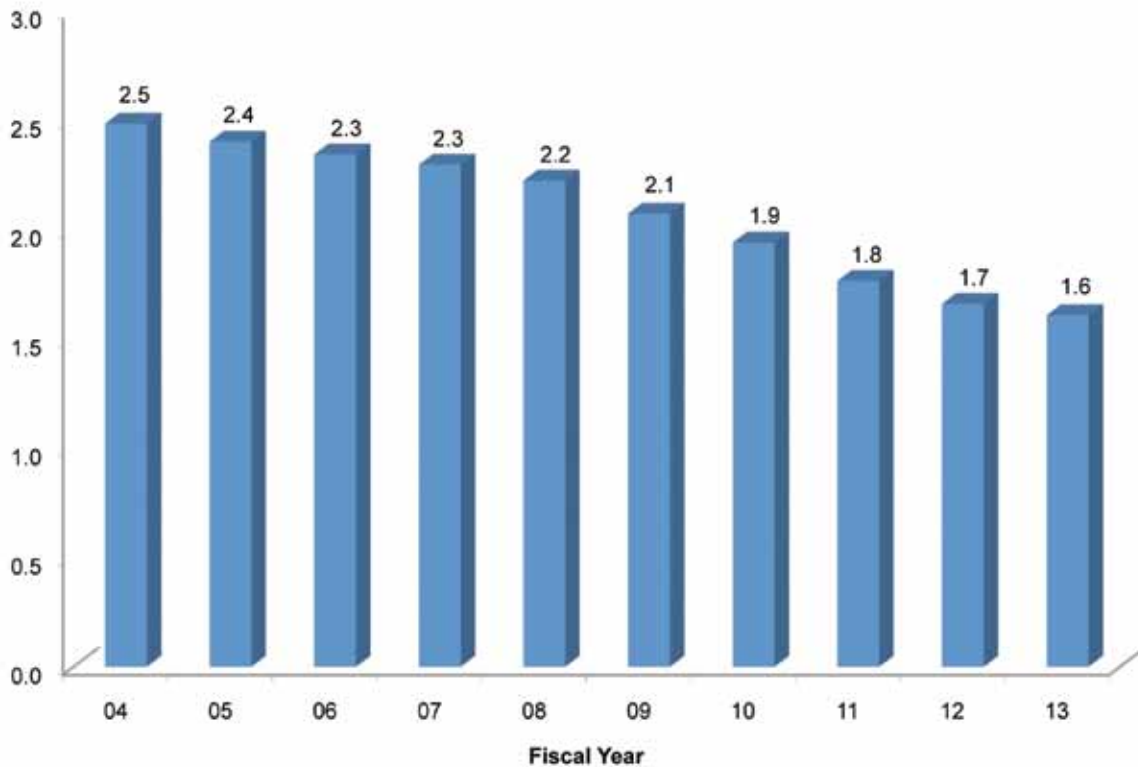
## PENSION PLAN MEMBERSHIP



Inactive members include retirees, DROP participants and vested terminated pension plan members. Active members include only pension plan members.

## RATIO OF FRS ACTIVE MEMBERS TO RETIREES

2004-2013



## MEMBERSHIP AND PAYROLL

as of June 30

### TOTAL FRS MEMBERSHIP

	2012 <sup>1</sup>	2013 <sup>1</sup>	% Change
Members	623,011	621,774	-0.20
Annual Payroll	\$25,509,326,581	\$25,530,493,947	0.08
Average Annual Salary	\$41,459	\$41,678	0.53

### FRS INVESTMENT PLAN MEMBERSHIP

	2012 <sup>1</sup>	2013 <sup>1</sup>	% Change
Members	105,255	107,338	1.98
Annual Payroll	\$4,274,611,623	\$4,374,557,487	2.34
Average Annual Salary	\$41,062	\$41,250	0.46

### FRS PENSION PLAN MEMBERSHIP

	2012 <sup>1</sup>	2013 <sup>1</sup>	% Change
Members	517,756	514,436	-0.64
Annual Payroll	\$21,234,714,958	\$21,155,936,460	-0.37
Average Annual Salary	\$41,540	\$41,768	0.55

## ANNUITANTS AND BENEFIT PAYMENTS FOR THE FRS PENSION PLAN

as of June 30

The increase in benefit payments is the result of several factors: (1) an increase in the number of new retirees; (2) higher salaries; and (3) cost-of-living adjustments to retirees. The figures below include disability payments, IFAS, General Revenue, and TRS-SB, but do not include refunds of member contributions.

	2012 <sup>1</sup>	2013 <sup>1</sup>	% Change
Annuitants	334,682	347,962	3.97
Benefit Payments (Annualized)	\$6,233,606,427	\$6,691,436,718	7.34
Average Benefits (Annualized)	\$18,625	\$19,230	3.25

### DISABILITIES

	2012 <sup>1</sup>	2013 <sup>1</sup>	% Change
Disabled Retirees	15,830	16,018	1.19
Benefit Payments (Annualized)	\$207,318,986	\$216,826,621	4.59
Average Benefits (Annualized)	\$13,097	\$13,536	3.35

### DROP PARTICIPANTS

	2012	2013	% Change
DROP Participants	40,556	38,724	-4.52
Annual Payroll	\$2,253,159,035	\$2,141,966,924	-4.93
DROP Accrued Liability	\$2,488,283,039	\$2,766,321,690	11.17

<sup>1</sup> Excludes DROP participants.



## FRS TRUST FUND ASSETS

as of June 30



## ALL TRUST FUNDS ADMINISTERED STATEMENT OF FUND BALANCE

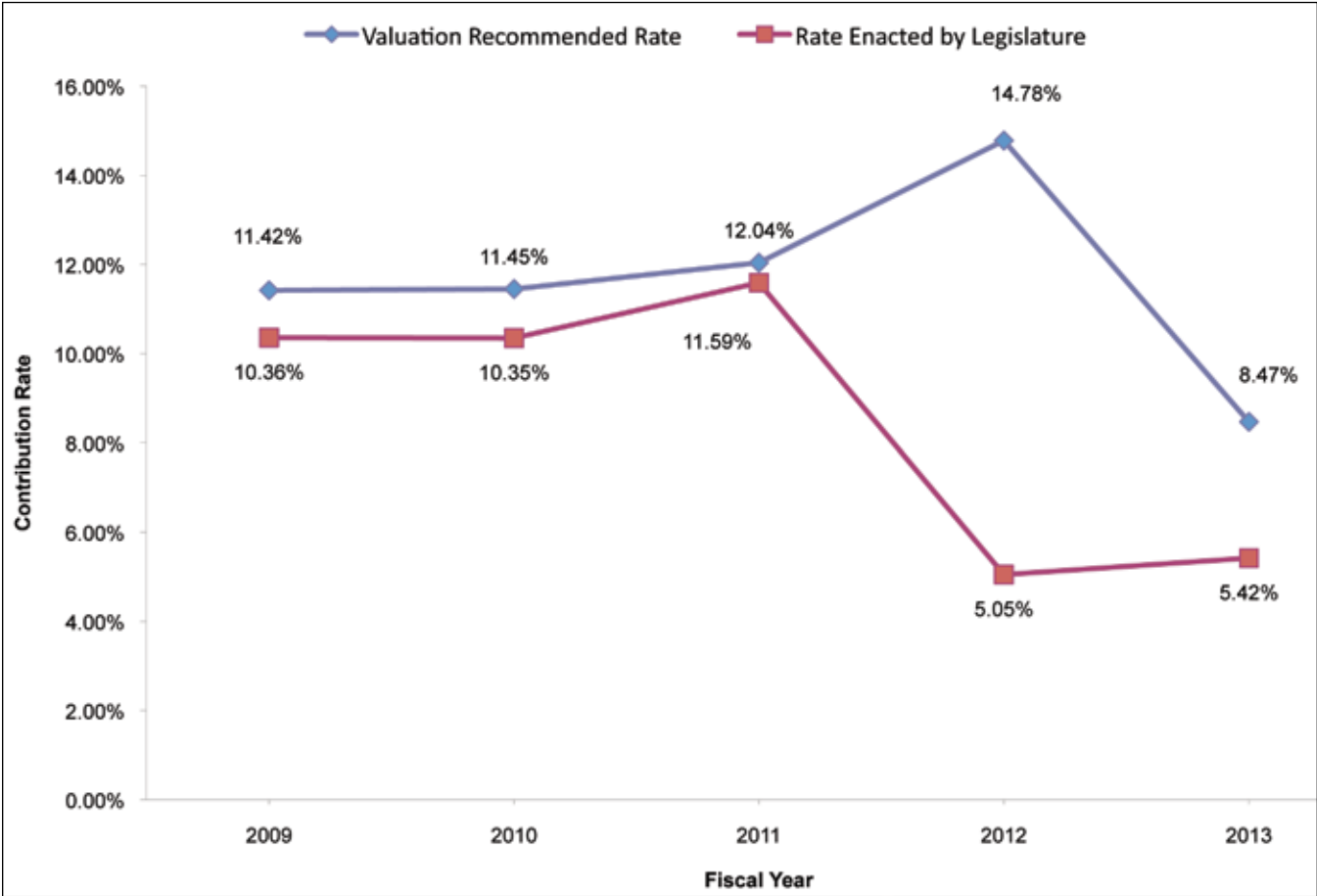
as of June 30

	2012	2013
Florida Retirement System Trust Fund	\$119,981,464,834	\$129,672,088,067
Health Insurance Subsidy Trust Fund	220,345,962	157,929,287
State University System Optional Retirement Program Trust Fund <sup>1</sup>	4,597,714	4,101,264
Senior Management Service Optional Annuity Program Trust Fund <sup>1</sup>	32,579	22,199
General Revenue Appropriation	15,503,628	15,714,207
Police Officers and Firefighters' Premium Tax Trust Fund	68,253,318	72,544,882
<b>Total Fund Balance</b>	<b>\$120,290,198,035</b>	<b>\$129,922,399,906</b>

<sup>1</sup> Fund balance represents residual funds pending transfer to individual member accounts with program provider companies.

# TOTAL COMPOSITE BLENDED RATE

as of June 30



For 2009-2010, the difference between the enacted rate and the recommended rate was funded using surplus actuarial assets. For 2011-2013, the difference between the enacted rate and the recommended rate represents underfunding of the benefit obligation.







LEGISLATION



# 2013 LEGISLATIVE SESSION

All retirement legislation must comply with Article X, section 14, of the Florida Constitution and with Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. The Florida Legislature enacted the following substantive changes in 2013:

## 1. Chapter 2013-53, Laws of Florida

- Increased employer contribution rate for the HIS from 1.11 percent to 1.20 percent.
- Established uniform employer contribution rates for the FRS membership classes and the contribution rate for the DROP effective July 1, 2013. New uniform employer contribution rates include fully funding the recommended unfunded actuarial liability contribution rates. Required employee contribution rate remains at 3 percent.

## 2. Chapter 2013-100, Laws of Florida

- Established new actuarial disclosure requirements for all local pension plans that are subject to Part VII of Chapter 112, excluding the FRS.
- Deleted the requirement that actuarial reports for retirement plans include a disclosure of the present value of the plan's benefits.
- Clarified that the state is not liable for any obligation relating to any current or future shortfall in any local government retirement system or plan.
- Required actuarial disclosure, using certain standard assumptions, of the plan's long-term funded ratio, the dollar value of the unfunded actuarial liability, the number of months or years for which the current market value of assets can sustain payment of projected retirement benefits, and the recommended contributions to the plan as an annual dollar value and percentage of valuation payroll.







FINANCIAL  
STATEMENTS



# NOTES TO THE FINANCIAL STATEMENTS

as of June 30, 2013

## 1. Organization and Plan Description

### A. Administration

The Department of Management Services' Division of Retirement administers the:

- Florida Retirement System Pension Plan, a defined benefit retirement program that includes closed state-administered defined benefit programs for participating public employees;
- State University System Optional Retirement Program, a defined contribution retirement program for State University System faculty, members of the State University System Executive Service, and administrative and professional staff positions that are exempt from career service;
- Senior Management Service Optional Annuity Program, a defined contribution retirement program for state Senior Management Service Class employees;
- Retiree Health Insurance Subsidy Program, a supplemental benefit program for FRS retirees to assist with the cost of health care coverage;
- Police and Firefighters' Premium Tax Trust Fund, a supplemental funding of defined benefit plans for municipal police officers and firefighters who are not in the FRS, based upon taxes collected on property and casualty insurance premiums within the city limits or special fire district boundaries of the participating plan; and
- Various General Revenue pension appropriations.

Effective Dec. 31, 1986, the collection and remittance of Social Security taxes for public employers in the state was transferred to the U.S. Department of the Treasury, Internal Revenue Service.

### B. FRS Plan Description

The FRS is a multiple-employer, cost-sharing retirement system qualified under section 401 (a) of the Internal Revenue Code. It was created in December 1970 by consolidating 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 brought into the overall system. In 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group.

The FRS has over 1,000 participating employers (see breakdown by employer type in the chart below). The 10 largest employers in the FRS are as follows: Miami-Dade County School Board, Miami-Dade County, Broward County School Board, Hillsborough County School Board, Department of Corrections, Palm Beach County School Board, Orange County School Board, Pinellas County School Board, Department of Health, and the Duval County School Board. You can view a list of all agencies participating in the FRS by downloading a copy of the FRS Participating Employers booklet.

The provisions of the FRS are summarized in the Summary Plan Description and Chronology section beginning on Page 71.

Employers	as of June 30	
	2012	2013
District School Boards	67	67
Community Colleges	28	28
County Agencies	396	396
Cities	185	185
Independent Hospitals	6	6
Special Districts	251	259
State of Florida	55	55
Other	12	12
<b>Total Employers</b>	<b>1,000<sup>1</sup></b>	<b>1,008<sup>1</sup></b>

<sup>1</sup> These totals include 26 cities, five independent hospitals, and 12 independent special districts that are closed to new FRS members as of Jan. 1, 1996.



	as of June 30	
	2012	2013
<b>Employee Members</b>		
Current Retirees and Beneficiaries (excludes General Revenue and TRS-SB)	333,364	346,678
DROP Participants	40,556	38,724
Terminated Vested Members <sup>1</sup>	104,355	108,848
Subtotal	478,275	494,250
Active Members <sup>1</sup>		
Vested	474,534	477,461
Non-vested	148,477	144,313
Subtotal	623,011	621,774
<b>Total Employee Members</b>	<b>1,101,286</b>	<b>1,116,024</b>

<sup>1</sup> Includes both FRS Pension Plan and Investment Plan members.

## 2. Summary of Significant Accounting Policies and Plan Asset Matters

- **Basis of Accounting** — Financial statements for the Pension Funds, both Defined Benefit and Defined Contribution Plans, are prepared using the accrual basis of accounting. Revenues are recognized when earned, contributions are recognized as revenue in the period in which employee services are performed and expenses are recognized when incurred. Financial statements for the Special Revenue and Agency Funds are prepared using the modified accrual basis of accounting. Revenues are recognized when measurable and available for expenditure; expenditures are recognized when incurred.
- **Method Used to Value Investments** — Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued based on expected future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.
- **Property** — Division of Retirement fixed assets are capitalized in the Operating Trust Fund, which is combined with the FRS Trust Fund for reporting purposes. Effective July 1, 1999, the dollar value in the definition of property as provided in the Florida Statutes was amended to \$1,000 or more. The Division of Retirement also removed items not meeting the definition for capitalization from inventory.
- **Accrued Deferred Retirement Option Program Liability** — Benefits accrue monthly to employees entering the DROP who have up to 60 months to terminate from service. The Accrued DROP Liability on June 30, 2013, was \$2,766,321,690 for 38,724 participants.
- **Compensated Absences Liability** — On June 30, 2013, the amount recorded for compensated absences liability in General Long Term Debt for Special Revenue funded activities was \$80,226.



### 3. Contributions Required and Contributions Made

The FRS is funded by monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see Page 74 for current rates). Level percentages of payroll employer contribution rates, established by state law, are determined using the ultimate entry-age actuarial funding method. The level percentage of payroll method is also used to amortize the unfunded liability over a period not to exceed 30 years, and to amortize each change in actuarial assumptions.

Contributions during fiscal year 2012-13 totaled \$2,371,392,201 (including pension contributions by employees), in accordance with contribution requirements set by the legislature with information from the actuarial valuation. Below, we list significant actuarial assumptions used to compute contribution requirements.

The Division of Retirement provides the annual report and findings of the annual actuarial valuation and special studies to the legislature to assist in making funding decisions.

### 4. Required Supplementary Information

#### Schedule of Funding Progress<sup>1</sup>

(000 omitted in dollar amounts)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll <sup>2</sup> (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2004	106,707,426	95,185,433	(11,521,993)	112.10%	23,115,581	(49.85%)
July 1, 2005	111,539,878	103,925,948	(7,614,380)	107.33%	24,185,938	(31.48%)
July 1, 2006	117,159,615	110,977,831	(6,181,784)	105.57%	25,327,922	(24.41%)
July 1, 2007	125,584,704	118,870,513	(6,714,191)	105.65%	26,385,768	(25.45%)
July 1, 2008	130,720,547	124,087,214	(6,633,333)	105.35%	26,891,340	(24.67%)
July 1, 2009 <sup>3</sup>	118,764,692	136,375,597	17,610,905	87.09%	26,573,196	66.27%
July 1, 2010 <sup>4</sup>	120,929,666	139,652,377	18,722,711	86.59%	25,765,362	72.67%
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93%	25,686,138	73.80%
July 1, 2012	127,891,781	148,049,596	20,157,815	86.38%	24,491,371	82.31%
July 1, 2013	131,680,615	154,125,953	22,445,338	85.44%	24,568,642	91.36%

#### Schedule of Employer Contributions<sup>1</sup>

(000 omitted in dollar amounts)

Year Ended June 30	Annual Required Contributions	Percent Contributed
2004	2,044,540	92%
2005	2,141,862	102%
2006	2,193,928	96%
2007	2,455,255	111%
2008	2,612,672	107%
2009	2,535,854	111%
2010	2,447,374	111%
2011	3,680,042	83%
2012	1,962,816	60%
2013	2,091,343	66%

#### Notes to Required Supplementary Information

Actuarial valuations determined the information presented in the required supplementary schedules at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age (Ultimate Entry Age Calculation Approach)
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	Weighted average of 28 years <sup>5</sup>
Asset Valuation Method	5-year Smoothed Method
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	5.85% <sup>6</sup>
Includes Inflation at	3.00%
Cost-of-Living Adjustments	3.00% <sup>7</sup>

<sup>1</sup> Calculations are based on GASB 27 requirements including traditional funding of DROP.

<sup>2</sup> For the plan year beginning on the Actuarial Valuation Date shown, includes payroll for members in DROP, TRS and IFAS.

<sup>3</sup> As reported in July 1, 2009, actuarial valuation report, before impact of House Bill 479 (2009).

<sup>4</sup> As reported in July 1, 2010, actuarial valuation report, before impact of Senate Bill 2100 (2011).

<sup>5</sup> Used for GASB Statement No. 27 reporting purposes.

<sup>6</sup> Includes individual salary growth of 4.00 percent plus an age-graded merit scale defined by gender and employment class. See

<sup>7</sup> Table A-2 of the July 1, 2013, actuarial valuation report for merit scale.

Cost-of-Living-Adjustments granted only for pre-July 1, 2011 service.



## EXHIBIT A - DEFINED BENEFIT PENSION PLANS COMPARATIVE STATEMENT OF PLAN NET ASSETS

as of June 30

	Florida Retirement System Trust Fund	
	2013	2012
<b>Assets</b>		
Cash and Cash Equivalents	\$246,715,643	\$218,773,173
State Treasury Investment Pool	1,472,931	2,022,928
<b>Total Cash and State Treasury Investments</b>	<b>248,188,574</b>	<b>220,796,101</b>
<b>Investments</b>		
Certificates of Deposit	2,051,387,900	899,769,200
U.S. Government and Federally Guaranteed Obligations	9,937,361,205	9,430,834,346
Federal Agencies	7,792,893,790	9,699,690,825
Commercial Paper	4,755,488,463	3,638,372,251
Options	1,034,088	59,413
Repurchase Agreements	750,000,000	2,055,000,000
International Bonds and Notes	2,451,498,926	3,353,042,299
Bonds and Notes	7,692,659,764	8,815,755,261
Real Estate Contracts	9,040,776,153	8,176,281,655
Mutual Funds Equity	6,291,529,419	5,966,638,026
Short Term Investment Funds	302,989,494	16,064,341
Domestic Equity/Domestic Equity Commingled	38,428,784,910	33,407,722,314
Alternative Investment	13,555,756,488	—
Alternative Investment - Domestic	—	7,832,315,906
Alternative Investment - International	—	3,400,754,399
International Equity/International Equity Commingled	33,946,698,224	30,177,809,218
<b>Total Investments</b>	<b>136,998,858,824</b>	<b>126,870,109,454</b>
<b>Receivables</b>		
Accounts Receivable	83,557	83,557
Contributions Receivable - State	35,433,350	52,406,080
Contributions Receivable - Non-State	181,971,504	221,675,638
Interest Receivable	190,637,092	202,925,909
Dividends Receivable	171,867,527	160,110,450
Pending Investment Sales	2,407,947,554	1,487,379,287
Pending Spot FX Trades Receivables	137,386,635	—
Forward Contract Receivable	394,655,258	270,858,693
Future Trade Equity	8,280,533	20,006,422
Prepaid Items	6,136,796	6,398,842
Due from Other Funds within Division	213	230
Due from Other Funds	2,339	12,581
<b>Total Receivables</b>	<b>3,534,402,359</b>	<b>2,421,857,688</b>
Security Lending Collateral	3,245,416,854	4,938,459,553
Property, at Cost	853,792	879,237
Accumulated Depreciation	(430,395)	(516,245)
<b>Total Property</b>	<b>423,396</b>	<b>362,992</b>
<b>Total Assets</b>	<b>144,027,290,008</b>	<b>134,451,585,787</b>
<b>Liabilities</b>		
Accounts Payable	65,762,534	71,427,929
Benefits Payable	1,109,781	1,145,484
Accrued DROP Liability	3,357,306,300	2,939,923,585
Due to Other Funds	2,087,812	12,190
Due to Other Departments	36,800,582	54,455,416
Accrued Interest Payable	579,172	491,022
Obligations under Securities Lending	3,317,786,852	5,041,086,971
Pending Investment Purchases	6,679,055,740	5,708,172,875
Pending Spot FX Trades Payables	136,645,906	—
Forward Contracts Payable	390,120,198	272,260,524
Broker Rebate Fees	47,457	165,196
Short Sell Obligations - Fixed Income	367,075,526	380,076,347
Compensated Absences Liability	824,082	903,415
<b>Total Liabilities</b>	<b>14,355,201,941</b>	<b>14,470,120,954</b>
<b>Net Plan Assets Held In Trust for Pension Benefits</b>	<b>\$129,672,088,067</b>	<b>\$119,981,464,834</b>

## EXHIBIT B - DEFINED BENEFIT PENSION PLANS COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS

as of June 30

	Florida Retirement System Trust Fund	
	2013	2012
<b>Additions</b>		
Contributions		
Pension Contributions - State	\$326,496,923	\$317,054,651
Pension Contributions - Non-State	1,214,277,831	1,185,856,830
Pension Contributions - Employee	830,617,446	806,140,587
	<u>2,371,392,201</u>	<u>2,309,052,068</u>
<b>Transfers from Other Funds</b>		
Optional Retirement Program	7,319,091	7,554,953
Optional Annuity Program	11,815	12,080
General Revenue	15,714,207	15,503,628
Investment Plan	43,883,824	33,737,861
Property Transfers In	—	—
<b>Total Contributions</b>	<u>2,438,321,138</u>	<u>2,365,860,590</u>
<b>Investment Income</b>		
Net Appreciation in Fair Value	13,052,082,047	(3,286,665,278)
Interest Income	1,043,513,692	1,140,664,061
Dividends	1,992,763,342	1,783,693,431
Real Estate Operating Income, Net	471,728,292	437,865,482
Other Investment Income	133,066,779	123,584,852
Fines, Forfeits and Settlements	29,055,563	—
<b>Total Investment Income</b>	<u>16,722,209,714</u>	<u>199,142,548</u>
Less Investment Activity Expense	436,875,409	374,200,433
Net Income from Investment Activity	<u>16,285,334,305</u>	<u>(175,057,884)</u>
Security Lending Activities		
Security Lending Income	56,229,448	50,100,225
Security Lending Expense	7,791,102	9,063,468
Net Income from Security Lending	<u>48,438,346</u>	<u>41,036,756</u>
<b>Total Additions</b>	<u>18,772,093,788</u>	<u>2,231,839,462</u>
<b>Deductions</b>		
Benefit Payments	7,903,656,618	7,354,373,801
Benefit Payments - General Revenue Funded	15,714,207	15,503,628
Refunds of Contributions	5,033,571	1,672,624
Transfers out within Department	894,370	1,005,413
Transfers to Other Departments	7,924,838	7,993,984
Transfers to Other Departments - Investment Plan	1,132,601,457	1,433,898,961
Property Dispositions	1,486	527
Depreciation Expense	59,757	89,017
Administrative Expenses	15,584,250	15,556,281
<b>Total Deductions</b>	<u>9,081,470,554</u>	<u>8,830,094,236</u>
<b>Net Increase(Decrease)</b>	<u>9,690,623,234</u>	<u>(6,598,254,774)</u>
<b>Net Assets Held in Trust for Pension Benefits</b>		
Beginning of Year	119,981,464,834	126,579,719,608
<b>End of Year</b>	<u><u>\$129,672,088,067</u></u>	<u><u>\$119,981,464,834</u></u>

(A schedule of funding progress is presented on Page 18.)



## EXHIBIT C - DEFINED CONTRIBUTION PLANS COMPARATIVE BALANCE SHEET

as of June 30

	Combined Totals		State University System Optional Retirement Program Trust Fund		Senior Management Service Optional Annuity Program Trust Fund	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Cash	\$25,113	\$196,827	\$10,502	\$192,502	\$14,611	\$4,325
Investments with State Treasury	4,264,854	4,453,253	4,258,761	4,429,661	6,093	23,592
Interest Receivable	3,137	8,875	3,121	8,826	16	49
Contributions Receivable	12,490	4,615	11,008	—	1,482	4,615
Due from Other Funds	—	—	—	—	—	—
Property, at Cost	—	—	—	—	—	—
Accumulated Depreciation	—	—	—	—	—	—
<b>Total Assets</b>	<b>4,305,594</b>	<b>4,663,571</b>	<b>4,283,392</b>	<b>4,630,989</b>	<b>22,202</b>	<b>32,581</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	149,569	3,180	149,569	3,180	—	—
Due to Other Funds	12	84	12	84	—	—
Due to Other Departments	627	586	624	583	3	3
Compensated Absences Liability	31,923	29,427	31,923	29,427	—	—
<b>Total Liabilities</b>	<b>182,131</b>	<b>33,277</b>	<b>182,128</b>	<b>33,274</b>	<b>3</b>	<b>3</b>
<b>Fund Balance</b>	<b>4,123,463</b>	<b>4,630,294</b>	<b>4,101,264</b>	<b>4,597,714</b>	<b>22,199</b>	<b>32,579</b>
<b>Total Liabilities and Fund Balance<sup>1</sup></b>	<b>\$4,305,594</b>	<b>\$4,663,571</b>	<b>\$4,283,392</b>	<b>\$4,630,989</b>	<b>\$22,202</b>	<b>\$32,581</b>

<sup>1</sup> Fund balance represents residual funds pending transfer to individual member accounts with program provider companies.

## EXHIBIT D - DEFINED CONTRIBUTION PLANS COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

as of June 30

	Combined Totals		State University System Optional Retirement Program Trust Fund		Senior Management Service Optional Annuity Program Trust Fund	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Pension Contributions - State	\$84,038,129	\$123,541,618	\$83,805,446	\$123,159,101	\$232,683	\$382,518
Pension Contributions - Non-State	110,467	132,855	110,467	132,855	—	—
Pension Contributions - Employees	81,867,343	97,395,403	81,744,087	97,270,949	123,256	124,454
Investment Earnings	87,012	101,154	86,545	100,545	468	609
<b>Total Revenues</b>	<b>166,102,952</b>	<b>221,171,030</b>	<b>165,746,545</b>	<b>220,663,450</b>	<b>356,407</b>	<b>507,581</b>
<b>Expenses</b>						
Payments to Annuity Companies	158,903,607	212,489,351	158,548,635	211,980,268	354,972	509,083
Transfers to FRS Trust Fund	7,330,906	7,567,033	7,319,091	7,554,953	11,815	12,080
Administrative Expenses	375,269	148,995	375,269	148,995	—	—
<b>Total Expenses</b>	<b>166,609,782</b>	<b>220,205,379</b>	<b>166,242,995</b>	<b>219,684,216</b>	<b>366,787</b>	<b>521,162</b>
<b>Excess of Revenues over Expenses</b>	<b>(506,830)</b>	<b>965,652</b>	<b>(496,450)</b>	<b>979,234</b>	<b>(10,380)</b>	<b>(13,582)</b>
<b>Fund Balance, July 1</b>	<b>4,630,293</b>	<b>3,664,641</b>	<b>4,597,714</b>	<b>3,618,480</b>	<b>32,579</b>	<b>46,161</b>
<b>Fund Balance, June 30<sup>1</sup></b>	<b>\$4,123,463</b>	<b>\$4,630,293</b>	<b>\$4,101,264</b>	<b>\$4,597,714</b>	<b>\$22,199</b>	<b>\$32,579</b>

<sup>1</sup> Fund balance represents residual funds pending transfer to individual member accounts with program provider companies.





## EXHIBIT E - OTHER EMPLOYEE BENEFIT TRUST FUND COMPARATIVE BALANCE SHEET

as of June 30

	Health Insurance Subsidy Trust Fund	
	2013	2012
<b>Assets</b>		
Cash	\$119,411	\$1,240,064
Investments	121,407,450	182,192,080
Accounts Receivable	36,411,946	36,917,616
Interest Receivable	—	185
Due from Other Funds	—	—
Due from Other Departments	—	—
Due from Other Governmental Units	—	—
<b>Total Assets</b>	<b>157,938,807</b>	<b>220,349,945</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	9,520	3,982
Due to Other Funds	—	—
Due to Other Departments	—	—
Due to Other Governmental Units	—	—
Due to General Revenue	—	—
<b>Total Liabilities</b>	<b>9,520</b>	<b>3,982</b>
<b>Fund Balance</b>	<b>157,929,287</b>	<b>220,345,962</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$157,938,807</b>	<b>\$220,349,945</b>

**EXHIBIT F - OTHER EMPLOYEE BENEFIT TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE**

as of June 30

	Health Insurance Subsidy Trust Fund	
	2013	2012
<b>Revenues</b>		
HIS Employer Contributions	\$327,574,729	\$322,610,317
Investment Earnings	450,005	665,298
Net Appreciation in Fair Value	585,140	219,131
<b>Total Revenues</b>	<b>328,609,874</b>	<b>323,494,746</b>
<b>Expenditures</b>		
Benefit Payments	390,973,358	374,443,538
Administrative Expenses	51,382	51,190
Interest and Fiscal Charges	1,586	3,565
Transfers to Other Funds	224	224
<b>Total Expenditures</b>	<b>391,026,550</b>	<b>374,498,517</b>
<b>Excess of Revenues over Expenditures</b>	<b>(62,416,676)</b>	<b>(51,003,771)</b>
<b>Fund Balance, July 1</b>	<b>220,345,962</b>	<b>271,349,733</b>
<b>Fund Balance, June 30</b>	<b>\$157,929,287</b>	<b>\$220,345,962</b>



## EXHIBIT G - SPECIAL REVENUE FUND COMPARATIVE BALANCE SHEET

as of June 30

	Police and Firefighters Premium Tax Trust Fund	
	2013	2012
<b>Assets</b>		
Cash	\$145,079	\$70,131
Investments	225,443,948	218,053,139
Accounts Receivable	—	—
Interest Receivable	108	213
Due from Other Funds	—	—
Due from Other Departments	10,295,822	11,549,175
Due from Other Governmental Units	—	—
<b>Total Assets</b>	235,884,957	229,672,658
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	178,710	59,701
Due to Other Funds	202	466
Due to Other Departments	17,738,955	18,143,256
Due to Other Governmental Units	135,079,370	133,331,984
Due to General Revenue	10,337,207	9,883,934
Compensated Absences Liability	5,632	—
<b>Total Liabilities</b>	163,340,075	161,419,340
<b>Fund Balance</b>	72,544,882	68,253,318
<b>Total Liabilities and Fund Balance</b>	<b>\$235,884,957</b>	<b>\$229,672,658</b>

**EXHIBIT H - SPECIAL REVENUE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE**

as of June 30

	Police and Firefighters Premium Tax Trust Fund	
	2013	2012
<b>Revenues</b>		
Premium Taxes	\$169,215,084	\$160,549,175
Investment Earnings	336,100	390,778
Net Appreciation in Fair Value	673,623	168,439
Transfers in From Within the Agency	80,738	455,677
<b>Total Revenues</b>	<b>170,305,545</b>	<b>161,564,069</b>
<b>Expenditures</b>		
Distribution to Cities	134,008,945	109,040,709
Administrative Expenses	404,457	763,272
Interest and Fiscal Charges	1,020	2,508
Transfers to Other Funds	31,599,560	31,090,730
<b>Total Expenditures</b>	<b>166,013,982</b>	<b>140,897,219</b>
<b>Excess of Revenues over Expenditures</b>	<b>4,291,564</b>	<b>20,666,850</b>
<b>Fund Balance, July 1</b>	<b>68,253,318</b>	<b>47,586,468</b>
<b>Fund Balance, June 30</b>	<b>\$72,544,882</b>	<b>\$68,253,318</b>



**SCHEDULE A – FRS TRUST FUND**  
**HISTORICAL TREND INFORMATION**  
Revenues by Source and Expenditures by Type

**Revenues by Source**

(In dollars)

Fiscal Year	Contributions	Investment Income	Other Income <sup>1</sup>	Total
2002-03	1,802,499,435	2,709,318,105	19,247,450	4,531,064,991
2003-04	1,947,706,372	14,771,188,710	19,365,505	16,738,260,586
2004-05	2,096,743,552	10,260,954,625	19,774,370	12,377,472,548
2005-06	2,349,816,307	11,495,790,748	24,746,327	13,870,353,383
2006-07	3,064,633,977	21,301,593,731	32,729,306	24,398,957,014
2007-08	3,289,467,438	(6,355,228,148)	50,623,500	(3,015,137,210)
2008-09	3,373,671,171	(24,706,946,542)	31,817,039	(21,301,458,332)
2009-10	3,174,176,432	14,705,383,838	35,121,684	17,914,681,954
2010-11	3,519,761,087	24,198,754,945	48,356,730	27,766,872,762
2011-12	2,309,052,068	(134,021,128)	56,808,522	2,231,839,462
2012-13	2,371,392,201	16,333,772,651	66,928,936	18,772,093,788

**Expenditures by Type**

(In dollars)

Fiscal Year	Benefits <sup>2</sup>	Administrative Expenses <sup>4</sup>	Refunds	Other <sup>3</sup>	Total
2002-03	3,899,614,092	411,422,901	3,455,273	9,572,502	4,324,064,769
2003-04	3,661,451,134	477,817,450	4,440,492	9,967,588	4,153,676,664
2004-05	4,295,049,880	920,133,786	— <sup>5</sup>	10,807,423	5,225,991,089
2005-06	4,537,273,049	1,063,549,553	3,385,597	11,154,172	5,615,362,670
2006-07	4,946,210,527	1,464,115,340	1,710,407	11,729,366	6,423,765,640
2007-08	5,226,432,805	1,591,514,346	2,642,967	12,713,091	6,833,303,209
2008-09	5,669,557,697	975,388,360	4,012,351	13,221,762	6,662,180,170
2009-10	6,088,727,455	1,132,256,456	2,821,688	14,048,097	7,237,853,696
2010-11	6,685,078,219	1,665,093,240	2,210,500	14,761,079	8,367,143,038
2011-12	7,354,373,801	1,458,544,183	1,672,624	15,503,628	8,830,094,236
2012-13	7,903,656,618	1,157,066,158	5,033,571	15,714,207	9,081,470,554

<sup>1</sup> Transfers from General Revenue are considered "Other Income."

<sup>2</sup> Includes Accrued DROP liability.

<sup>3</sup> General Revenue funded benefit payments are considered "Other." Also, "Other" no longer includes Investment and Security Lending Expenses, which are netted against income from Investment and Security Lending Activities.

<sup>4</sup> Includes transfers to other departments, present value transfers, property dispositions and depreciation expenses.

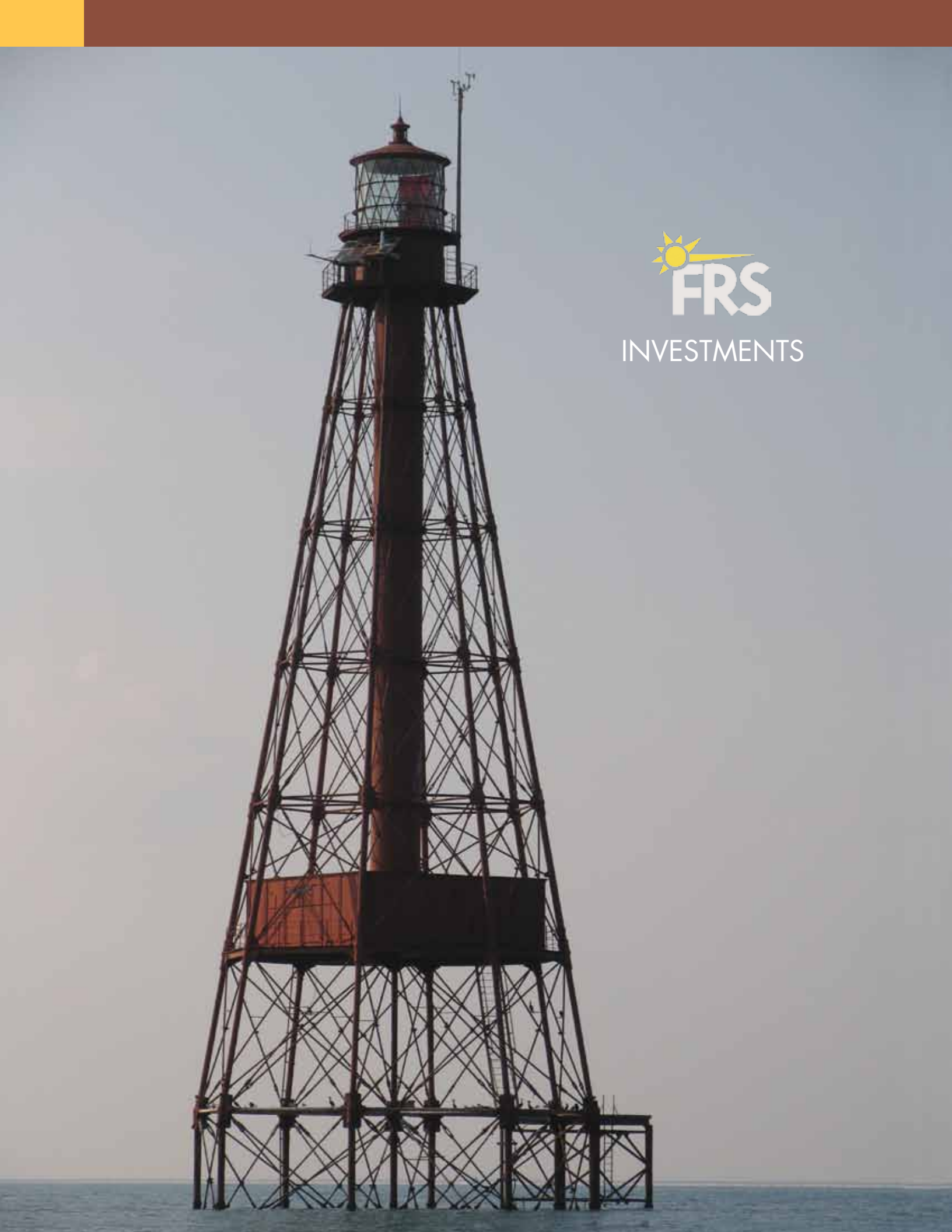
<sup>5</sup> Refunds were netted against contributions in the amount of \$1,908,065.

## SCHEDULE B - FRS TRUST FUND COMPARATIVE ANALYSIS OF ADMINISTRATIVE EXPENSES

as of June 30

	2013	2012
<b>Personal Services</b>		
Salaries and Wages	\$6,463,825	\$6,532,080
State Retirement	341,996	279,515
Other Employee Benefits	1,591,208	1,588,342
Social Security	475,344	480,220
Other Personal Services	431	3,230
<b>Total Personal Services</b>	<u>8,872,804</u>	<u>8,883,387</u>
<b>Professional Services</b>		
Data Processing	258,014	205,692
Contractual IT Services and Monitoring	2,896,983	2,860,401
Other Contractual Services	443,323	180,081
Legal	41,328	82,847
Actuarial	593,181	648,539
<b>Total Professional Services</b>	<u>4,232,828</u>	<u>3,977,560</u>
<b>Communication</b>		
Postage and Freight	776,511	911,133
Printing and Reproduction Services	157,874	292,994
Travel	29,238	48,828
Telephone Services	147,261	160,478
<b>Total Communication</b>	<u>1,110,884</u>	<u>1,413,433</u>
<b>Rentals</b>		
Office Rental	724,648	716,094
Equipment Leasing	17,679	23,848
<b>Total Rentals</b>	<u>742,327</u>	<u>739,942</u>
<b>Miscellaneous</b>		
Repair and Maintenance	32,049	10,621
Materials and Supplies	146,265	138,249
Other Current Charges and Obligations	307,327	213,278
<b>Total Miscellaneous</b>	<u>485,640</u>	<u>362,148</u>
<b>Sub-Total Administrative Expenses</b>	<u>15,444,484</u>	<u>15,376,469</u>
<b>Transfers to Other Funds</b>		
Department of Management Services Administrative Assessment	894,370	1,005,413
Department of Management Services Human Resource Contract	56,240	55,918
Department of Insurance Risk Management	54,497	56,311
Department of Insurance Fire and Workers' Compensation	7,417	9,260
Division of Administrative Hearings	13,581	22,314
<b>Total Transfers to Other Funds</b>	<u>1,026,105</u>	<u>1,149,216</u>
<b>Property Dispositions</b>	1,486	527
<b>Depreciation Expense</b>	59,757	89,017
<b>Total Administrative Expenses</b>	<u><u>\$16,531,832</u></u>	<u><u>\$16,615,230</u></u>





INVESTMENTS



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

1801 Hermitage Boulevard  
Tallahassee, Florida 32308  
(850) 488-4406

Post Office Box 13300  
32317-3300

RICK SCOTT  
GOVERNOR  
AS CHAIRMAN  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

December 31, 2013

TO: Members of the Florida Legislature  
Members of the Florida Retirement System

RE: Assets of the Florida Retirement System Pension Plan

The State Board of Administration of Florida (SBA) manages the assets of the Florida Retirement System (FRS). The Board consists of Governor Rick Scott, Chairman, Chief Financial Officer Jeff Atwater, and Attorney General Pam Bondi. The primary investment objectives for the FRS Pension Plan are to provide investment returns sufficient to ensure timely payment of promised benefits and keep plan costs at a reasonable level. The portfolio consists of a highly diversified asset mix of investments, which includes government and corporate bonds, common stocks, income-producing real estate, alternative investments, and short-term money market instruments. The proportions of major asset classes in the FRS Pension Plan portfolio, by quarter, are shown below:

**FRS Pension Plan Market Value for Fiscal Year 2012-2013**

	9/30/12	12/31/12	3/31/13	6/30/13
Fund Market Value	\$126.89 billion	\$128.61 billion	\$133.65 billion	\$132.38 billion

**Actual Quarter-End Asset Allocation  
Fiscal Year 2012-2013**

Asset Classes	9/30/12	12/31/12	3/31/13	6/30/13
Global Equity	58.5%	58.2%	59.4%	59.1%
Fixed Income	23.4%	23.2%	22.3%	22.0%
Real Estate	7.5%	7.5%	7.5%	7.7%
Private Equity	5.1%	5.2%	5.0%	5.2%
Strategic Investments	4.7%	5.0%	4.8%	5.1%
Cash Equivalents/Short Term	0.8%	0.8%	0.9%	0.9%
Total**	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

\*\*Columns may not add to totals due to rounding.

**Annualized FRS Pension Plan Investment Performance  
(By Fiscal Year Periods)**

	10 Years 2003-2013	5 Years 2008-2013	3 Years 2010-2013	1 Year 2012-2013
FRS Pension Plan Public and Private Markets				
Total FRS Pension Plan	7.45%	5.04%	11.47%	13.12%

Investment performance of the FRS Pension Plan is reported in the SBA's *2012-13 Investment Report*. The annual report is prepared before January 1, in compliance with Section 215.44(5), Florida Statutes, and includes detailed information on FRS Pension Plan investment assets, strategy, and performance. The SBA's performance consultant, Bank of New York Mellon, independently prepares reported performance data.

Respectfully submitted,

Ashbel C. Williams



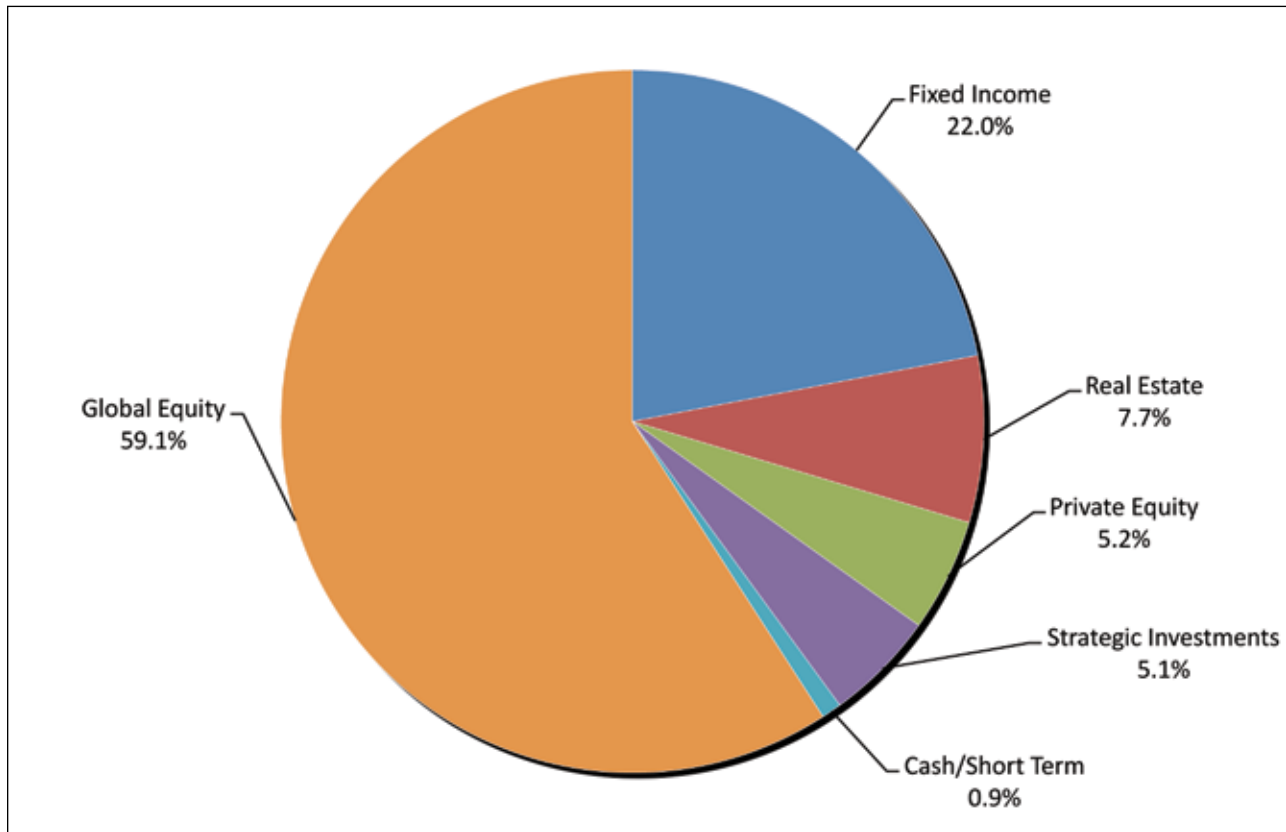


## FRS TRUST FUND PERFORMANCE

The following shows the FRS Trust Fund's investment performance reported at fair value for one-year periods as of June 30 of each year.

<u>Fiscal Year</u>	<u>Based On Fair Value</u>
2003	2.80%
2004	16.65%
2005	10.18%
2006	10.56%
2007	18.07%
2008	(4.42)%
2009	(19.03)%
2010	14.03%
2011	22.09%
2012	0.29%
2013	13.12%

**FRS TRUST FUND  
DISTRIBUTION OF INVESTMENTS<sup>1</sup>**  
as of June 30, 2013



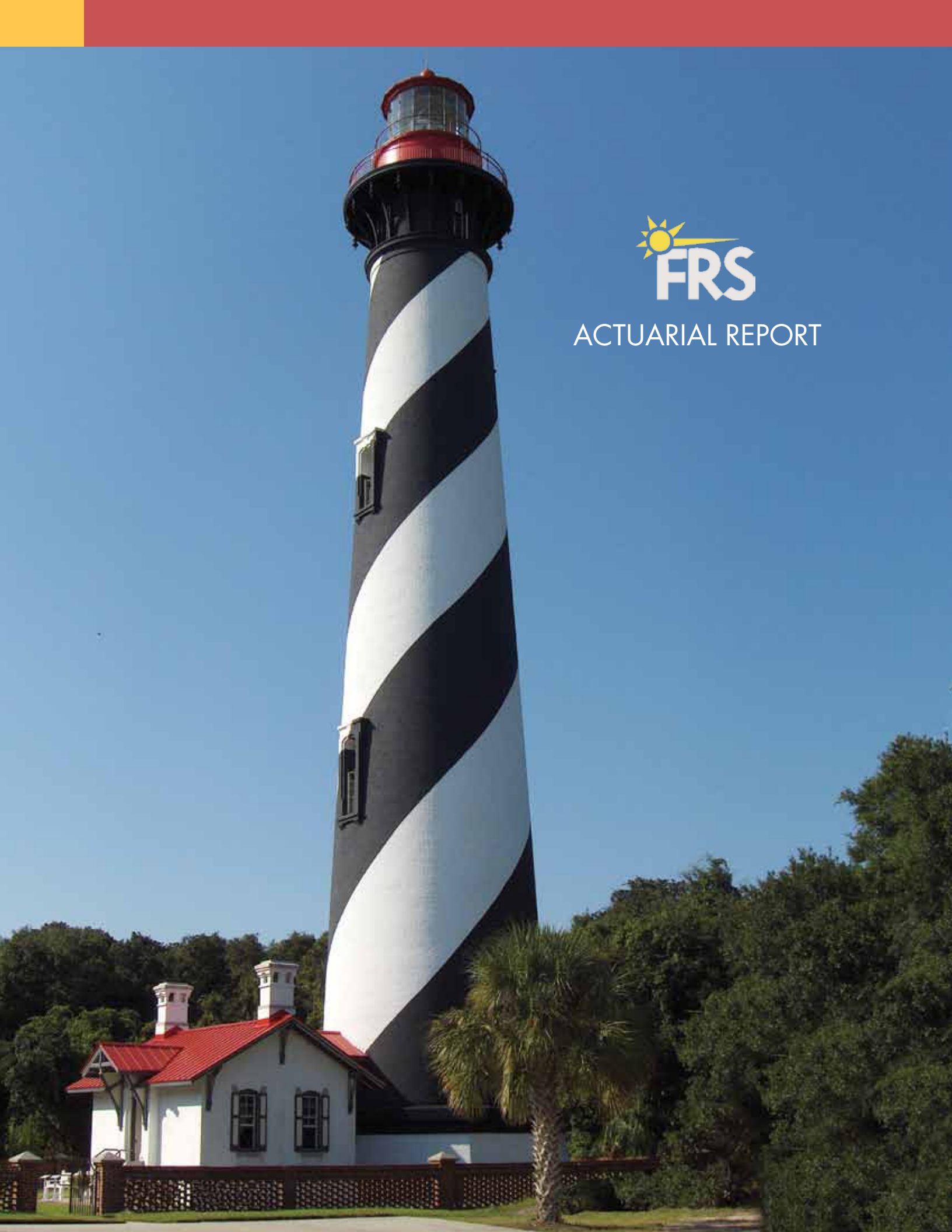
Fund Market Value \$132,382,915,266

**Investments by Asset Class**

Asset Class	Value as of June 30, 2013
Global Equity	\$78,261,432,803
Fixed Income	\$29,108,897,932
Real Estate	\$10,143,542,908
Private Equity	\$6,892,041,617
Strategic Investments	\$6,752,566,988
Cash Equivalents/Short Term	\$1,224,433,018
<b>Total</b>	<b>\$132,382,915,266</b>

<sup>1</sup> Percentages may not add to 100 percent due to rounding.





# ACTUARIAL REPORT



December 20, 2013

Members of the Florida Legislature  
and  
Members of the Florida Retirement System

### **Statement Regarding Actuarial Valuation as of July 1, 2013**

Milliman has completed an actuarial valuation as of July 1, 2013 for the Florida Retirement System (FRS). The valuation is conducted annually to assess system funded status and to determine actuarially calculated contribution rates. This valuation developed the rates for the 2014-2015 plan year, based on the methods and assumptions approved by the 2013 Actuarial Assumptions Conference.

The actuarially calculated contribution rates in the valuation are set in a way that they will remain level as a percentage of payroll in future years if experience follows assumptions until system funded status returns to 100%. The July 1, 2013 actuarial valuation marks the fifth consecutive valuation where the FRS has had an Unfunded Actuarial Liability (i.e., Actuarial Liabilities exceed the Actuarial Value of Assets.) The re-emergence of the Unfunded Actuarial Liability (UAL) was primarily attributable to unfavorable investment returns caused by the extreme market downturn between July 1, 2008 and June 30, 2009.

The composite actuarially calculated employer contribution rate for the 2014-2015 plan year increased by approximately 0.50% of payroll when compared to the 2013-2014 rate calculated in the previous valuation. The rate increase had three primary sources.

First, an increase was caused by actual demographic experience during the 2012-2013 plan year, which was partially offset by favorable investment performance. The most significant experience item was a one-time increase in liability due to improved reporting of census data for some newly inactive members and DROP participants by the Division of Retirement. The system had strong investment performance, earning 13.63% during the plan year on a fair market basis. However, the smoothed asset value used to measure plan funded status earned 8.02% during the year (compared to the 7.75% assumption) as investment underperformance from previous years is still being systematically recognized.

Second, actual payroll growth less than assumed also served to increase the actuarially calculated rate. Rates are developed each year to systematically eliminate UAL over a specified period of time if future experience follows assumptions. The amortization calculation is done to make payments level as a percentage of projected payroll. Payroll growth from 2012 to 2013 was flat, compared to the current long-term valuation assumption of 4% annual growth. This payroll experience led to an upward rate adjustment, as the UAL is being amortized over a lower than anticipated payroll.

*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. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.*



Finally, legislated contribution rates for the 2012-2013 year were approximately 2.95% of payroll below actuarially calculated rates at a composite level. There is a “carrying charge” in future years for deferring funding in a single year to levels below actuarially calculated rates. Legislated rates were below actuarially calculated rates for a three-year period from July 2010 to June 2013. The cumulative effect of the three years is that composite rates are approximately 0.50% of payroll higher than they would have been without the disparity between legislated and actuarially calculated rates. Please note that the legislated rates for the current plan year (2013-2014) are equal to the actuarially calculated rates.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the System. Any deviations between actual and expected future experience will result in corresponding changes in the on-going costs of the System. The economic assumptions were developed from both external economic forecasts and information and forecasts furnished by the State Board of Administration. The demographic actuarial assumptions were developed both from the experience of the System and from standard actuarial sources. The actuarial assumptions used in performing the July 1, 2013 valuation were first presented by the actuary at the October 2, 2013 Actuarial Assumption Conference and then adopted by the Principals at the same Conference.

The assumptions and methods used in performing this valuation meet the parameters set by Government Accounting Standards Board (GASB) Statements No. 25 and 27, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans, and Accounting for Pensions by State and Local Governmental Employers*.

A single set of assumptions was used in our calculations with one notable exception. The actuarially calculated contribution rates for the 2014-2015 plan year use lower retirement rate assumptions than are used for the accounting results used for purposes of financial reporting under GASB Statements No. 25 and No. 27. The differences in the retirement assumptions used for these two purposes are related to the DROP.

We believe the assumptions used for purposes of GASB Statements No. 25 and No. 27 are reasonable, with the exception of the assumption used for future payroll growth for amortization purposes. For funding purposes, we believe that the assumptions are reasonable except for the retirement assumptions modified to reflect the Legislature’s decision on funding DROP and the future payroll growth used for amortization purposes. 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 used for GASB reporting is funded through the DROP contribution rate. See further discussion in July 1, 2013 actuarial valuation report.

The results of the report are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or

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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.

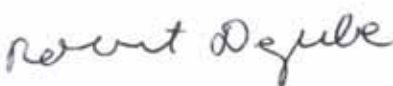
In performing the valuation, we relied without audit upon the financial statements, membership data, and other cost and benefit information furnished by the Division of Retirement. Although membership data was subjected to standard editing procedures and the other information was reviewed for reasonableness, Milliman, Inc. does not assume responsibility for either its accuracy or its completeness.


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 this 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 report has been prepared exclusively for the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 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. 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.

We hereby certify that our valuation report is complete and accurate to the best of our knowledge, and in our opinion the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the State Constitution. The report was prepared in accordance with generally accepted actuarial principles and practices which reflect the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

Respectfully submitted,

By:   
\_\_\_\_\_  
Robert S. Dezube  
Fellow of the Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary #11-3397

  
\_\_\_\_\_  
Matt Larrabee  
Fellow of the Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary #11-6154

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## STATEMENT OF ACTUARY

An on-going analysis is made of the various actuarial assumptions used to determine both the financial condition of the FRS and also the required employer contributions to place the system on a sound financial basis. Our experience with regard to several of the more consequential assumptions for the past three years ending June 30 is shown below:

Trust Fund Performance (Based on fair value)			
Assumption	2010-11	2011-12	2012-13
7.75%	22.8%	0.2%	13.6%

Salary Increases for Regular Class Active Members (Actual)			
Assumption	2010-11	2011-12	2012-13
5.85% <sup>1</sup>	3.7%	0.7%	3.2%

Payroll Growth (Actual) <sup>2</sup>			
Assumption	2010-11	2011-12	2012-13
4.00%	(1.4%)	(1.2%)	0.0%

Average Age at Retirement (Actual)			
	2010-11	2011-12	2012-13
Regular - Male	60.0	59.8	60.4
Regular - Female	59.5	59.4	60.1
Special Risk	53.1	52.7	52.7

<sup>1</sup> Salary scale includes a general wage growth assumption plus an age- and service-graded merit scale defined by gender and employment class. See Table A-2 of the various actuarial valuation reports for merit scale(s). Note, the rates listed here reflect general wage growth plus an average of the merit scale.

<sup>2</sup> The payroll based compared is used for UAL cost calculations and includes payroll for members in DROP, TRS, IFAS and the Optional Retirement Plans for whom only UAL contributions are due.



## SUMMARY OF ACCRUED AND UNFUNDED ACTUARIAL LIABILITIES

(000 Omitted) (Based on the FRS funding method of entry age normal cost)

	Accrued Liabilities	Valuation Assets	Funding Ratio (Assets/Liabilities)	Unfunded Actuarial Liability (UAL)	Annualized Payroll (Active Members) <sup>3</sup>	Unfunded Actuarial Liability/Payroll
July 1, 2003	89,251,331	101,906,724	114%	(12,655,393)	22,270,807	(57%)
July 1, 2004	95,185,433	106,707,426	112%	(11,521,993)	23,115,581	(50%)
July 1, 2005	102,529,016	111,539,878	109%	(9,010,862)	24,185,983	(37%)
July 1, 2006	109,519,043	117,159,615	107%	(7,640,572)	25,327,922	(30%)
July 1, 2007	117,359,375	125,584,704	107%	(8,225,329)	26,385,768	(31%)
July 1, 2008	122,532,299	130,720,547	107%	(8,188,248)	26,891,340	(30%)
July 1, 2009 <sup>1</sup>	134,204,076	118,764,692	89%	15,439,384	26,573,196	58%
July 1, 2010 <sup>2</sup>	137,635,012	120,929,666	88%	16,705,346	25,765,362	65%
July 1, 2011	144,122,816	126,078,053	87%	18,044,763	25,686,138	70%
July 1, 2012	147,193,166	127,891,781	87%	19,301,385	24,491,371	79%
July 1, 2013	153,302,772	131,680,615	86%	21,622,157	24,568,642	88%

## SOLVENCY TEST

(000 Omitted)

Accrued Liabilities For:

	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed)	Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
July 1, 2003	75,423	40,007,027	49,168,881	101,906,724	100%	100%	126%
July 1, 2004	74,554	46,016,931	49,093,948	106,707,426	100%	100%	123%
July 1, 2005	64,001	51,214,309	51,250,706	111,539,878	100%	100%	118%
July 1, 2006	57,681	55,534,272	55,385,878	117,159,615	100%	100%	111%
July 1, 2007	65,936	60,328,093	58,476,483	125,584,704	100%	100%	111%
July 1, 2008	44,557	64,310,000	59,732,656	130,720,547	100%	100%	111%
July 1, 2009 <sup>1</sup>	38,689	73,780,233	62,556,674	118,764,692	100%	100%	72%
July 1, 2010 <sup>2</sup>	33,659	79,404,474	60,214,243	120,929,666	100%	100%	69%
July 1, 2011	31,339	89,625,020	55,378,116	126,078,053	100%	100%	66%
July 1, 2012	681,638	94,220,916	53,147,042	127,891,781	100%	100%	62%
July 1, 2013	1,228,277	100,676,029	52,221,647	131,680,615	100%	100%	57%

## ASSUMPTIONS

(Used in Actuarial Valuations in specified years)

	Yield Rate	Salary Scale <sup>4</sup>	Payroll Growth
2003	8.00%	6.25%	N/A <sup>5</sup>
2004	7.75%	6.25%	N/A <sup>5</sup>
2005	7.75%	6.25%	N/A <sup>5</sup>
2006	7.75%	6.25%	N/A <sup>5</sup>
2007	7.75%	6.25%	N/A <sup>5</sup>
2008	7.75%	6.25%	N/A <sup>5</sup>
2009	7.75%	5.85%	4.00%
2010	7.75%	5.85%	4.00%
2011	7.75%	5.85%	4.00%
2012	7.75%	5.85%	4.00%
2013	7.75%	5.85%	4.00%

<sup>1</sup> As reported in July 1, 2009, actuarial valuation report, before the impact of House Bill 479 (2009).

<sup>2</sup> As reported in July 1, 2010, actuarial valuation report, before the impact of Senate Bill 2100 (2011).

<sup>3</sup> For the plan year beginning on the Actuarial Valuation Date shown. Annualized Payroll includes payroll for members in DROP, TRS and IFAS. It excludes members in the Optional Retirement plans for whom only UAL contributions are due.

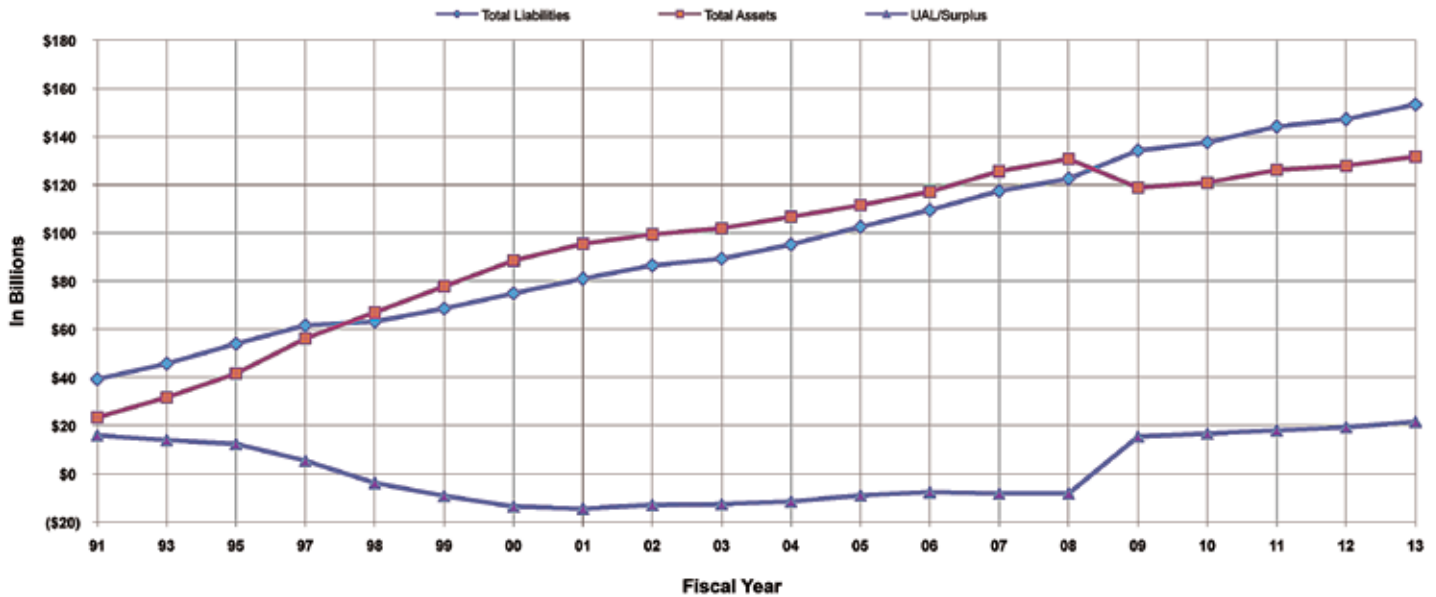
<sup>4</sup> Salary scale includes a general wage growth assumption plus an age- and service-graded merit scale defined by gender and employment class. See Table A-2 of the various actuarial valuation reports for merit scale(s). Note, the rates listed here reflect general wage growth plus an average of the merit scale.

<sup>5</sup> Payroll growth is used for the calculation of the amortization of the UAL. Because there was a surplus in these years, this assumption was not applicable. Some of the surplus was amortized on a ten year, open, level dollar basis.



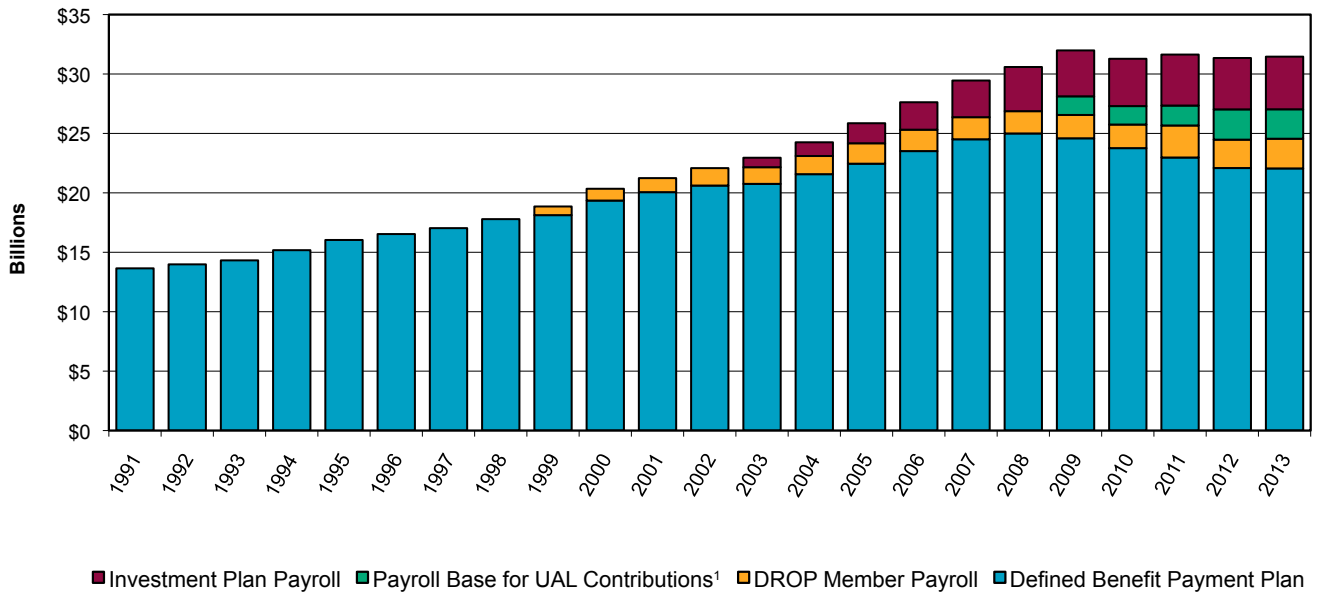


## HISTORY OF THE FRS UNFUNDED ACTUARIAL LIABILITY/SURPLUS WITH TOTAL LIABILITIES AND TOTAL ASSETS FROM 1991 THROUGH 2013

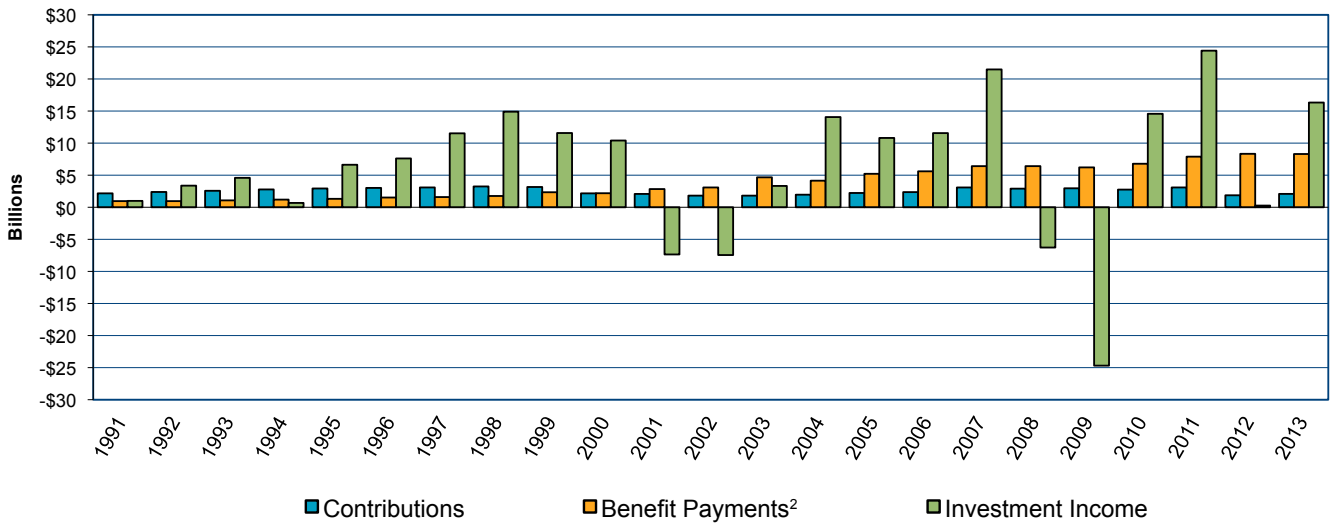


FISCAL YEAR	TOTAL LIABILITIES (IN BILLIONS)	TOTAL ASSETS (IN BILLIONS)	UAL/(SURPLUS) (IN BILLIONS)
1991	\$39.3	\$23.4	\$15.9
1993	\$45.7	\$31.7	\$14.0
1995	\$54.0	\$41.6	\$12.4
1997	\$61.6	\$56.2	\$5.4
1998	\$63.2	\$67.0	(\$3.8)
1999	\$68.6	\$77.8	(\$9.2)
2000	\$74.9	\$88.5	(\$13.6)
2001	\$81.0	\$95.5	(\$14.5)
2002	\$86.5	\$99.4	(\$12.9)
2003	\$89.3	\$101.9	(\$12.6)
2004	\$95.2	\$106.7	(\$11.5)
2005	\$102.5	\$111.5	(\$9.0)
2006	\$109.5	\$117.1	(\$7.6)
2007	\$117.4	\$125.6	(\$8.2)
2008	\$122.5	\$130.7	(\$8.2)
2009	\$134.2	\$118.8	\$15.4
2010	\$137.6	\$120.9	\$16.7
2011	\$144.1	\$126.1	\$18.0
2012	\$147.2	\$127.9	\$19.3
2013	\$153.3	\$131.7	\$21.6

## FRS PAYROLL



## PLAN CASH FLOWS



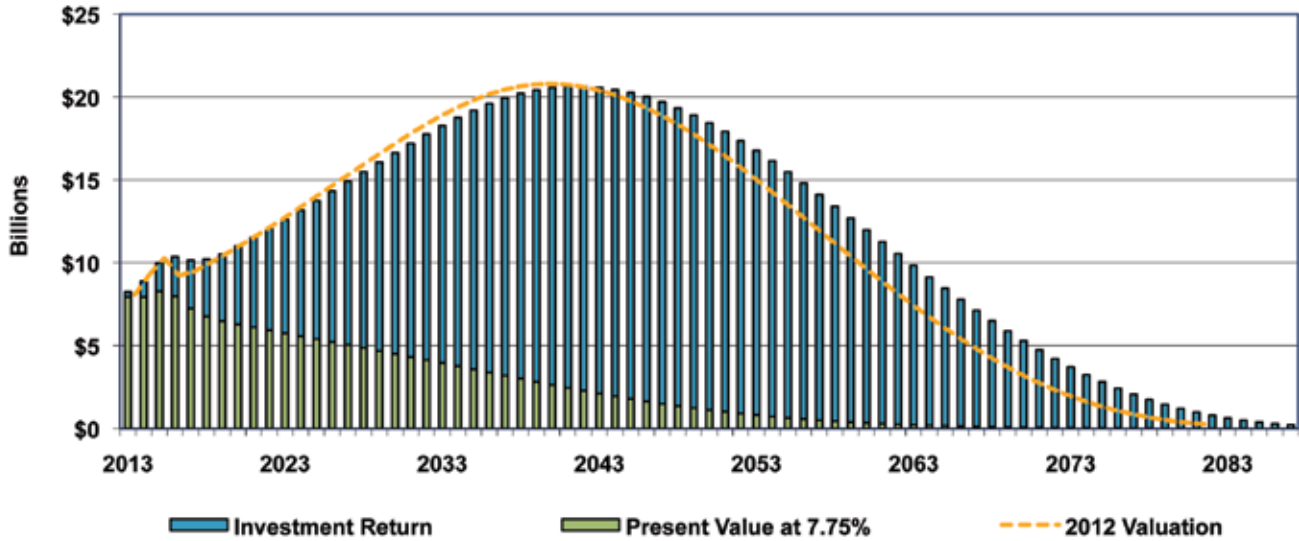
<sup>1</sup> Includes payroll for participants in certain non-FRS defined contribution plans upon which UAL rate contributions to the FRS are made.

<sup>2</sup> Includes transfers to IP; Initial transfers in 2003 were \$353 million.



## PROJECTED BENEFIT PAYMENTS

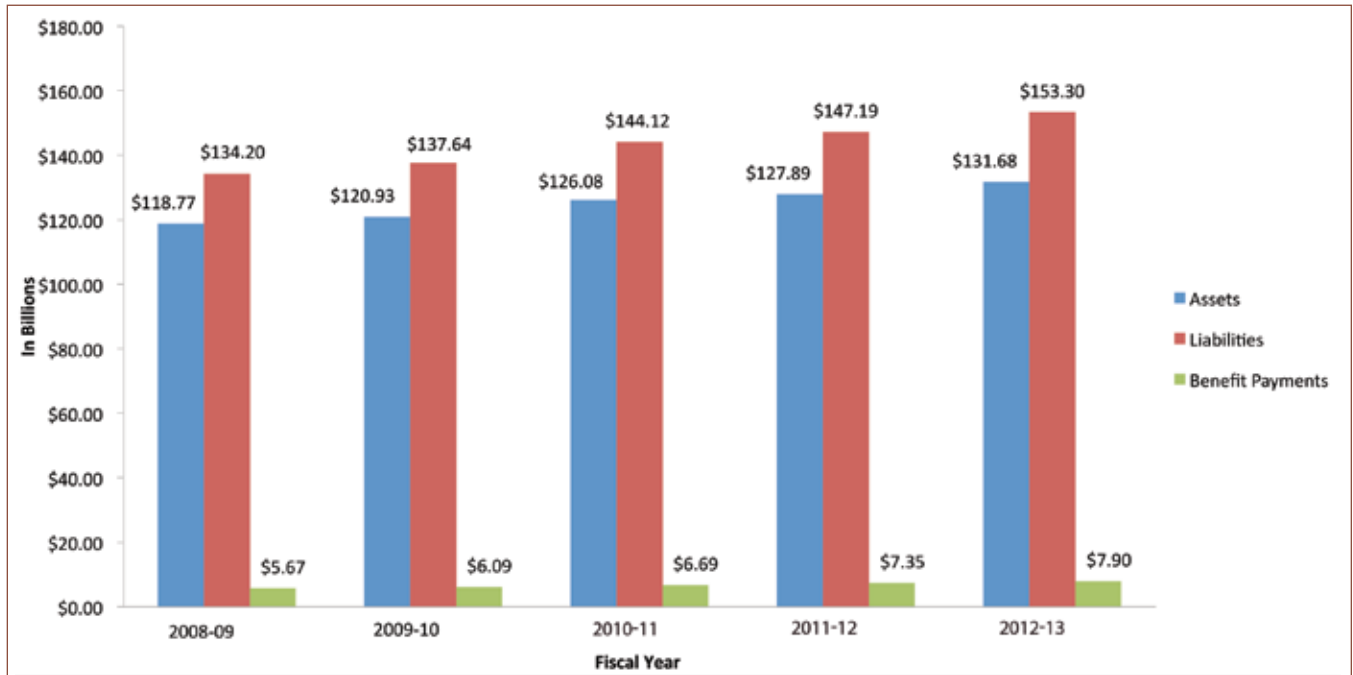
(Dates are as of July 1)



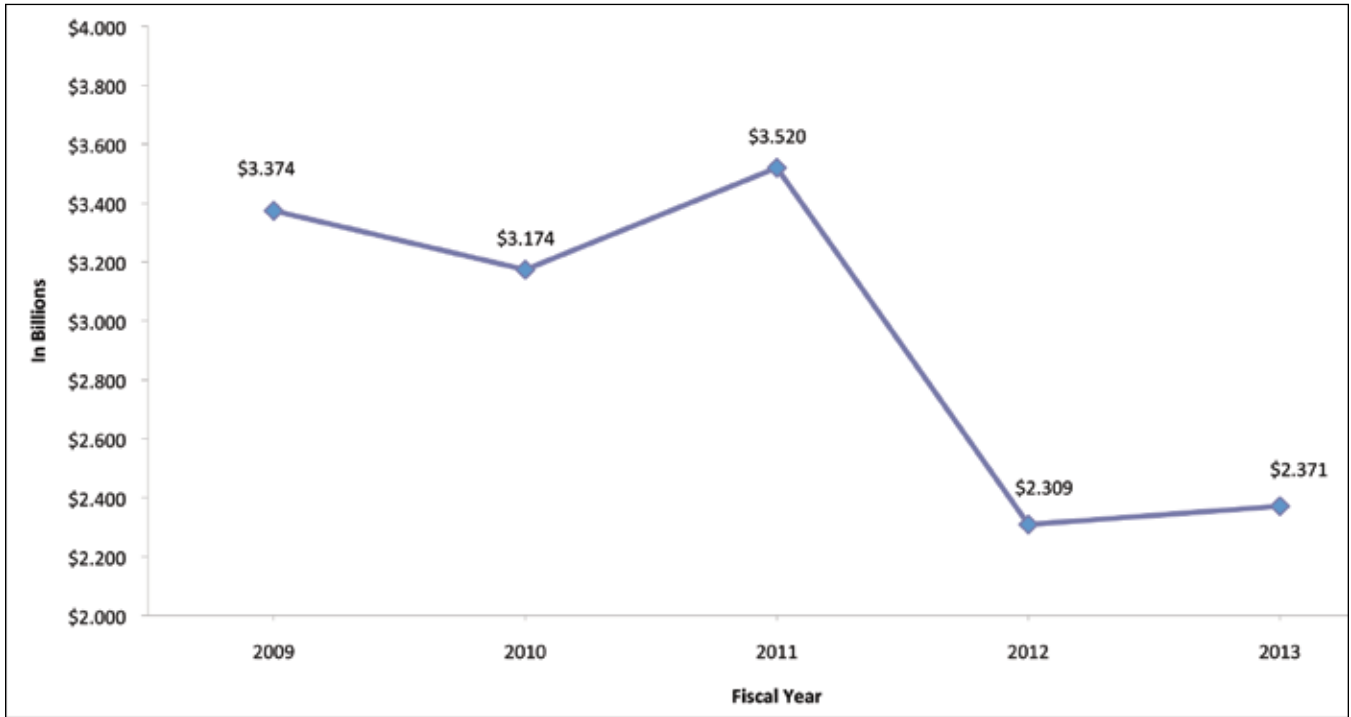
The chart represents the effect of the time-value of money on promised benefit payments to current and former members (no future hires). In each year, the total bar is equal to expected benefit payments (exclusive of transfers to the Investment Plan). The green portion bar represents each year's benefit payments, discounted at 7.75 percent to July 1, 2013 (ie., the value of benefit payments in "today's dollars"). 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.

## FRS TOTAL ACTUARIAL ASSETS COMPARED TO TOTAL ACTUARIAL LIABILITIES

This chart illustrates the overall financial health of the FRS defined benefit plan. Annual benefit payments are identified as part of the total liabilities.



## RETIREMENT CONTRIBUTIONS FOR THE FRS as of June 30



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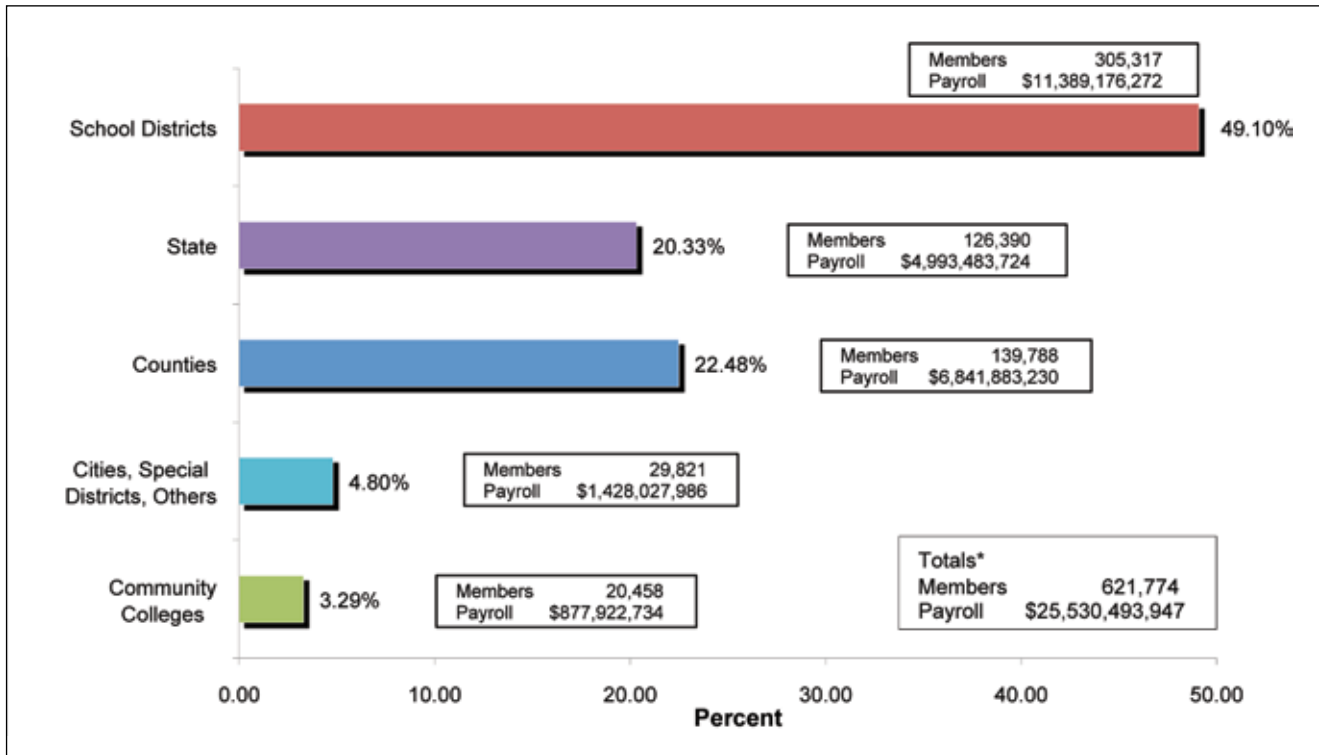
FRS  
STATISTICS





## SOURCE OF MEMBERSHIP AND COVERED PAYROLL FOR FISCAL YEAR 2012-13<sup>1</sup>

% = Percent of Total Active Members



<sup>1</sup>Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.



## ACTIVE MEMBERS BY SYSTEM/CLASS<sup>1</sup>

as of June 30

System/Class	2009	2010	2011	2012	2013
FRS - Regular Class	572,899	559,714	551,896	535,467	536,506
- Senior Management Service Class	7,493	7,480	7,310	7,295	7,450
- Special Risk Class	75,640	75,066	72,675	70,005	68,800
- Special Risk Adm. Sup. Class	76	71	63	59	58
- Elected Officers' Class	2,102	2,052	2,014	2,005	2,094
- Renewed Membership					
- Regular	9,669	10,399	9,230	7,675	6,461
- Senior Management Service Class	232	268	288	251	210
- Elected Officers' Class	202	232	204	201	152
<b>Subtotal</b>	<b>668,313</b>	<b>655,282</b>	<b>643,680</b>	<b>622,958</b>	<b>621,731</b>
TRS	49	40	28	24	18
SCOERS	4	4	3	1	0
IFAS	50	41	35	28	25
<b>Subtotal</b>	<b>103</b>	<b>85</b>	<b>66</b>	<b>53</b>	<b>43</b>
<b>Grand Total</b>	<b>668,416</b>	<b>655,367</b>	<b>643,746</b>	<b>623,011</b>	<b>621,774</b>

## ANNUAL PAYROLL BY SYSTEM/CLASS<sup>1</sup>

as of June 30

System/Class	2009	2010	2011	2012	2013
FRS - Regular Class	\$22,313,310,527	\$21,744,817,082	\$21,655,377,777	\$20,631,845,581	\$20,741,411,042
- Senior Management Service Class	599,049,987	594,414,137	570,620,622	568,619,954	582,103,240
- Special Risk Class	4,025,547,360	3,969,877,685	3,940,052,662	3,798,170,666	3,749,436,505
- Special Risk Adm. Sup. Class	3,418,018	3,184,828	2,867,236	2,734,578	2,642,488
- Elected Officers' Class	169,013,981	164,320,195	155,873,646	159,647,453	160,185,275
- Renewed Membership					
- Regular Class	357,565,156	373,779,595	368,999,068	305,619,928	260,982,112
- Senior Management Service Class	21,188,589	24,975,845	29,190,712	25,456,792	20,487,779
- Elected Officers' Class	10,903,362	14,182,926	12,780,009	12,494,111	9,189,227
<b>Subtotal</b>	<b>27,499,996,980</b>	<b>26,889,552,293</b>	<b>26,735,761,732</b>	<b>25,504,589,063</b>	<b>25,526,437,668</b>
TRS	4,061,767	3,423,057	2,572,873	2,145,124	1,749,243
SCOERS	131,842	131,421	86,494	26,980	0
IFAS	4,425,991	3,600,276	3,366,877	2,565,412	2,307,037
<b>Subtotal</b>	<b>8,619,600</b>	<b>7,154,754</b>	<b>6,026,244</b>	<b>4,737,516</b>	<b>4,056,280</b>
<b>Grand Total</b>	<b>\$27,508,616,580</b>	<b>\$26,896,707,047</b>	<b>\$26,741,787,976</b>	<b>\$25,509,326,579</b>	<b>\$25,530,493,948</b>
<b>Average</b>	<b>\$41,572</b>	<b>\$41,449</b>	<b>\$42,026</b>	<b>\$41,459</b>	<b>\$41,678</b>

## MEMBERS' REQUIRED CONTRIBUTIONS BY SYSTEM/CLASS<sup>1</sup>

as of June 30

System/Class	2009 <sup>2</sup>	2010 <sup>2</sup>	2011 <sup>2</sup>	2012	2013
FRS - Regular Class	\$0	\$0	\$0	\$618,417,040	\$619,557,678
- Senior Management Service Class	0	0	0	17,024,643	17,375,024
- Special Risk Class	0	0	0	113,818,828	112,135,028
- Special Risk Adm. Sup. Class	0	0	0	82,037	79,275
- Elected Officers' Class	0	0	0	4,786,311	4,791,628
- Renewed Membership					
- Regular Class	0	0	0	9,259,383	7,912,411
- Senior Management Service Class	0	0	0	795,627	635,153
- Elected Officers' Class	0	0	0	386,469	284,310
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>764,570,338</b>	<b>762,770,507</b>
TRS	243,706	205,383	154,372	128,708	104,955
SCOERS	5,274	5,257	3,460	1,079	0
IFAS	0	0	0	0	0
<b>Subtotal</b>	<b>248,980</b>	<b>210,640</b>	<b>157,832</b>	<b>129,787</b>	<b>104,955</b>
<b>Grand Total</b>	<b>\$248,980</b>	<b>\$210,640</b>	<b>\$157,832</b>	<b>\$764,700,125</b>	<b>\$762,875,462</b>

<sup>1</sup> Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

<sup>2</sup> Required employee contributions for FRS members became effective July 1, 2011.

## PROFILE OF ACTIVE FRS MEMBERS

as of June 30, 2013

Years of Service	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	19,684	14,508	34,192	5,465	3,982	9,447	14,219	10,526	24,745
1 - 5	92,236	57,006	149,242	20,396	14,695	35,091	71,840	42,311	114,151
6 - 9	86,020	49,396	135,416	14,023	9,892	23,915	71,997	39,504	111,501
10 - 19	124,673	67,620	192,293	20,198	14,240	34,438	104,475	53,380	157,855
20 - 29	63,871	36,005	99,876	12,780	8,337	21,117	51,091	27,668	78,759
30 or More Years	6,561	4,194	10,755	1,250	1,145	2,395	5,311	3,049	8,360
Total	<u>393,045</u>	<u>228,729</u>	<u>621,774</u>	<u>74,112</u>	<u>52,291</u>	<u>126,403</u>	<u>318,933</u>	<u>176,438</u>	<u>495,371</u>

Age Range	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	43,148	26,997	70,145	9,588	7,655	17,243	33,560	19,342	52,902
30 - 39	83,304	48,702	132,006	16,314	11,520	27,834	66,990	37,182	104,172
40 - 49	112,195	63,477	175,672	20,003	13,374	33,377	92,192	50,103	142,295
50 - 59	114,596	61,550	176,146	21,311	13,781	35,092	93,285	47,769	141,054
60 - 69	35,807	23,855	59,662	6,344	5,299	11,643	29,463	18,556	48,019
70 and Over	3,995	4,148	8,143	552	662	1,214	3,443	3,486	6,929
Total	<u>393,045</u>	<u>228,729</u>	<u>621,774</u>	<u>74,112</u>	<u>52,291</u>	<u>126,403</u>	<u>318,933</u>	<u>176,438</u>	<u>495,371</u>

<b>Average Age</b>	45.18	45.27	45.21	44.51	44.36	44.45	45.33	45.55	45.41
<b>Average Years of Service</b>	11.56	11.23	11.44	11.22	11.09	11.17	11.64	11.27	11.50
<b>Average Annual Salary</b>	\$38,360	\$47,381	\$41,678	\$37,912	\$44,368	\$40,583	\$38,464	\$48,273	\$41,958
<b>Percentage Entitled to a Benefit if Terminated June 30, 2013</b>	77.9%	74.9%	76.8%	73.3%	72.2%	72.8%	78.9%	75.8%	77.8%

<sup>1</sup> Non-State Membership: school boards, counties, community colleges, cities, and special districts.



## PROFILE OF ACTIVE FRS INVESTMENT PLAN MEMBERS

as of June 30, 2013

Years of Service	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	3,444	2,260	5,704	1,121	758	1,879	2,323	1,502	3,825
1 - 5	24,926	14,195	39,121	6,039	4,134	10,173	18,887	10,061	28,948
6 - 9	21,399	11,756	33,155	3,929	2,795	6,724	17,470	8,961	26,431
10 - 19	12,281	8,141	20,422	2,827	2,331	5,158	9,454	5,810	15,264
20 - 29	3,681	3,402	7,083	818	890	1,708	2,863	2,512	5,375
30 or More Years	963	890	1,853	137	210	347	826	680	1,506
<b>Total</b>	<b>66,694</b>	<b>40,644</b>	<b>107,338</b>	<b>14,871</b>	<b>11,118</b>	<b>25,989</b>	<b>51,823</b>	<b>29,526</b>	<b>81,349</b>

Age Range	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	9,146	4,323	13,469	2,388	1,617	4,005	6,758	2,706	9,464
30 - 39	16,743	9,169	25,912	4,243	3,042	7,285	12,500	6,127	18,627
40 - 49	17,403	10,058	27,461	3,675	2,711	6,386	13,728	7,347	21,075
50 - 59	14,361	9,042	23,403	2,946	2,185	5,131	11,415	6,857	18,272
60 - 69	7,650	6,412	14,062	1,417	1,350	2,767	6,233	5,062	11,295
70 and Over	1,391	1,640	3,031	202	213	415	1,189	1,427	2,616
<b>Total</b>	<b>66,694</b>	<b>40,644</b>	<b>107,338</b>	<b>14,871</b>	<b>11,118</b>	<b>25,989</b>	<b>51,823</b>	<b>29,526</b>	<b>81,349</b>

<b>Average Age</b>	44.28	46.69	45.19	42.74	43.80	43.19	44.72	47.78	45.83
<b>Average Years of Service</b>	7.98	8.95	8.34	7.70	8.78	8.16	8.05	9.01	8.40
<b>Average Annual Salary</b>	\$37,826	\$46,869	\$41,250	\$38,856	\$45,422	\$41,665	\$37,531	\$47,413	\$41,118
<b>Percentage Entitled to a Benefit if Terminated June 30, 2013</b>	94.8%	94.4%	94.7%	92.5%	93.2%	92.8%	95.5%	94.9%	95.3%

<sup>1</sup> Non-State Membership: school boards, counties, community colleges, cities, and special districts.



## PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS

as of June 30, 2013

Years of Service	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	16,240	12,248	28,488	4,344	3,224	7,568	11,896	9,024	20,920
1 - 5	67,310	42,811	110,121	14,357	10,561	24,918	52,953	32,250	85,203
6 - 9	64,621	37,640	102,261	10,094	7,097	17,191	54,527	30,543	85,070
10 - 19	112,392	59,479	171,871	17,371	11,909	29,280	95,021	47,570	142,591
20 - 29	60,190	32,603	92,793	11,962	7,447	19,409	48,228	25,156	73,384
30 or More Years	5,598	3,304	8,902	1,113	935	2,048	4,485	2,369	6,854
<b>Total</b>	<b>326,351</b>	<b>188,085</b>	<b>514,436</b>	<b>59,241</b>	<b>41,173</b>	<b>100,414</b>	<b>267,110</b>	<b>146,912</b>	<b>414,022</b>

Age Range	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	34,002	22,674	56,676	7,200	6,038	13,238	26,802	16,636	43,438
30 - 39	66,561	39,533	106,094	12,071	8,478	20,549	54,490	31,055	85,545
40 - 49	94,792	53,419	148,211	16,328	10,663	26,991	78,464	42,756	121,220
50 - 59	100,235	52,508	152,743	18,365	11,596	29,961	81,870	40,912	122,782
60 - 69	28,157	17,443	45,600	4,927	3,949	8,876	23,230	13,494	36,724
70 and Over	2,604	2,508	5,112	350	449	799	2,254	2,059	4,313
<b>Total</b>	<b>326,351</b>	<b>188,085</b>	<b>514,436</b>	<b>59,241</b>	<b>41,173</b>	<b>100,414</b>	<b>267,110</b>	<b>146,912</b>	<b>414,022</b>

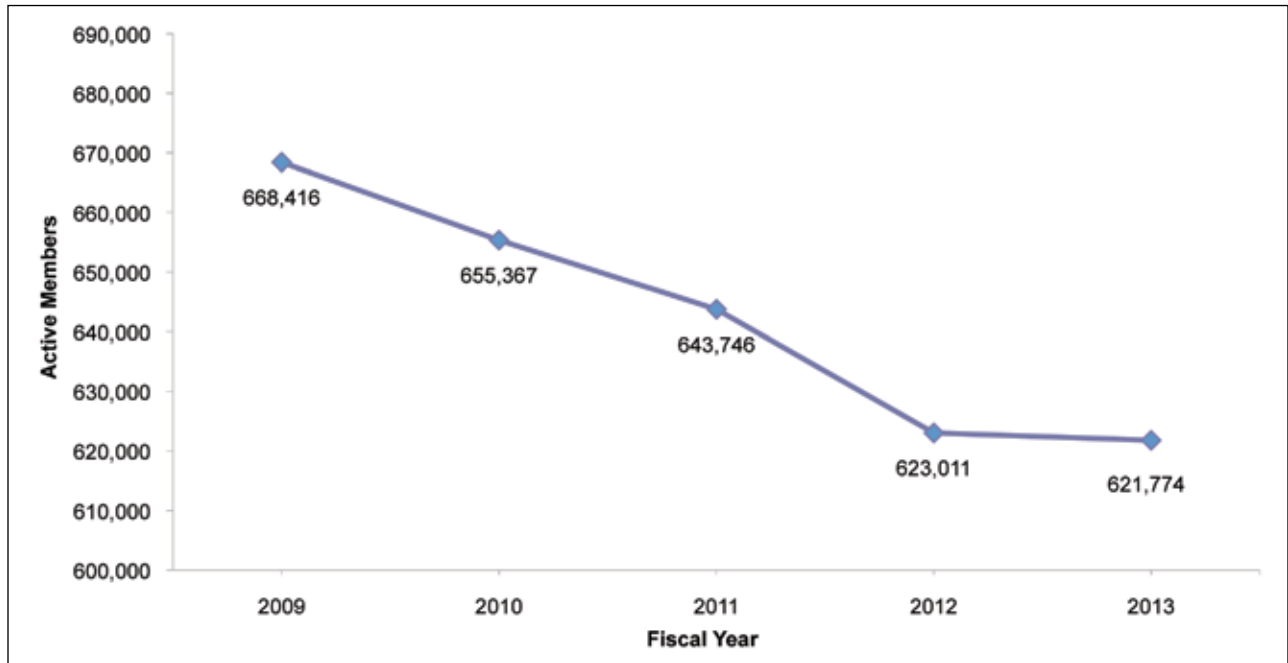
<b>Average Age</b>	45.36	44.97	45.22	44.95	44.51	44.77	45.45	45.10	45.33
<b>Average Years of Service</b>	12.29	11.72	12.08	12.10	11.72	11.94	12.33	11.72	12.11
<b>Average Annual Salary</b>	\$38,469	\$47,491	\$41,768	\$37,675	\$44,084	\$40,303	\$38,645	\$48,446	\$42,123
<b>Percentage Entitled to a Benefit if Terminated June 30, 2013</b>	74.4%	70.7%	73.1%	68.4%	66.5%	67.6%	75.7%	71.9%	74.4%

<sup>1</sup> Non-State Membership: school boards, counties, community colleges, cities, and special districts.



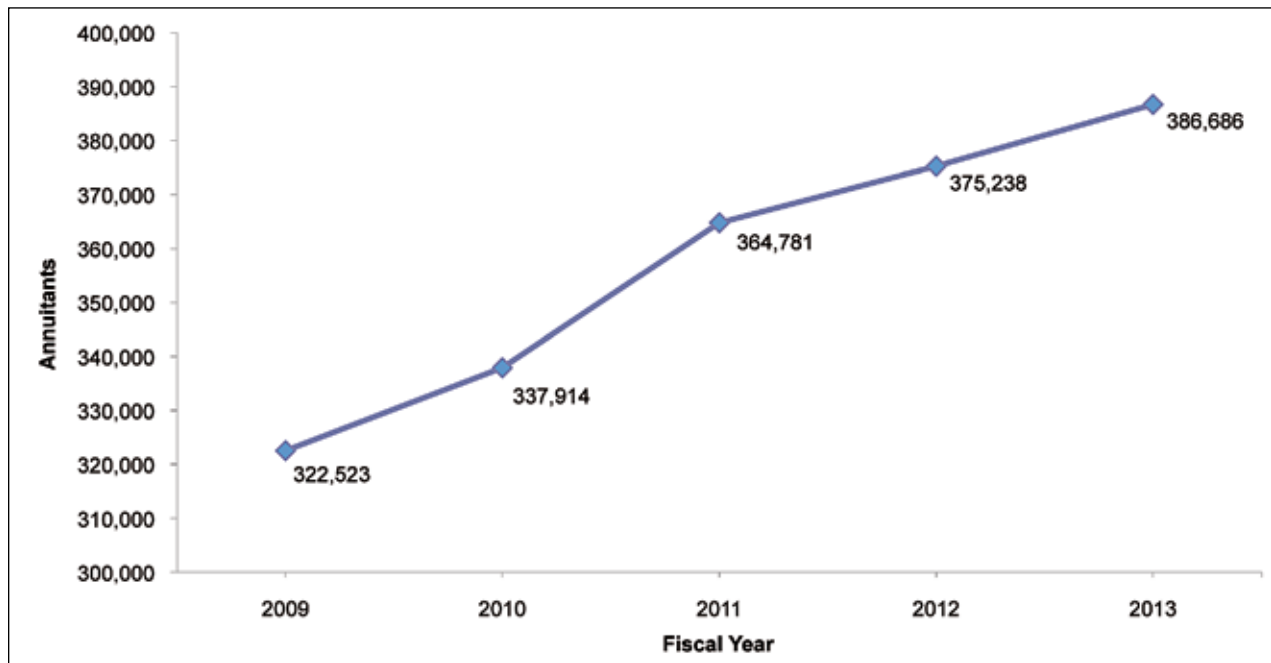
## ACTIVE MEMBERS 2009-2013<sup>1</sup>

as of June 30



## GROWTH OF ANNUITANTS - ALL SYSTEMS 2009-2013<sup>2</sup>

as of June 30



<sup>1</sup> Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

<sup>2</sup> Includes DROP participants.

## REFUND PAYMENTS BY TYPE

as of June 30

<u>Type of Refund</u>	<u>2012</u>	<u>2013</u>
Separated Members	434	2,165
Surviving Beneficiaries	52	191
Other	119	48
<b>Total</b>	<b>605</b>	<b>2,404</b>

## TOTAL REFUND PAYMENTS BY TYPE

as of June 30

<u>Type of Refund</u>	<u>2012</u>	<u>2013</u>
Separated Members	\$627,841	\$2,057,147
Surviving Beneficiaries	104,050	190,235
Other	234,042	336,395
<b>Total</b>	<b>\$965,933</b>	<b>\$2,583,777</b>



## ACTIVE DROP PARTICIPANTS BY SYSTEM/CLASS

as of June 30, 2013

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS - Regular	33,727	25.56	\$54,021	\$22,101	\$25,168
FRS - SMSC	668	27.44	102,264	46,418	52,869
FRS - Special Risk	4,068	24.90	78,985	54,834	62,345
FRS - Special Risk Adm. Sup.	9	25.98	49,216	27,940	31,737
FRS - EOC	244	24.56	125,926	76,749	87,129
TRS	8	42.81	66,000	54,015	61,518
<b>Total/Average</b>	<b>38,724</b>	<b>25.52</b>	<b>\$57,930</b>	<b>\$26,312</b>	<b>\$29,951</b>

## PROFILE OF ACTIVE DROP PARTICIPANTS

as of June 30, 2013

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$50	0	0.00	\$0	\$0	\$0
\$50 - \$99	26	6.47	8,727	874	985
\$100 - \$149	96	7.45	12,982	1,363	1,548
\$150 - \$199	139	8.01	16,393	1,870	2,115
\$200 - \$249	238	8.50	19,907	2,379	2,693
\$250 - \$299	289	9.41	22,301	2,919	3,303
\$300 - \$349	296	10.30	24,070	3,458	3,915
\$350 - \$399	319	11.39	25,578	3,961	4,492
\$400 - \$449	363	11.90	28,338	4,513	5,116
\$450 - \$499	339	12.39	30,331	5,035	5,713
\$500 - \$999	4,487	17.07	34,350	8,058	9,162
\$1,000 - \$1,999	10,812	24.72	44,180	15,859	18,050
\$2,000 - \$2,999	10,156	28.83	59,576	26,267	29,923
\$3,000 - \$3,999	5,870	30.35	73,369	35,995	40,990
\$4,000 - \$4,999	2,245	29.88	86,880	46,800	53,285
\$5,000 or More	3,049	27.74	108,204	72,383	82,317
<b>Total/Average</b>	<b>38,724</b>	<b>25.52</b>	<b>\$57,930</b>	<b>\$26,312</b>	<b>\$29,951</b>

### By Option Selection<sup>1</sup>

Lifetime Benefit (1)	21,715	25.17	\$56,232	\$26,180	\$29,800
Benefit with a Guarantee (2)	6,230	25.76	55,129	25,766	29,334
Member with a Joint Annuitant (3)	9,692	26.17	62,087	26,389	30,043
Reduced Benefit on 1st Death (4)	1,087	25.40	70,848	31,382	35,677
<b>Total/Average</b>	<b>38,724</b>	<b>25.52</b>	<b>\$57,930</b>	<b>\$26,312</b>	<b>\$29,951</b>

### By Employer Group

State	7,234	25.75	\$51,872	\$24,033	\$27,343
State University System	1,667	26.26	57,169	23,534	26,786
Counties	8,492	24.80	68,750	36,141	41,092
School Boards	18,594	25.77	54,610	22,870	26,064
Community Colleges	1,272	23.94	58,441	22,512	25,638
Cities and Special Districts	1,465	25.94	67,687	30,729	34,928
<b>Total/Average</b>	<b>38,724</b>	<b>25.52</b>	<b>\$57,930</b>	<b>\$26,312</b>	<b>\$29,951</b>

<sup>1</sup> Option selections for existing systems have been included in the FRS options outlined even though they are different.

## PROFILE OF ACTIVE DROP PARTICIPANTS

as of June 30, 2013

Years of Service	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
6 - 9	960	636	1,596	187	132	319	773	504	1,277
10 - 14	1,881	1,094	2,975	384	274	658	1,497	820	2,317
15 - 19	2,620	1,514	4,134	570	429	999	2,050	1,085	3,135
20 - 24	3,434	1,667	5,101	601	427	1,028	2,833	1,240	4,073
25 - 29	3,103	3,281	6,384	549	694	1,243	2,554	2,587	5,141
30 - 34	11,784	5,532	17,316	2,817	1,593	4,410	8,967	3,939	12,906
35 or More Years	802	416	1,218	149	95	244	653	321	974
<b>Total</b>	<b>24,584</b>	<b>14,140</b>	<b>38,724</b>	<b>5,257</b>	<b>3,644</b>	<b>8,901</b>	<b>19,327</b>	<b>10,496</b>	<b>29,823</b>

Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 50	149	610	759	32	98	130	117	512	629
50 - 54	2,033	1,986	4,019	706	371	1,077	1,327	1,615	2,942
55 - 59	6,459	3,969	10,428	1,650	1,089	2,739	4,809	2,880	7,689
60 - 64	11,624	5,529	17,153	2,200	1,556	3,756	9,424	3,973	13,397
65 - 69	4,154	1,967	6,121	662	522	1,184	3,492	1,445	4,937
70 - 74	128	64	192	6	8	14	122	56	178
75 - 79	30	12	42	1	0	1	29	12	41
80 and Over	7	3	10	0	0	0	7	3	10
<b>Total</b>	<b>24,584</b>	<b>14,140</b>	<b>38,724</b>	<b>5,257</b>	<b>3,644</b>	<b>8,901</b>	<b>19,327</b>	<b>10,496</b>	<b>29,823</b>

<b>Average Age</b>	60.78	59.36	60.26	59.76	59.87	59.80	61.06	59.18	60.40
<b>Average Years of Service</b>	25.72	25.17	25.52	26.08	25.51	25.85	25.63	25.06	25.43
<b>Average Annual Salary</b>	\$51,108	\$62,625	\$55,314	\$44,754	\$56,607	\$49,607	\$52,837	\$64,714	\$57,017
<b>Average Annual Current Benefit</b>	\$26,102	\$36,643	\$29,951	\$23,740	\$32,285	\$27,238	\$26,744	\$38,156	\$30,761

## DROP ACCRUED BENEFITS AND INTEREST BY SYSTEM/CLASS

as of June 30, 2013

System/Class	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
FRS - Regular	\$1,399,800,338	\$654,076,966	\$2,053,877,304	\$253,874,397	\$160,036,920	\$413,911,317	\$1,145,925,941	\$494,040,046	\$1,639,965,987
FRS - SMSC	40,169,441	46,937,332	87,106,773	15,056,663	23,055,816	38,112,479	25,112,778	23,881,516	48,994,294
FRS - Special Risk	84,216,934	484,223,761	568,440,695	25,299,792	80,514,609	105,814,401	58,917,141	403,709,152	462,626,293
FRS - Special Risk Adm. Sup.	195,088	405,392	600,480	178,346	328,543	506,889	16,742	76,849	93,591
FRS - EOC	15,544,489	39,312,901	54,857,390	10,660,402	35,056,587	45,716,989	4,884,088	4,256,315	9,140,403
TRS	1,299,938	139,110	1,439,048	0	0	0	1,299,938	139,110	1,439,048
<b>Total</b>	<b>\$1,541,226,228</b>	<b>\$1,225,095,462</b>	<b>\$2,766,321,690</b>	<b>\$305,069,600</b>	<b>\$298,992,475</b>	<b>\$604,062,075</b>	<b>\$1,236,156,628</b>	<b>\$926,102,988</b>	<b>\$2,162,259,616</b>

<sup>1</sup> Non-State Membership: school boards, counties, community colleges, cities and special districts.



## TERMINATED DROP PARTICIPANTS BY SYSTEM/CLASS<sup>1</sup>

from July 1, 2012 - June 30, 2013

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS - Regular Class	8,744	24.65	\$51,037	\$20,296	\$22,512
FRS - Senior Management Service Class	188	27.75	98,996	45,485	49,876
FRS - Special Risk Class	862	24.91	74,434	51,461	56,442
FRS - Special Risk Admin Support Class	2	21.09	42,824	17,746	19,208
FRS - Elected Officers' Class	75	25.08	115,741	71,549	78,945
TRS	1	38.00	45,597	32,486	37,660
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

## PROFILE OF TERMINATED DROP PARTICIPANTS<sup>1</sup>

from July 1, 2012 - June 30, 2013

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less than \$50	0	0.00	\$0	\$0	\$0
\$50 - \$99	13	6.35	9,027	934	1,027
\$100 - \$149	42	7.46	12,671	1,387	1,517
\$150 - \$199	77	8.27	16,786	1,958	2,126
\$200 - \$249	82	8.09	21,704	2,465	2,705
\$250 - \$299	95	9.51	22,822	3,025	3,281
\$300 - \$349	107	10.33	24,511	3,534	3,849
\$350 - \$399	98	12.21	25,170	4,073	4,476
\$400 - \$449	111	11.94	28,381	4,637	5,062
\$450 - \$499	110	13.25	29,268	5,243	5,718
\$500 - \$999	1,435	17.43	34,318	8,338	9,087
\$1,000 - \$1,999	3,006	24.78	44,937	16,304	17,857
\$2,000 - \$2,999	2,517	28.88	59,757	26,839	29,794
\$3,000 - \$3,999	1,182	30.18	73,567	36,508	40,764
\$4,000 - \$4,999	459	29.67	87,347	48,036	53,376
\$5,000 or more	538	27.88	109,144	73,437	81,155
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

By Option Selection <sup>2</sup>	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Lifetime Benefit (1)	5,711	24.35	\$52,476	\$23,428	\$25,874
Benefit with a Guarantee (2)	1,637	25.04	53,576	24,387	27,058
Member with a Joint Annuitant (3)	2,233	25.41	58,630	23,952	26,534
Reduced Benefit on 1st Death (4)	291	25.36	67,142	29,607	32,847
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

By Employer Group	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
State	1,826	24.62	\$49,442	\$22,193	\$24,491
State University System	437	25.25	54,408	21,721	24,222
Counties	1,906	24.22	64,494	33,025	36,211
School Boards	5,063	24.98	51,778	21,117	23,514
Community Colleges	314	23.27	54,609	20,881	23,186
Cities and Special Districts	326	25.33	66,170	28,777	31,329
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

<sup>1</sup> Terminated DROP participants are also included with the statistics of all annuitants on Pages 57 to 63.

<sup>2</sup> Option selections for existing systems have been included in the FRS options outlined even though they are different.



## PROFILE OF TERMINATED DROP PARTICIPANTS<sup>1</sup>

from July 1, 2012 - June 30, 2013

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
6 - 9	528	7.72	\$34,458	\$4,296	\$4,663
10 - 14	819	12.69	39,845	8,240	9,000
15 - 19	1,199	17.67	46,046	13,352	14,628
20 - 24	1,455	22.39	52,714	19,653	21,435
25 - 29	1,579	26.88	64,415	35,398	38,670
30 - 34	4,089	30.83	58,922	29,094	32,523
35 or More Years	203	36.49	61,471	36,141	40,702
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less than 50	75	25.81	\$73,557	\$52,937	\$54,699
50 - 54	469	28.19	67,435	43,837	47,295
55 - 59	1,584	29.44	61,297	33,438	37,049
60 - 64	3,747	26.88	56,348	24,852	27,430
65 - 69	3,844	20.64	48,356	16,472	18,475
70 - 74	127	15.08	44,505	12,899	14,391
75 - 79	26	14.96	36,403	9,387	10,472
80 and Over	0	0.00	0	0	0
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

By Gender	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Female	3,386	24.85	\$50,173	\$21,121	\$23,391
Male	6,486	24.52	62,738	29,187	32,238
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

By Cause of Termination	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Deceased	73	26.05	\$56,522	\$25,373	\$27,161
Termination	9,799	24.72	54,468	23,876	26,420
<b>Total/Average</b>	<b>9,872</b>	<b>24.73</b>	<b>\$54,483</b>	<b>\$23,887</b>	<b>\$26,425</b>

Average length of participation - 2.96 years

<sup>1</sup> Terminated DROP participants are also included with the statistics of all annuitants on Pages 57 to 63.



## TOTAL ANNUITANTS BY SYSTEM/CLASS<sup>1</sup>

as of June 30

System/Class	2009	2010	2011	2012	2013
FRS - Regular Class	253,872	267,301	280,910	294,413	306,121
- Senior Management Service Class	2,007	2,267	2,611	2,910	3,237
- Special Risk Class	23,896	25,248	26,808	28,295	29,743
- Special Risk Adm. Sup. Class	164	165	170	169	170
- Elected Officers' Class	2,048	2,050	2,187	2,189	2,311
<b>Subtotal</b>	<b>281,987</b>	<b>297,031</b>	<b>312,686</b>	<b>327,976</b>	<b>341,582</b>
TRS	5,154	4,967	4,762	4,557	4,326
TRS-SB	613	571	540	506	469
SCOERS	867	769	678	617	556
Highway Patrol	53	47	43	39	38
JRS	8	6	7	4	4
IFAS	147	158	165	171	172
<b>Subtotal</b>	<b>6,842</b>	<b>6,518</b>	<b>6,195</b>	<b>5,894</b>	<b>5,565</b>
<b>Total</b>	<b>288,829</b>	<b>303,549</b>	<b>318,881</b>	<b>333,870</b>	<b>347,147</b>
<b>General Revenue</b>					
Noncontributory (s. 112.05, F.S.)	60	51	43	32	25
National Guard	704	727	756	772	780
Judicial Retirement	8	9	8	7	9
Teachers (s. 238.171, F.S.)	1	1	1	1	1
<b>Total</b>	<b>773</b>	<b>788</b>	<b>808</b>	<b>812</b>	<b>815</b>
<b>Grand Total</b>	<b>289,602</b>	<b>304,337</b>	<b>319,689</b>	<b>334,682</b>	<b>347,962</b>

## AVERAGE BENEFITS BY SYSTEM/CLASS

as of June 30

System/Class	2009	2010	2011	2012	2013
FRS - Regular Class	\$15,036	\$15,567	\$16,045	\$16,506	\$16,973
- Senior Management Service Class	40,918	41,975	43,503	44,557	45,495
- Special Risk Class	30,203	31,536	32,931	34,262	35,755
- Special Risk Adm. Sup. Class	32,626	33,153	33,847	34,764	35,700
- Elected Officers' Class	40,863	42,414	43,387	44,577	46,740
TRS	27,820	29,215	30,636	32,149	33,679
TRS-SB	1,879	1,882	1,882	1,883	1,885
SCOERS	8,713	9,111	9,607	10,224	10,889
Highway Patrol	18,107	18,238	18,818	17,666	18,314
JRS	21,698	20,130	19,074	14,996	15,446
IFAS	9,756	10,155	10,663	10,953	11,252
<b>Average</b>	<b>\$16,843</b>	<b>\$17,462</b>	<b>\$18,064</b>	<b>\$18,626</b>	<b>\$19,231</b>
<b>General Revenue</b>					
Noncontributory (s. 112.05, F.S.)	\$14,144	\$14,324	\$14,615	\$16,173	\$16,343
National Guard	17,103	18,049	18,274	18,120	18,381
Judicial Retirement	71,092	75,023	75,421	74,824	76,909
Teachers (s. 238.171, F.S.)	2,044	2,105	2,168	2,233	2,300
<b>Average</b>	<b>\$17,413</b>	<b>\$18,438</b>	<b>\$18,625</b>	<b>\$18,512</b>	<b>\$18,945</b>
<b>Average All Annuitants</b>	<b>\$16,845</b>	<b>\$17,465</b>	<b>\$18,066</b>	<b>\$18,625</b>	<b>\$19,230</b>

<sup>1</sup> Total annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

## TOTAL ANNUAL BENEFITS BY SYSTEM/CLASS

as of June 30

System/Class	2009	2010	2011	2012	2013
FRS - Regular Class	\$3,817,225,411	\$4,161,037,611	\$4,507,199,721	\$4,859,628,720	\$5,195,856,141
- Senior Management Service Class	82,123,428	95,157,331	113,586,769	129,659,493	147,267,676
- Special Risk Class	721,722,186	796,227,945	882,805,653	969,448,345	1,063,459,505
- Special Risk Adm. Sup. Class	5,350,629	5,470,267	5,753,973	5,875,043	6,069,001
- Elected Officers' Class	83,687,182	86,947,886	94,886,960	97,579,092	108,016,759
<b>Subtotal</b>	<u>4,710,108,836</u>	<u>5,144,841,040</u>	<u>5,604,233,076</u>	<u>6,062,190,693</u>	<u>6,520,669,082</u>
TRS	143,384,889	145,110,979	145,890,628	146,500,765	145,695,711
TRS-SB	1,151,960	1,074,560	1,016,360	952,580	884,162
SCOERS	7,554,301	7,006,123	6,513,450	6,308,298	6,054,351
Highway Patrol	959,676	857,183	809,165	688,988	695,922
JRS	173,584	120,779	133,517	59,984	61,783
IFAS	1,434,103	1,604,541	1,759,476	1,873,044	1,935,281
<b>Subtotal</b>	<u>154,658,513</u>	<u>155,774,165</u>	<u>156,122,596</u>	<u>156,383,659</u>	<u>155,327,210</u>
<b>Total</b>	<u><b>\$4,864,767,349</b></u>	<u><b>\$5,300,615,205</b></u>	<u><b>\$5,760,355,672</b></u>	<u><b>\$6,218,574,352</b></u>	<u><b>\$6,675,996,292</b></u>
<b>General Revenue</b>					
Noncontributory (s. 112.05, F.S.)	\$848,668	\$730,502	\$628,433	\$517,544	\$408,570
National Guard	12,040,773	13,121,383	13,815,246	13,988,534	14,337,374
Judicial Retirement	568,732	675,206	603,368	523,766	692,184
Teachers (s. 238.171, F.S.)	2,044	2,105	2,168	2,233	2,300
<b>Total</b>	<u>13,460,217</u>	<u>14,529,196</u>	<u>15,049,215</u>	<u>15,032,077</u>	<u>15,440,428</u>
<b>Grand Total</b>	<u><b>\$4,878,227,566</b></u>	<u><b>\$5,315,144,401</b></u>	<u><b>\$5,775,404,887</b></u>	<u><b>\$6,233,606,429</b></u>	<u><b>\$6,691,436,720</b></u>
<b>Average All Annuitants</b>	<u><b>\$16,845</b></u>	<u><b>\$17,465</b></u>	<u><b>\$18,066</b></u>	<u><b>\$18,625</b></u>	<u><b>\$19,230</b></u>

## TOTAL DISABILITY BENEFITS BY SYSTEM/CLASS

as of June 30

System/Class	Number of Retirees		Total Annual Benefits		Average Annual Benefits	
	2012	2013	2012	2013	2012	2013
FRS Pension Plan						
- Regular Class	13,894	14,043	\$162,067,230	\$168,885,316	\$11,665	\$12,026
- Senior Management Service Class	42	43	1,157,755	1,231,764	27,566	28,646
- Special Risk Class	1,493	1,503	36,724,461	38,476,948	24,598	25,600
- Special Risk Adm. Sup. Class	3	3	68,703	70,764	22,901	23,588
- Elected Officers' Class	9	8	363,968	301,819	40,441	37,727
FRS Investment Plan						
- Regular Class	156	193	2,206,844	2,679,530	14,146	13,884
- Special Risk Class	60	71	1,952,724	2,436,564	32,545	34,318
- Special Risk Adm. Sup. Class	1	1	42,722	44,004	42,722	44,004
TRS	134	114	1,918,531	1,711,687	14,317	15,015
SCOERS	29	28	268,629	271,677	9,263	9,703
Highway Patrol	2	2	23,653	24,363	11,826	12,181
General Revenue	7	9	523,766	692,184	74,824	76,909
<b>Total/Average</b>	<u><b>15,830</b></u>	<u><b>16,018</b></u>	<u><b>\$207,318,986</b></u>	<u><b>\$216,826,620</b></u>	<u><b>\$13,097</b></u>	<u><b>\$13,536</b></u>



## PROFILE OF TOTAL ANNUITANTS BY SYSTEM/CLASS<sup>1</sup>

as of June 30, 2013

By System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Investment Plan - Regular Class <sup>2</sup>	193	16.62	\$39,896	\$12,497	\$13,884
FRS Investment Plan - Special Risk Adm. Sup. Class <sup>2</sup>	1	32.91	49,487	39,288	44,004
FRS Investment Plan - Special Risk Class <sup>2</sup>	71	16.48	53,740	31,287	34,318
FRS Pension Plan - Regular Class	305,928	20.91	35,946	12,346	16,975
FRS Pension Plan - Senior Management Service Class	3,237	24.30	93,308	36,408	45,495
FRS Pension Plan - Special Risk Class	29,672	20.66	48,768	26,787	35,758
FRS Pension Plan - Special Risk Adm. Sup. Class	169	25.21	48,088	23,769	35,651
FRS Pension Plan - Elected Officers' Class	2,311	20.52	64,408	34,739	46,740
TRS	4,326	29.01	35,477	20,981	33,679
TRS-SB	469	0.00	0	2,246	1,885
Judicial Retirement System	4	13.45	22,736	11,747	15,446
Highway Patrol	38	25.41	15,992	14,101	18,314
SCOERS	556	22.52	12,381	5,693	10,889
IFAS	172	0.07	93	8,797	11,252
General Revenue	815	32.82	1,549	11,717	18,945
<b>Total/Average</b>	<b>347,962</b>	<b>21.01</b>	<b>\$37,581</b>	<b>\$14,040</b>	<b>\$19,230</b>

## PROFILE OF FRS ANNUITANTS<sup>3</sup>

as of June 30, 2013

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
40 or More Years	2,103	42.30	\$48,789	\$34,546	\$51,876
35 - 39	9,002	36.85	45,976	28,886	44,232
30 - 34	78,779	30.97	48,651	24,512	33,868
25 - 29	41,793	26.97	46,118	22,434	30,006
20 - 24	50,062	22.27	38,294	13,103	17,599
15 - 19	58,106	17.34	33,339	8,751	11,790
10 - 14	78,982	12.13	27,276	5,079	6,924
5 - 9	27,340	7.79	28,675	3,777	4,600
Less Than 5 Years	511	2.06	12,425	8,821	13,402
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Under 40	1,616	18.28	\$37,338	\$7,004	\$8,431
40 - 44	847	16.41	37,478	10,124	11,056
45 - 49	2,445	16.98	41,500	15,214	16,261
50 - 54	8,318	19.16	43,237	17,414	18,990
55 - 59	25,606	20.87	43,444	17,226	19,966
60 - 64	60,932	22.07	44,477	17,226	21,126
65 - 69	84,210	21.27	41,832	15,309	20,020
70 - 74	63,283	20.46	36,804	13,018	18,541
75 - 79	43,309	20.54	32,336	11,747	18,373
80 - 84	30,133	21.10	28,799	11,003	18,747
85 and Older	25,933	21.09	22,326	8,815	16,795
Option 2 Payees - Member Deceased	46	18.36	17,165	3,751	9,136
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

<sup>1</sup> Total Annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

<sup>2</sup> Investment Plan Disability retirees.

<sup>3</sup> Florida Retirement System Annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

## PROFILE OF FRS ANNUITANTS<sup>1</sup>

as of June 30, 2013

By Option Selection <sup>2</sup>	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Lifetime Benefit (1)	201,493	20.27	\$35,637	\$13,311	\$18,233
Benefit with a Guarantee (2)	58,919	22.04	38,274	15,116	21,082
Member with a Joint Annuitant (3)	72,415	21.82	41,635	14,465	19,783
Reduced Benefit on First Death (4)	13,851	23.02	45,106	18,382	23,573
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Monthly Benefit Amount					
Less Than \$50	639	9.87	\$12,126	\$428	\$420
\$50 - \$99	3,308	9.53	11,177	843	949
\$100 - \$149	5,817	10.06	13,358	1,331	1,519
\$150 - \$199	7,883	10.78	15,947	1,808	2,112
\$200 - \$249	9,417	11.16	18,012	2,238	2,706
\$250 - \$299	10,639	11.57	18,838	2,590	3,306
\$300 - \$349	11,098	12.25	20,310	2,994	3,901
\$350 - \$399	10,712	12.92	21,764	3,449	4,496
\$400 - \$449	10,596	13.52	23,468	3,909	5,098
\$450 - \$499	10,162	14.15	24,601	4,398	5,700
\$500 - \$999	76,665	16.76	29,321	6,633	8,739
\$1000 - \$1999	84,556	22.90	38,495	12,919	17,334
\$2000 - \$2999	54,524	28.31	48,467	21,604	29,670
\$3000 - \$3999	27,856	30.37	57,669	29,153	41,190
\$4000 - \$4999	11,842	30.87	67,126	37,325	53,208
\$5000 or more	10,964	30.57	86,948	55,804	77,650
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Benefit Recipient					
Member Deceased	27,090	20.13	\$34,111	\$11,492	\$14,725
Member Living	319,588	21.08	38,022	14,279	19,638
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Retirement Date					
Before 12/1970	176	22.21	\$7,256	\$2,800	\$8,808
12/1970 - 6/1985	10,901	21.45	16,265	6,628	14,705
7/1985 - 6/1995	45,705	22.09	27,474	10,799	19,675
7/1995 - 6/2000	68,018	23.05	36,519	14,894	23,286
7/2000 - 6/2005	91,578	21.39	39,548	15,191	20,438
7/2005 - 6/2006	19,592	20.90	41,659	15,400	19,011
7/2006 - 6/2007	18,561	20.59	42,904	15,913	19,043
7/2007 - 6/2008	18,074	20.72	44,459	16,648	19,406
7/2008 - 6/2009	16,064	18.86	42,465	14,409	16,291
7/2009 - 6/2010	16,467	18.82	43,375	14,758	16,148
7/2010 - 6/2011	16,222	18.23	42,703	13,825	14,734
7/2011 - 6/2012	13,863	17.19	40,766	12,199	12,655
7/2012 - 6/2013	11,457	17.04	40,598	12,070	12,200
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Employer					
State	71,224	20.80	\$35,559	\$13,134	\$17,900
State University System	16,730	22.24	42,896	15,888	21,846
Counties	76,333	19.06	41,728	15,822	20,877
School Boards	160,564	22.00	35,665	13,360	18,747
Community Colleges	11,339	21.09	41,967	15,156	21,188
Cities and Special Districts	10,488	19.33	41,717	14,182	18,193
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

<sup>1</sup> Florida Retirement System annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

<sup>2</sup> Option selections for existing systems have been included in the FRS options outlined even though they provide different benefits.



## PROFILE OF FRS ANNUITANTS<sup>1</sup>

as of June 30, 2013

By Gender	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Female	218,433	21.00	\$34,099	\$12,402	\$16,770
Male	128,245	21.01	43,878	16,887	23,485
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Type of Retirement	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Line of Duty Death	373	10.30	\$32,067	\$15,873	\$25,502
Not Line of Duty Death	8,878	17.94	33,852	6,955	10,422
Line of Duty Disability	3,525	14.57	28,968	13,365	18,554
Not Line of Duty Disability	12,484	17.51	30,485	9,139	12,074
Early	91,872	16.99	32,746	8,364	11,177
Normal	229,546	23.04	40,392	16,892	23,220
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

By Duration of Benefit Payments to Date	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than 5 Years	74,073	18.12	\$42,113	\$13,583	\$14,605
5 - 10	95,242	21.05	42,098	15,794	19,517
10 - 15	92,517	22.38	38,667	15,535	22,591
15 - 20	42,099	22.01	32,409	12,496	20,582
20 - 25	23,645	22.18	27,577	10,939	20,069
25 - 30	12,260	21.93	20,870	8,427	17,341
30 - 35	5,092	21.64	15,519	6,411	14,389
35 - 40	1,338	19.58	10,867	3,809	10,168
40 or More Years	412	20.81	8,109	2,962	9,343
<b>Total/Average</b>	<b>346,678</b>	<b>21.01</b>	<b>\$37,717</b>	<b>\$14,061</b>	<b>\$19,255</b>

Average duration of benefit payments in years - 10.75 years

By Duration of Benefit Payments - Deaths in Current Year	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than 1 Year	319	16.64	\$41,452	\$9,373	\$9,464
1 - 2	161	16.26	37,987	8,548	8,631
2 - 3	144	20.10	46,566	14,429	14,889
3 - 4	133	17.50	38,172	10,744	11,379
4 - 5	117	19.30	47,164	15,060	15,874
5 - 10	765	20.06	39,885	14,183	15,639
10 - 15	528	22.26	43,145	18,081	21,159
15 - 20	424	21.85	37,826	16,475	19,878
20 - 25	308	24.79	35,141	18,944	24,070
25 - 30	158	22.14	23,281	11,937	16,087
30 - 35	54	26.79	19,282	14,594	19,713
35 - 40	3	32.33	17,328	13,079	20,067
40 or More Years	4	17.92	7,538	4,593	5,386
<b>Total/Average</b>	<b>3,118</b>	<b>20.69</b>	<b>\$38,998</b>	<b>\$14,619</b>	<b>\$16,866</b>

Average duration of benefit payments in years - 10.73 years

<sup>1</sup> Florida Retirement System annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

**FRS RETIREES AND BENEFICIARIES<sup>1</sup>**  
**BY AGE AT RETIREMENT**  
as of June 30, 2013

By Retirement Age	Retirees	Retirees' Total Annual Benefits	Beneficiaries	Beneficiaries' Total Annual Benefits
Under 40	932	\$11,202,968	297	\$4,506,332
40 - 44	2,727	40,832,913	720	6,794,831
45 - 49	13,697	322,986,454	2,169	22,449,631
50 - 54	55,213	1,448,948,322	4,503	65,291,929
55 - 59	81,290	1,795,722,306	6,134	98,582,480
60 - 64	123,514	2,059,204,019	8,340	131,591,806
65 - 69	31,855	477,765,024	3,463	53,063,808
70 - 74	7,424	93,838,858	990	12,785,988
75 - 79	2,253	21,298,764	354	3,072,873
80 - 84	561	3,648,962	90	577,945
85 and Older	122	761,798	30	184,117
<b>Total</b>	<b>319,588</b>	<b>\$6,276,210,389</b>	<b>27,090</b>	<b>\$398,901,740</b>

**FRS RETIREES AND BENEFICIARIES<sup>1</sup>**  
**BY YEARS OF SERVICE AT RETIREMENT**  
as of June 30, 2013

By Years of Service	Retirees	Retirees' Total Annual Benefits	Beneficiaries	Beneficiaries' Total Annual Benefits
Less Than 5 Years	364	\$4,441,431	147	\$2,406,959
5 - 9	25,463	11,690,092	1,877	8,873,812
10 - 14	71,896	505,124,223	7,086	41,779,366
15 - 19	52,724	631,046,477	5,382	54,046,657
20 - 24	45,547	813,921,719	4,515	67,139,772
25 - 29	38,548	1,179,977,857	3,245	74,078,539
30 - 34	75,296	2,569,127,916	3,483	98,973,754
35 - 39	7,974	360,762,744	1,028	37,415,377
40 or More Years	1,776	94,907,930	327	14,187,505
<b>Total</b>	<b>319,588</b>	<b>\$6,276,210,389</b>	<b>27,090</b>	<b>\$398,901,740</b>

<sup>1</sup> Florida Retirement System retirees and beneficiaries exclude General Revenue and TRS-SB retirees and beneficiaries and exclude DROP participants.





## TOTAL ANNUITANTS BY TYPE OF RETIREMENT<sup>1</sup>

as of June 30

Type of Retirement	2009	2010	2011	2012	2013
Line of Duty Death	351	358	368	367	373
Not Line of Duty Death	8,237	8,411	8,613	8,784	8,878
Line of Duty Disability	3,441	3,486	3,511	3,519	3,525
Not Line of Duty Disability	11,545	11,845	12,032	12,304	12,484
Early	77,045	80,671	84,739	88,838	91,872
Normal	187,597	198,207	209,078	219,552	229,546
<b>Total</b>	<b>288,216</b>	<b>302,978</b>	<b>318,341</b>	<b>333,364</b>	<b>346,678</b>

## TOTAL ANNUAL BENEFITS BY TYPE OF RETIREMENT

as of June 30

Type of Retirement	2009	2010	2011	2012	2013
Line of Duty Death	\$7,774,796	\$8,260,085	\$8,710,346	\$9,077,824	\$9,512,153
Not Line of Duty Death	80,219,291	83,908,009	87,418,800	90,568,179	92,526,753
Line of Duty Disability	54,203,452	57,321,042	60,187,785	62,641,326	65,402,997
Not Line of Duty Disability	122,114,688	129,494,949	136,770,717	144,153,894	150,731,440
Early	750,502,645	812,606,863	883,258,727	958,161,881	1,026,813,607
Normal	3,848,800,517	4,207,949,697	4,582,992,936	4,953,018,666	5,330,125,178
<b>Total</b>	<b>\$4,863,615,389</b>	<b>\$5,299,540,645</b>	<b>\$5,759,339,311</b>	<b>\$6,217,621,770</b>	<b>\$6,675,112,128</b>

## TOTAL ANNUITANTS ADDED DURING FISCAL YEAR BY TYPE OF RETIREMENT<sup>1</sup>

as of June 30

Type of Retirement	2009	2010	2011	2012	2013
Line of Duty Death	3	8	8	6	5
Not Line of Duty Death	296	311	286	308	266
Line of Duty Disability	95	88	75	67	60
Not Line of Duty Disability	588	658	636	636	560
Early	4,584	4,622	5,081	5,170	4,303
Normal	5,322	5,952	6,557	6,182	6,263
<b>Total</b>	<b>10,888</b>	<b>11,639</b>	<b>12,643</b>	<b>12,369</b>	<b>11,457</b>

## TOTAL ANNUAL BENEFITS OF ANNUITANTS ADDED DURING FISCAL YEAR BY TYPE OF RETIREMENT

as of June 30

Type of Retirement	2009	2010	2011	2012	2013
Line of Duty Death	\$51,630	\$227,058	\$185,487	\$134,331	\$129,637
Not Line of Duty Death	2,549,940	2,833,636	2,643,466	2,401,478	2,046,809
Line of Duty Disability	2,116,314	2,149,212	1,740,980	1,522,954	1,618,869
Not Line of Duty Disability	6,579,623	7,798,786	7,770,379	7,780,479	7,033,716
Early	39,880,229	42,651,470	47,274,034	48,767,649	40,969,304
Normal	72,685,366	84,017,380	95,491,247	85,381,239	87,971,909
<b>Total</b>	<b>\$123,863,102</b>	<b>\$139,677,542</b>	<b>\$155,105,593</b>	<b>\$145,988,130</b>	<b>\$139,770,244</b>

<sup>1</sup> Total annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

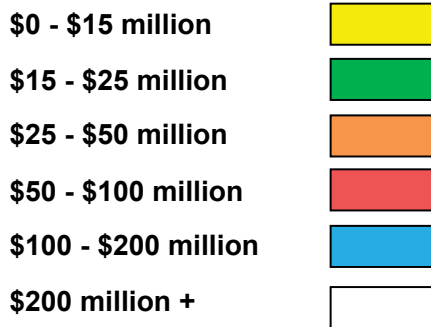
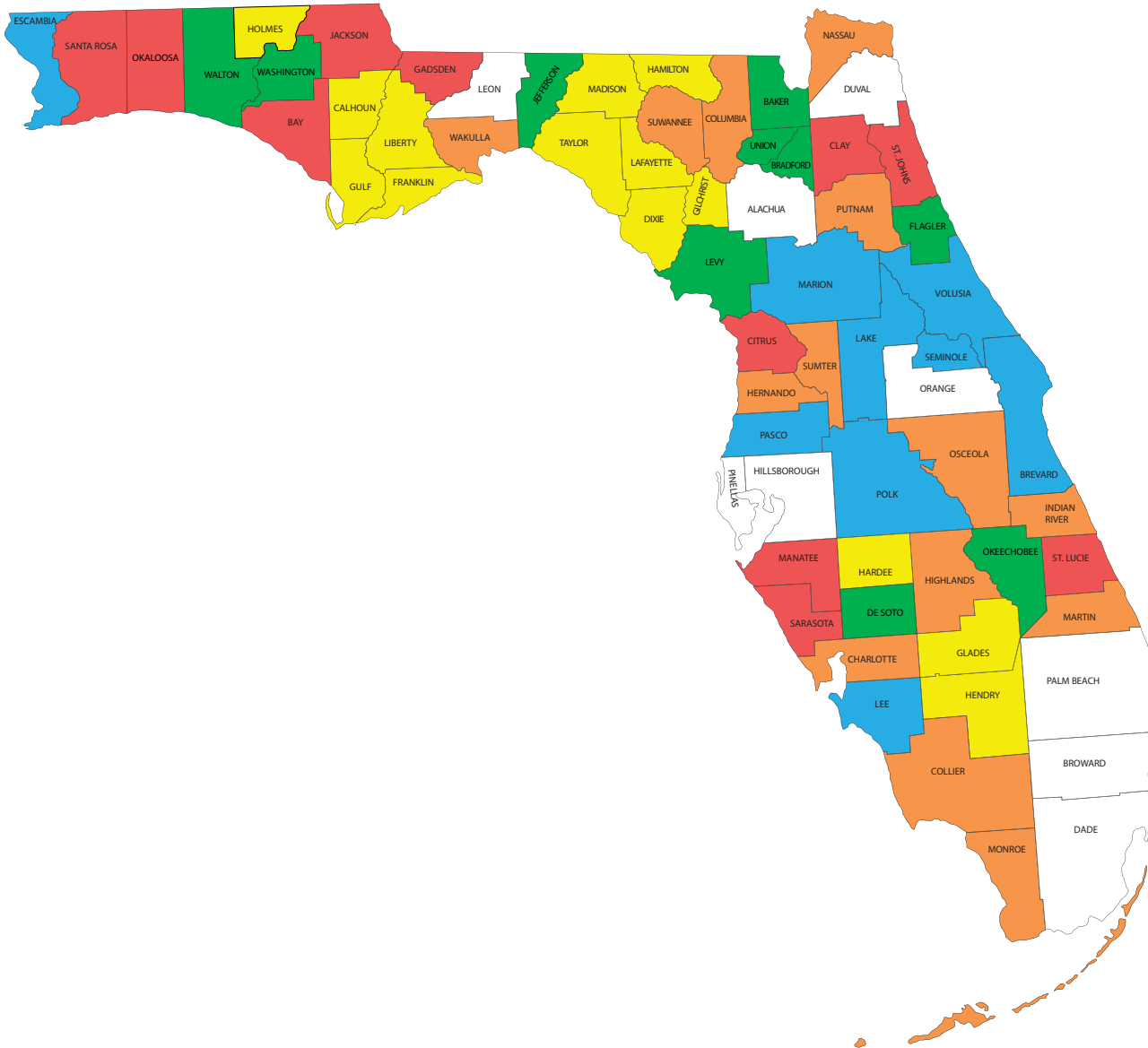
## SCHEDULE OF AVERAGE BENEFITS

Fiscal Year		Years of Creditable Service								
		Less Than 5 <sup>1</sup>	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 or More
2013	Average Annual Benefit	\$13,402	\$4,600	\$6,924	\$11,790	\$17,599	\$30,006	\$33,868	\$44,232	\$51,876
	Average AFC	\$12,425	\$28,675	\$27,276	\$33,339	\$38,294	\$46,118	\$48,651	\$45,976	\$48,789
	Count	511	27,340	78,982	58,106	50,062	41,793	78,779	9,002	2,103
2012	Average Annual Benefit	\$12,998	\$4,484	\$6,721	\$11,407	\$16,977	\$28,760	\$32,921	\$43,008	\$50,466
	Average AFC	\$12,311	\$28,079	\$26,638	\$32,516	\$37,234	\$44,734	\$47,754	\$44,983	\$47,727
	Count	512	25,160	74,934	56,235	48,273	39,924	75,046	9,114	2,166
2011	Average Annual Benefit	\$12,594	\$4,404	\$6,522	\$11,041	\$16,410	\$27,628	\$32,059	\$41,729	\$49,194
	Average AFC	\$12,359	\$27,501	\$25,958	\$31,662	\$36,138	\$43,343	\$46,872	\$43,950	\$46,796
	Count	513	22,631	74,657	54,238	46,143	37,948	70,869	9,122	2,220
2010	Average Annual Benefit	\$12,191	\$4,317	\$6,323	\$10,672	\$15,802	\$26,491	\$31,141	\$40,464	\$47,675
	Average AFC	\$12,510	\$26,863	\$25,275	\$30,788	\$34,899	\$41,993	\$45,838	\$42,853	\$45,393
	Count	513	20,238	72,375	52,211	43,835	36,084	66,346	9,136	2,240
2009	Average Annual Benefit	\$11,815	\$4,252	\$6,127	\$10,317	\$15,198	\$25,386	\$30,288	\$39,161	\$46,227
	Average AFC	\$12,648	\$26,357	\$24,625	\$29,901	\$33,740	\$40,710	\$44,747	\$41,882	\$44,407
	Count	504	17,814	70,404	50,295	42,171	34,511	61,037	9,168	2,312
2008	Average Annual Benefit	\$11,194	\$4,202	\$5,936	\$9,945	\$14,647	\$24,291	\$29,380	\$37,846	\$44,723
	Average AFC	\$12,333	\$25,842	\$24,034	\$28,979	\$32,746	\$39,535	\$43,638	\$41,006	\$43,416
	Count	485	15,512	68,578	48,467	40,624	33,059	56,430	9,280	2,407
2007	Average Annual Benefit	\$11,340	\$4,137	\$5,734	\$9,603	\$14,114	\$23,135	\$28,508	\$36,534	\$43,316
	Average AFC	\$16,487	\$25,220	\$23,424	\$28,135	\$31,850	\$38,299	\$42,589	\$40,185	\$42,767
	Count	347	13,438	67,175	46,894	39,481	31,601	52,376	9,407	2,479
2006	Average Annual Benefit	\$10,801	\$4,138	\$5,543	\$9,266	\$13,595	\$22,031	\$27,705	\$35,424	\$41,729
	Average AFC	\$15,723	\$24,688	\$22,799	\$27,274	\$30,950	\$37,087	\$41,559	\$39,554	\$41,923
	Count	340	10,901	65,570	45,168	38,151	30,105	48,186	9,474	2,601
2005	Average Annual Benefit	\$10,373	\$4,236	\$5,357	\$8,943	\$13,089	\$20,958	\$26,967	\$34,257	\$40,339
	Average AFC	\$15,292	\$24,289	\$22,172	\$26,334	\$30,027	\$35,832	\$40,439	\$38,891	\$41,199
	Count	332	8,699	63,676	43,122	36,738	28,407	43,712	9,615	2,673
2004	Average Annual Benefit	\$9,861	\$4,332	\$5,163	\$8,645	\$12,627	\$19,998	\$26,182	\$33,159	\$38,943
	Average AFC	\$14,620	\$23,672	\$21,541	\$25,559	\$29,207	\$34,700	\$39,319	\$38,377	\$40,371
	Count	324	6,696	61,585	41,437	35,410	27,071	39,791	9,716	2,783

<sup>1</sup> Represents in-line-of-duty disability and death benefits with guaranteed minimum benefit levels.



## 2013 PENSION BENEFITS BY FLORIDA COUNTY



Of the 347,962 retirees in the FRS, 302,663 or 87.0 percent, remain Florida residents as of June 30, 2013. During the fiscal year 2012-13, pension benefit payments approaching \$5.97 billion were distributed to retirees and their beneficiaries throughout the 67 counties of Florida as shown on the map above.

## RETIREES BY STATE



## RETIREES OUTSIDE THE UNITED STATES

Antilles (1)	Chile (6)	Guam (2)	Monaco (1)	Switzerland (3)
Argentina (5)	China (2)	Guatemala (1)	Netherlands (1)	Syria (1)
Armed Forces (47)	Colombia (9)	Honduras (1)	New Zealand (10)	Thailand (16)
Australia (19)	Costa Rica (12)	Hong Kong (1)	Nicaragua (2)	Trinidad & Tobago (4)
Bahamas (5)	Croatia (1)	Hungary (3)	Panama (6)	Turkey (1)
Barbados (2)	Czech Republic (1)	India (4)	Peru (4)	United Kingdom (40)
Belize (2)	Dominica (2)	Ireland (8)	Philippines (15)	Uruguay (2)
Bahamas (4)	Dominican Republic (2)	Israel (11)	Poland (1)	Venezuela (1)
Bolivia (1)	Ecuador (2)	Italy (4)	Portugal (2)	Vietnam (1)
Bosnia-Herzegovina (1)	Egypt (1)	Jamaica (8)	Puerto Rico (212)	Virgin Islands (16)
Brazil (3)	Finland (2)	Japan (1)	South Africa (1)	West Indies (17)
Bulgaria (2)	France (7)	Kenya (1)	Spain (21)	Other (26)
Canada (89)	Germany (19)	Macedonia (1)	St. Kitts (2)	
Cayman Islands (1)	Greece (6)	Mexico (15)	Sweden (1)	

## REEMPLOYED RETIREES NOT ELIGIBLE FOR RENEWED MEMBERSHIP BY CLASS

as of June 30

Class	2011 <sup>1</sup>	2012 <sup>1</sup>	2013
FRS - Regular Class	1,668	2,783	4,160
- Senior Management Service Class	32	54	86
- Special Risk Class	143	284	550
- Elected Officers' Class	33	36	70
<b>Total</b>	<b>1,876</b>	<b>3,157</b>	<b>4,866</b>

## REEMPLOYED RETIREES NOT ELIGIBLE FOR RENEWED MEMBERSHIP

as of June 30, 2013

By Employer Group	Count	Average Length of Employment	Average Salary
State	1,105	1.19	\$29,956
State University System	281	1.45	50,240
School Boards	2,085	1.56	27,005
Counties	912	1.20	24,818
Community Colleges	242	1.53	30,560
Cities and Special Districts	241	1.24	24,394
<b>Total/Average</b>	<b>4,866</b>	<b>1.39</b>	<b>\$28,654</b>

By Age Range	Count	Average Length of Employment	Average Salary
Less than 30	70	1.03	\$20,557
30 - 39	561	1.31	31,070
40 - 49	771	1.25	30,178
50 - 59	1,268	1.27	28,353
60 - 69	1,805	1.52	29,508
70 and Over	391	1.59	20,668
<b>Total/Average</b>	<b>4,866</b>	<b>1.39</b>	<b>\$28,654</b>

By Gender	Count	Average Length of Employment	Average Salary
Female	2,814	1.44	\$26,802
Male	2,052	1.31	31,195
<b>Total/Average</b>	<b>4,866</b>	<b>1.39</b>	<b>\$28,654</b>

<sup>1</sup> These totals were understated in previous annual reports and have been revised to reflect the correct totals.

## CHANGES IN NET ASSETS - FRS TRUST FUND (LAST 10 FISCAL YEARS)

	2013	2012	2011	2010
<b>Additions</b>				
<b>Contributions</b>				
Pension Contributions - State	\$326,496,923	\$317,054,651	\$765,984,321	\$687,181,878
Pension Contributions - Non-State	1,214,277,831	1,185,856,830	2,720,845,237	2,463,578,264
Pension Contributions - Employee	830,617,446	806,140,587	32,931,529	23,416,290
	<u>2,371,392,201</u>	<u>2,309,052,068</u>	<u>3,519,761,087</u>	<u>3,174,176,432</u>
<b>Transfers from Other Funds</b>				
Optional Retirement Program	7,319,091	7,554,953	629	—
Optional Annuity Program	11,815	12,080	—	—
IFAS Trust Fund	—	—	—	—
General Revenue	15,714,207	15,503,628	14,761,079	14,048,097
Investment Plan	43,883,824	33,737,861	33,595,022	21,073,587
Property Transfers In	—	—	—	—
<b>Total Contributions</b>	<u>2,438,321,138</u>	<u>2,365,860,590</u>	<u>3,568,117,817</u>	<u>3,209,298,116</u>
<b>Investment Income</b>				
Net Appreciation in Fair Value	13,052,082,047	(3,286,665,278)	21,079,833,927	11,678,173,465
Interest Income	1,043,513,692	1,140,664,061	1,202,670,123	1,438,692,414
Dividends	1,992,763,342	1,783,693,431	1,779,619,800	1,384,740,430
Real Estate Operating Income, Net	471,728,292	437,865,482	387,446,022	438,434,716
Other Investment Income	133,066,779	123,584,852	70,729,725	41,858,135
Fines, Forfeits and Settlements	29,055,563 <sup>1</sup>	—	—	—
<b>Total Investment Income</b>	<u>16,722,209,714</u>	<u>199,142,548</u>	<u>24,520,299,596</u>	<u>14,981,899,161</u>
Less Investment Activity Expense	436,875,409	374,200,433	354,999,836	318,528,939
Net Income from Investment Activity	<u>16,285,334,305</u>	<u>(175,057,884)</u>	<u>24,165,299,760</u>	<u>14,663,370,222</u>
<b>Security Lending Activities</b>				
Security Lending Income	56,229,448	50,100,225	45,724,094	58,808,435
Security Lending Expense	7,791,102	9,063,468	12,268,910	16,794,818
Net Income from Security Lending	<u>48,438,346</u>	<u>41,036,756</u>	<u>33,455,184</u>	<u>42,013,617</u>
<b>Total Additions</b>	<u>18,772,093,788</u>	<u>2,231,839,462</u>	<u>27,766,872,762</u>	<u>17,914,681,954</u>
<b>Deductions</b>				
Benefit Payments	7,903,656,618	7,354,373,801	6,685,078,219	6,088,727,455
Benefit Payments - General Revenue Funded	15,714,207	15,503,628	14,761,079	14,048,097
Refunds of Contributions	5,033,571	1,672,624	2,210,500	2,821,688
Transfers out within Department	894,370	1,005,413	1,008,425	1,230,722
Transfers to Other Departments	7,924,838	7,993,984	8,100,659	14,011,749
Transfers to Other Departments - Investment Plan	1,132,601,457	1,433,898,961	1,639,554,265	1,100,198,308
Property Dispositions	1,486	527	153,002	—
Depreciation Expense	59,757	89,017	178,841	176,045
Administrative Expenses	15,584,250	15,556,281	16,098,048	16,639,631
<b>Total Deductions</b>	<u>9,081,470,554</u>	<u>8,830,094,236</u>	<u>8,367,143,038</u>	<u>7,237,853,696</u>
<b>Net Increase(Decrease)</b>	<u>9,690,623,234</u>	<u>(6,598,254,774)</u>	<u>19,399,729,723</u>	<u>10,676,828,259</u>
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of Year	119,981,464,834	126,579,719,608	107,179,989,885	96,503,161,626
<b>End of Year</b>	<u>\$129,672,088,067</u>	<u>\$119,981,464,834</u>	<u>\$126,579,719,608</u>	<u>\$107,179,989,885</u>

<sup>1</sup> First year reported.



## CHANGES IN NET ASSETS - FRS TRUST FUND (CONTINUED)

2009	2008	2007	2006	2005	2004
\$678,777,464	\$672,484,940	\$671,356,410	\$538,498,000	\$519,530,957	\$435,253,970
2,556,629,547	2,520,215,316	2,366,330,370	1,781,877,843	1,669,084,178	1,464,127,888
138,264,160	96,767,182	28,112,456	30,723,313	30,556,133	49,270,184
3,373,671,171	3,289,467,438	3,065,799,236	2,351,099,155	2,219,171,268	1,948,652,042
119	125	—	—	—	—
—	—	472	2,446	—	—
—	17,194,462	—	—	—	—
13,221,762	12,713,091	11,729,366	11,154,472	10,807,423	9,967,588
18,595,158	20,715,822	20,999,468	13,589,409	8,966,947	9,387,258
—	—	—	—	—	10,659 <sup>2</sup>
3,405,488,210	3,340,090,938	3,098,528,541	2,375,845,483	2,238,945,638	1,968,017,547
(26,504,626,706)	(10,344,417,837)	17,912,502,350	8,621,066,236	7,095,164,688	12,335,236,970
103,900,427	2,110,328,974	1,563,117,302	1,313,934,222	1,540,814,764	1,086,191,503
1,367,459,136	1,554,506,725	1,650,359,526	1,405,760,887	1,629,643,577	1,212,595,938
382,122,632	396,699,835	325,014,495	299,270,855	291,145,707	259,306,244
130,548,135	76,565,391	15,967,368	7,690,729	52,056,392	6,187,428
—	—	—	—	—	—
(24,520,596,377)	(6,206,316,913)	21,466,961,041	11,647,722,929	10,608,825,128	14,899,518,082
287,648,262	275,378,640	226,824,712	201,762,264	385,989,836	173,826,928
(24,808,244,639)	(6,481,695,552)	21,240,136,329	11,445,960,666	10,222,835,292	14,725,691,155
221,718,334	912,729,354	1,106,904,228	724,942,444	340,105,295	159,798,518
120,420,237	786,259,463	1,044,575,419	674,451,665	301,657,378	114,150,378
101,298,097	126,469,891	62,328,809	50,490,779	38,447,917	45,648,140
(21,301,458,332)	(3,015,134,725)	24,400,993,679	13,872,296,927	12,500,228,847	16,739,356,842
5,669,557,697	5,226,432,805	4,947,269,693	4,538,262,704	4,295,924,751	3,662,257,254
13,221,762	12,713,091	11,729,366	11,154,472	10,807,423	9,967,588
4,012,351	2,642,967	1,710,407	3,385,597	— <sup>1</sup>	4,440,492
1,109,107	18,361,154	1,021,179	897,829	884,535	703,285
14,358,753	14,424,030	14,873,714	12,602,108	19,047,153	22,826,583
943,887,717	1,560,082,227	1,431,878,039	1,035,245,564	884,675,265	439,693,561
—	19,878	6,388	85,269	6,938	5,527
207,667	185,491	194,546	154,389	223,961	287,138
15,825,118	15,636,029	16,155,974	14,564,394	15,295,934	14,301,357
6,662,180,172	6,850,497,671	6,424,839,306	5,616,352,324	5,226,865,960	4,154,482,785
(27,963,638,504)	(9,865,632,396)	17,976,154,373	8,255,944,602	7,273,362,886	12,584,874,057
124,466,800,130	134,332,432,526	116,356,278,153	108,100,333,550	100,948,355,320	88,363,481,263
<b>\$96,503,161,626</b>	<b>\$124,466,800,130</b>	<b>\$134,332,432,526</b>	<b>\$116,356,278,153</b>	<b>\$108,221,718,206</b>	<b>\$100,948,355,320</b>

<sup>1</sup> Refunds were netted against contributions in the amount of \$1,908,065.

<sup>2</sup> Last year reported.



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SUMMARY PLAN  
DESCRIPTION AND  
CHRONOLOGY



# SUMMARY PLAN DESCRIPTION

The following summary is a brief description of the Florida Retirement System Pension Plan for fiscal year 2012-13. Questions of interpretation shall be determined from Part I of Chapter 121, Florida Statutes, and Chapter 60S of the Florida Administrative Code.

## Creation

The Florida Retirement System (FRS) was created Dec. 1, 1970, with 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 consolidated with the FRS. In 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group. The system was created to provide a program offering retirement, disability, and survivor benefits for participating public employees. Social Security coverage is also required for all members.

## Membership

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges; or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Certain members, including elected officials and local government senior managers, may elect not to participate in the FRS. Members of the Elected Officers' Class (EOC) may elect to participate in the Senior Management Service Class (SMSC) in lieu of the EOC or to withdraw from the FRS altogether. The following members may elect to participate in various optional retirement programs instead of the FRS Pension Plan:

- Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan;
- SMSC members who are state employees (including state-level EOC members who choose to participate in the SMSC) may elect to participate in the Senior Management Service Optional Annuity Program, while locally designated members of the SMSC may elect to opt out of the system altogether. Assistant state attorneys, assistant public defenders, assistant attorneys general, and assistant statewide prosecutors are SMSC members who cannot participate in the Senior Management Service Optional Annuity Program;
- State University System faculty, executive service employees, and administrative and professional employees may elect to participate in the State University System Optional Retirement Program except for faculty at colleges of a state university that has a faculty practice plan. These faculty members are mandatory State University System Optional Retirement Program participants; and
- State Community College System faculty and certain administrators whose positions are covered by the Regular Class may elect to participate in a State Community College System Optional Retirement Program, if the college offers an optional retirement program.

## Classes of Membership

Regular Class— This class consists of FRS members who do not qualify for membership in the Special Risk, Special Risk Administrative Support, Elected Officers', or Senior Management Service Classes.

Special Risk Class— This class consists of FRS members who meet the criteria to qualify for this class according to Florida law and rules, and who are employed as:

- Law enforcement officers;
- Firefighters, fire prevention and firefighter training positions, and aerial firefighting surveillance pilots for the Department of Agriculture and Consumer Services);
- Correctional officers and community-based correctional probation officers;
- Paramedics or emergency medical technicians whose primary duty and responsibility includes on-the-scene emergency medical care and who are employed with a licensed Advance Life Support or Basic Life Support employer;





- Professional health care workers in specified positions within the Department of Corrections or the Department of Children and Family Services who spend at least 75 percent of their time performing duties that involve contact with patients or inmates in a correctional or forensic facility or institution;
- Youth custody officers with the Department of Juvenile Justice; or
- Forensic employees employed by a law enforcement agency or medical examiner's office.

Special Risk Administrative Support Class — This class consists of certain former Special Risk Class members who are transferred or reassigned to a non-special-risk law enforcement, firefighting, correctional, or emergency services administrative support position within an FRS special risk employing agency and meet the criteria set forth in Florida law.

Elected Officers' Class — This class consists of members who hold specified elective offices in either state or local government:

- State officers include: Governor, Lieutenant Governor, Cabinet Officer, Legislator, Supreme Court Justice, district court of appeal judge, circuit judge, county court judge, state attorney, and public defender.
- County officers include: sheriff, tax collector, property appraiser, supervisor of elections, school board member, school board superintendent, clerk of circuit court, county commissioner and other elected officials with countywide authority.
- City or special district officers include: elected officials in cities and special districts that have chosen to place their elected officials in the Elected Officers' Class instead of the Regular Class during the six-month window periods offered in 1997, 2001, 2009, or at the time of joining the FRS on or after Jan. 1, 2010.

Senior Management Service Class — This class consists of:

- Members of the Senior Management Service of State Personnel System;
- 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;
- Capital collateral regional counsels and assistant capital collateral regional counsels;
- Assistant state attorneys;
- Assistant public defenders;
- Assistant statewide prosecutors and assistant attorneys general;
- Elected officials who chose to join the SMSC in lieu of the EOC;
- Nonelective managerial positions designated for SMSC membership by local government agencies;
- Chief Deputy Court Administrator;
- Adjutant General, Assistant Adjutant General-Army, Assistant Adjutant General-Air, State Quartermaster, Director of Military Personnel, Director of Administration, and selected managerial staff of the Department of Military Affairs; and
- County health department directors and administrators of the Department of Health.

## Contributions

Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for fiscal year 2012-13 are as follows:

Class	Employee Contribution Rate	Employer Contribution Rate*	Total Contribution Rate
Regular	3.00%	5.18%	8.18%
Special Risk	3.00%	14.90%	17.90%
Special Risk Administrative Support	3.00%	5.91%	8.91%
Elected Officers			
Judges	3.00%	11.93%	14.93%
Governor, Lt. Governor, Cabinet, Legislators, State Attorneys, and Public Defenders	3.00%	8.53%	11.53%
Elected County, City, and Special District Officials	3.00%	10.23%	13.23%
Senior Management Service	3.00%	6.30%	9.30%
Deferred Retirement Option Program	N/A	5.44%	5.44%

\* These rates include the 1.11 percent contribution for the Retiree Health Insurance Subsidy, the fee of 0.03 percent for administration of the FRS Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.

Any member who terminates employment with an FRS employer may receive a refund of any retirement contributions personally made to the system (and lose the associated retirement credit for both their FRS and Health Insurance Subsidy benefits), or may leave these personal contributions in the system and keep all creditable service earned through the date of termination.

## Creditable Service

Members receive one month of service credit for each month in which any salary is reported for work performed up to their work period during the plan year. Members may also purchase additional credit to increase their retirement benefits under the FRS Pension Plan. Credit may be purchased for past service, prior service (including refunded service credit), certain military service (up to four years), approved leaves of absence (up to two years), out-of-state public service (including federal service), non-FRS public service and non-public service in certain schools or colleges in Florida (up to five years total, including both in-state and out-of-state service), and in some cases credit for periods of disability retirement. To purchase this service credit, members must meet certain requirements. Only the purchase of past service and prior service may be included in the creditable years of service needed to vest; (see Vesting). All other types of service credit purchases become creditable service only after a member is vested based on the member's other service.

## Vesting

Since July 1, 2001, the FRS has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service.



## Service Retirement

Members become eligible for normal retirement or unreduced retirement based on their age and/or service when they first meet one of the minimum requirements listed in the following section. Early retirement or reduced retirement may be taken after a member is vested and is within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year remaining from a member's retirement age to normal retirement age.

### Normal Retirement Requirements for members initially enrolled before July 1, 2011

<i>Regular Class, Elected Officers' Class, and Senior Management Service Class</i>	Vested with six years of service and age 62; or The age after 62 that the member becomes vested; or 30 years of service, regardless of age.
<i>Special Risk Class</i>	Vested with six years of special risk service and age 55; or The age after 55 that the member becomes vested; or 25 years of service, consisting of both special risk service and up to four years of wartime military service, and age 52; or 25 years of special risk service, regardless of age; or 30 years of any creditable service, regardless of age.
<i>Special Risk Administrative Support Class</i>	Special Risk Class normal retirement requirements apply to service in this class if member has six years actual special risk service; otherwise Regular Class requirements apply.

### Normal Retirement Requirements for members initially enrolled on or after July 1, 2011

<i>Regular Class, Elected Officers' Class, and Senior Management Service Class</i>	Vested with eight years of service and age 65; or The age after 65 that the member becomes vested; or 33 years of service, regardless of age.
<i>Special Risk Class</i>	Vested with eight years of special risk service and age 60; or The age after 60 that the member becomes vested; or 30 years of special risk service, regardless of age; or 33 years of any creditable service, regardless of age.
<i>Special Risk Administrative Support Class</i>	Special Risk Class normal retirement requirements apply to service in this class if member has eight years actual special risk service; otherwise Regular Class requirements apply.

## Benefit Calculation

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:



<b>RETIREMENT PLAN</b>	<b>% VALUE (per year of service)</b>
<b>State and County Officers and Employees' Retirement System</b>	
Division A (no Social Security) . . . . .	2.00%
Division B (with Social Security) . . . . .	1.50%
<b>Teachers' Retirement System</b>	
Plan E . . . . .	2.00%
<b>Florida Retirement System</b>	
<u>Regular Class members initially enrolled before July 1, 2011</u>	
Retirement up to age 62 or up to 30 years of service . . . . .	1.60%
Retirement at age 63 or with 31 years of service . . . . .	1.63%
Retirement at age 64 or with 32 years of service . . . . .	1.65%
Retirement at age 65 or with 33 or more years of service . . . . .	1.68%
<u>Regular Class members initially enrolled on or after July 1, 2011</u>	
Retirement up to age 65 or up to 33 years of service . . . . .	1.60%
Retirement at age 66 or with 34 years of service . . . . .	1.63%
Retirement at age 67 or with 35 years of service . . . . .	1.65%
Retirement at age 68 or with 36 or more years of service . . . . .	1.68%
<u>Special Risk Class</u>	
Service from Dec. 1, 1970 through Sept. 30, 1974 . . . . .	2.00%
Service on and after Oct. 1, 1974 . . . . .	3.00%
<u>Special Risk Administrative Support Class members initially enrolled before July 1, 2011</u>	
(With six or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)	
Retirement up to age 55; or up to 25 total years special risk service; or at age 52 with 25 years (if total service includes wartime military service) . . . . .	1.60%
Retirement at age 56; or with 26 total years special risk service; or at age 53 with 26 years (if total service includes wartime military service) . . . . .	1.63%
Retirement at age 57; or with 27 total years special risk service; or at age 54 with 27 years (if total service includes wartime military service) . . . . .	1.65%
Retirement at age 58; or with 28 total years special risk service; or at age 55 with 28 years (if total service includes wartime military service) . . . . .	1.68%
<u>Special Risk Administrative Support Class members initially enrolled on or after July 1, 2011</u>	
(With eight or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)	
Retirement up to age 60; or up to 30 total years special risk service . . . . .	1.60%
Retirement at age 61; or with 31 total years special risk service . . . . .	1.63%
Retirement at age 62; or with 32 total years special risk service . . . . .	1.65%
Retirement at age 63; or with 33 total years special risk service . . . . .	1.68%
<u>Elected Officers' Class</u>	
Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge . . . . .	3.33%
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials . . . . .	3.00%
<u>Senior Management Service Class</u> . . . . .	2.00%



There are three steps in computing an annual retirement benefit:

- Step 1. Determine the member's retirement plan(s) and class(es) of membership, years of creditable service in each, and the total percentage value earned.
- Step 2. Calculate the average final compensation.
- Step 3. Multiply the figures obtained in Steps 1 and 2 to determine the annual normal retirement benefit. (If you elect to retire early, your benefit will be reduced by 5 percent for each year remaining before you would reach your normal retirement age. Your benefit may also be reduced if you elect to provide a continuing benefit to a beneficiary.)

## Benefit Options

Members must select one of the four benefit options at retirement:

- Option 1 — Member receives a benefit for life with no continuing survivor benefit at death.
- Option 2 — Member receives a reduced benefit for life. If member dies anytime within 10 years after retiring, the beneficiary will receive the benefit for the remainder of the 10-year period from the member's retirement date or DROP begin date. No survivor benefits are paid if the member dies 10 or more years after the effective retirement date.
- Option 3 — Member receives a reduced benefit for life. Upon the member's death, the joint annuitant, if living, will receive the same benefit for life. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.
- Option 4 — Member receives a reduced benefit for life. Upon the death of either the member or the joint annuitant, the survivor will receive a lifetime benefit equal to two-thirds of the benefit the member was receiving when both were living. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.

## Termination

Members must end all employment relationships with all FRS employers for the first six calendar months after their DROP termination date or their non-DROP effective retirement dates to complete their retirement process, in addition to meeting all other requirements to receive monthly benefits payable under the FRS Pension Plan. Florida Retirement System members employed by an agency that withdrew from the FRS effective Jan. 1, 1996, for new employees must remain unemployed by that agency and all other FRS-covered employers for the first six calendar months.

## Deferred Retirement Option Program (DROP)

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund [increased by a cost-of-living adjustment each July; (see Cost-of-Living Adjustments)] and earn monthly interest equivalent to an annual rate of 1.30 percent. (Deferred Retirement Option Program participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50 percent.)

The election to participate in the DROP must be made within 12 months of the member's normal retirement date, unless the member is eligible to defer the election. To participate for the maximum DROP period, the member must enter the DROP upon first reaching eligibility for normal retirement, or upon reaching an eligible deferral date as described below:

- A Special Risk Class member initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months.

- A Special Risk Class member initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date before reaching age 57 may defer DROP entry until age 57 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required to be vested would be subject to these deferral requirements.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date before reaching age 60 may defer DROP entry until age 60 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required to be vested would be subject to these deferral requirements.
- A member who reaches the normal retirement date during a term of office may defer the DROP election until the next succeeding term in that office and still participate for up to 60 months or until the end of that succeeding term, whichever is less.
- A member who is employed as K-12 instructional personnel as defined in section 1012.01(2), Florida Statutes, may elect to participate in the DROP at any time after reaching the normal retirement date and still participate for 60 months.

Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover, and monthly benefits are paid to the member in the amount as calculated upon entry into the DROP, plus cost-of-living adjustments for intervening years.

In most cases, the DROP participant must cease employment after a maximum of 60 months in the DROP, must satisfy the termination requirements for retirement and must comply with applicable reemployment restrictions thereafter. However, certain exceptions apply:

- Effective July 1, 2002, a DROP participant who holds an elective office may end DROP participation and postpone compliance with termination requirements and reemployment limitations until no longer holding the elective office (including consecutive terms in the same office). For the period between the end of DROP participation and termination, no retirement credit is earned and the member's DROP accumulation accrues no additional monthly benefits. If DROP participation began before July 1, 2010, the member's DROP accumulation continues to earn interest after participation ends and before termination. If DROP participation begins on or after July 1, 2010, the DROP accumulation does not earn interest during the period after DROP participation ends and termination.
- K-12 instructional personnel employed with a district school board, the Florida School for the Deaf and the Blind or a developmental research school of a state university may be allowed to extend their DROP participation for up to an additional 36 months beyond their initial 60-month DROP participation period. To qualify for the extension, the DROP participant must receive authorization from the employer and be approved by the division. If authorized to extend DROP participation, a participant must remain employed in an eligible position during the period of DROP extension.

## Disability Benefits

There are two types of disability retirement available under the FRS: In-line-of-duty disability retirement and regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work in any job for any employer. In-line-of-duty disability benefits are available to members from their first day of employment. The minimum Option 1 benefit for in-line-of-duty disability retirement is 42 percent of their average final compensation for all members except those in the Special Risk Class, who receive a minimum Option 1 in-line-of-duty disability benefit of 65 percent of their average final compensation. To be eligible for regular disability retirement, members must complete eight years of creditable service. The minimum Option 1 benefit under regular disability retirement is 25 percent of their average final compensation. If a disabled member's service benefit would be higher than the minimum disability benefit, the member may elect to receive the higher benefit.



## Survivor Benefits

If an active member dies in the line of duty, the spouse will receive a lifetime monthly benefit equal to one-half of the member's monthly salary at death. If the spouse dies, the benefit will continue to be paid on behalf of the member's dependent children until the youngest child reaches age 18 or is married, if earlier.

If an active member dies before becoming vested and the death was not suffered in the line of duty, the designated beneficiary will receive a refund of any member-paid retirement contributions. However, if the active member dies within one year of vesting, the member's joint annuitant may use the deceased member's accumulated leave on an hour-by-hour basis, or the member's eligible in-state or out-of-state service, to purchase enough service credit to vest the deceased member and receive monthly benefits.

If the member was vested at death, the beneficiary may receive a refund of any contributions that may have been paid by the member or, if the beneficiary qualifies as a joint annuitant, a lifetime monthly benefit calculated as though the member had retired on the month following the date of death and had chosen Option 3. If the joint annuitant is the member's child or other dependent for whom the member has guardianship who is under age 25, the joint annuitant will receive the member's maximum benefit until age 25, or, if disabled, until no longer disabled. A deceased member's joint annuitant may buy any service credit that could have been claimed by the member at the time of death if the member's termination of employment was due to death.

## Cost-of-Living Adjustments

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

## Reemployment after Retirement

After retirement or the DROP termination date, retired FRS members may be employed by any private employer or any public employer not participating in the FRS without affecting their FRS benefits. However, restrictions apply to reemployment with an FRS employer regardless of whether the employment is covered for retirement. Any retired FRS member who is reemployed by an FRS employer before meeting the definition of termination is not considered to have retired. Active membership will be reinstated and all benefits received must be repaid. If a member retires from an FRS employer that withdrew for new employees effective Jan. 1, 1996, the member must remain unemployed by the withdrawn employer to meet the definition of termination in order to finalize the retirement.

Upon meeting termination requirements, FRS retirees who are reemployed by FRS employers may not receive both salary and retirement benefits for the rest of the first 12-calendar months after retirement or the DROP termination date. The retirement benefit must be suspended in any month employed in any capacity by an FRS employer. There are no reemployment exceptions for the seventh through the 12th calendar months after meeting the definition of termination (the first six calendar months).

## Renewed Membership

Retirees of the FRS who are initially reemployed in regularly established positions no later than June 30, 2010, will have renewed membership in the Regular Class, the SMSC, or the EOC and earn credit toward a second-career benefit based on requirements for their class of membership. Having a break in service or not being employed on July 1, 2010, does not change a renewed member's status. Once retirees have established renewed membership in the system, they will have the same opportunities to elect to participate in alternative defined contribution retirement programs instead of the FRS as do similarly situated newly hired members of that membership class until they retire. Renewed members are subject to the same vesting requirements, survivor benefits provisions and other limitations as apply to other active members. However, renewed members are not eligible to participate in the Special Risk Class, retire and participate in DROP, or to retire under disability retirement provisions.

FRS retirees who are initially reemployed on or after July 1, 2010, are not eligible for renewed membership. In addition to FRS Pension and Investment Plan retirees, the renewed membership restriction also includes retirees of the State University System Optional Retirement Program, the State Community College System Optional Retirement Program, the Senior Management Service Optional Retirement Programs, and local government senior managers who chose to withdraw from the FRS.

## Appeals Procedure

Whenever the division makes a decision that will reduce, suspend or terminate a member's retirement benefits, the member may petition the division for a hearing. Section 28-106.201, Florida Administrative Code, outlines the requirements for filing a petition. After the division reviews the petition, the State Retirement Director may ask a hearing officer from the Division of Administrative Hearings to conduct the hearing, or in some cases the Department of Management Services may conduct the hearing. If the outcome of the hearing is not in the member's favor, the member will be informed of the time period during which the member can appeal the decision to the District Court of Appeal.

## Forfeiture of Benefits

If, before retirement, a member commits a felony specified by law and is found guilty of or enters a plea of no contest to such crime, or their employment was terminated due to admission of committing, aiding, or abetting a specified crime, the member's retirement rights and benefits are forfeited (except for a refund of personal retirement contributions, if any). The forfeiture of benefits provision applies in the case of any job-related felony offense as outlined below:

- Committing, aiding or abetting an embezzlement of public funds or any grand theft from the employer;
- Committing bribery in connection with employment;
- Committing any other felony specified in Chapter 838, Florida Statutes, (bribery and misuse of public office), except sections 838.15 and 838.16, Florida Statutes, (commercial bribes);
- Committing any felony with intent to defraud the public or the employer of the right to receive the faithful performance of duty, or receiving or attempting to receive profit or advantage for the member or another person through the use of the member's position; or
- Committing an impeachable offense (applies to elected officials only); or
- Committing of certain felony offenses against a minor through the use or attempted use of rights, privileges, duties, or position of public employment or office.

In addition to the crimes stated above, if a court of competent jurisdiction finds the member guilty of violating any state law against strikes by public employees, the member's benefits are forfeited.

If the member's designated beneficiary is found guilty of intentionally killing or procuring the death of the member, the beneficiary forfeits all rights to retirement benefits. Any benefits payable would then be paid as if the beneficiary died before the member.

The Clerk of the Court, the Secretary of the Senate or the employer, as appropriate, must notify the Commission on Ethics if the member is found guilty, impeached, or terminated prior to retirement due to any of the above offenses. The Commission on Ethics will notify the division. The member's benefits will be suspended subject to a hearing held by a hearing officer of the Division of Administrative Hearings. The hearing officer's decision may be appealed to the District Court of Appeal. (See section 112.3173, Florida Statutes, and Article II, section 8, of the Florida Constitution for more information.)

## Assignment, Execution, or Attachment

Retirement benefits and accumulated contributions accrued under the FRS Pension Plan are not subject to assignment, execution, attachment or any other legal process with the exception of qualified domestic relations orders, certain income deduction orders; (see section 61.1301, Florida Statutes), and federal income tax levies.



# CHRONOLOGY

Year	Event
<b>2000</b>	<p>— The Public Employee Optional Retirement Program (also referred to as the Investment Plan) was established to be implemented in 2002.</p> <p>Special risk annual retirement credit was upgraded to 3 percent for all years between Oct. 1, 1978, and Jan. 1, 1993, for members retiring on and after July 1, 2000.</p> <p>Minimum special risk in-line-of-duty disability benefits were increased from 42 percent to 65 percent, effective July 1, 2000.</p> <p>The vesting requirement was reduced to six years for all FRS membership classes, beginning July 1, 2001.</p> <p>The vesting requirement for regular disability retirement was reduced to eight years, beginning July 1, 2001.</p>
<b>2001</b>	<p>— A one-time special 12 percent benefit increase was provided, effective Jan. 1, 2002, for FRS retirees with special risk service between Oct. 1, 1978, and Dec. 31, 1992, for members retiring before July 1, 2000.</p> <p>Cities and special districts already participating in the FRS for their elected officials were given a second opportunity to designate their elected officials for membership in the Elected Officers' Class.</p>
<b>2002</b>	<p>— A uniform employer contribution rate structure was created effective July 1, 2002, for members of the Pension Plan and members of the Investment Plan.</p> <p>A 90-day window was provided to allow members to convert their Senior Management Service Optional Annuity Program service to creditable service under the Pension Plan.</p>
<b>2003</b>	<p>— Participants of the Community College Optional Retirement Program were provided a one-time opportunity to transfer to the FRS.</p>
<b>2005</b>	<p>— Local government service managers who withdrew from the FRS were given a one-time opportunity to transfer to the FRS between Jan. 1, 2006, and June 30, 2006.</p>
<b>2007</b>	<p>— Participants of the State University System Optional Retirement Program were provided a one-time opportunity to transfer to the FRS between Jan. 1, 2008, and Dec. 31, 2008.</p> <p>The Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated as a closed-retirement system under the Regular Class of the FRS, effective July 1, 2007.</p>
<b>2009</b>	<p>— The definition of termination was changed from one calendar month to six calendar months for Pension Plan members whose DROP termination dates or non-DROP retirements are effective on or after July 1, 2010.</p> <p>For Pension Plan members whose DROP termination dates or non-DROP retirements are effective on or after July 1, 2010, the reemployment limitation period was changed to six calendar months after meeting the definition of termination.</p> <p>All exceptions to employment with FRS-covered employers during the reemployment limitation period were closed to Pension Plan members whose DROP termination dates are on or after July 1, 2010, or who non-DROP retirements are effective July 1, 2010. Investment Plan members and participants in the State University System Optional Retirement Program, Senior Management Service Optional Annuity Program, State Community College Optional Retirement Program, and withdrawn local senior managers who received a distribution in June 2010 or after no longer have exceptions to employment with FRS-covered employers during the reemployment limitation period.</p> <p>Renewed membership was closed to retirees of a state-administered retirement system initially reemployed by an FRS participating employer on or after July 1, 2010.</p>
<b>2010</b>	<p>— Continued Special Risk Class participation for employment in a non-special risk position is provided for members suffering specified in-line-of-duty injuries and who reach maximum medical improvement on or after Aug. 1, 2008, for as long as employed by the same employer at the time of injury.</p>



Year	Event
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2011	— Required 3 percent pre-tax employee contributions on compensation reported on or after July 1, 2011, for all members except those participating in the DROP or reemployed retirees who are not eligible for renewed membership.
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Changed the cost-of-living adjustment formula for FRS Pension Plan retirements effective on or after Aug. 1, 2011, to be a proportional amount of 3 percent excluding service credit earned on or after July 1, 2011.

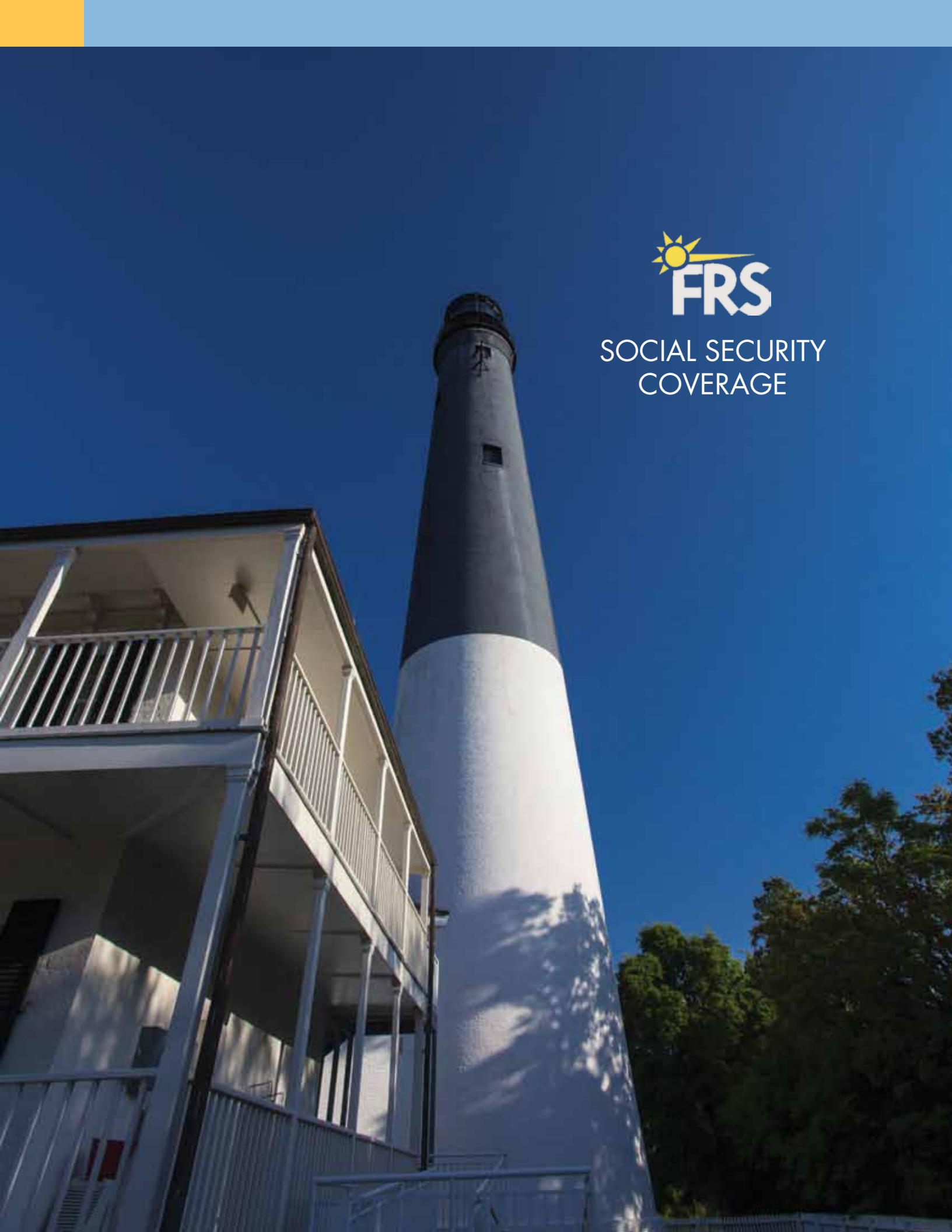
Created different benefit structure for FRS Pension Plan members initially enrolled on or after July 1, 2011, in addition to required employee contributions that require:

- Eight-year vesting,
- Highest eight fiscal years of salary used in the calculation of average final compensation,
- Normal retirement for Special Risk Class members at age 60 and vested or a total of 30 years of service; and age 65 and vested or a total of 33 years of service for all other classes,
- Elimination of cost-of-living adjustments after retirement.





SOCIAL SECURITY  
COVERAGE



## SOCIAL SECURITY COVERAGE

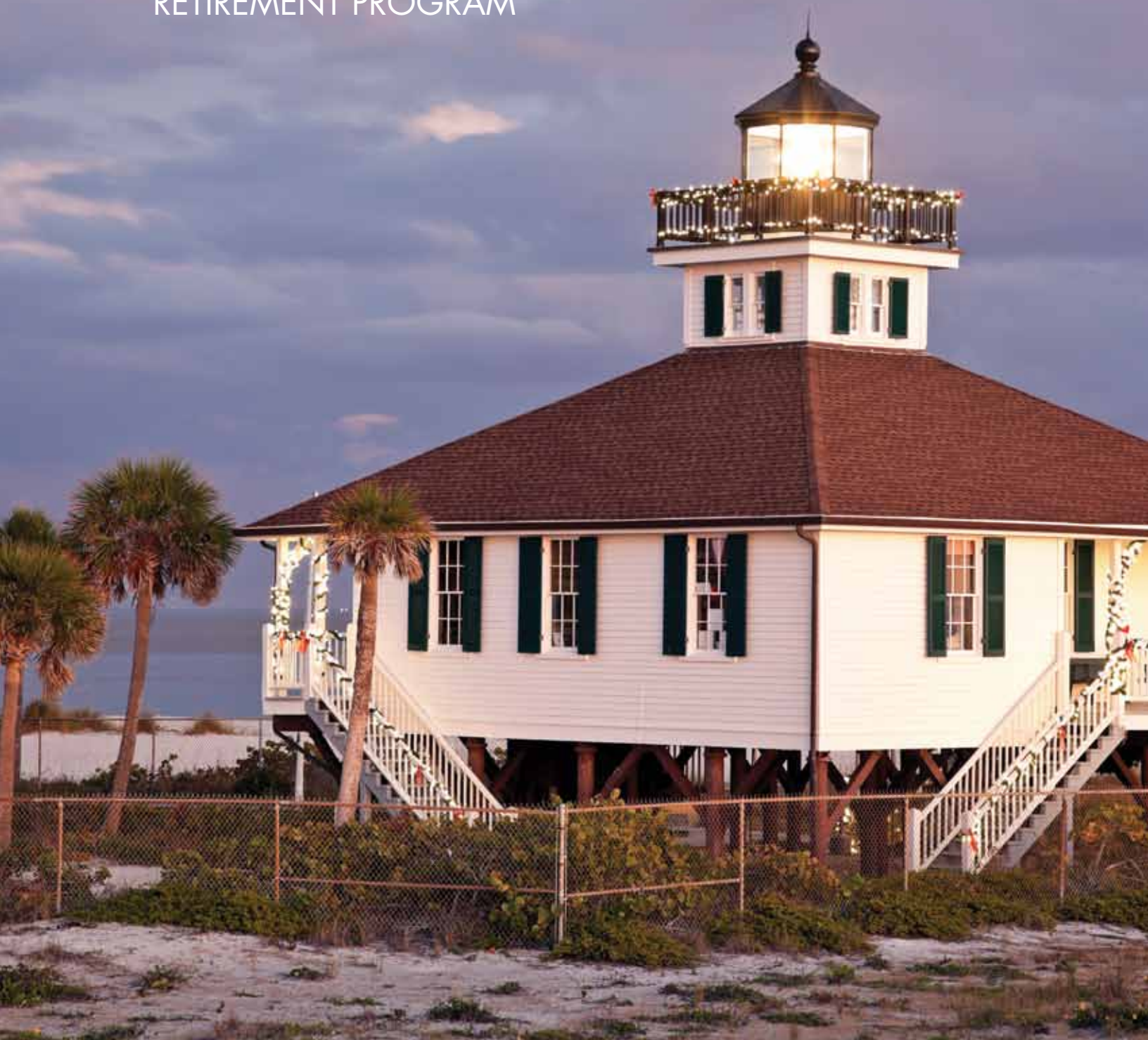
The Division of Retirement is responsible for administering the Social Security coverage for public employers in Florida. Public employees are provided Social Security coverage through a federal-state agreement with various modifications applicable to specific employers in political subdivisions. As of June 30, 2013, there were 654 modifications to the initial 1951 agreement. Existing modifications provide Social Security coverage for most state, county, and district school board employees and employees of a number of cities and special districts. Social Security coverage is required for employees who participate in state-administered retirement systems, except for members of the Teachers' Retirement System.

For the 2013 calendar year, the combined Social Security contribution rate for employees and employers totaled 15.3 percent (12.4 percent for Old Age, Survivors, and Disability Insurance and 2.9 percent for Medicare). The maximum taxable wage base on which Old Age, Survivors, and Disability Insurance contributions were paid increased from \$110,100 to \$113,700. There is no limitation on Medicare wages.





STATE UNIVERSITY  
SYSTEM OPTIONAL  
RETIREMENT PROGRAM





# STATE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM

In 1983, the Florida Legislature created the State University System Optional Retirement Program (SUSORP) effective July 1, 1984. Initially, only eligible State University System faculty and administrators could participate. The legislature expanded SUSORP in 1988 to include the State University System Executive Service and in 1999 to include administrative and professional positions exempt from career service. The SUSORP is a defined contribution plan alternative designed to help the university system recruit employees by offering more portability to those employees who do not expect to remain in the FRS long enough to become vested in the defined benefit (pension) plan. There were 17,780 members during fiscal year 2012-13.

The SUSORP provides full and immediate vesting of all contributions submitted to provider companies on the member's behalf. Eligible employees are automatically SUSORP members unless they choose FRS membership. This program provides retirement and death benefits through investment contracts with designated provider companies. The member selects from among the investment products offered by these provider companies to invest contributions. The employer contributes on the member's behalf the percentage of the member's salary designated by law, which decreased from 7.43 percent to 5.15 percent for the fiscal year 2012-13. The employer contribution rate will remain at 5.15 percent for the 2013-14 year. The employer contribution to the member's account is reduced by 0.01 percent of the salary which is retained in the SUSORP Trust Fund for administrative expenses. The member is required to contribution of 3 percent of payroll and may voluntarily contribute, by salary reduction, an amount not to exceed the percentage of the employer contribution to the member's account.

The five approved provider companies available to members to invest their funds are ING, TIAA-CREF (Teachers Insurance and Annuity Association – College Retirement Equities Fund), Variable Annuity Life Insurance Company, Jefferson National Life Insurance Company, and MetLife Investors USA Insurance Company. These companies provide quarterly reports to the members investing with them.

The FRS has an unfunded actuarial liability (UAL) so the employer must also pay a UAL contribution to the FRS Trust Fund. The UAL contribution rate was 0.49 percent for fiscal years 2011-12 and 2012-13 and increased to 2.19 percent effective July 1, 2013.

A retiree of a state-administered retirement system who is initially reemployed on or after July 1, 2010, is not eligible for renewed membership. A retiree means a former member who has terminated all employment with participating employers and has taken a distribution from the SUSORP or other state-administered defined contribution plan, except for a mandatory de minimis account distribution authorized by the department, or is receiving monthly benefits under the FRS Pension Plan.

## CONTRIBUTION RATES

	<u>2012</u> <u>July 1, 2011 – June 30, 2012</u>	<u>2013</u> <u>July 1, 2012 – June 30, 2013</u>
<b>Total Contribution Rate</b>	10.92%	8.64%
(Includes 0.94% HIS contribution)		
Employer Contribution to Account	7.42%	5.14%
Employee Contribution	3.00%	3.00%
Fee for Administrative Expenses	0.01%	0.01%
UAL Contribution to FRS TF	0.49%	0.49%

## RECEIPTS AND EXPENSES

	<u>2012</u>	<u>2013</u>
<b>Receipts</b>		
Contributions – Employee	\$97,270,949	\$81,744,087
Employer	\$123,291,956	\$83,915,913
Total	\$220,562,905	\$165,660,000
Investment and Other Earnings	\$100,545	\$86,545
<b>Expenses</b>		
Payments to Provider Companies	\$211,980,268	\$158,548,635
UAL Paid to FRS Trust Fund	\$7,554,953	\$7,319,091
Administrative Expenses	\$148,995	\$375,269



## SUSORP PRODUCT INFORMATION

as of June 30, 2013

ING		Historical Percentage Returns			
Product	Product Style	1 year	3 years	5 years	10 years
ING Fixed Plus Account II	Stability of Principal	3.00	3.00	3.07	3.47
ING Money Market Portfolio, Class I	Money Market	-0.85	-0.86	-0.57	0.85
ING Intermediate Bond Portfolio, Class I	Intermediate-Term Bond	2.42	5.02	4.63	3.63
ING PIMCO Total Return Portfolio Service Class	Intermediate-Term Bond	-0.76	2.33	-	-
ING Global Bond Portfolio	Multi-Sector Bond	-2.74	3.49	3.23	-
ING Balanced Portfolio, Inc Class I	Balanced	11.51	9.41	3.67	4.19
ING T.Rowe Price Capital Appreciation Portfolio Service Class	Balanced	16.94	13.66	-	-
Fidelity VIP Contrafund Portfolio, Initial Class	Large Cap Growth	17.48	15.59	4.71	8.19
ING Stock Index Portfolio, Inst Class	Large Cap Value/Blend	19.20	17.11	5.81	5.21
Invesco VI Core Equity Fund Series, I Shares	Large Cap Blend	21.21	14.01	5.34	6.64
Neuberger Berman Socially Responsive Fund Trust Class	Large Cap Growth	24.49	14.76	-	-
Fidelity VIP Equity-Income Portfolio Initial Class	Large Blend	22.92	17.91	5.49	6.11
ING T. Rowe Price Growth Equity Portfolio, Initial Class	Large Cap Growth	15.64	17.36	6.00	6.75
The Growth Fund of America Class R-4	Large Cap Growth	21.88	15.13	3.91	5.73
ING Index Plus MidCap Portfolio, Class I	Mid Cap Blend	23.10	17.56	6.29	8.07
ING Small Company Portfolio, Class I	Small Cap Blend	20.36	16.46	7.43	9.22
ING Baron Growth Portfolio, Service Class	Mid Cap Growth	26.15	20.37	9.44	-
ING MidCap Opportunities Portfolio - Class I	Mid Cap Growth	-	-	-	-
Europacific Growth Fund Class R-4	World Stock	14.46	8.08	0.22	6.43
ING Oppenheimer Global Portfolio, Initial Class	World Stock	23.99	13.87	5.26	-

TIAA CREF		Historical Percentage Returns			
Product	Product Style	1 year	3 years	5 years	10 years
TIAA Traditional Annuity RA Contract	Insured Short/Interest Bond	3.00	3.53	5.13	4.25
TIAA Traditional Annuity SRA/GSRA Contract	Insured Short/Interest Bond	3.00	3.00	4.40	3.40
TIAA Real Estate	Real Estate	8.61	12.85	-1.96	4.73
CREF Stock	Large Blend	18.74	15.12	4.97	7.35
CREF Global Equities	World Stock	18.64	13.89	2.74	7.19
CREF Growth Account	Large Cap Growth	16.73	17.80	6.41	6.79
CREF Equity Index	Large Cap Blend	20.99	18.17	6.87	7.39
CREF Bond Market	Interest Term Bond	-0.53	3.55	4.74	4.05
CREF Inflation Linked Bond	Inflation Linked Bond	-5.20	4.15	3.89	4.69
CREF Social Choice (Closed to new contributions 9/2011)	Balanced	13.03	11.20	6.07	6.18
CREF Money Market	Cash	0.00	0.00	0.24	1.63
TIAA-CREF Mid Cap Value Fund Retirement Share Class	Mid Cap Value	23.86	18.44	7.10	10.96
TIAA-CREF Growth and Income Fund Retirement Share Class	Growth and Income	19.92	18.49	6.97	8.71
TIAA-CREF International Equity Fund Retirement Share Class	International Equity	25.64	10.91	0.05	7.87
TIAA-CREF Large Cap Value Fund Retirement Share Class	Large Cap Value	26.30	17.57	7.35	8.13
Oppenheimer Developing Markets fund	Diversified Emerging Markets	7.87	8.13	5.48	-
Prudential Jennison Natural Resources	Natural Resources	5.36	2.99	-7.54	13.70
TIAA-CREF Social Choice Equity Fund Retirement Class	Large Blend	24.16	17.38	7.23	7.58
Templeton Global Bond Fund	World Bond	7.95	6.84	9.63	9.24
TIAA-CREF High Yield Fund Retirement Class	High Yield Bond	7.68	10.08	9.74	-
Royce Penn Mutual Fund	Small Growth	22.92	15.90	7.23	10.29
Manning & Napier Target Risk options:					
Manning & Napier Conservative	Conservative Allocation	6.48	7.17	6.30	-
Manning & Napier Extended term	Moderate Allocation	13.08	11.15	6.46	-
Manning & Napier Max Term	Aggressive Allocation	20.04	13.54	6.55	-

## SUSORP PRODUCT INFORMATION

as of June 30, 2013

VALIC		Historical Percentage Returns			
Product	Product Style	1 year	3 years	5 years	10 years
Oppenheimer Developing Markets A	Foreign Large Blend	7.54	7.79	5.16	17.80
American Funds EuroPacific Gr R3	Foreign Large Blend	15.15	8.75	0.83	9.21
Thornburg International Value R4	Foreign Large Growth	12.47	7.50	0.19	9.57
Nuveen Real Estate Securities A	Real Estate	7.78	17.82	8.58	12.31
JPMorgan Small Cap Growth A	Small Cap Growth	27.94	20.66	10.20	10.79
DWS Dreman Small Cap Value A	Small Cap Value	24.58	14.11	6.74	10.89
Perkins Small Cap Value S	Small Cap Value	18.19	11.53	10.18	10.02
Prudential Jennison Mid Cap Growth A	Mid Cap Growth	14.43	16.54	7.80	11.01
ClearBridge Mid Cap Core A	Mid Cap Blend	25.47	19.02	7.69	8.93
RidgeWorth Mid-Cap Value Equity A	Mid Cap Value	27.19	17.24	11.89	11.81
Franklin Growth R	Large Cap Growth	15.67	14.77	7.42	7.93
JPMorgan Equity Index Select	Large Cap Blend	20.35	18.23	6.86	7.09
American Funds Fundamental Invs R3	Large Cap Blend	22.19	16.51	4.72	9.04
American Funds American Mutual R3	Large Cap Value	17.55	15.85	7.05	7.09
Columbia Balanced A	Balanced	15.47	13.53	7.74	7.47
Templeton Global Bond A	World Bond	7.66	6.58	9.35	8.97
PIMCO Total Return A	Intermediate-Term Bond	0.81	4.25	6.81	5.50
Janus Flexible Bond T	Intermediate-Term Bond	1.42	4.94	7.32	5.50
Fixed Interest Option	Stable Value	2.37	2.92	3.24	3.54

JEFFERSON NATIONAL					
Product	Product Style	1 year	3 years	5 years	10 years
JNF Chicago Equity Partners Equity	Mid-Cap Blend	24.62	16.55	6.57	-
JNF Chicago Equity Partners Balanced	Moderate Allocation	12.63	11.03	6.01	-
Fixed Account	Insured Cash	4.50	4.50	4.50	4.50
Federated High Income Bond II	High Yield Bond	7.33	9.15	8.88	7.26
Dreyfus Stock Index	Large Blend	22.09	15.39	5.76	5.98
Dreyfus Socially Responsible Growth	Large Growth	22.41	14.82	6.48	5.85
Janus Aspen Global Research	World Stock	27.69	8.71	2.62	4.14
Alger Small Cap Growth	Small Growth	23.53	13.73	6.34	10.03
Federated Managed Volatility II	Conservative Allocation	15.78	11.38	7.98	7.49
Janus Aspen Balanced	Moderate Allocation	15.96	10.00	6.98	7.17
Janus Aspen Enterprise	Mid-Cap Growth	24.02	16.59	6.05	10.20
American Century International	Foreign Large Growth	24.06	9.34	-0.71	6.69
Lazard Retirement Emerg. Mkts Equity	Diversified Emerging Markets	6.19	2.52	0.22	14.33
Pioneer Fund	Large Blend	21.70	11.95	3.72	5.40
Neuberger Berman Large Cap Value	Large Value	27.45	10.95	0.09	6.06
Third Avenue Value	World Stock	24.22	7.90	2.18	5.57
PIMCO Real Return	Inflation-Protected Bond	-6.32	3.51	3.86	4.28
PIMCO Total Return	Intermediate-Term Bond	0.13	3.19	5.81	4.64





## SUSORP PRODUCT INFORMATION

as of June 30, 2013

MET INVESTORS		HISTORICAL PERCENTAGE RETURNS			
Product	Product Style	1 year	3 years	5 years	10 years
Fidelity Money Market	Cash	-1.34	-1.28	-0.92	0.43
Fidelity Growth	Large Cap Growth	14.00	17.07	2.26	4.97
Fidelity Asset Mgr.	Fund Closed 2005	8.21	8.21	1.55	4.18
Fidelity Contrafund	Large Cap Value	16.86	14.98	4.15	7.62
T. Rowe Price Large Cap Value	Large Cap Blend	15.12	16.80	5.49	6.29
Metlife Stock Index	Large Cap Blend	18.62	16.48	5.27	5.52
Pimco Total Return	Aggressive Bond	-0.14	2.64	5.85	4.21
MFS Total Return A	Large Capitalization	12.94	10.23	4.66	4.72
American Funds GI	Large Capitalization	19.32	14.78	4.17	5.29
MFS Value Portfolio	Large Capitalization	23.60	16.40	5.35	3.98
Neuberger Berman Genesis Portfolio	Small Capitalization	18.97	16.66	3.29	5.67
Barclays Capital Aggregate Bond Index Portfolio	Aggressive Bond	-2.46	1.67	3.40	2.78
Russell 2000 Index Product	Small Capitalization	22.39	16.98	7.10	7.79
MSCI EAFE Index Product	International	15.87	8.64	-2.16	5.90
MidCap Index Product	Mid Capitalization	23.06	17.46	7.15	8.92
T.Rowe Price Small Cap Growth	Small Capitalization	23.27	21.44	9.80	9.08
MFS Research International	International	15.61	9.80	-1.12	7.11

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SENIOR MANAGEMENT  
SERVICE OPTIONAL  
ANNUITY PROGRAM



## SENIOR MANAGEMENT SERVICE OPTIONAL ANNUITY PROGRAM

In 1986, the Florida Legislature created the Senior Management Service Optional Annuity Program (SMSOAP) effective February 1, 1987. Initially, only Senior Management Service employees of executive branch agencies could participate. The legislature expanded SMSOAP to include selected managerial staff of the Legislature, the Auditor General and his managerial staff, the Executive Director of the Ethics Commission (all effective Jan. 1, 1990), senior-level managers of the State Board of Administration (effective Jan. 1, 1991), selected managerial staff with the Judicial Branch (effective Jan. 1, 1994, and June 1, 2002), and selected managerial staff with Department of Military Affairs (effective July 1, 1996). The SMSOAP is a defined contribution plan alternative designed to help state government recruit senior managers by offering more portable retirement benefits to those who do not expect to remain in public service long enough to vest in the FRS defined benefit (pension) plan. There were 31 members during fiscal year 2012-13.

The SMSOAP provides full and immediate vesting of all contributions submitted to participating companies on behalf of the member. Employees in eligible positions may irrevocably elect to participate in SMSOAP rather than the FRS Senior Management Service Class. This program provides retirement and death benefits through investment contracts with a designated provider company. The employer contributes on behalf of the member the percentage of the member's salary designated by law. The member selects from among the investment products offered by the provider companies in which contributions are invested. The employer contribution rate was reduced from 9.49 percent to 6.27 percent for the fiscal year 2012-13. The employer contribution rate will remain 6.27 percent for the fiscal year 2013-14. The member is required to contribute 3 percent of payroll and may voluntarily contribute, by salary deduction, an amount not to exceed the percentage contributed by the employer to the member's account.

The two approved provider companies available to members to invest their funds are ING and Great West Life Annuity Insurance Company. These companies provide quarterly reports to the members investing with them.

The FRS has an unfunded actuarial liability (UAL) so the employer must also pay a UAL contribution to the FRS Trust Fund. The UAL contribution was 0.32 percent for the fiscal years 2011-12 and 2012-13 and increased to 12.27 percent effective July 1, 2013.

A retiree of a state-administered retirement system who is initially reemployed on or after July 1, 2010, is not eligible for renewed membership. A retiree means a former member who has terminated all employment with participating employers and has taken a distribution the SMSOAP or other state-administered defined contribution plan, except for a mandatory de minimis account distribution authorized by the department, or is receiving monthly benefits from the FRS Pension Plan.

### CONTRIBUTION RATES

	<b>2012</b> <u>July 1, 2011 – June 30, 2012</u>	<b>2013</b> <u>July 1, 2012 – June 30, 2013</u>
<b>Total Contribution Rate</b> (Includes 0.94% HIS contribution)	12.81%	9.59%
Employer Contribution to Account	9.49%	6.27%
Employee Contribution	3.00%	3.00%
UAL Contribution to FRS TF	0.32%	0.32%

### RECEIPTS AND EXPENSES

	<b>2012</b>	<b>2013</b>
<b>Receipts</b>		
Contributions – Employee	\$124,454	\$123,256
Employer	\$382,518	\$232,683
Total	\$506,972	\$355,939
Investment and Other Earnings	\$609	\$468
<b>Expenses</b>		
Payments to Provider Companies	\$509,083	\$354,972
UAL Paid to FRS Trust Fund	\$12,080	\$11,815
Administrative Expenses	—	—





## SMSOAP PRODUCT INFORMATION

as of June 30, 2013

<b>ING</b>		<b>Historical Percentage Returns</b>			
<b>Product</b>	<b>Product Style</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
ING Fixed Plus Account II	Insured Short/Interest Bonds	3.00	3.00	3.07	3.47
ING Money Market Portfolio Class I	Cash/Money Market	-0.86	-0.86	-0.57	0.85
ING Intermediate Bond Portfolio Class I	Intermediate-Term Bond	2.42	5.02	4.63	3.63
ING PIMCO Total Return Portfolio Service Class	Intermediate-Term Bond	-0.76	2.33	4.36	3.76
ING Global Bond Portfolio Initial Class	World Bond	-2.74	3.49	3.23	4.09
ING Balanced Portfolio, Inc. Class I	Balance	11.51	9.41	3.67	4.19
ING T. Rowe Price Capital Appreciation Portfolio Service Class	Moderate Allocation	16.94	13.66	7.21	6.98
Fidelity VIP Contrafund Portfolio Initial Class	Large Cap Blend	17.48	15.59	4.71	8.19
ING U.S. Stock Index Portfolio Institutional Class	Large Cap Blend	19.20	17.11	5.81	5.12
Invesco V.I. Core Equity Fund Series I Shares	Large Cap Blend	21.21	14.01	5.34	6.64
Neuberger Berman Socially Responsive Fund Trust Class	Large Cap Blend	24.49	14.76	5.31	-
Fidelity VIP Equity-Income Portfolio Initial Class	Large Cap Value	22.92	17.91	5.49	6.11
American Funds The Growth Fund of America Class R-4	Large Cap Growth	21.88	15.13	3.91	5.73
ING T. Rowe Price Growth Equity Portfolio Initial Class	Large Cap Growth	15.64	17.36	6.00	6.75
ING Index Plus Mid Cap Portfolio Class I	Mid Cap Blend	23.10	17.66	6.29	8.07
ING Small Company Portfolio Class I	Small Blend	20.36	16.46	7.43	9.22
ING Baron Growth Portfolio Service Class	Mid Growth	26.15	20.37	9.44	9.75
ING MidCap Opportunities Portfolio Class I	Mid Growth	17.89	17.96	8.51	10.15
American Funds EuroPacific Growth Fund Class R-4	Foreign Large Blend	14.46	8.08	0.22	6.43
ING Oppenheimer Global Portfolio Initial Class	World Stock	23.99	13.87	5.26	-
<b>GREAT WEST</b>					
<b>Product</b>	<b>Product Style</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Maxim Money Market Portfolio	Money Market	-1.24	-1.24	-1.10	0.24
Maxim Stock Index Portfolio	Large Blend	18.85	16.44	5.29	5.69
<b>Current Fixed Rate</b>					
Daily Interest Fixed Return	Fixed	4.00			
Fixed Return 36 Months	Fixed	4.00			
Fixed Return 60 Months	Fixed	4.00			
Fixed Return 84 Months	Fixed	4.00			

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RETIREE HEALTH  
INSURANCE  
SUBSIDY





## RETIREE HEALTH INSURANCE SUBSIDY

The Florida Legislature established the Retiree Health Insurance Subsidy in 1987 to assist retirees of all state-administered defined benefit retirement systems in paying health insurance costs (section 112.363, Florida Statutes). Retirees of the FRS Investment Plan became covered effective July 1, 2002. The Health Insurance Subsidy (HIS) payment amount has increased three times since 1987. Eligible retirees currently receive an extra \$5 per month for each year of creditable service completed at retirement - with a minimum monthly payment of \$30 and a maximum monthly payment of \$150.

To receive the HIS, an eligible retiree must provide proof of health insurance coverage, which can include Medicare. Any spouse or financial dependent who receives a monthly retirement benefit may also receive the HIS benefit. The law excludes retirees who receive free health insurance coverage from the state under a 1985 law, Medicaid, Medically Needy Programs, Health of the Brotherhood, and certain other groups that receive supplemental or nonservice-based retirement benefits.

The HIS program receives funds from required contributions from participating FRS employers. Each employer contributes a percentage of payroll for all active employees covered by the FRS, the Teachers' Retirement System, and the State and County Officers and Employees' Retirement System. The required contribution rate has increased from 0.24 percent in 1987 to the rate of 1.20 percent of payroll effective July 1, 2013. Employers add this contribution to the amount submitted for retirement contributions, but the HIS contributions are deposited in a separate trust fund (The Retiree Health Insurance Subsidy Trust Fund) from which HIS benefit payments are authorized. If pay-as-you-go funding of this program fails to provide full subsidy benefits to all participants, the legislature may reduce or cancel the subsidy payments.

### PARTICIPANTS, CONTRIBUTIONS, AND SUBSIDY PAYMENTS

	<u>2012</u>	<u>2013</u>
HIS Recipients as of June 30	297,303	310,139
Total Annual HIS Employer Contributions	\$322,610,317	\$327,574,729
Contribution Rate	1.11%	1.11%
Total Annual HIS Payments	\$374,443,538	\$390,973,358
Average June HIS Payment	\$106.23	\$105.93

### HIS Trust Fund Earnings

The average annualized rate of return for the HIS Trust Fund for the fiscal year 2012-13 was 0.58 percent.

#### Annualized Monthly Earnings

July 2012	0.06%
August 2012	0.01%
September 2012	0.10%
October 2012	0.03%
November 2012	0.04%
December 2012	0.03%
January 2013	0.08%
February 2013	0.02%
March 2013	0.04%
April 2013	0.04%
May 2013	0.05%
June 2013	-0.01%





December 31, 2012

Members of the Florida Legislature  
and  
Recipients of Health Insurance Subsidy Benefits

### Statement Regarding Actuarial Valuation of Health Insurance Subsidy as of July 1, 2012

Milliman completed the July 1, 2012 actuarial valuation of the Health Insurance Subsidy (HIS) Program. The first actuarial valuation of the HIS Program as a defined benefit plan was completed July 1, 2006, the second was completed July 1, 2008 and the third was completed July 1, 2010. There was no actuarial valuation performed as of July 1, 2007, July 1, 2009 or July 1, 2011. It is anticipated that future valuations will be prepared on a biennial basis with the next valuation scheduled for July 1, 2014. The valuation was prepared to comply with the Government Accounting Standard Board's Statement No. 27 (GASB 27) the purpose of which is to require accrual accounting for pension benefits.

As of July 1, 2012 the unfunded actuarial liability of the Program was \$8.8 billion. The GASB annual required contribution (ARC) calculated in the July 1, 2012 actuarial valuation for the fiscal year ending June 30, 2013 is 1.71% of active payroll (including DROP payroll). The State's funding policy requires a contribution rate that is different from the GASB computed ARC, which is an accounting disclosure. To the extent the contribution rate required to fund the HIS Program is different from the computed ARC, adjustments in the Net Pension Obligation (NPO) will occur from year to year. It is our understanding that the State's current funding policy provides a legislated contribution rate of 1.11% for FY 2012-13, with benefits paid at the legislated level to the extent funding is available. HIS is essentially a pay-as-you-go program.

The GASB 27 Statement became effective in 1996. The July 1, 2006 valuation represented the first year that HIS was determined to be a pension benefit and thus covered by GASB 27. Nevertheless, it has been indicated that there will be no retroactive application (i.e. no preparing valuations) back to the 1996 effective date of the Statement. Thus, as of July 1, 2006 the NPO was \$0, and the Annual Pension Cost was equal to the ARC. As of June 30, 2012, the Annual Pension Cost is \$587,686,000 and the total employer contribution was actually \$322,610,000. Therefore, if GASB 27 applies, the State's CAFR must reflect a Net Pension Obligation of \$728,058,000 as compared to an NPO of \$462,982,000 as of the prior year.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the Program. Any deviations between actual and expected future experience will result in corresponding changes in the on-going costs of the Program. The actuarial valuation of the HIS Program uses the same economic and demographic assumptions, other than the discount rate, investment returns and retirement rates, as the actuarial valuation of the Florida Retirement System defined benefit program. The differences in the assumptions include the use of the FRS defined benefit plan GASB retirement rates which include the probability of a member electing DROP participation at first retirement eligibility. A portion of the HIS retirement benefits at first eligibility is deferred commiserate with the proportion of decrementing members assumed to elect DROP

*This work product was prepared solely for the Florida Retirement System 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.*



at first eligibility. We used the same assumptions for Investment Plan members that were used for FRS DB members in the same membership class. The GASB statements require the use of an investment return assumption that is the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. We understand that other than a relatively small pool of assets equal to a few months of benefit payments, this program is not prefunded. Our use of a 4.00% recognizes that the program is not funded on a long term basis. Using a lower investment return assumption for future valuations may be more representative of the returns available on a decreasing pool of assets and short-term investment rates.

This HIS valuation also utilizes the Traditional Entry Age actuarial cost method, whereas the pension valuation uses Ultimate Entry Age to maintain more level funding contribution requirements. The economic assumptions were developed from both external economic forecasts and information and forecasts furnished by the Division of Retirement and the State Board of Administration. The demographic actuarial assumptions were developed both from the experience of the Florida Retirement System and from standard actuarial sources. We believe these assumptions are reasonable and have used them for purposes of GASB Statement No. 27. 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.

The assumptions and methods used in performing this valuation meet the parameters set by Government Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

In performing the valuation, we relied without audit upon the financial statements, membership data, and other cost and benefit information furnished by the Division of Retirement. Although membership data was subjected to standard editing procedures and the other information was reviewed for reasonableness, Milliman, Inc. does not assume responsibility for either its accuracy or its completeness.

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 this 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 report has been prepared exclusively for the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 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. No third party recipient of Milliman's work

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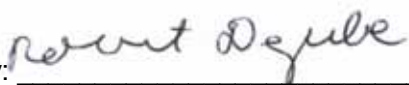




product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

We hereby certify that our valuation report is complete and accurate to the best of our knowledge, and in our opinion the techniques and assumptions used are reasonable. The report was prepared in accordance with generally accepted actuarial principles and practices which reflect the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

Respectfully submitted,

By: 

Robert S. Dezube  
Fellow of the Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary #11-3397

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## SUMMARY OF ACCRUED AND UNFUNDED ACTUARIAL LIABILITIES

(000 Omitted)

Actuarial Valuation Date <sup>1</sup>	Accrued Liabilities	Valuation Assets	Funding Ratio (Assets/Liabilities)	Unfunded Actuarial Liability (UAL)	Annualized Payroll (Active Members)	Unfunded Actuarial Liability Payroll
July 1, 2006	\$4,667,058	\$192,808	4%	\$4,474,250	\$27,712,320	16%
July 1, 2008	\$5,109,683	\$275,139	5%	\$4,834,544	\$30,665,477	16%
July 1, 2010	\$8,464,530	\$291,459	3%	\$8,173,071	\$31,717,281	26%
July 1, 2012	\$9,018,467	\$220,346	2%	\$8,798,121	\$31,345,990	28%

## SOLVENCY TEST

(000 Omitted)

Actuarial Valuation Date <sup>1</sup>	Accrued Liabilities for:			Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed)		(1)	(2)	(3)
July 1, 2006	\$0	\$2,953,537	\$1,713,512	\$192,808	100%	7%	0%
July 1, 2008	\$0	\$3,247,635	\$1,862,048	\$275,139	100%	8%	0%
July 1, 2010	\$0	\$5,532,886	\$2,931,644	\$291,459	100%	5%	0%
July 1, 2012	\$0	\$6,127,340	\$2,891,127	\$220,346	100%	4%	0%

## ASSUMPTIONS

(Used in Actuarial Valuations in specified years)

Year Ended June 30 <sup>1</sup>	Yield Rate	Salary Scale <sup>2</sup>	Payroll Growth
2006	7.75%	6.25%	0.00%
2008	7.75%	6.25%	0.00%
2010	4.00%	5.85%	0.00%
2012	4.00%	5.85%	0.00%

<sup>1</sup> The first actuarial valuation of the HIS Program as a defined benefit plan was completed July 1, 2006, and subsequent valuations are performed on a biennial basis.

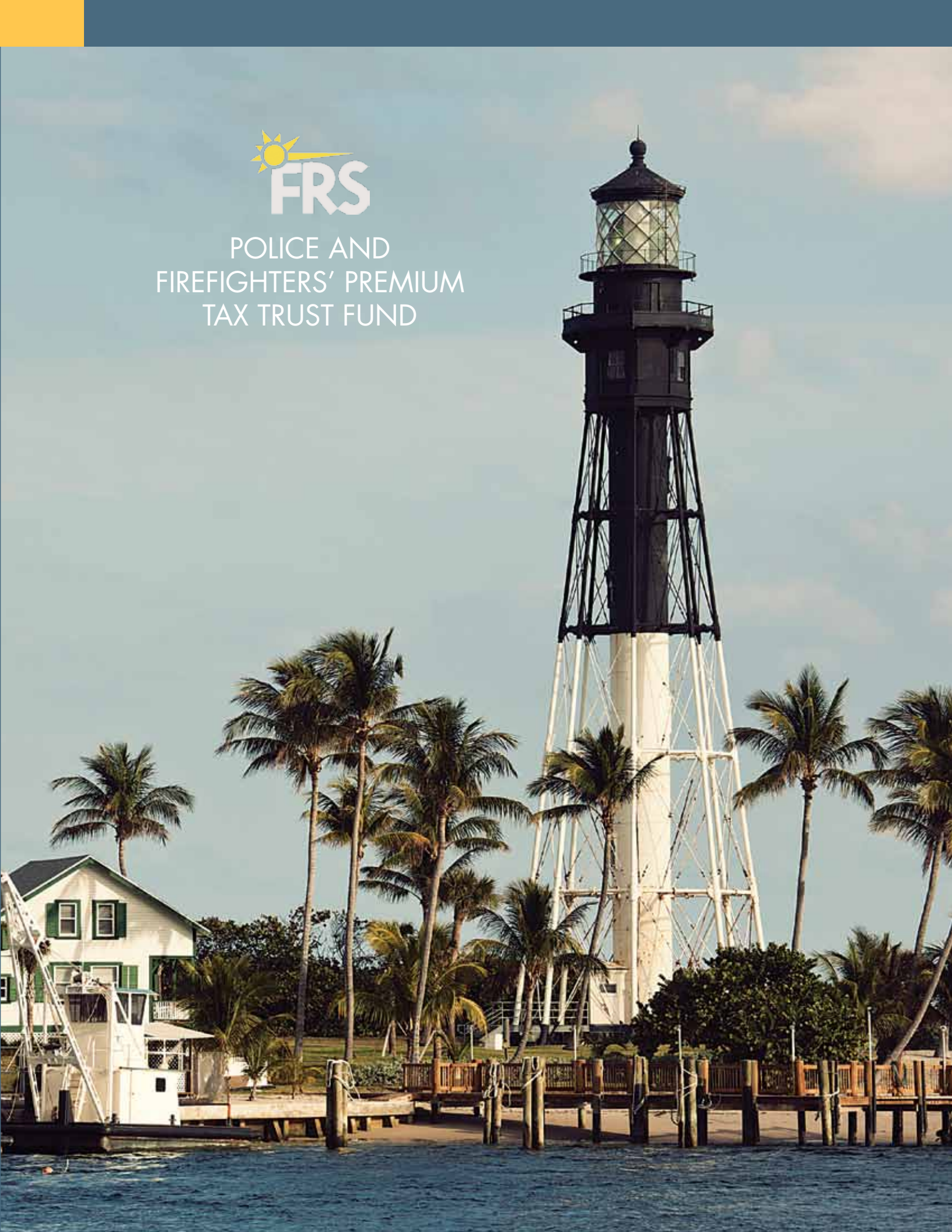
<sup>2</sup> Includes individual salary growth of 4.00 percent plus an age- and service-graded merit scale defined by gender and employment class. Salary scale assumptions were changed effective with the July 1, 2009, valuation based on the system's most recent experience study. See Table A-2 of the actuarial valuation reports in applicable years for merit scale(s).







POLICE AND  
FIREFIGHTERS' PREMIUM  
TAX TRUST FUND





# POLICE AND FIREFIGHTERS' PREMIUM TAX TRUST FUND

The Division of Retirement's Municipal Police Officers and Firefighters' Retirement Trust Funds Office is responsible for the administrative oversight and monitoring of local police and fire pension funds in the State of Florida that participate under Chapters 175 and 185, Florida Statutes. Chapter 175 refers to the firefighters' plans and Chapter 185 refers to the police officers' plans.

These statutes require defined benefit plans for police officers and firefighters and establish the minimum benefits and standards that must be provided. Two types of plans operate under these statutes:

**Chapter Plans** – plans that incorporate by reference the provisions of the chapter to meet the minimum benefits and standards of the Florida Statutes.

**Local Law Plans** – plans that are created by a special act, local ordinance, or fire district resolution to set forth all the plan provisions. Local Law plans must meet all chapter minimums but may adopt benefits in excess of the chapter provisions.

For both types of plans, the respective boards of trustees created at the local level are responsible for the day-to-day operational control of the individual trust funds and subject to regulatory oversight by the Division of Retirement.

Participating cities and special fire control districts are eligible to receive annual distributions of state premium tax collections on property and casualty insurance policies written within the city limits or special fire district boundaries of the participating plan. The amount of premium taxes collected under Chapter 175 is equal to 1.85 percent of all property insurance written within the city limits or special fire district boundaries of the participating plan. Chapter 185 levies a 0.85 percent tax on all casualty insurance premiums written within the city limits of the participating plan. The Department of Revenue collects these amounts from the state's property and casualty insurers as reported on the DR-908 tax form and transfers them to the Police and Firefighters' Premium Tax Trust Fund. These funds are then available for distribution to the participating pension plans on an annual basis, once the plan has demonstrated compliance with all applicable statutory requirements.

Additional sources of funding for these plans are provided by employee contributions, employer contributions, investment returns and other revenue sources. The city or special fire district sponsoring the pension plan is required to meet any contribution funding deficiency shown by the plan's actuarial valuation.

The Division of Retirement also provides a local government annual report each year which details the activities, findings and recommendations concerning all local government sponsored retirement systems.





The logo features a yellow sun icon with rays above the letters 'FRS' in a bold, white, sans-serif font. Below 'FRS' is the word 'GLOSSARY' in a smaller, white, sans-serif font. The logo is positioned in the upper right quadrant of the page.

**FRS**  
GLOSSARY





# GLOSSARY

This annual report contains the following terms and abbreviations:

**Accumulated Contributions** – The total amount of contributions posted to the accounts of active members over their employment career, including interest on the contributions for members of the Teachers' Retirement System.

**Active Member** – Any employee on the May or June payroll who had not retired or had not been refunded accumulated contributions as of June 30.

**AFC** – Average Final Compensation.

**Annualized Benefits** – The monthly benefit paid on June 30 multiplied by 12.

**Annual Payroll** – The total salaries paid during the fiscal year to the members indicated.

**Annuitant** – Retired person or the survivor of a retired person who is receiving monthly benefits.

**Combined Systems** – Teachers' Retirement System, State and County Officers and Employees' Retirement System, Highway Patrol Pension Trust Fund, Judicial Retirement System, and the Florida Retirement System since 1970.

**Division** – Division of Retirement, Department of Management Services.

**DMS** – Department of Management Services.

**DROP** – Deferred Retirement Option Program.

**FRS** – Florida Retirement System.

**REGULAR** – Regular Class.

**SPECIAL RISK** – Special Risk Class.

**SPECIAL RISK ADM. SUP.** – Special Risk Administrative Support Class.

**EOC** – Elected Officers' Class.

**SMSC** – Senior Management Service Class.

**FRS DB Plan** – Florida Retirement System Defined Benefit Plan, also known as the Florida Retirement System Pension Plan.

**HIS** – Health Insurance Subsidy.

**HWY PATROL** – Highway Patrol Pension Fund.

**IFAS** – Institute of Food and Agricultural Sciences.

**Inactive Members** – All members who had contributions posted to their accounts on June 30, except active members, retired members, and members who received a partial refund of their contributions, as of June 30.

**JRS** – Judicial Retirement System.

**Retirees** – Retired members (does not include joint annuitants or survivors).

**SCOERS** – State and County Officers and Employees' Retirement System.

**SMSOAP** – Senior Management Service Optional Annuity Program.

**SUSORP** – State University System Optional Retirement Program.

**TRS** – Teachers' Retirement System.

**TRS-SB** – Teachers' Retirement System Survivor Benefits.

**UAL** – Unfunded Actuarial Liability – The difference between the actuarial assets of the system and the benefits required to be paid in the future.





