



Rainbow Springs in Dunnellon, Florida



# Florida Retirement System Pension Plan and Other State Administered Systems

Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2022





*Ichetucknee Springs in Fort White, Florida*

# **Florida Retirement System Pension Plan and Other State Administered Systems**

## **Annual Comprehensive Financial Report**

### **Fiscal Year Ended June 30, 2022**

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Ron DeSantis, Governor  
Pedro Allende, Secretary

This report has been prepared by the Department of Management Services,  
Division of Retirement.

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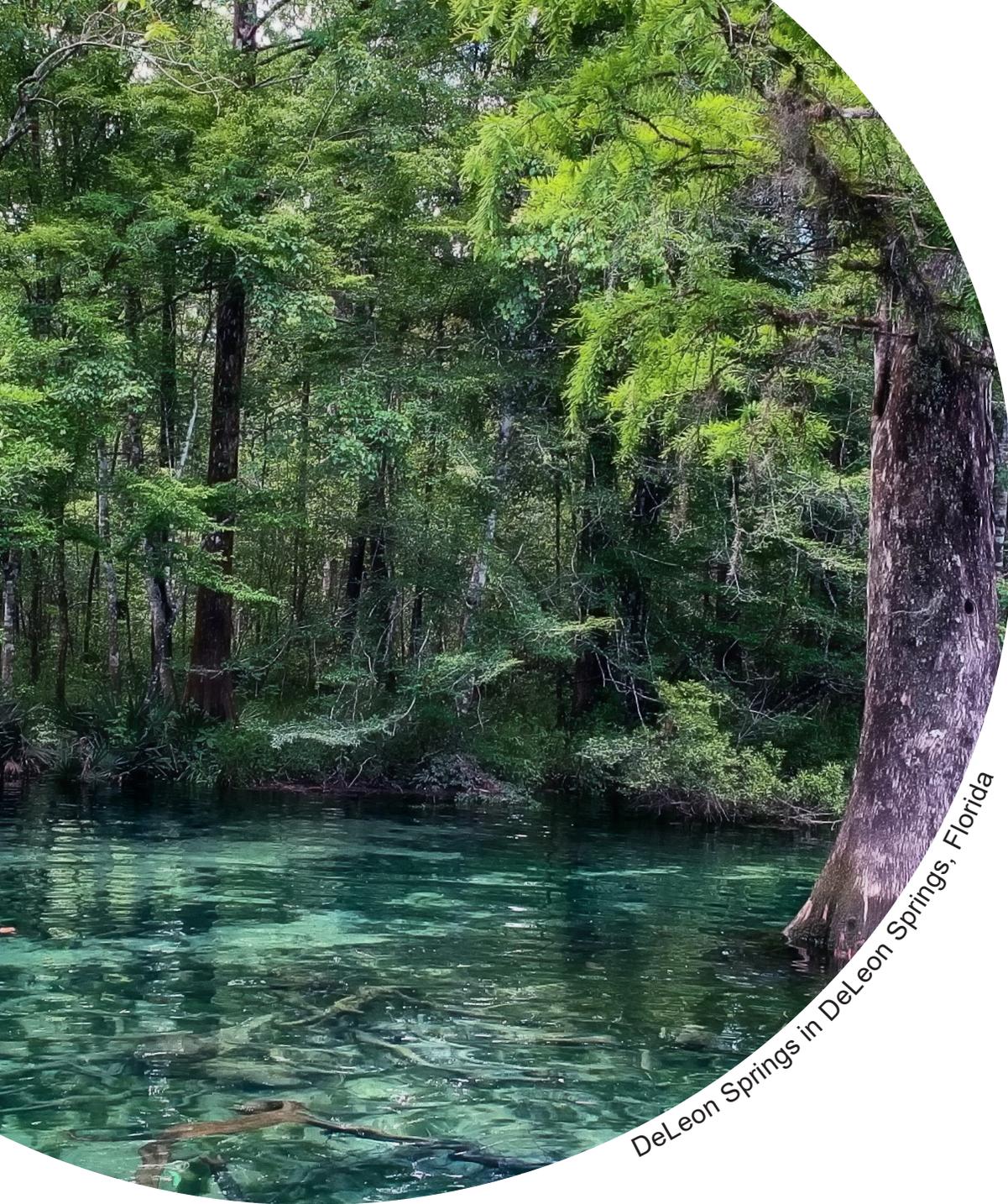
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DeLeon Springs in DeLeon Springs, Florida

# Introductory Section

December 22, 2022

## Letter of Transmittal

Dear Members:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the state retirement systems administered by the Department of Management Services, Division of Retirement (Division). This annual report covers the period from July 1, 2021, through June 30, 2022. It includes the operations and financial status of the state retirement systems administered by the Division, a summary description of the retirement plans, investment objectives and policy, actuarial reports, and historical and statistical information on active members, annuitants, and benefit payments. Division management is responsible for the accuracy and completeness of all data and disclosures in this report. To the best of our knowledge, the information presented is accurate and complete in all material respects and fairly depicts the financial activities and position of the state-administered retirement systems. This transmittal letter is designed to complement the Management Discussion and Analysis (MD&A) in the Financial Section of this report and should be read in conjunction with it.

### State-Administered Retirement Systems Profile

The state-administered retirement systems include three separate defined benefit pension plans: the Florida Retirement System (FRS) Pension Plan, the Retiree Health Insurance Subsidy Program, and the Florida National Guard Supplemental Retirement Plan; two separate defined contribution retirement plans: one for state senior managers and one for specified staff of the State University System; general revenue funded pensions; and funding to certain local government plans. The FRS is the fourth largest state retirement system that provides retirement, disability or death benefits to 448,846 retirees or their designated beneficiaries and 28,827 Deferred Retirement Option Program (DROP) participants and offers a wide range of information services to 629,073 active non-retired members. The FRS offers members a choice between the Pension Plan (a defined benefit plan) and the Investment Plan (a defined contribution plan). FRS participation is required by all state, county, district school board, state college and state university employers with optional participation offered to cities, charter schools, metropolitan planning districts and special districts. As of June 30, 2022, the FRS had 988 participating employers enrolling new members and 44 participating employers closed to new FRS membership with grandfathered FRS members.

Participation in non-integrated defined contribution plan alternatives to the FRS are provided to specified State University System employees through the State University System Optional Retirement Program and state senior managers through the Senior Management Service Optional Annuity Program. General revenue funded pensions include a retirement benefit to retirees of the Florida National Guard. The Florida National Guard Supplemental Retirement Benefit Program is accounted for separately as a stand-alone pension plan. Oversight is provided to local government pension plans with premium tax collections distributed to eligible municipal police and firefighter plans.

### Economic Condition

All FRS assets are invested under the authority and direction of the State Board of Administration (SBA). 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.

As of June 30, 2022, the market value of assets for the FRS Pension Plan was approximately \$179.95 billion, net of related liabilities, as detailed in the Investment Section. This reflects a -6.27 percent annualized investment return. The fiduciary net position as of June 30, 2022, was \$180.2 billion, a 10.8 percent decrease over the previous year. The FRS Pension Plan is 82.89 percent funded on a Governmental Accounting Standards Board Statement No. 67 reporting basis.

Since the benefit payments are not all immediately payable, the SBA can maintain a long-term investment strategy. This approach, along with a well-diversified investment portfolio, helps weather periods of volatility in the investment markets.

## **Internal Controls**

The Division maintains a system of internal controls to safeguard the assets, prevent fraud, abuse, and waste, and ensure the accuracy of financial information. Employee and contractor standards are in place to minimize risk of loss or theft. There are inherent limitations with internal controls. These limitations include: the internal control cost should not exceed the benefits derived from it; the objective is to provide reasonable, rather than absolute, assurance the financial statements are free from any material misstatements; and the risk of management override due to their levels of access. Additionally, internal controls are primarily designed to prevent one individual from being able to steal assets, commit fraud, waste or abuse, or to manipulate the financial records of an entity. If two or more employees collude together some internal controls could be circumvented.

## **Awards and Recognition**

The FRS was awarded the Public Pension Coordinating Council's Public Pensions Standards Award for Funding and Administration in 2022. This award recognizes plans that meet professional standards for plan funding and administration in categories such as benefits, actuarial valuations, financial reporting and communications to members.

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 state-administered retirement systems. We created this report to provide complete and reliable information to members of these systems, the Governor, the Florida Legislature and the citizens of Florida. We continue to work to make the state-administered retirement systems cost effective and managed for the benefit of active and retired members.

Respectfully submitted,



Andrea B. Simpson  
State Retirement Director

## 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:



**Pedro Allende,**  
Secretary



**Katie Parrish,**  
Deputy Secretary of  
Workforce Operations



**Andrea Simpson,**  
Retirement Director



**Shirley Beauford,**  
Retirement Operations  
Administrator



**Valerie Reglat,**  
Deputy Director Technology and  
Support Services



**Kathy Gould,**  
Deputy Director  
Member Services



**Kelly Recio,**  
Chief Bureau of Benefit  
Payments



**Joyce Morgan,**  
Chief Bureau of Enrollment  
and Contributions



**Keith Brinkman,**  
Chief Bureau of Local  
Retirement



**Lindy Still,**  
Chief Bureau of  
Retirement Calculations



**Garry Green,**  
Retirement Policy  
Administrator



**Nicolle Bournival,**  
Retirement Policy  
Administrator



**Curtis Barker,**  
Chief of Financial  
Operations

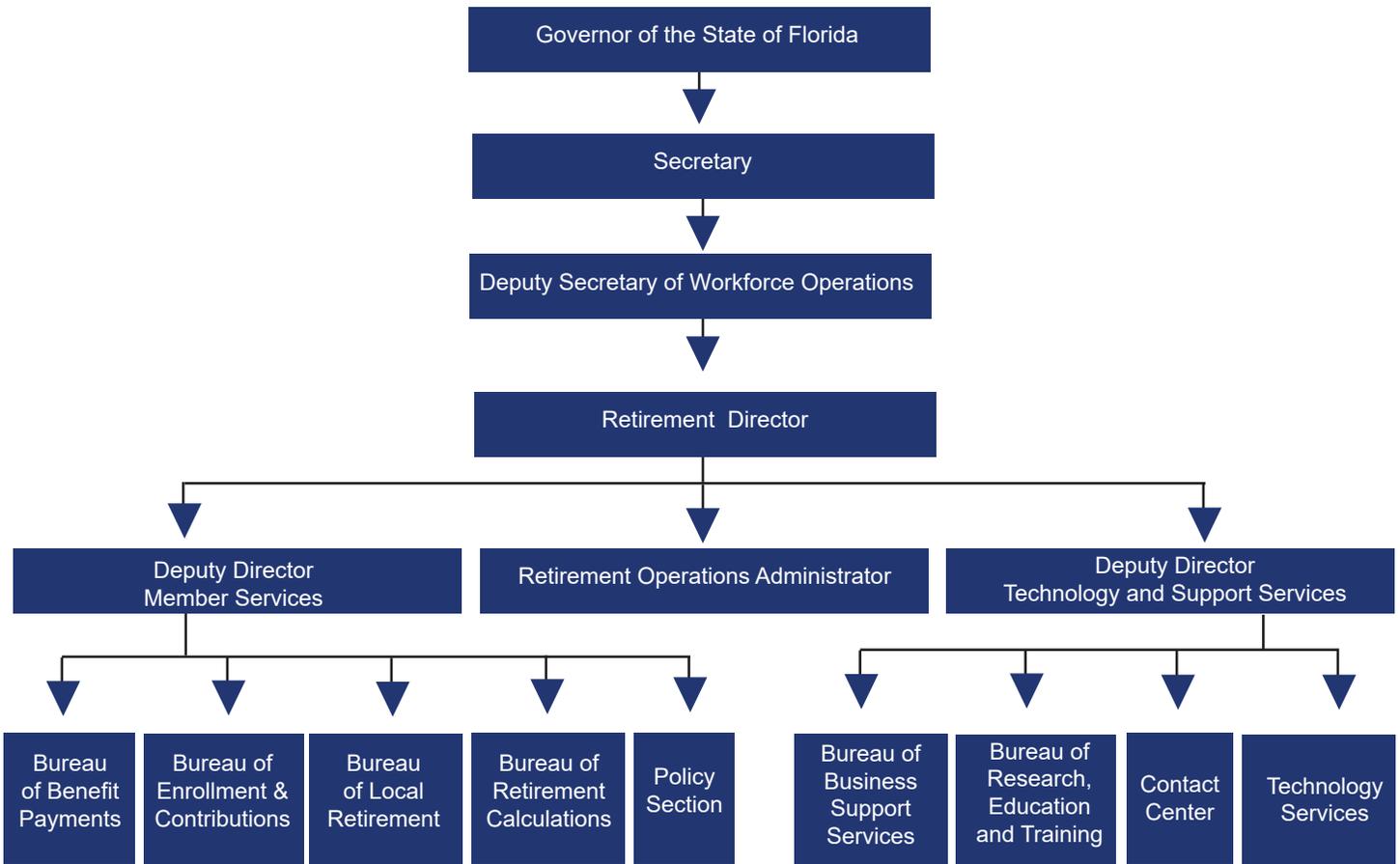


**Becky Griffith,**  
Chief Bureau of Research,  
Education and Training



**Jason Beard,**  
Chief  
Contact Center

**Administrative Organization**  
As of December 22, 2022



Managed at Department Level

**CONSULTING SERVICES**



Actuary  
**Milliman, Inc., Consultants and Actuaries**  
Portland, Oregon

Information Technology  
**22nd Century**  
Tallahassee, Florida

Investment  
**State Board of Administration**  
Tallahassee, Florida

## TERMS AND ABBREVIATIONS

This annual report contains the following terms and abbreviations:

**ABO** – Accumulated Benefit Obligation.

**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.

**ADC** – Actuarially Determined Contribution.

**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.

**AVA** – Actuarial Value of Assets.

**ACFR** – Annual Comprehensive Financial Report.

**COLA** – Cost-of-Living Adjustment.

**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.

**FRS DC Plan** – Florida Retirement System Defined Contribution Plan, also known as the Florida Retirement System Investment Plan.

**GAAP** – Generally Accepted Accounting Principles.

**GASB** – Governmental Accounting Standards Board.

**HIS** – Health Insurance Subsidy.

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

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

**JRS** – Judicial Retirement System.

**MVA** – Market Value of Assets.

**National Guard** – Florida National Guard Supplemental Retirement Benefit Program.

**NPL** – Net Pension Liability – The difference between the total pension liability of the system and the net position.

## **TERMS AND ABBREVIATIONS (continued)**

**OPEB** – Other Postemployment Benefits.

**Retirees** – Retired members (includes joint annuitants or survivors).

**SBA** – State Board of Administration.

**SCCSORP** – State Community College System Optional Retirement Program.

**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 plan's actuarial value of assets and the actuarial value of liabilities as of the measurement date.



Public Pension Coordinating Council

**Public Pension Standards Award  
For Funding and Administration 2022**

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 written in a cursive, flowing style.

Alan H. Winkle Program Administrator



Blue Springs in Orange City, Florida

# Financial Section

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Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, governmental fund, and fiduciary funds of the Florida Retirement System Pension Plan and Other State-Administered Systems (System) administered by the Florida Department of Management Services (Department), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, governmental fund, and fiduciary funds of the System, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Florida Retirement System Trust Fund maintained by the State Board of Administration to account for assets and investment income (loss) of the Florida Retirement System Defined Benefit Pension Plan, which represent 98.8 percent of the assets and 100 percent of the investment income (loss) of the Florida Retirement System Defined Benefit Pension Plan as of June 30, 2022, and the respective changes in financial position. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Florida Retirement System Trust Fund, is based solely on the report of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department, the State Board of Administration, and the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Florida Retirement System Pension Plan and Other State-Administered Systems and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2022, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Department implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which is a change in accounting principle that addresses the accounting and financial reporting for leases. This affects the comparability of amounts reported in the 2021-22 fiscal year with amounts reported in the 2020-21 fiscal year. Our opinion is not modified with respect to this matter.

As discussed in Management's Discussion and Analysis, the ability of the current statutory contribution rate to pay full Retiree Health Insurance Subsidy Program benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements on the amount of payroll on which the statutory rate is charged. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such

procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that **Management's Discussion and Analysis** on pages 22 through 27, the **Required Supplementary Schedules of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Money-Weighted Rate of Return, Schedule of Proportionate Share of the State's Total OPEB Liability**, and related **Notes to Required Supplementary Information** on pages 94 through 108, and **required budgetary information** on pages 110 through 112, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Schedule of Administrative Expenses on page 114 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Schedule of Administrative Expenses has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

in accordance with GAAS. In our opinion, the Schedule of Administrative Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory Section on pages 7 through 14 and the Investment, Actuarial, Statistical, and System Summary Sections on pages 115 through 300, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears otherwise to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 22, 2022  
Audit Report No. 2023-077

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## Management's Discussion and Analysis

Management's Discussion and Analysis provides an overview of the financial activities of the state-administered retirement systems and the fund for local government pension plans administered by the Florida Department of Management Services' Division of Retirement (Division) for the fiscal year ended June 30, 2022. This section should be read in conjunction with the financial statements and other information provided in this Annual Comprehensive Financial Report (ACFR).

The Florida Retirement System (FRS) Pension Plan is the primary retirement plan administered by the division. It is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employers and their covered employees. In addition to the FRS Pension Plan, the division administers several smaller plans and other retirement activities, including the:

- Retiree Health Insurance Subsidy (HIS) Program, a supplemental benefit provided to eligible FRS retirees that is treated as a defined benefit plan for reporting purposes;
- State University System Optional Retirement Program (SUSORP), a section 403(b), Internal Revenue Code, qualified defined contribution plan for 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 (SMSOAP), a section 401(a), Internal Revenue Code, qualified defined contribution plan for state senior managers;
- 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;
- Florida National Guard Supplemental Retirement (National Guard) Plan; and
- Various General Revenue funded pension programs.

The division's responsibilities include making benefit payments to retirees, collecting contributions to the plans and transmitting contributions to the State Board of Administration (SBA) and other third-party providers for investment, and directing actuarial studies. The SBA is responsible for, among other duties, investing defined benefit retirement fund assets consistent with statutory authority. The Florida Legislature is responsible for establishing plan structure, benefit levels and contribution rates, and providing statutory authority for the administration of the state-administered retirement systems.

### Financial and Actuarial Highlights

#### *Florida Retirement System (FRS) Pension Plan*

The FRS Pension Plan represents 99.6 percent of the financial activity of the state-administered retirement systems. The following financial highlights relate specifically to the FRS Pension Plan:

- The overall financial position of the FRS Pension Plan decreased during the year ended June 30, 2022; the fiduciary net position of the FRS Pension Plan decreased to \$180.2 billion, a decrease of \$21.9 billion, or 10.8 percent below fiscal year 2021. The decrease in value was due primarily to investment returns. As detailed in the Investment Section, the market value of assets net of related liabilities for the FRS Trust Fund was \$179.95 billion. The FRS realized an overall investment loss of 6.27 percent for fiscal year 2022, compared with an investment return of 29.46 percent for fiscal year 2021.
- The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially-determined accrued liability. As of July 1, 2022, the date of the latest actuarial valuation, the FRS' funded ratio was 82.4 percent on the valuation funding basis, as compared to 83.4 percent as of July 1, 2021. The funded ratio on the Governmental Accounting Standards Board (GASB) Statement No. 67 basis was 82.9 percent as of July 1, 2022, as compared to 96.4 percent in the prior year.
- Administrative expense of the plan for fiscal year 2022 totaled \$22.5 million as compared to \$21.7 million for fiscal year 2021. Administrative expenses reported on the Statement of Changes in Fiduciary Net Position for fiscal year 2022 include items such as personnel and professional service cost, communication cost, and other operating costs which include administrative overhead assessment charges and facilities rental expenses. For additional information on administrative expenses refer to the Schedule of Administrative Expenses located immediately following the Required Supplementary Information Section.

- Contribution revenue recognized from employees and employers during fiscal year 2022 totaled \$5.04 billion, an increase of 10.30 percent over the prior year. The employers continue to be required to pay the full unfunded actuarial liability (UAL) rates recommended by the plan's consulting actuary. A higher payroll base, primarily in local government employers, and higher employer contribution rates account for the majority of the increase over the prior year.
- Pension benefits paid to retirees and beneficiaries during fiscal year 2022 increased 4.46 percent or \$0.5 billion more than fiscal year 2021 benefit payments, for a total of \$11.9 billion. These benefits include payouts to terminating participants of the Deferred Retirement Option Program before being added to the monthly payroll for benefit payments.
- Refunds of employee contributions increased by \$6.8 million in fiscal year 2022 to a total of \$28.3 million.
- The investment return assumption used in calculating the FRS Pension Plan's net pension liability for GASB 67 reporting purposes and the investment return assumption selected by the FRS Actuarial Assumption Conference and used for the funding policy was 6.70 percent. The system's consulting actuary determined the investment return assumption of 6.70 percent for GASB 67 reporting purposes to be reasonable and appropriate per Actuarial Standards of Practice. The consulting actuary prepared a depletion date projection and determined that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments. A description of the change in the investment return assumption for GASB 67 reporting purposes is provided in Note 4.A. of the financial statements. The depletion date projection is available in the 2022 GASB 67 Supplement to the FRS Actuarial Valuation on the division's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

#### *Actuarial Valuations*

- The FRS actuarial valuation was prepared as of July 1, 2022.
- The HIS actuarial valuation was prepared as of July 1, 2022.
- The National Guard actuarial valuation was prepared as of July 1, 2022.

Note 4, the Required Supplementary Information and the Actuarial Section of this report provide information on the net pension liability, key methods and assumptions used, and other required disclosures for each of the defined benefit plans.

#### *Retiree Health Insurance Subsidy (HIS) Program*

The HIS Program provides a health insurance subsidy payment to most retired employees and beneficiaries. The Florida Legislature sets the contribution rate for this program, which operates using a pay-as-you-go funding structure. Accumulated HIS assets as of the measurement date of July 1, 2022, constituted approximately twelve months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

#### *Florida National Guard Supplemental Retirement Benefit (National Guard) Plan*

The National Guard Plan is a single-employer, non-qualified defined benefit pension plan established under Section 250.22, Florida Statutes. The monthly benefit is equal to the difference between fifty percent of the federal military pay table rate for the highest rank held while in the Florida National Guard and the reservist pension benefit received from the federal government for military service. The plan is funded by an annual appropriation from the General Revenue Fund.

## **Overview of the Financial Statements**

As required by generally accepted accounting principles, the state administered retirement systems' financial statements consist of the following components: basic financial statements, notes to the financial statements and required supplementary information.

### ***Basic Financial Statements***

The systems' basic financial statements include the following elements as of and for fiscal year ended June 30, 2022:

- Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position - The pension plans report operations and fiduciary net position on a full accrual basis of accounting and a focus on economic resources. The Statement of Fiduciary Net Position reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting fiduciary net position, providing a measurement of the financial position of the funds as of the end of the fiscal year. The Statement of Changes in Fiduciary Net Position presents the results of operating activities in the fiduciary funds during the fiscal year and reflects the changes in resources available to provide future retirement benefits.
- Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - The Police and Firefighters' Premium Tax Trust Fund is a special revenue fund, reported as a governmental fund type using a modified accrual basis of accounting with a focus on current financial resources. The Balance Sheet reports the assets, liabilities and resulting fund balance as of the end of the fiscal year. The Statement of Revenues, Expenditures and Changes in Fund Balance presents the results of operating activities during the fiscal year and reflects the changes in resources available to provide the services administered by the division.
- Statement of Net Position and Statement of Activities – The Police and Firefighters' Premium Tax Trust Fund is converted to a government-wide perspective which reports on a full accrual basis of accounting and a focus on economic resources. The Statement of Net Position presents the assets, liabilities and resulting net position as of the end of the fiscal year. The Statement of Activities presents the results of operating activities during the fiscal year.
- Notes to the financial statements are an integral part of the financial statements. They are important to the reader's understanding of the statements and provide additional information on plan description, significant accounting policies, material account balances and activities, and related party transactions.

### ***Required Supplementary Information***

The following schedules and reconciliation are included to assist the reader by adding operational, economic, and historical context to the financial statements and notes to the financial statements.

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Schedule of Money-Weighted Rate of Return
- Budgetary Comparison Schedule
- Budget to GAAP Reconciliation
- Schedule of Proportionate Share of Total OPEB Liability

### ***Other Supplementary Information***

The Schedule of Administrative Expenses provides additional information not included in the basic financial statements, notes, or Required Supplementary Information.

## Condensed Financial Statements and Overall Financial Analysis

### Statements of Fiduciary Net Position / Net Position

These statements present the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the state-administered retirement funds as of the end of the fiscal year and are point-in-time financial statements. Table 1, below, presents the condensed Statements of Fiduciary Net Position / Net Position for the fiscal years ended June 30, summarizing the activities of the various retirement funds. The net position at the close of the fiscal year for all funds combined was \$181.0 billion, with the defined benefit plans comprising 99.9 percent of the total. Net position decreased 10.7 percent from the previous year's total net position of \$202.7 billion.

**Table 1: Condensed Statements of Fiduciary Net Position / Net Position**

As of June 30  
(in thousands)

	Defined Benefit Plans		Defined Contribution Plans		Governmental Activities		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Cash and investments	\$ 183,452,192	\$ 208,198,974	\$ 14,723	\$ 17,091	\$ 299,480	\$ 282,588	\$ 183,766,395	\$ 208,498,653
Other assets	1,990,422	2,318,017	7,175	39	19,888	11,293	2,017,485	2,329,349
Total assets	185,442,614	210,516,991	21,898	17,130	319,368	293,881	185,783,880	210,828,002
Total deferred outflows of resources	4,561	2,204	132	136	178	219	4,871	2,559
Total liabilities	4,657,914	7,957,961	4,640	946	74,099	129,177	4,736,653	8,088,084
Total deferred inflows of resources	27,488	26,434	10,363	8,715	410	436	38,261	35,585
<b>Fiduciary net position / net position</b>	<b>\$ 180,761,773</b>	<b>\$ 202,534,800</b>	<b>\$ 7,027</b>	<b>\$ 7,605</b>	<b>\$ 245,037</b>	<b>\$ 164,487</b>	<b>\$ 181,013,837</b>	<b>\$ 202,706,892</b>

### Statements of Changes in Fiduciary Net Position / Activities

These statements detail the changes in fiduciary net position/net position that occurred during the fiscal year. Table 2 presents the Condensed Statements of Changes in Fiduciary Net Position / Activities for the fiscal years ended June 30. Over time, increases and decreases in the fiduciary net position/net position measure whether the financial position of the state-administered retirement funds is improving or deteriorating. The total net position for all funds decreased by \$21.7 billion during the fiscal year. The FRS Pension Plan accounts for 100 percent of the decrease.

**Table 2: Condensed Statements of Changes in Fiduciary Net Position / Activities**

For fiscal year ended June 30  
(in thousands)

	Defined Benefit Plans		Defined Contribution Plans		Governmental Activities		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Additions / Revenues</b>								
Employer contributions	\$ 4,872,266	\$ 4,397,369	\$ 108,307	\$ 107,805	\$ -	\$ -	\$ 4,980,573	\$ 4,505,174
Employee contributions	769,276	756,585	109,869	108,830	-	-	879,145	865,415
Premium taxes	-	-	-	-	229,424	207,793	229,424	207,793
Transfers and other additions	132,105	160,588	197	210	861	502	133,163	161,300
Net investment income/(loss)	(14,241,813)	47,952,301	(502)	(197)	673	383	(14,241,642)	47,952,487
<b>Total additions / revenues</b>	<b>(8,468,166)</b>	<b>53,266,843</b>	<b>217,871</b>	<b>216,648</b>	<b>230,958</b>	<b>208,678</b>	<b>(8,019,337)</b>	<b>53,692,169</b>
<b>Deductions / Expenses</b>								
Benefit payments	12,485,718	11,966,297	-	-	-	-	12,485,718	11,966,297
Refunds of contributions	28,344	21,590	-	-	-	-	28,344	21,590
Payments to annuity companies	-	-	218,169	215,290	-	-	218,169	215,290
Distributions to cities	-	-	-	-	119,015	243,529	119,015	243,529
Administrative expenses	22,692	21,980	280	209	913	878	23,885	23,067
Transfers and other deductions	768,107	668,702	-	-	30,480	30,381	798,587	699,083
<b>Total deductions / expenses</b>	<b>13,304,861</b>	<b>12,678,569</b>	<b>218,449</b>	<b>215,499</b>	<b>150,408</b>	<b>274,788</b>	<b>13,673,718</b>	<b>13,168,856</b>
<b>Change in net position</b>	<b>(21,773,027)</b>	<b>40,588,274</b>	<b>(578)</b>	<b>1,149</b>	<b>80,550</b>	<b>(66,110)</b>	<b>(21,693,055)</b>	<b>40,523,313</b>
<b>Fiduciary net position / net position - beginning</b>	<b>202,534,800</b>	<b>161,946,526</b>	<b>7,605</b>	<b>6,456</b>	<b>164,487</b>	<b>230,597</b>	<b>202,706,892</b>	<b>162,183,579</b>
<b>Fiduciary net position / net position - ending</b>	<b>\$ 180,761,773</b>	<b>\$ 202,534,800</b>	<b>\$ 7,027</b>	<b>\$ 7,605</b>	<b>\$ 245,037</b>	<b>\$ 164,487</b>	<b>\$ 181,013,837</b>	<b>\$ 202,706,892</b>

## **Additions to Fiduciary Net Position / Net Position**

Net investment income (loss) of (\$14.24) billion, employer contributions of \$4.98 billion, employee contributions of \$879 million, plus premium taxes, transfers and other additions totaling \$362 million, were classified as additions. Additions totaled (\$8.02) billion for all state-administered retirement funds during the fiscal year.

## **Deductions from Fiduciary Net Position / Net Position**

Of the total deductions of \$13.7 billion for all state-administered retirement funds during the fiscal year, benefit payments account for the majority of deductions from fiduciary net position, comprising 91.31 percent or \$12.49 billion. Payments to annuity companies, distributions to cities, refunds, transfers and other deductions made up 8.51 percent of total deductions. Administrative expense represents only 0.17 percent of total deductions.

## **Summary**

The long-term financial health of all retirement plans is dependent upon several key items: future investment returns, contributions, and future benefit payments. In the defined contribution plans, the members bear the investment risk to ensure adequate resources are available for retirement. For the FRS Pension Plan, a defined-benefit plan, the investment risk is held at the plan level. Annual valuations and experience studies performed every five years are utilized to measure the Pension Plan's actual economic and demographic experience compared to the plan's assumptions to determine the contribution level required to meet the long-term benefit obligations. The division's funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. Accordingly, collecting employer and employee contributions as well as earning the assumed long-term rate of return on its investments are essential components of the division's funding plan to accumulate the assets needed to finance future retirement benefits.

The FRS Pension Plan's Fiduciary Net Position held in trust for pension benefits decreased by 10.82 percent as of June 30, 2022, as compared to June 30, 2021. This decrease primarily resulted from lower than anticipated investment returns. The actual investment performance for the FRS Pension Plan for the fiscal year ended June 30, 2022 was a loss of 6.27 percent compared with investment income of 29.46 percent for the fiscal year ended June 30, 2021. The long-term average annual investment return assumption for the 2022 FRS Pension Plan valuation for GASB 67 reporting purposes was 6.70 percent and 6.80 percent for the 2021 FRS Pension Plan valuation. The amount of assets available to meet future obligations will be based on actual future investment returns and actual contributions received rather than the assumed future investment returns and assumed contributions.

The division is required by state law to provide an actuarial valuation of the defined benefit pension plans to assist decision makers in assessing the funding strength and fiduciary net position of the defined benefit pension plans. The results of these actuarial valuation reports are included in Note 4, Net Pension Liability, and the Required Supplementary Information and Actuarial Section.

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes. The division determines the investment return assumptions for GASB 67 reporting purposes. See Note 4 and the Actuarial Section for further information.

Assumptions changes adopted for the 2022 FRS Pension Plan Valuation included:

- Decreasing the assumed investment rate of return from 6.80 percent to 6.70 percent for funding purposes.

## **Contacting the Division**

This report is designed to provide an overview of the division's activities to citizens, taxpayers, retirement plan members, and other interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706.

## STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2022

	Defined Benefit		
	Florida Retirement System	Retiree Health Insurance Subsidy	National Guard
<b>ASSETS</b>			
Cash and cash equivalents	\$ 102,143,556	\$ -	\$ -
State treasury investment pool	101,320,716	98,197	-
Total cash and cash equivalents	203,464,272	98,197	-
<u>Investments:</u>			
Certificates of deposit	403,384,117	-	-
U.S. government and federally guaranteed obligations	11,684,982,876	-	-
Federal agencies	7,741,991,278	-	-
Commercial paper	5,305,755,453	-	-
Repurchase agreements	1,200,000,000	-	-
International bonds and notes	3,072,594,424	-	-
Bonds and notes	9,550,417,674	-	-
Real estate contracts	16,722,305,412	-	-
Short term investment funds	28,558,000	475,191,864	-
Domestic equity / domestic equity commingled	50,373,389,671	-	-
Alternative investment	40,680,622,223	-	-
International equity	35,024,199,924	-	-
Other Investments	41,727,558	-	-
Total investments	181,829,928,610	475,191,864	-
<u>Receivables:</u>			
Accounts receivable	27,687,801	24,023	-
Contributions receivable	363,428,869	46,564,698	-
Interest receivable	136,639,069	-	-
Dividends receivable	290,505,288	-	-
Pending investment sales	859,606,579	-	-
Pending spot fx trades receivable	146,450,887	-	-
Futures trade equity	19,834,174	-	-
Due from other funds	56,094,554	7,153,516	-
Due from other funds within division	3,413,079	6,339,285	-
Total receivables	1,903,660,300	60,081,522	-
Security lending collateral	943,509,221	-	-
Prepaid items	9,855,988	-	-
Furniture and equipment	1,142,841	-	-
Right-of-use lease	17,115,904	-	-
Accumulated depreciation	(1,434,489)	-	-
Total assets	184,907,242,647	535,371,583	-
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension liability	-	-	-
Deferred outflows related to other postemployment benefits liability	4,560,587	-	-
Total deferred outflows of resources	4,560,587	-	-
<b>LIABILITIES</b>			
Accounts payable	146,368,254	63	-
Benefits payable	1,518,468	3,041	-
Accrued DROP liability	295,813,603	-	-
Due to other funds	16,424,029	-	-
Due to other funds within division	6,349,581	-	-
Due to other departments	10,045,404	-	-
Accrued interest payable	136,065	-	-
Obligations under security lending agreements	960,929,560	-	-
Pending investment purchases	2,970,691,029	-	-
Pending spot fx trades payable	146,378,391	-	-
Broker rebate fees	941,654	-	-
Short sell obligations - fixed income	36,040,863	-	-
Compensated absences liability	1,199,740	-	-
Net pension liability	-	-	-
Other postemployment benefits liability	13,928,306	-	-
Lease liability	16,284,596	-	-
Other liabilities	34,861,204	-	-
Total liabilities	4,657,910,747	3,104	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension liability	-	-	-
Deferred inflows related to other pension amounts	21,107,078	-	-
Deferred inflows related to other post employment benefits liability	6,380,602	-	-
Total deferred inflows of resources	27,487,680	-	-
<b>FIDUCIARY NET POSITION</b>			
Restricted for pensions	\$ 180,226,404,807	\$ 535,368,479	\$ -

The notes to the financial statements are an integral part of this statement.

Defined Contribution		
State University System Optional Retirement Program	Senior Management Service Optional Annuity Program	Total June 30, 2022
\$ -	\$ -	\$ 102,143,556
14,693,610	29,585	116,142,108
14,693,610	29,585	218,285,664
-	-	403,384,117
-	-	11,684,982,876
-	-	7,741,991,278
-	-	5,305,755,453
-	-	1,200,000,000
-	-	3,072,594,424
-	-	9,550,417,674
-	-	16,722,305,412
-	-	503,749,864
-	-	50,373,389,671
-	-	40,680,622,223
-	-	35,024,199,924
-	-	41,727,558
-	-	182,305,120,474
-	-	27,711,824
18,747	-	410,012,314
9,281	6	136,648,356
-	-	290,505,288
-	-	859,606,579
-	-	146,450,887
-	-	19,834,174
6,800,696	-	70,048,766
-	10,296	9,762,660
6,828,724	10,302	1,970,580,848
-	-	943,509,221
-	-	9,855,988
-	-	1,142,841
354,734	-	17,470,638
(19,175)	-	(1,453,664)
21,857,893	39,887	185,464,512,010
31,263	-	31,263
100,346	-	4,660,933
131,609	-	4,692,196
607,927	-	146,976,244
-	-	1,521,509
-	-	295,813,603
-	-	16,424,029
3,411,287	1,792	9,762,660
-	-	10,045,404
-	-	136,065
-	-	960,929,560
-	-	2,970,691,029
-	-	146,378,391
-	-	941,654
-	-	36,040,863
13,360	-	1,213,100
44,237	-	44,237
223,748	-	14,152,054
337,505	-	16,622,101
-	-	34,861,204
4,638,064	1,792	4,662,553,707
69,387	-	69,387
10,187,999	19,749	31,314,826
86,087	-	6,466,689
10,343,473	19,749	37,850,902
\$ 7,007,965	\$ 18,346	\$ 180,768,799,597

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

As of June 30, 2022

	Defined Benefit		
	Florida Retirement System	Retiree Health Insurance Subsidy	National Guard
<b>ADDITIONS</b>			
<u>Contributions and other deposits</u>			
Pension contributions - employer	\$ 4,267,181,943	\$ 605,084,210	\$ -
Pension contributions - employee	763,674,943	48,424	-
Purchase of time by employees	5,552,831	-	-
General revenue	1,147,443	-	15,588,557
Other income	3,198,024	247,745	-
Forfeiture of employee benefit	-	-	-
Total contributions and other deposits	5,040,755,184	605,380,379	15,588,557
<u>Transfers</u>			
Other funds within division	-	-	-
Other funds - FRS investment plan	111,923,645	-	-
Other departments	-	-	-
Total transfers	111,923,645	-	-
Total contributions and transfers	5,152,678,829	605,380,379	15,588,557
<u>Investment income</u>			
Net appreciation (depreciation) in fair value	(21,104,646,474)	17,254	-
Interest income	767,130,564	1,544,656	-
Dividends	1,982,410,068	-	-
Real estate operating income, net	608,771,652	-	-
Other investment income	4,235,517,111	2,687	-
Total investment income (loss)	(13,510,817,079)	1,564,597	-
Investment activity expense	(752,370,818)	(381)	-
Net income (loss) from investing activity	(14,263,187,897)	1,564,216	-
<u>Security lending activity</u>			
Security lending income	24,032,150	-	-
Security lending expense	(4,221,334)	-	-
Net income from security lending	19,810,816	-	-
Total net investment income (loss)	(14,243,377,081)	1,564,216	-
Total additions	(9,090,698,252)	606,944,595	15,588,557
<b>DEDUCTIONS</b>			
Benefit payments	11,944,981,392	524,004,365	-
Benefit payments - general revenue funded	1,152,917	-	15,580,357
Refund of contributions	28,343,757	-	-
Transfers to FRS investment plan	768,106,850	-	-
Payments to annuity companies	-	-	-
Administrative expense	22,494,571	189,390	8,200
Total deductions	12,765,079,487	524,193,755	15,588,557
Change in fiduciary net position	(21,855,777,739)	82,750,840	-
Fiduciary net position - beginning	202,082,182,546	452,617,639	-
Fiduciary net position - ending	\$ 180,226,404,807	\$ 535,368,479	\$ -

The notes to the financial statements are an integral part of this statement.

Defined Contribution		
State University System Optional Retirement Program	Senior Management Service Optional Annuity Program	Total June 30, 2022
\$ 108,253,553	\$ 53,701	\$ 4,980,573,407
109,830,609	38,234	873,592,210
305	-	5,553,136
-	-	16,736,000
196,562	-	3,642,331
-	-	-
<u>218,281,029</u>	<u>91,935</u>	<u>5,880,097,084</u>
-	-	-
-	-	111,923,645
-	-	-
<u>-</u>	<u>-</u>	<u>111,923,645</u>
<u>218,281,029</u>	<u>91,935</u>	<u>5,992,020,729</u>
(567,965)	(217)	(21,105,197,402)
75,650	51	768,750,921
-	-	1,982,410,068
-	-	608,771,652
-	-	4,235,519,798
<u>(492,315)</u>	<u>(166)</u>	<u>(13,509,744,963)</u>
<u>(9,559)</u>	<u>(7)</u>	<u>(752,380,765)</u>
<u>(501,874)</u>	<u>(173)</u>	<u>(14,262,125,728)</u>
-	-	24,032,150
-	-	(4,221,334)
-	-	19,810,816
<u>(501,874)</u>	<u>(173)</u>	<u>(14,242,314,912)</u>
<u>217,779,155</u>	<u>91,762</u>	<u>(8,250,294,183)</u>
-	-	12,468,985,757
-	-	16,733,274
-	-	28,343,757
-	-	768,106,850
218,076,611	91,936	218,168,547
280,466	-	22,972,627
<u>218,357,077</u>	<u>91,936</u>	<u>13,523,310,812</u>
(577,922)	(174)	(21,773,604,995)
<u>7,585,887</u>	<u>18,520</u>	<u>202,542,404,592</u>
<u>\$ 7,007,965</u>	<u>\$ 18,346</u>	<u>\$ 180,768,799,597</u>

**GOVERNMENTAL FUND BALANCE SHEET /  
STATEMENT OF NET POSITION**  
As of June 30, 2022

	<b>Police and Firefighters' Premium Tax Trust Fund</b>		
	<b>Special Revenue Fund</b>	<b>Reconciliation Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
State treasury investment pool	\$ 84,466	\$ -	\$ 84,466
Investments	299,395,053	-	299,395,053
Interest receivable	-	-	-
Due from other funds within division	-	-	-
Due from other departments	19,217,073	-	19,217,073
Right-of-use leased asset	-	709,468	709,468
Amortization, right-of-use leased asset	-	(38,350)	(38,350)
Total assets	<u>318,696,592</u>	<u>671,118</u>	<u>319,367,710</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to other postemployment benefits	-	178,319	178,319
Total deferred outflows of resources	<u>-</u>	<u>178,319</u>	<u>178,319</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<u>Current liabilities</u>			
Accounts payable	112,687	-	112,687
Due to other departments	12,659,528	-	12,659,528
Due to other governmental units	47,236,285	-	47,236,285
Due to general revenue	12,736,550	-	12,736,550
Compensated absences liability	31,873	-	31,873
Lease liability	5,783	29,091	34,874
Other postemployment benefits liability	9,134	-	9,134
Total current liabilities	<u>72,791,840</u>	<u>29,091</u>	<u>72,820,931</u>
<u>Noncurrent liabilities</u>			
Other postemployment benefits liability	-	512,944	512,944
Compensated absences liability	-	124,613	124,613
Lease Liability	-	640,135	640,135
Total liabilities	<u>72,791,840</u>	<u>1,306,783</u>	<u>74,098,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to other postemployment benefits liabilities	-	409,528	409,528
Total deferred inflows of resources	<u>-</u>	<u>409,528</u>	<u>409,528</u>
Fund balance - committed	245,904,752	(245,904,752)	-
Total liabilities and fund balance	<u>\$318,696,592</u>		
Net position - restricted		<u>\$ 245,037,878</u>	<u>\$ 245,037,878</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND / STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022

	<b>Police and Firefighters' Premium Tax Trust Fund</b>		
	<b>Special Revenue Fund</b>	<b>Reconciliation Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>REVENUES</b>			
Premium taxes	\$ 229,423,953	\$ -	\$ 229,423,953
Investment earnings	672,852	-	672,852
General revenue	406,202	-	406,202
Refunds	454,758	-	454,758
Total revenues	<u>230,957,765</u>	<u>-</u>	<u>230,957,765</u>
<b>EXPENDITURES / EXPENSES</b>			
Distribution to cities	119,015,237	-	119,015,237
Administrative expense	921,966	(9,115)	912,851
Total expenditures / expenses	<u>119,937,203</u>	<u>(9,115)</u>	<u>119,928,088</u>
Revenues over (under) expenditures	111,020,562		111,029,677
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out to other funds	<u>(30,479,528)</u>	-	(30,479,528)
Revenues and transfers in over expenditures and transfers out	80,541,034	(80,541,034)	-
Change in net position	-	<u>80,550,149</u>	<u>80,550,149</u>
Fund balance / net position - beginning	165,363,718	(875,989)	164,487,729
Fund balance / net position, ending	<u>\$ 245,904,752</u>	<u>\$ (866,874)</u>	<u>\$ 245,037,878</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## NOTE 1 – PLAN DESCRIPTION

### A. Reporting Entity

The Florida Retirement System Pension Plan and Other State-Administered Systems (System) are administered by the Florida Department of Management Services, Division of Retirement, and are part of the primary government of the State of Florida. The division administers three defined benefit plans and two defined contribution plans which are fiduciary activities, as well as a supplemental funding of defined benefit plans for municipal police officers and firefighters which is a special revenue activity, and various general revenue funded pension programs. These state-administered retirement systems are included in the department's Annual Comprehensive Financial Report (ACFR) and in the State of Florida's ACFR as part of the primary government. The department's financial statements do not include the pension liabilities of the participating employers. The financial statements present only the Florida Retirement System Pension Plan and other State-Administered Systems and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2022, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### B. Defined Benefit Plans

#### 1. The Florida Retirement System Pension Plan

##### **Organization:**

The Florida Retirement System (FRS) Pension Plan was created in Chapter 121, Florida Statutes, effective Dec. 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, Florida Statutes), the State and County Officers and Employees' Retirement System (Chapter 122, Florida Statutes), and the Highway Patrol Pension Trust Fund (Chapter 321, Florida Statutes). In 1972, the Judicial Retirement System (Chapter 123, Florida Statutes) was closed and consolidated into the FRS. The FRS is a qualified retirement plan under section 401(a), Internal Revenue Code, created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the FRS Investment Plan, which is administered by the State Board of Administration. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, Florida Statutes, was consolidated under the Florida Retirement System Pension Plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the state, state elected officials who chose SMSC membership in lieu of Elected Officers' Class membership, and faculty and other specified positions in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, Florida Statutes.

##### **Covered Members and Classes:**

FRS membership is compulsory for employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 or Section 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Retirees initially reemployed in regularly established positions on or after July 1, 2010, through June 30, 2017, may not participate in the FRS. Effective July 1, 2017, retirees of specified defined contribution plans<sup>1</sup> employed in a regularly established position are eligible to be enrolled as renewed members of the defined contribution plan<sup>2</sup> covering the position held except the Senior Management Service Optional Annuity Program that is closed to new members. FRS Pension Plan retirees remain ineligible for renewed membership. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five classes of membership, as follows:

<sup>1</sup> Retirees of the following defined contribution plans are eligible to be enrolled as a renewed member if employed in a regularly established position on or after July 1, 2017: Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (SCCSORP), and the FRS Investment Plan.

<sup>2</sup> Defined contribution Plan retirees initially enrolled on or after July 1, 2017, may be enrolled in the SUSORP, SCCSORP, or the FRS Investment Plan depending upon the retirement plan covering the position held. The SMSOAP was closed to new members effective July 1, 2017. Participation in the Investment Plan includes membership in the Special Risk Class for these renewed members.

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, assistant capital collateral representatives, and judges of compensation claims. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.
- *Special Risk Class* – Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001, through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* – Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members working on or after July 1, 2001, and initially enrolled before July 1, 2011. 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, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

### **Significant Plan Provisions:**

The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Benefits are computed based on 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:

## Florida Retirement System

% Value  
(per year of service)

### Regular Class members initially enrolled before July 1, 2011

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%

### Regular Class members initially enrolled on or after July 1, 2011

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%

### Special Risk Class

Service from Dec. 1, 1970 through Sept. 30, 1974 .....	2.00%
Service on and after Oct. 1, 1974 .....	3.00%

### Special Risk Administrative Support Class members initially enrolled before July 1, 2011

(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%

### Special Risk Administrative Support Class members initially enrolled on or after July 1, 2011

(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%

### Elected Officers' Class

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%

### Senior Management Service Class.....

	2.00%
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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 the member elects to retire early, the benefit is reduced by 5 percent for each year remaining before the member would reach normal retirement age. The benefit is reduced if the member elects to provide a continuing benefit to an eligible surviving beneficiary.)

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 ten years after retiring, the beneficiary will receive the benefit for the remainder of the ten-year period from the member's retirement date or DROP begin date. No survivor benefits are paid if the member dies ten 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 benefit for life based on the age of the member and the joint annuitant at retirement while both are living. 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.

Members must end all employment relationships with all FRS employers and must not provide services to any FRS employer 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. FRS members employed by an agency that withdrew from the FRS effective January 1, 1996, for new employees must remain unemployed by that agency and all other FRS-covered employers and must not provide services to FRS employers for the first six calendar months of retirement or after the DROP termination date.

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 (COLA) each July and earn monthly interest equivalent to an annual rate of 1.30 percent on the preceding month's DROP accumulation until DROP participation ends. Elected officers whose DROP participation ends before their term of office ends can delay termination until the end of that term of office or any consecutively held term of office. No additional monthly retirement benefits accumulate after DROP participation ends. Elected officers whose DROP participation began before July 1, 2010, and who delay termination after their DROP participation ends earn monthly interest through the month of termination. As of June 30, 2022, the FRS Trust Fund held \$2,668,218,157 in accumulated benefits for 31,023<sup>1</sup> DROP participants. Of these 31,023 DROP participants, 29,153<sup>2</sup> were active in the DROP with balances totaling \$2,372,404,554. The remaining participants were no longer active in the DROP and had balances totaling \$295,813,603 to be processed after June 30, 2022.

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 for vesting is subject to these deferral requirements.

<sup>1</sup>Includes retirees with a DROP payment pending.

<sup>2</sup> Includes elected officials with a different DROP termination date that is after June 30, 2022.

- 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 for vesting is 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. Monthly benefits are paid to the member in the amount as calculated upon entry into the DROP, plus a COLA for intervening years.

In most cases, the DROP participant must cease all employment relationships with, and must not provide a service to, any FRS participating employer after a maximum of 60 months in the DROP, must satisfy the termination requirement for retirement and must comply with applicable reemployment limitation 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 the termination requirement and reemployment limitation until no longer holding the elective office (including consecutive held terms of 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. Effective July 1, 2018, instructional personnel whose DROP participation is extended must have a termination date that coincides with the end of the school year but cannot exceed 36 months of extended participation.
- Effective July 1, 2018, administrative personnel in grades K-12 as defined in section 1012.01(3), Florida Statutes, whose DROP participation ends during a school year may be granted extended DROP participation through the end of the school year.

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.

If an active member in any class but the Special Risk Class 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 a member of the Special Risk Class dies in the line of duty, the spouse will receive a lifetime monthly benefit equal to 100 percent of the member's monthly salary at death. If the spouse dies, the benefit will be paid on behalf of the member's dependent children until the youngest reaches age 18 but payment may be extended until the youngest child reaches age 25 if unmarried and a full time student.

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.

The benefits received by retirees and beneficiaries are increased by a 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 August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 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 August 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.

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 provided the retiree is not providing services to an FRS employer. However, restrictions apply to providing services to an FRS employer and reemployment with an FRS employer regardless of whether the employment is covered for retirement. Any retired FRS member who is reemployed by or provides services to 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 January 1, 1996, the member must remain unemployed by the withdrawn employer to meet the definition of termination in order to finalize the retirement. The retiree and the FRS employer are jointly and severally liable for repayment of benefits, including a DROP payout, if termination is violated.

Upon meeting the termination requirement, FRS retirees are also subject to reemployment limitation. FRS retirees who are reemployed by or provide services to FRS employers may not receive both salary or provide a service 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 retirees provide services to or are employed in any capacity by an FRS employer. Effective March 9, 2018, there is one exception to reemployment limitation after retirement. Retired law enforcement officers may be reemployed or provide services as a school resource officer for an FRS during the seventh through twelfth calendar months after the retirement date or after the termination date to finalize DROP and receive both salary or provide a service and a retirement benefit in the same month. The retiree and the FRS employer are jointly and severally liable for repayment of benefits received in violation of reemployment limitation.

FRS retirees who are initially reemployed in regularly established positions no later than June 30, 2010, 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 and choose between the FRS Pension Plan or the FRS Investment Plan as do similarly situated newly hired members of that membership class until they retire. Renewed members are subject to the same vesting requirements and other limitations as apply to other active members. However, these renewed members are not eligible to participate in the Special Risk Class, retire through DROP participation, or retire under disability retirement provisions.

FRS Pension Plan retirees who are initially reemployed on or after July 1, 2010, are not eligible for renewed membership. Retirees of the FRS Investment Plan, the State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (SCCSORP), and the Senior Management Service Optional Retirement Program are not eligible for renewed membership from July 1, 2010, through June 30, 2017. Retirees of these defined contribution plans who are employed in a regularly established position on or after July 1, 2017, will be enrolled as renewed members of the FRS Investment Plan, the SUSORP or the SCCSORP depending upon the plan covering the position. Renewed members initially enrolled in the FRS Investment Plan on or after July 1, 2017, are able to be Special Risk Class members if employed in positions covered by this class. The SMSOAP was closed to new membership effective July 1, 2017.

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. Rule 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.

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 aforementioned crimes, 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.)

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.

#### **Plan Administration:**

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans and approximately 1,000 participating employers. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets of the Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded through earnings on investments of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Section 112.64(4), Florida Statutes requires that any unfunded actuarial liability (UAL) be amortized within 30 plan years. All bases are amortized over 20 plan years as determined by the 2021 FRS Assumption Conference as required by section 216.136(10), Florida Statutes. Pursuant to Section 121.031(3) (f), Florida Statutes, any surplus actuarial assets available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves at June 30, 2022, was \$180,226,404,807. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

**FRS Retirement Contribution Rates:**

Effective July 1, 2011, both employees and employers of the FRS are required to contribute 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 Pension Plan and the Investment Plan. The uniform rates for Fiscal Year 2021-22 are as follows:

Class	Employee Contribution Rate	Employer Contribution Rate <sup>1</sup>	Total Contribution Rate
Regular	3.00%	9.10%	12.10%
Special Risk	3.00%	24.17%	27.17%
Special Risk Administrative Support Elected Officers'	3.00%	36.04%	39.04%
Judges	3.00%	39.19%	42.19%
Governor, Lt. Governor, Cabinet, Legislators, State Elected County, City, and Special District Officials	3.00%	62.01%	65.01%
Senior Management Service	3.00%	49.70%	52.70%
Deferred Retirement Option Program	N/A	16.68%	16.68%

<sup>1</sup> These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the assessment of 0.06 percent for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

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.

**FRS Membership:**

Member Types	Fiscal Year Ended June 30, 2022					
	Regular Class	SMSC	Special Risk	Special Risk Admin Supp.	EOC	Total
Active <sup>1</sup> :						
Non-vested	146,386	1,414	31,160	8	378	179,346
Vested	398,553	6,406	42,865	97	1,806	449,727
Current Retirees and DROP Participants	396,532	5,943	43,537	165	2,669	448,846
Vested Terminated <sup>2</sup>	24,741	522	3,309	7	248	28,827
	108,241	1,788	6,183	15	404	116,631
<b>Total Members</b>	<b>1,074,453</b>	<b>16,073</b>	<b>127,054</b>	<b>292</b>	<b>5,503</b>	<b>1,223,377</b>

<sup>1</sup> Member counts include 184,923 active FRS Investment Plan members.  
<sup>2</sup> Member counts include 13,520 vested terminated FRS Investment Plan members.

The table below provides additional information for the FRS Pension Plan as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2022	2021	2020
Recipients	448,846	440,307	432,258
Contributions	\$ 5,036,410	\$ 4,566,098	\$ 4,071,012
Benefits paid <sup>1</sup>	\$ 11,973,325	\$ 11,456,874	\$ 10,925,447
Fiduciary net position <sup>2</sup>	\$ 180,226,405	\$ 202,082,183	\$ 161,568,265

<sup>1</sup> Includes refund of member contributions.

<sup>2</sup> Fiduciary net position for 2020 reflects restatement of beginning net position at July 1, 2019, due to correction for an interfund receivable amount.

## 2. Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement, is part of the primary government of the State of Florida that administers the HIS program. For the fiscal year ended June 30, 2022, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for specified employees. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS Payments.

Note 4 and the Actuarial Section of this report include actuarial and other information regarding the HIS Program. The table below provides additional information for the HIS as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2022	2021	2020
Recipients	409,837	402,566	395,179
Contributions	\$ 605,133	\$ 587,856	\$ 576,623
Benefits paid	\$ 524,004	\$ 514,361	\$ 505,549
Fiduciary net position	\$ 535,368	\$ 452,618	\$ 378,261

### 3. The Florida National Guard Supplemental Retirement Benefit Plan

The Florida National Guard Supplemental Retirement Benefit Plan is a single-employer, non-qualified defined benefit pension plan established under Section 250.22, Florida Statutes, and is administered by the Florida Department of Management Services, Division of Retirement. The Florida Legislature establishes and amends the benefit terms of the plan, which provide a monthly benefit equal to the difference between 50 percent of the federal military pay table for the highest rank held while in the Florida National Guard and the reservist pension benefit received from the federal government for military service. The benefit amount is recalculated whenever the federal military pay table is increased or the federal benefit is increased by a cost of living adjustment. Florida National Guard retirees must have at least 30 years of Florida National Guard service. The benefit is payable for the lifetime of the retiree without a survivor benefit option. Normal retirement is at age 62 with early retirement available beginning at age 60. The Florida National Guard Supplemental Retirement Benefit Plan is funded by an annual appropriation from General Revenue by the Legislature. Any appropriated funds not obligated for benefit payments and expenses owed at June 30 each year revert to the General Revenue Fund.

Note 4 and the Actuarial section of this report include actuarial and other information regarding the Florida National Guard Supplemental Retirement Benefit Plan. Information about active and terminated vested Florida National Guard personnel, federal benefits including cost-of-living adjustments and pay tables, and forecasts of National Guard personnel is provided by the Florida Department of Military Affairs. The table below provides additional information for the plan as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2022	2021	2020
Active Members			
Vested <sup>1</sup>	95	96	106
Non-Vested	12,127	11,738	11,419
Total Active	12,222	11,834	11,525
Terminated Vested <sup>5</sup>	470	396	532
Retirees	736	730	745

	Fiscal Year Ended June 30		
	2022	2021	2020
Benefits paid	\$ 15,580	\$ 15,505	\$ 15,121
Fiduciary net position	\$ -	\$ -	\$ -

<sup>1</sup> The change from active status to terminated vested status is a result of National Guard retention board conclusions on retaining personnel due to the reduction of deployments supporting overseas military operations.

### C. Defined Contribution Programs (Optional Retirement Programs)

#### State University System Optional Retirement Program (SUSORP)

The SUSORP is established under section 121.35, Florida Statutes, for eligible State University System faculty, administrators, and administrative and professional staff. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the SUSORP. This program is designed to aid universities in recruiting employees who may not remain in the FRS long enough to vest. The SUSORP is a defined contribution plan qualified under section 403(b), Internal Revenue Code that upon signing an investment contract provides full and immediate vesting of all contributions paid on behalf of the members to the participating provider companies. The SUSORP member directs the investment of contributions to provide retirement and death benefits. Employees in eligible positions are compulsory SUSORP members unless they elect FRS membership. Faculty in a college of medicine with a faculty practice plan are mandatory SUSORP members and cannot elect FRS membership.

The employing universities were statutorily required to contribute 5.15 percent of the members' gross monthly compensation from July 2021 through June 2022. In accordance with section 121.35, Florida Statutes, 0.01 percent of the employer contribution rate is an assessment used for the administration of the SUSORP and 5.14 percent was transferred to the provider companies designated by the member. SUSORP members are not eligible to receive (HIS) payments from the HIS Trust Fund. There is an HIS component included in the employer's contribution deposited to the members' accounts. Effective July 1, 2011, there is a required employee contribution of 3 percent. A member may contribute by salary reduction an amount not to exceed the percentage contributed to the member's account by the employer net of the administrative assessment.

When applicable, the employer is also required to contribute the unfunded actuarial liability (UAL) contribution for the Regular Class on the salaries of SUSORP members which is transferred to the FRS Trust Fund to help amortize any UAL. The required UAL contribution rate for the fiscal year 2021-22 was 4.19 percent. Additional information pertaining to the SUSORP is as follows:

Members		21,622
Payroll	\$	2,122,685,293
Contributions:		
Employee	\$	109,830,914
Employer	\$	108,253,553

#### Senior Management Service Optional Annuity Program (SMSOAP)

The SMSOAP is established under section 121.055, Florida Statutes, as offering an optional retirement program alternative for state members of the Senior Management Service Class (SMSC). Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP while employed in a position eligible for SMSOAP in lieu of the SMSC. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the Program. The SMSOAP is a defined contribution plan qualified under section 401(a), Internal Revenue Code that upon signing an investment contract, provides full and immediate vesting of all contributions paid on behalf of the members to the participating provider companies. SMSOAP members direct the investment of contributions to provide retirement and death benefits. Employers were required to contribute 6.27 percent of covered payroll from July 2021 through June 2022. The employers' contributions were transferred to the provider companies designated by the member. SMSOAP members are not eligible to receive HIS payments from the HIS Trust Fund. There is an HIS component included in the employer's contribution deposited to the members' accounts. Effective July 1, 2011, there is a mandatory employee contribution of 3 percent. A member may contribute by salary deduction an amount not to exceed the percentage contributed by the employer to the member's account. Effective July 1, 2017, SMSOAP is closed to new members, however a non-retired member enrolled in SMSOAP prior to July 1, 2017, retains their membership and, before retirement, may continue to participate when employed in an SMSOAP-covered position.

When applicable, the employer is also required to contribute the unfunded actuarial liability (UAL) contribution for the SMSC on the salaries of SMSOAP members which is transferred to the FRS Trust Fund to help amortize the UAL. The required UAL contribution rate for fiscal year 2021-22 was 20.80 percent. Additional information pertaining to the SMSOAP is as follows:

Members		6
Payroll	\$	856,468
Contributions:		
Employee	\$	38,234
Employer	\$	53,701

#### **D. 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, 2022, there were 706 modifications to the initial 1951 agreement. Existing modifications provide Social Security coverage for state, county, and district school board employees and employees of a number of cities, charter schools, and special districts. Public employers must provide Social Security coverage for their employees who participate in the FRS Pension Plan and Investment Plan, SUSORP, SMSOAP, and the existing defined benefit plans grandfathered under the FRS except for members of the Teachers' Retirement System or the IFAS Supplemental Retirement Program.

For the 2022 calendar year, the combined Social Security contribution rate for employees and employers totaled 15.30 percent (12.40 percent for Old Age, Survivors, and Disability Insurance and 2.90 percent for Medicare). The maximum taxable wage base on which Old Age, Survivors, and Disability Insurance contributions increased to \$147,000. There is no limitation on Medicare wages.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. The fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, while expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues collected within 60 days of the end of the current fiscal year are considered available. Liabilities due within 60 days of the end of the current fiscal year are expected to be liquidated with current financial resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

### B. Basis of Presentation

**Defined Benefit and Defined Contribution Trust Funds** - fiduciary funds used to report resources that are required to be held in trust for the members and beneficiaries of the state's pension plan, retiree health insurance subsidy program, national guard supplemental retirement benefit plan (defined benefit plans) and optional retirement plans (defined contribution plans).

**Police and Firefighters' Premium Tax Trust Fund** - a governmental special revenue fund that accounts for excise taxes assessed on insurance premiums. The premiums are used to supplement the funding of municipal police and firefighters' pension plans and relief funds.

### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with an original maturity date within ninety days of the acquisition date. State Treasury cash management pool is included as cash equivalents. Details of deposits are included in Note 3. A.

#### Investments

The Plan is authorized through various state laws to invest in various security instruments. The Plan reports investments in accordance with GASB Codification Section 150, *Investments*.

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security's fair value if it is not available from quoted market prices. Some securities, including U.S. government, municipal bonds, and mortgage-backed and asset-backed securities, are priced using evaluated bid prices. Evaluated bid prices are determined by taking bid prices and adjusting them by an evaluated adjustment factor derived from the independent pricing service's multifactor model. If values are not available using the above methods, secondary methods such as non-evaluated

mid-price and bid price are used. If no source of values is available, cost or last available price from any source is used or other pricing methodology as directed by the State Treasury.

The State Board of Administration (SBA) has statutory responsibility for custody and investment of pension plan assets. Section 215.47, Florida Statutes, gives the SBA the authority to invest in a range of instruments, including security lending agreements. Investments are reported in accordance with GASB reporting standards. Realized and unrealized gains and losses are reflected in the Statement of Changes in Fiduciary Net Position as "Net appreciation in fair value."

The fair values of the Plans' assets are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA's custodian bank, BNY Mellon. BNY Mellon uses a variety of independent pricing sources and designates certain vendors as the primary source based on asset type, class or issue. BNY Mellon monitors pricing information supplied by these primary sources and may use a supplemental pricing source or change the primary pricing source if any of the following occurs:

- The price of a security is not received from the primary pricing source.
- The primary pricing source no longer provides prices for a particular asset type, class or issue.
- The SBA or its portfolio investment manager challenges a price and BNY Mellon reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by BNY Mellon.

When a portfolio includes securities or instruments for which the custodian bank does not receive fair value information from its vendor pricing source, the custodian bank uses a "non-vendor pricing source." Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the marketplace; and unique fixed income and equity instruments. The SBA does not provide direction regarding the substitution of prices in instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In cases where the SBA directed the purchase of securities or instruments, BNY Mellon may obtain the non-vendor prices by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price information from the broker of record, as identified by the SBA.

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (NAV), which equates to the capital account balance, at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the NAV of an entity is the value of its investment holdings. The NAV is provided by the general partner and/or investment manager and reviewed by SBA management.

Annually, the financial statements of all private market investments are audited by independent auditors. Private market investments, in which the SBA has a controlling interest and are reported at cost per the investment manager, are also required to be valued, generally annually, by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

Money market funds and repurchase agreements are reported at amortized cost. Commingled funds are generally reported at the NAV of units held at the end of the period based upon the value of the underlying investments as reported by the external investment manager. Certain commingled funds may be valued under different pricing methods depending on the nature of the fund.

All investment derivative instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized during the period as gains or losses in the statements of changes in net position and included in the "Net appreciation in fair value." The nature and use of derivative instruments is discussed in Note 3.

Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had an active market existed.

Investment detail is included in Note 3.

## **Capital Assets**

Tangible capital assets are recorded at cost at the time of acquisition. All property, furniture and equipment with an original acquisition cost of \$5,000 or more and an estimated useful life extending beyond one year is capitalized, as well as books and reference materials with a cost of \$250 or more. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

## **Deferred Outflows of Resources**

A consumption of net assets by the division that is applicable to a future reporting period is presented as a deferred outflow of resources. The State University System Optional Retirement Program (SUSORP) Trust Fund shares in reporting the FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state's deferred outflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of Other Postemployment Benefits (OPEB) liability and other related components with other funds within the state. The state-administered retirement funds recognize their allocated share of the state's deferred outflows of resources related to OPEB, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

## **Compensated Absences Liability**

Employees earn the right to be compensated during absences for vacation and illness as well as for unused special compensatory leave earned for hours worked on legal holidays and other specifically authorized overtime. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees upon separation from state service. The amounts reported for compensated absences are based on current year-end salary rates and include employer Social Security and Medicare tax and pension contributions, as applicable, at current rates. Refer to Note 6 for details of the compensated absences liability.

## **Long-term Liabilities**

The SUSORP Trust Fund shares the reported FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state's applicable pension liability, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of OPEB with other funds within the state. The state-administered retirement funds recognize their proportionate share of the state's OPEB liability, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

## **Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net assets by the division that is applicable to a future reporting period. The SUSORP Trust Fund shares the reported FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state's deferred inflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of OPEB liability and other related components with other funds within the state. The state-administered retirement funds recognize their allocated share of the state's deferred inflows of resources related to OPEB, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division may receive pension contributions prior to the due date. At the end of the fiscal year, any contributions received for the following reporting period are recognized in the applicable state administered retirement fund as deferred inflows related to other pension amounts.

## **Components of Net Position**

Net position is classified as (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

*Restricted net position* is reported when constraints are placed on net position that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The net position of all the fiduciary funds reported are classified as “restricted for pensions”.

## **Components of Fund Balance**

Fund balance is classified as nonspendable, restricted, committed or unassigned. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the State’s highest level of decision-making authority, the Legislature and the Governor, i.e., through legislation passed into law.

Commitments may only be modified or rescinded by equivalent formal, highest-level action. The fund balance of the Police and Firefighters’ Premium Tax Trust Fund reported in this ACFR is classified as committed.

## **D. Contributions**

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory requirements. Total employer contributions for the FRS are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes, and employers also pay a required assessment to cover financial planning education costs for all FRS members and administrative costs of the FRS Investment Plan.

For purposes of financial statement presentation, the unfunded actuarial liability (UAL) portion of the employer’s total contribution remitted on the salaries of members in the FRS IP, the SUSORP, the State Community College System Optional Retirement Program, and the Senior Management Service Optional Annuity Program (SMSOAP) is classified as contributions in the FRS Pension Plan financial statements. Delinquent fees are reported as other income. The administrative assessment paid on the salaries of members in the SUSORP defined contribution plan is classified as other income.

Employee contributions required pursuant to Section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis.

## **E. Adjustments Between Governmental Fund and Governmental Activities Financial Statement Amounts**

The adjustments necessary to convert the Governmental Fund financial statements to the governmental activities financial statement presentation are: (1) Recognition of long-term liabilities which are not due and payable in the current period and therefore are not reported in the Governmental Fund; (2) Recognition of deferred inflows and outflows not related to current financial resources and therefore not reported in the Governmental Fund; (3) Recognition of expenses not recognized under governmental accounting; and (4) Reclassification of Fund Balance reported in the Governmental Fund into the Net Position categories reported for governmental activities in the Statement of Net Position.

## **F. Interfund Activity and Balances**

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. Transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers between funds are made to accomplish various provisions of law. Refer to Note 5.

## **G. Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues (additions) and expenses (deductions) during the reporting period. Actual results could differ from those estimates.

## **H. Investment and Administrative Expenses**

For investments in the State Treasury cash management pool, an administrative fee is charged on the average daily balance in the account. These fees are recorded as "Investment activity expense" on the Statement of Changes in Fiduciary Net Position.

For investments managed by the SBA, external investment managers are hired to invest a significant portion of the retirement system's assets. Investment management fees are typically paid based on individually-negotiated investment management agreements. The fees, usually paid quarterly, may be based on a sliding scale of the portfolio's net asset value at quarter-end, calculated by multiplying each level of net position by a specified basis point charge, or may be performance related, typically associated with exceeding a market benchmark or hurdle rate. Fees are paid from the appropriate manager's portfolio and are recognized as an expense over the time period for which the fees are applicable. These fees are recorded as "Investment activity expense" on the Statement of Changes in Fiduciary Net Position. Certain investment management fees, usually in private equity portfolios, are paid at the beginning of the period. These fees are recorded as "Prepaid items" on the Statement of Fiduciary Net Position and are expensed over their applicable time period.

Administrative expenses represent the cost of administering the various state-administered retirement systems, including such costs as salaries, rent, telephone, printing, and the like. Administrative expenses also include transfers for administrative assessments, depreciation expense, and the allocated share of compensated absences expense, applicable OPEB-related expenses, and applicable pension-related expenses. A detailed Schedule of Administrative Expenses is located in the Other Supplementary Information section.

## **I. Accounting and Reporting Changes**

In June 2017, GASB issued Statement No. 87, Leases (GASB 87). The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## NOTE 3 – PLAN INVESTMENTS

### A. Deposits

As of June 30, 2022, the state-administered retirement fund deposits in financial institutions pending investment totaled \$102.1 million for fiduciary activities. There were no deposits in financial institutions for governmental activities.

#### 1. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the state will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The state mitigates custodial credit risk by generally requiring public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer (CFO) as authorized to receive deposits in the state and meets the collateral requirements set forth in Chapter 280, Florida Statutes.

The CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Section 280.04, Florida Statutes, and Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code. Collateral pledging levels include 25, 50, 110, and 150 percent of a QPD's average daily deposit balance, or, if needed, an amount as prescribed by the CFO. Section 280.13, Florida Statutes, outlines eligible types of collateral including direct obligations of the United States (U.S.) government, federal agency obligations fully guaranteed by the U.S. government, certain federal agency obligations, state and local government obligations, corporate bonds, and letters of credit issued by a Federal Home Loan Bank. Also, with the CFO's permission, eligible collateral includes collateralized mortgage obligations, real estate mortgage investment conduits and securities or other interests in any open-end management investment company registered under the Investment Company Act of 1940. However, the portfolio of the investment company must be limited to direct obligations of the U.S. government and to repurchase agreements fully collateralized by such direct obligations of the U.S. government, and the investment company must take delivery of such collateral either directly or through an authorized custodian.

In accordance with Section 280.08, Florida Statutes, if a QPD defaults, losses to public depositors are first satisfied with any applicable depository insurance, followed by demands of payment under any letters of credit or sale of the defaulting QPD's collateral. If necessary, any remaining losses are to be satisfied by assessments against the other participating QPDs according to a statutory based ratio.

All U.S. dollar deposits at the Florida Retirement System (FRS) Pension Trust Fund's custodian bank were covered by federal depository insurance (FDIC) as of June 30, 2022. The remaining uninsured and uncollateralized deposits, totaling \$92.5 million as of June 30, 2022, were held in foreign currencies in the SBA's custodian nominee name.

#### 2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Under Section 215.47, Florida Statutes, and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in various types of securities denominated in foreign currency. The SBA has developed for the FRS Pension Trust Fund an Investment Policy Statement (IPS) that sets ranges on investments by asset class. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. For the fiscal year ended June 30, 2022, Florida law limits the exposure to foreign securities held outside of foreign group trusts and certain other foreign entities to 50 percent of the total fund. There is no requirement that this exposure to foreign currency risk be hedged through forward currency contracts, although some managers are authorized to use forward currency contracts. The investment policies may be modified in the future if the SBA adopts changes. This investment activity in foreign investments resulted in deposits in foreign currency as of June 30, 2022, as illustrated in the following schedule (in thousands):

**Foreign Currency Deposits Held**  
As of June 30, 2022

Currency	Bank Statement Balance (in U.S. dollars)	
	FRS Pension	Trust Fund
Australian dollar	\$	848
Brazilian real		2,618
British pound sterling		3,887
Canadian dollar		2,774
Chilean peso		621
Chinese yuan renminbi		6,852
Columbian peso		2
Danish krone		260
Egyptian pound		23
Euro		13,243
Hong Kong dollar		14,617
Hungarian forint		336
Indian rupee		3,281
Indonesian rupiah		219
Israeli shekel		936
Japanese yen		14,550
Kenyan shilling		49
Kuwaiti dinar		17
Malaysian ringgit		293
Mexican peso		1,022
Moroccan dirham		8
New Taiwan dollar		5,323
New Zealand dollar		142
New Zimbabwe dollar		177
Norwegian krone		353
Pakistani rupee		75
Peruvian sol		5
Philippines peso		111
Polish zloty		196
Qatari riyal		413
Russian ruble		57
Saudi Arabian riyal		2,180
Singapore dollar		414
South African rand		1,493
South Korean won		10,826
Swedish krona		389
Swiss franc		998
Turkish lira		758
United Arab Emirates dirham		41
Vietnam dong		2,096
Total deposits subject to foreign currency risk	\$	92,503

## **B. Investments**

Surplus cash is maintained in the State Treasury's general pool of investments. The State CFO pools funds from all State agencies. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Council per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. Redemptions are on a dollar in/dollar out basis adjusted for distributed income. The fair value of the pooled investments with the State Treasury is determined at fiscal year-end for financial reporting purposes. Included in the pool are primarily time deposits, U.S. Government securities, federal agency securities, commercial paper, corporate bonds and notes, money market funds and repurchase agreements. The FRS Pension Trust Fund's, Retiree Health Insurance Subsidy Program's (HIS), State University System Optional Retirement Program's (SUSORP), Senior Management Service Optional Annuity Program's (SMSOAP), and Police and Firefighters' Premium Tax Trust Fund's (Police and Fire) shares of the investment pool at June 30, 2022, were \$101,320,716; \$98,197; \$14,693,610; \$29,585; and \$84,466, respectively. The National Guard Supplemental Benefit Plan had no shares of the investment pool at June 30, 2022. No allocation will be made as to the share of the types of investments or their risk categories for the FRS Pension Trust Fund, the HIS Program, the National Guard, the SUSORP, the SMSOAP, or Police and Fire. The share of the assets and liabilities for the FRS Pension Trust Fund, the HIS Program, the National Guard, the SUSORP, the SMSOAP and Police and Fire arising from the securities lending agreements administered by the State Treasury will likewise not be carried on the Statements of Net Position since the State Treasury operates on a pooled basis and to do so may give the misleading impression that the funds themselves have entered into such agreements. For further information, refer to the State of Florida's Annual Comprehensive Financial Report or publications of the State of Florida Department of Financial Services, Office of the Chief Financial Officer.

Pursuant to Section 215.44, Florida Statutes, the SBA has the authority and responsibility to manage and invest various funds of the state, including, but not limited to, the FRS Pension Trust Fund, the Retiree Health Insurance Subsidy Trust Fund, and the Police and Fire Trust Fund. Section 215.47, Florida Statutes, allows the SBA to invest funds in a range of instruments, including security lending agreements, reverse repurchase agreements and alternative investments (including limited partnerships and hedge funds).

The schedule below discloses investments at June 30, 2022, as well as reconciliation to the basic financial statements (in thousands):

### Schedule of Investments

As of June 30, 2022

Investment type	FRS Pension Trust Fund	Retiree Health Insurance Subsidy	Police and Firefighters' Premium Tax Trust Fund	Total
Certificates of deposit	\$ 403,384	\$ -	\$ -	\$ 403,384
Commercial paper	5,305,755	-	-	5,305,755
Money market funds	28,558	475,192	299,395	803,145
Repurchase agreements	1,200,000	-	-	1,200,000
U.S. guaranteed obligations	11,684,983	-	-	11,684,983
Federal agencies	7,741,992	-	-	7,741,992
Domestic bonds and notes	9,550,418	-	-	9,550,418
International bonds and notes	3,072,594	-	-	3,072,594
Domestic stocks	50,373,390	-	-	50,373,390
International stocks	29,498,209	-	-	29,498,209
Commingled international funds	5,525,991	-	-	5,525,991
Alternative investments	40,680,622	-	-	40,680,622
Real estate investments (directly owned)	14,011,500	-	-	14,011,500
Real estate commingled funds	2,710,806	-	-	2,710,806
Forwards <sup>1</sup>	16,351	-	-	16,351
Futures <sup>1</sup>	24,782	-	-	24,782
Swaps <sup>1</sup>	594	-	-	594
Total investments excluding securities lending collateral	<u>181,829,929</u>	<u>475,192</u>	<u>299,395</u>	<u>182,604,516</u>
Securities lending collateral				
Money market funds	909,486	-	-	909,486
Domestic bonds and notes	34,023	-	-	34,023
Total securities lending collateral	<u>943,509</u>	<u>-</u>	<u>-</u>	<u>943,509</u>
Total investments	<u>\$182,773,438</u>	<u>\$ 475,192</u>	<u>\$ 299,395</u>	<u>\$ 183,548,025</u>
Liabilities - investments sold short <sup>2</sup>				
U.S. guaranteed obligations	\$ (5,261)	\$ -	\$ -	\$ (5,261)
Federal agencies	(30,780)	-	-	(30,780)
Other liabilities:				
Forwards	(16,218)	-	-	(16,218)
Futures	(17,871)	-	-	(17,871)
Swaps	(772)	-	-	(772)
Total liabilities	<u>\$ (70,902)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,902)</u>

<sup>1</sup> Forwards, futures, options and swaps are included in Other investments on the Statement of Fiduciary Net Position.

<sup>2</sup> Investments sold short are classified as liabilities on the Statement of Fiduciary Net Position.

Reconciliation of carrying value to the basic financial statements (in thousands):

	Governmental activities	Fiduciary funds	Total
Investments	\$ 299,395	\$ 182,305,121	\$ 182,604,516
Security lending collateral	-	943,509	943,509
Total Investments	<u>\$ 299,395</u>	<u>\$ 183,248,630</u>	<u>\$ 183,548,025</u>

Certain investments included in the above schedule were pledged as collateral with the SBA's futures and swaps clearing counterparties to meet initial margin requirements. Investments pledged as collateral as of June 30, 2022, are presented below (in thousands):

#### FRS Pension Trust Fund

Securities Pledged as Collateral for Futures and Swaps Contracts  
As of June 30, 2022

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 143,838
Federal agencies	-
Total pledged collateral	<u>\$ 143,838</u>

In addition, cash required to open futures and swap contracts (initial margins) may be pledged as collateral with the SBA's futures and swap counterparties. Such initial margin amounts are reflected as "Accounts receivable" on the Statement of Fiduciary Net Position. Pursuant to these types of contracts, and also pending foreign currency contracts and commitments to purchase (TBAs), the fund agrees to receive or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receivables and payables are known as variation margin, which are reflected as "Accounts receivable" and "Accounts payable and accrued liabilities" on the Statement of Fiduciary Net Position. All initial and variation margin amounts receivable from or payable to the broker as of June 30, 2022, are presented below (in thousands):

#### FRS Pension Trust Fund

Cash and Foreign Currency Pledged as Collateral for Futures and Swaps Contracts  
As of June 30, 2022

	Fair value (U.S. dollar)
Margin receivable from counterparty:	
Futures contracts	\$ 19,834
Swaps contracts	8,015
Foreign currency contracts	1,075
Commitments to purchase (TBAs)	12,840
Total margin receivable from counterparty	<u>\$ 41,764</u>
Margin payable to counterparty:	
Futures contracts	\$ 35,842
Swaps contracts	471
Foreign currency contracts	2,650
Total margin payable to counterparty	<u>\$ 38,963</u>

## 1. Fair Value Hierarchy

The FRS Pension Plan Trust Fund's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Investments reflect prices based on significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 – Investments reflect prices based upon unobservable inputs, including situations where there is little market activity, if any, for assets or liabilities.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fixed income and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank's external pricing vendors, which utilize primary exchanges.

Fixed income securities classified as Level 2 are valued using evaluated prices from the custodian bank's external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Equity securities classified as Level 2 are valued using evaluated prices from the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the custodial bank's external pricing vendors.

Fixed income and equity securities classified as Level 3 are valued using prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, or broker bids.

Derivative instruments classified as Level 1 of the fair value hierarchy are valued using exchange-traded prices as provided by the custodian bank's external pricing vendors. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives.

Private equity funds and real estate direct investments classified as Level 3 were valued using external appraisals, as described in the footnotes for the *Additional GASB 72 Required Disclosures* (tables). See footnotes 13 and 15, respectively. Other private equity funds are measured at net asset value (NAV).

Certain investments, such as money market funds and repurchase agreements, are carried at amortized cost, and not priced at fair value. Commingled investments are generally measured at the net asset value (NAV) per share (or its equivalent) as provided by the investment manager. Commingled funds classified as Level 2 are valued using observable inputs that are market corroborated.

The FRS Pension Plan Trust Fund has the following fair value measurements as of June 30, 2022 (in thousands):

**FRS Pension Trust Fund**

As of June 30, 2022

Investments by fair value level	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Fixed income</b>				
Certificates of deposit	\$ 403,384	\$ -	\$ 403,384	\$ -
Commercial paper	5,305,755	-	5,305,755	-
U.S. guaranteed obligations	11,684,983	-	11,684,983	-
Federal agencies	7,741,992	-	7,741,992	-
Domestic bonds and notes	9,550,418	-	9,475,168	75,250
International bonds and notes	3,072,594	-	2,376,709	695,885
Total fixed income	<u>37,759,126</u>	<u>-</u>	<u>36,987,991</u>	<u>771,135</u>
<b>Equity</b>				
Domestic	50,373,390	50,373,390	-	-
International	29,498,209	29,409,421	-	88,788
Commingled international funds	238,625	-	238,625	-
Total equity	<u>80,110,224</u>	<u>79,782,811</u>	<u>238,625</u>	<u>88,788</u>
<b>Alternative</b>				
Private equity funds	161,000	-	-	161,000
<b>Real Estate direct</b>	<u>14,011,500</u>	<u>-</u>	<u>-</u>	<u>14,011,500</u>
<b>Other</b>				
Forwards	16,351	-	16,351	-
Futures	24,782	24,782	-	-
Swaps	594	-	594	-
Total other	<u>41,727</u>	<u>24,782</u>	<u>16,945</u>	<u>-</u>
<b>Securities lending collateral</b>				
Domestic corporate bonds and notes	34,023	-	34,023	-
Total investments by fair value level	<u>\$ 132,117,600</u>	<u>\$ 79,807,593</u>	<u>\$ 37,277,584</u>	<u>\$ 15,032,423</u>
<b>Investments measured at the net asset value</b>				
Commingled international equity funds	5,287,366			
Commingled real estate investment funds	2,710,806			
Activist equity funds	1,348,471			
Hedge funds	4,901,024			
Insurance funds	964,715			
Private debt/credit opportunity funds	5,180,035			
Private equity funds	20,844,534			
Private real asset funds	7,280,843			
Total investments measured at the NAV	<u>\$ 48,517,794</u>			
<b>Other investments carried at amortized cost</b>				
Money market funds	28,558			
Money market funds - security lending collateral	909,486			
Repurchase agreements	1,200,000			
Total investments carried at amortized cost	<u>\$ 2,138,044</u>			
<b>Total investments</b>	<u>\$ 182,773,438</u>			
<b>Shorts sales (liabilities)</b>				
U.S. guaranteed obligations	\$ (5,261)	\$ -	\$ (5,261)	\$ -
Federal agencies	(30,780)	-	(30,780)	-
Total short sales (liabilities)	<u>(36,041)</u>	<u>-</u>	<u>(36,041)</u>	<u>-</u>
<b>Other (liabilities)</b>				
Forwards	(16,218)	-	(16,218)	-
Futures	(17,871)	(17,871)	-	-
Swaps	(772)	-	(772)	-
Total other (liabilities)	<u>(34,861)</u>	<u>(17,871)</u>	<u>(16,990)</u>	<u>-</u>
Total investments (liabilities)	<u>\$ (70,902)</u>	<u>\$ (17,871)</u>	<u>\$ (53,031)</u>	<u>\$ -</u>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2022, is presented in the footnotes to the table below (in thousands).

### FRS Pension Trust Fund

#### Additional GASB 72 Required Disclosures

	Fair Value 6/30/2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Investments Measured at the NAV</b>				
Commingled international equity funds <sup>1</sup>	\$ 5,287,366	-	Daily, Monthly	2 - 120 days
Commingled real estate investment funds <sup>2</sup>	2,710,806	-	Quarterly	15 - 90 days
Activist equity funds <sup>3</sup>	1,348,471	-	Monthly, Annually	65 - 90 days
<b>Hedge funds</b>				
Diversifying strategies (managed futures) <sup>4</sup>	1,689,211	-	Daily, Monthly	10 - 35 days
Equity long/short <sup>5</sup>	449,443	-	Monthly, Quarterly	30 - 60 days
Event driven <sup>6</sup>	200,002	\$ 15,000	None currently eligible	
Global macro <sup>7</sup>	412,945	-	Monthly	5 - 30 days
Multi-strategy <sup>8</sup>	1,284,364	-	Quarterly, Biennially Quarterly, Annually	30 - 90 days 60 - 90 days
Opportunistic debt <sup>9</sup>	466,508	-	Quarterly	60 days
Relative value <sup>10</sup>	398,551	-	Monthly, Quarterly, Biannually	30 - 90 days
Insurance funds <sup>11</sup>	964,715	\$ 223,216		
Private debt/credit opportunity funds <sup>12</sup>	5,180,035	\$ 4,155,747		
Private equity funds <sup>13</sup>	20,844,534	\$ 7,952,972		
Private real asset funds <sup>14</sup>	7,280,843	\$ 4,621,591		
Total investments measured at the NAV	<u>\$ 48,517,794</u>			
<b>Investments at Level 3</b>				
Private equity funds <sup>13</sup>	\$ 161,000			
Real estate direct investments <sup>15</sup>	\$ 14,011,500	\$ 214,170		

<sup>1</sup> *Commingled International Equity Funds*: The six funds in this group are primarily invested in publicly traded international equity securities. Three of these funds focus on emerging markets. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Three funds within this strategy are redeemable daily, two funds are redeemable monthly, and the remaining fund is currently in the liquidation process with a residual balance remaining.

<sup>2</sup> *Commingled Real Estate Investment Funds*: The nine funds in this group consist primarily of real estate investments owned directly or through partnership interests located in the United States. These investments include multi-family, industrial, retail, office, apartments and mortgage loans on income producing property. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Eight funds within this strategy are eligible for redemption quarterly, and the remaining fund is subject to contractual lock-up restrictions and is not currently eligible for redemption.

<sup>3</sup> *Activist Equity Funds*: The four funds in this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These investments are valued at the NAV per share. One fund (approximately 42 percent of this strategy) is currently eligible for redemption monthly. Another fund (approximately 26 percent of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining two funds (approximately 32 percent of this strategy) are subject to contractual lock-up restrictions and are not currently eligible for redemption.

<sup>4</sup> *Diversifying Strategies (Managed Futures) Hedge Funds*: The three funds that make up this group primarily trade equity and commodity futures, but can also participate in indexes, rates and currencies across global markets. These funds use a systematic approach and focus on trends in price and other market signals. These investments are valued at the NAV per share. All funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within one month or less.

<sup>5</sup> *Equity Long/Short Hedge Funds*: Consisting of three funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. All funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within three months or less.

<sup>6</sup> *Event Driven Hedge Funds*: The two funds in this group seek to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at the NAV per share. Both funds within this strategy are subject to contractual lock-up restrictions and are not currently eligible for redemption.

<sup>7</sup> *Global Macro Hedge Funds*: Consisting of two funds, which base their holdings (such as long and short positions in various equity, fixed income, currency, and futures markets) primarily on overall economic and political views of various countries. These funds are valued at the NAV per share. Both funds within this strategy are no longer subject to contractual lock-up restrictions and are eligible for redemption within one month.

<sup>8</sup> *Multi-Strategy Hedge Funds*: The five funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are usually a mix of Equity Long/Short, Event-Driven, Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. Four funds (approximately 74 percent of this strategy) are currently eligible for redemption within three months due to quarterly redemption restrictions. One fund (approximately 26 percent of this strategy) is eligible for redemption biennially (for each commitment) with the next redemption in six months.

<sup>9</sup> *Opportunistic Debt Hedge Funds*: Consisting of four funds that pursue various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. These managers vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. These funds are valued at the NAV per share. The funds in this strategy are currently eligible for redemption in three to six months due to quarterly and annual redemption restrictions.

<sup>10</sup> *Relative Value Hedge Funds*: Consisting of one fund, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These investments are valued at the NAV per share. The one fund in this strategy is no longer subject to contractual lock-up restrictions and is eligible for redemption within three months.

<sup>11</sup> *Insurance Funds*: The seven funds in this group invest primarily in reinsurance contracts and insurance-linked securities. These investments are valued at the NAV per share. One fund (approximately 27 percent) has varying restrictions due to underlying investment funds and is redeemable within one to three months. Two funds (approximately 31 percent) are eligible for redemption in seven months or less due to biannual redemption restrictions. The remaining four funds (approximately 42 percent) are not eligible for redemption due to contractual lock-up restrictions.

<sup>12</sup> *Private Debt/Credit Opportunity Funds*: There are 77 private debt/credit funds investing primarily in Distressed, Mezzanine and Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2022, or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>13</sup> *Private Equity Funds*: There are 249 private equity funds investing primarily in Leveraged Buyouts funds, Venture Capital funds, Secondary funds and Growth funds with some exposure to Special Situations, Diversifying Strategies and GP Investments. The fair value of 248 funds has been determined using the NAV at June 30, 2022, or one quarter in arrears adjusted for current quarter cash flows. The fair value of the remaining one fund (approximately 1 percent of the value of these investments) is based on external appraisals at June 30, 2022, and classified as Level 3. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>14</sup> *Private Real Asset Funds*: There are 100 real asset funds, 66 of which invest in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic domestic or foreign regions. The remaining 34 funds invest in infrastructure, timberland, transportation and commodities. The fair value of these funds has been determined using the NAV at June 30, 2022, or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>15</sup> *Direct Real Estate Investments*: There are 80 direct owned/joint venture real estate assets that are valued based on annual external and/or quarterly internal appraisals and are classified as Level 3.

The HIS and Police and Fire funds, at June 30, 2022, were fully invested in the Local Government Surplus Funds Trust Fund (Florida PRIME), a qualified external investment pool that measures for financial reporting purposes all of its investments at amortized cost. Florida PRIME currently has no limitations or restrictions on withdrawals. Section 218.409(8)(a), Florida Statutes, provides that the SBA executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the external investment pool, for 48 hours limit contributions to or withdrawals from the external investment pool to ensure that the SBA can invest moneys entrusted to it in exercising its fiduciary responsibility. With regard to liquidity fees, Section 218.409(4), Florida Statutes, provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

Florida PRIME currently follows all requirements in Government Accounting Standards Board Statement No. 79, paragraph 4, which lays out the requirements for external investment pools to report their investments at amortized cost. Florida PRIME is not required to register (and has not registered) with the Securities and Exchange Commission. Sections 218.40 through 218.415, Florida Statutes, and State Board of Administration Rules 19-7.002 through 19-7.016, Florida Administrative Code, promulgated pursuant to Section 218.405(4), Florida Statutes, govern the operation of Florida PRIME. The amortized cost of the participant account balance is reported as the fair value of the HIS and Police and Fire funds' investment in Florida PRIME.

## 2. Investment Risk

The FRS Pension Trust Fund has a broad range of financial investments exposed to various risks, including overall market volatility. Due to the level of risk associated with certain financial investments, it is reasonably possible that changes in the values of financial investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that certain risks be discussed in the financial statements. These risks include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

## 3. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings are used as an assessment of creditworthiness and are assigned by Nationally Recognized Statistical Rating Organizations (NRSROs). These ratings are disclosed in aggregate by investment type for the securities held as of the financial statement date.

The State Treasury Investment Pool's current rating by Standard and Poor's was AA-f as of June 30, 2022.

The SBA, in compliance with Section 215.47, Florida Statutes, has adopted certain investment policies with regard to credit risk of fixed income securities, which generally are managed through individual portfolios within various asset classes. Some of the individual portfolios have slightly different restrictions on credit quality.

For the Short-Term Portfolio, securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the NRSROs. For long-term investment ratings, this is defined as being a minimum rating of A from one of the NRSROs. Securities of a single issuer are generally limited to 5 percent of the market value of the portfolio (excluding U.S. Treasuries and Agencies).

Generally, securities in other major portfolios, such as the Mortgage Index Portfolio, Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio, should be rated investment grade by at least one of the NRSROs at the time of purchase allowing a very small allocation to below investment grade (down to BB-/Ba3) for the Core Portfolio. Securities for a single issuer are generally limited to 5 percent of the fair value of the portfolio (excluding U.S. Treasuries and Agencies).

The Mortgage Index Portfolio limits securities generally to those issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). No specific credit rating criteria are listed.

The Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio allow U.S. Treasuries, U.S. Government Agencies, corporates, mortgage and asset backed securities, foreign sovereign debt, and municipals.

For security lending portfolios, eligible cash collateral investments are the following:

- Tri-party qualified repurchase obligations are collateralized by U.S. Treasury bills, notes, bonds, and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. equity securities. U.S. Treasury and Government Agencies must maintain a market value of at least 102 percent of the market value of the securities subject to being repurchased and U.S. equities must maintain a market value of at least 110 percent of the market value of the securities subject to being repurchased.
- Money market mutual funds regulated by SEC rule 2a-7 and rated the highest applicable rating by at least one of the NRSROs.
- U.S. Treasury bills, notes, and bonds.

Security lending investments that were purchased prior to the policy guidelines established in December 2008 are being held to maturity in existing lending portfolios.

The following table discloses credit quality ratings related to credit risk on investments held in the FRS Pension Trust Fund at June 30, 2022 (in thousands):

**FRS Pension Trust Fund**

Credit Quality Ratings

As of June 30, 2022

Credit Rating <sup>1</sup>		Total <sup>2</sup>	Certificates of deposit	Commercial paper	Money market funds	Repurchase agreements	Federal agencies <sup>4</sup>	Domestic bonds and notes	International bonds and notes
S&P	Moody's								
A-1/AAAm		\$ 6,084,108	\$ 374,033	\$5,021,058	\$689,017	\$ -	\$ -	\$ -	\$ -
AAA		1,168,358	-	-	-	-	-	645,309	523,049
AA		859,887	-	-	-	-	400,354	321,864	137,669
A		2,534,664	-	-	-	-	-	1,917,799	616,865
BBB		4,471,421	-	-	-	-	-	3,615,395	856,026
BB		303,334	-	-	-	-	-	228,097	75,237
B		111,446	-	-	-	-	-	84,284	27,162
CCC		16,877	-	-	-	-	-	8,365	8,512
CC		8,019	-	-	-	-	-	8,019	-
D		973	-	-	-	-	-	973	-
	P-1	29,351	29,351	-	-	-	-	-	-
	P-2	284,697	-	284,697	-	-	-	-	-
	Aaa	1,701,176	-	-	-	-	-	1,260,705	440,471
	Aa	148,824	-	-	-	-	-	109,520	39,304
	A	213,337	-	-	-	-	-	185,321	28,016
	Baa	489,122	-	-	-	-	-	313,743	175,379
	Ba	194,049	-	-	-	-	-	156,931	37,118
	B	49,038	-	-	-	-	-	40,101	8,937
	Caa	7,471	-	-	-	-	-	3,823	3,648
NR	NR	9,015,162	-	-	249,027	645,104	7,341,638	684,192	95,201
		<u>27,691,314</u>	<u>\$ 403,384</u>	<u>\$ 5,305,755</u>	<u>\$938,044</u>	<u>\$ 645,104</u>	<u>\$7,741,992</u>	<u>\$9,584,441</u>	<u>\$ 3,072,594</u>
<u>Ratings not applicable:</u>									
Repurchase agreements <sup>3</sup>		554,896							
U.S. guaranteed obligations <sup>3</sup>		11,684,983							
Total investments		<u>\$39,931,193</u>							

<sup>1</sup> S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated). Long-term ratings are presented except for commercial paper and money market funds.

<sup>2</sup> All investments are included in this table, including security lending collateral investments.

<sup>3</sup> U.S. guaranteed obligations and collateral for repurchase agreements, which are explicitly guaranteed by the U.S. Government, do not require disclosure of credit quality.

<sup>4</sup> Federal Agency TBAs and mortgage-backed securities are classified as "NR" because they do not have explicit credit ratings on individual securities.

All futures, options and swaps contracts held by the FRS Pension Trust Fund at June 30, 2022, were exchange-traded, therefore minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses.

The FRS Pension Trust Fund may enter into contracts that allow for close-out netting with certain counterparties. In the event of default or early termination, the contract permits the non-defaulting party the right to close-out all transactions in a single net settlement to one net amount payable by one counterparty to the other. The aggregate fair value of non-exchange traded derivative instruments subject to close-out netting totaled \$5.5 million as of June 30, 2022.

Counterparty credit ratings related to credit risk for forward currency contracts held at June 30, 2022, are presented below (in thousands):

**FRS Pension Trust Fund**  
Forward Currency Contract Counterparty Credit Ratings  
As of June 30, 2022

Counterparty Credit Rating (Long/Short) <sup>1</sup>				Net Unrealized
S&P	Moody's	Asset	Liability	Gain (Loss)
A/A-1		\$ 14,177	\$ (9,601)	\$ 4,576
	A/P-1	876	(1,044)	(168)
	NR/P-1	1,298	(5,573)	(4,275)
	Total	<u>\$ 16,351</u>	<u>\$ (16,218)</u>	<u>\$ 133</u>

<sup>1</sup>S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

Counterparty credit ratings related to credit risk for spot currency contracts held at June 30, 2022, are presented below (in thousands):

**FRS Pension Trust Fund**  
Spot Currency Contract Counterparty Credit Ratings  
As of June 30, 2022

Counterparty Credit Rating (Long/Short) <sup>1</sup>				Net Unrealized
S&P	Moody's	Receivables	Payables	Gain (Loss)
AA/A-1		\$ 1,132	\$ (1,133)	\$ (1)
A/A-1		95,188	(95,106)	82
	A/P-1	7,544	(7,525)	19
	NR/P-1	816	(815)	1
NR	NR	41,771	(41,799)	(28)
	Total	<u>\$ 146,451</u>	<u>\$ (146,378)</u>	<u>\$ 73</u>

<sup>1</sup>S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

The Police and Firefighters' Premium Tax Trust Fund and the Retiree Health Insurance Subsidy Trust Fund had investments in money market funds totaling \$299,395,053 and \$475,191,864, respectively, which held an S&P rating of AAAM at June 30, 2022.

#### 4. Custodial Credit Risk

Custodial credit risk for investments is the risk that, if a depository financial institution or counterparty fails, the state will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

As stated in SBA's custodial credit policy, the SBA seeks to minimize custodial credit risk through the use of trust accounts maintained at top tier third-party custodian banks, whose creditworthiness is monitored by the SBA. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA's name, or in the case of certain foreign investments, in an omnibus client account, but separate and apart from the assets of the custodian banks. This policy applies to investments evidenced by cash or securities but does not apply to investments evidenced by contractual agreements such as alternatives, real estate, cleared derivative instruments (futures, options and swaps), external investment pools or open-ended mutual funds. These types of investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition, un-invested cash for all portfolios/funds under SBA management is generally swept nightly into overnight investments, thereby reducing the plan's exposure to custodial credit risk. On occasion, however, the plan's cash balances can exceed federally-insured limits.

Presented below are investments that were uninsured and unregistered, with securities held by the counterparty, or by the counterparty's trust department but not in the SBA's name, as of June 30, 2022 (in thousands):

**FRS Pension Trust Fund**  
Custodial Credit Risk  
As of June 30, 2022

	Fair Value
Security lending collateral: Domestic bonds and notes	\$ 34,023
Total	\$ 34,023

**5. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The FRS Pension Trust Fund did not hold any investments with a single issuer representing 5 percent or more of the fund's fair value at June 30, 2022.

Investment policy guidelines allow the security lending programs to hold up to 30 percent of the cash collateral reinvestment portfolio in U.S. Treasury bills, notes, and bonds.

## 6. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income instruments. The SBA, in compliance with Section 215.47, Florida Statutes, has adopted certain investment policies with regard to interest rate risk exposure for fixed income securities, which generally are managed through individual portfolios with various asset classes. The individual portfolios may have different policies regarding interest rate risk.

For the Short-term Portfolio, the weighted-average maturity to final maturity date (WAL) is limited to 120 days and weighted-average time to coupon reset (WAM) is limited to 60 days. For securities without a fixed interest rate, the next coupon reset date is used as the maturity for the reset WAM calculation.

The Mortgage Index Portfolio duration should be similar to the duration of the mortgage-related fixed income market and should remain within plus or minus 0.25 years of the Barclays Capital U.S. MBS Index duration. Swaps and/or Agency debentures may contribute no more than 25 percent of the portfolio's total duration.

The Intermediate Aggregate Less MBS Index Portfolio duration should remain within plus or minus 0.25 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration less the MBS Index component. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25 percent of the portfolio's total duration.

The Core Portfolio duration should remain within plus or minus 0.50 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25 percent of the portfolio's total duration.

The Core Portfolio contains certain investments known as collateralized mortgage obligations (CMOs). CMOs are often more sensitive to interest rate changes than other fixed income instruments. Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IOs), principal-only (POs), and inverse floaters (INVs). IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO and decrease the value of an IO. Inverse floaters (INVs) have an inverse relationship to a benchmark rate, and the coupon payment is adjusted as the interest rate changes. If the benchmark interest rate decreases, the coupon rate increases and vice versa, which allows the bondholder to benefit from declining interest rates. Similar to an IO, an interest-only inverse floater's value increases as interest rates rise.

For security lending portfolios, policy guidelines allow investment in the following:

- Tri-party qualified repurchase obligations, with a term to repurchase not to exceed forty-five calendar days, that are fully collateralized by U.S. Treasury bills, notes, bonds and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. Equity securities.
- Money market mutual funds regulated by SEC rule 2a-7.
- U.S. Treasury bills, notes and bonds maturing within 92 days or less.

Security lending investments that were purchased prior to the investment policy guidelines established in December 2008 are still held in the lending programs and are slowly paying down. For investments that had floating interest rates, interest rate reset dates were used to calculate WAM.

The interest rate risk table for the FRS Pension Trust Fund as of June 30, 2022, is presented below (in thousands). Investment types related to fixed income portfolios are presented using effective weighted duration. Investment types related to short-term and security lending collateral portfolios are presented using weighted-average maturity.

### FRS Pension Trust Fund

Debt Investments  
As of June 30, 2022

Investment type	Total (duration)	Effective weighted duration (in years)	Total (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ -	N/A	\$ 403,384	105
Commercial paper	-	N/A	5,305,755	17
Money market funds	-	N/A	938,044	1
Repurchase agreements	-	N/A	1,200,000	2
U.S. guaranteed obligations:				
Treasury bills	796,065	0.23	-	N/A
Treasury bonds and notes	9,330,586	4.18	-	N/A
Treasury strips	12,050	18.80	-	N/A
Index linked government bonds	120,151	6.68	-	N/A
Bonds and notes	6,155	1.52	-	N/A
Asset-backed	4,998	2.44	-	N/A
GNMA mortgage-backed	1,066,319	5.48	-	N/A
GNMA commitments to purchase (TBAs)	214,399	6.04	-	N/A
Mortgage-backed CMOs and CMBs <sup>1</sup>	134,260	5.46	-	N/A
Federal agencies:				
Discount notes	3,923	0.23	-	N/A
Unsecured bonds and notes	396,431	4.71	-	N/A
Agency strips	24,741	7.67	-	N/A
Mortgage-backed	5,086,176	6.17	-	N/A
FNMA, FHLMC commitments to purchase (TBAs)	1,464,639	6.09	-	N/A
Mortgage-backed CMOs and CMBs <sup>1</sup>	766,082	5.53	-	N/A
Domestic:				
Corporate bonds and notes	6,473,052	4.34	-	N/A
Asset and mortgage backed	694,737	2.13	33,214	25
Mortgage-backed CMOs and CMBs <sup>1</sup>	2,353,633	4.11	809	25
Municipal/provincial	28,996	7.16	-	N/A
International:				
Government and agency obligations	667,424	3.44	-	N/A
Corporate bonds and notes	1,634,860	3.89	-	N/A
Asset and mortgage-backed	689,438	0.13	-	N/A
Mortgage-backed CMOs and CMBs <sup>1</sup>	80,872	0.11	-	N/A
Futures - long <sup>2</sup>	(13,868)	3.91	-	N/A
Futures - short <sup>2</sup>	8,123	10.15	-	N/A
Credit default swaps <sup>2</sup>	(500)	-	-	N/A
Interest rate swaps <sup>2</sup>	322	2.75	-	N/A
Total fixed income investments	<u>\$ 32,044,064</u>		<u>\$ 7,881,206</u>	

<sup>1</sup> Includes investments in IOs, POs, and INVs totaling \$69 million.

<sup>2</sup> The futures and swaps contracts' effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

The effective duration of the State Treasury Investment Pool at June 30, 2022, was approximately 2.66 years. Interest rate risk information for fixed income investments sold short is presented below (in thousands):

**FRS Pension Trust Fund**  
Sold Short<sup>1</sup> Debt Investment Positions  
As of June 30, 2022

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	\$ (5,261)	7.46
FNMA, FHLMC commitments to sell (TBAs)	(30,780)	6.10
Total fixed income investments sold short <sup>1</sup>	\$ (36,041)	

<sup>1</sup> Investments sold short are reported as liabilities on the Statement of Fiduciary Net Position.

The Police and Firefighters' Premium Tax Trust Fund and the Retiree Health Insurance Subsidy Trust Fund had investments in money market funds totaling \$299,395,053 and \$475,191,864, respectively, which had daily liquidity at June 30, 2022.

## 7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Under Section 215.47, Florida Statutes, and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investment by the FRS Pension Trust Fund may be invested in various types of securities denominated in foreign currency. The SBA has developed for the FRS Pension Trust Fund an Investment Policy Statement (IPS) that sets ranges on investments by asset class. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. Florida law limits the exposure to foreign securities held outside of foreign group trusts and certain other foreign entities to 50 percent of the total FRS Pension Trust Fund. There is no requirement that this exposure to foreign currency risk be hedged through forward currency contracts, although some managers are authorized to use forward currency contracts.

Commingled international equity funds are collective investments where the FRS Pension Trust Fund owns a portion of the total units in commingled funds with other investors. Exchange-traded funds (ETFs) are investment funds, traded on the exchanges, that hold assets such as stocks or bonds, and the FRS Pension Trust Fund owns a portion of the total shares in the ETFs. Participatory notes (P-notes) allow the FRS Pension Trust Fund to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or for other reasons. The overall investments or notes themselves are denominated in U.S. dollars, but a portion of the underlying assets may be exposed to foreign currency risk in various currencies.

Alternative investments are commingled investment funds (primarily limited partnerships) where the FRS Pension Trust Fund owns a portion of the overall investment in the funds. For those funds denominated in U.S. dollars, some of the underlying investments may be exposed to foreign currency risk in various currencies.

The FRS Pension Trust Fund also holds positions in futures, options, swaps, and foreign currency contracts that are subject to foreign currency risk. Additional information on derivatives is provided in section B.9. in Note 3 to the financial statements.

Following are the FRS Pension Trust Fund's investments, by currency at fair value (in U.S. dollars), exposed to foreign currency risk as of June 30, 2022 (in thousands):

**FRS Pension Trust Fund**

Investments Exposed to Foreign Currency Risk (fair values in U.S. dollars, in thousands)

As of June 30, 2022

Currency	FRS Pension Trust Fund Investment Type					Total
	Equity	Alternative Investments	Fixed Income	Other	Spot Contracts, net	
Australian dollar	\$ 710,386	\$ -	\$ -	\$ 68,883	\$ (287)	\$ 778,982
Brazilian real	414,038	-	-	-	289	414,327
British pound sterling	2,781,503	124,576	12,151	(22,202)	6,273	2,902,301
Canadian dollar	1,317,953	-	3,609	116,359	129	1,438,050
Chilean peso	33,587	-	-	-	-	33,587
Chinese yuan renminbi	898,633	-	-	5,135	(1,767)	902,001
Columbian peso	913	-	-	-	-	913
Czech koruna	4,087	-	-	-	-	4,087
Danish krone	536,956	-	-	(7,860)	1,065	530,161
Egyptian pound	17	-	-	-	-	17
Euro	6,228,509	1,666,724	91,933	(282,018)	8,419	7,713,567
Hong Kong dollar	2,793,069	-	-	27,440	(3,874)	2,816,635
Hungarian forint	7,172	-	-	-	-	7,172
Indian rupee	974,821	-	-	(31,332)	-	943,489
Indonesian rupiah	176,591	-	-	-	(74)	176,517
Israeli shekel	128,677	-	-	(4,003)	307	124,981
Japanese yen	3,203,154	5,973	-	(25,473)	1,091	3,184,745
Kenyan shilling	737	-	-	-	-	737
Kuwaiti dinar	10,262	-	-	-	-	10,262
Malaysian ringgit	55,889	-	-	-	(15)	55,874
Mexican peso	174,365	-	-	-	690	175,055
New Taiwan dollar	1,128,764	-	-	(7,693)	(12,527)	1,108,544
New Zealand dollar	12,045	-	-	-	-	12,045
New Zimbabwe dollar	7,416	-	-	-	-	7,416
Norwegian krone	236,731	-	-	-	909	237,640
Peruvian sol	80	-	-	-	-	80
Philippines peso	48,397	-	-	-	49	48,446
Polish zloty	59,267	-	-	-	227	59,494
Qatari riyal	41,942	-	-	-	-	41,942
Romanian new leu	2,565	-	-	-	-	2,565
Russian ruble	7,665	-	-	-	-	7,665
Saudi Arabian riyal	222,112	-	-	-	-	222,112
Singapore dollar	380,514	-	-	6,876	416	387,806
South African rand	274,891	-	-	-	(6,629)	268,262
South Korean won	1,018,875	-	-	(25,225)	3,934	997,584
Swedish krona	416,424	35,660	-	17,830	1,047	470,961
Swiss franc	1,454,310	-	-	5,540	(1,325)	1,458,525
Thailand baht	162,639	-	-	-	40	162,679
Turkish lira	34,417	-	-	-	-	34,417
United Arab Emirates dirham	57,662	-	-	-	-	57,662
Vietnam dong	10,892	-	-	-	-	10,892
Total foreign currency risk	26,028,927	1,832,933	107,693	(157,743)	(1,613)	27,810,197
Other investments with potential exposure to foreign currency risk:						
Alternative investments	-	38,847,689	-	-	-	38,847,689
P-notes and ETFs	42,318	-	-	-	-	42,318
Commingled international equity funds	5,525,991	-	-	-	-	5,525,991
Total investments subject to foreign currency risk	<u>\$ 31,597,236</u>	<u>\$ 40,680,622</u>	<u>\$ 107,693</u>	<u>\$ (157,743)</u>	<u>\$ (1,613)</u>	<u>\$ 72,226,195</u>

The tables below provide additional details on the futures contracts and foreign currency contracts that were subject to foreign currency risk. The margin payments included in “Accounts receivable” and “Accounts payable and accrued liabilities” on the Statement of Fiduciary Net Position may also be exposed to foreign currency risk.

## Futures

The FRS Pension Trust Fund’s futures contract positions at June 30, 2022, that were exposed to foreign currency risk are presented below (in thousands):

**FRS Pension Trust Fund**  
Futures Positions Exposed to Foreign Currency Risk  
June 30, 2022

Futures Contract Type	Currency	Number of Contracts	In Local Currency			In U.S. dollars
			Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss)	Unrealized Gain/(Loss)
Stock Index Futures:						
MSCI EAFE <sup>1</sup>	U.S. dollar	4,991	463,069	463,314	245	\$ 245
MSCI Emerging Markets <sup>1</sup>	U.S. dollar	216	10,819	10,829	10	10
Bond Futures:						
Euro Bobl	Euro	(22)	(2,406)	(2,401)	5	5
Euro Bund	Euro	(36)	(5,470)	(5,356)	114	119
Euro Schatz	Euro	(122)	(15,290)	(15,151)	139	146
Total futures subject to foreign currency risk		<u>5,027</u>	<u>450,722</u>	<u>451,235</u>	<u>513</u>	<u>\$ 525</u>

<sup>1</sup> Futures denominated in U.S. dollars are based on an index that converts the foreign issues to dollar equivalents at currency market exchange rates.

## Options

There were no option contracts held as of June 30, 2022.

## Forward and Spot Foreign Currency Contracts

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. Currently, there are two types of foreign currency contracts being utilized by the FRS Pension Trust Fund. Spot currency contracts are valued at spot (traded) currency rates and are used primarily for trade settlement and currency repatriation. Forward currency contracts are valued at interpolated forward rates and may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. Forward currency contracts are recorded as other investments and other liabilities on the statements of net position and spot currency contracts are recorded as receivables and payables on the statements of net position. In addition, during a portion of fiscal year 2022, a currency overlay program was used to seek additional value and ran independently of the underlying equity assets.

The FRS Pension Trust Fund's forward and spot currency contract positions as of June 30, 2022, that were exposed to foreign currency risk are presented below, by currency (in thousands):

**FRS Pension Trust Fund**  
Forward and Spot Foreign Currency Exchange Contracts  
As of June 30, 2022

Currency	Forward Currency Contracts				Spot Currency Contracts			
	Receivable Notional	Payable Notional	Net Investment /Liability	Unrealized Gain/ (Loss)	Receivables	Payables	Net Receivables/ Payables	Unrealized Gain/ (Loss)
Australian dollar	\$ 91,431	\$ 19,792	\$ 68,883	\$ (2,757)	\$ 557	\$ (844)	\$ (287)	\$ 1
Brazilian real	-	-	-	-	1,030	(741)	289	(2)
British pound sterling	50,262	72,654	(22,202)	189	13,943	(7,670)	6,273	(7)
Canadian dollar	192,534	72,236	116,359	(3,938)	519	(390)	129	-
Chinese yuan renminbi	5,045	-	5,135	90	-	(1,767)	(1,767)	(1)
Danish krone	6,182	14,081	(7,860)	39	1,065	-	1,065	1
Euro	175,719	462,490	(282,288)	4,483	30,685	(22,266)	8,419	34
Hong Kong dollar	27,440	-	27,440	(1)	4,227	(8,101)	(3,874)	(2)
Indian rupee	3,309	35,404	(31,332)	763	-	-	-	-
Indonesian rupiah	-	-	-	-	-	(74)	(74)	-
Israeli shekel	1,661	5,856	(4,003)	192	308	(1)	307	(2)
Japanese yen	68,059	95,919	(25,473)	2,388	8,988	(7,897)	1,091	(7)
Malaysian ringgit	-	-	-	-	-	(15)	(15)	-
Mexican peso	-	-	-	-	1,886	(1,196)	690	(1)
New Taiwan dollar	1,513	9,417	(7,693)	211	-	(12,527)	(12,527)	(3)
Norwegian krone	-	-	-	-	947	(38)	909	(1)
Philippines peso	-	-	-	-	65	(16)	49	-
Polish zloty	-	-	-	-	240	(13)	227	1
Singapore dollar	6,998	-	6,876	(122)	419	(3)	416	-
South African rand	-	-	-	-	706	(7,335)	(6,629)	64
South Korean won	4,556	30,931	(25,225)	1,150	4,170	(236)	3,934	-
Swedish krona	22,146	4,191	17,830	(124)	2,632	(1,585)	1,047	(6)
Swiss franc	65,848	57,878	5,540	(2,430)	-	(1,325)	(1,325)	4
Thailand baht	-	-	-	-	40	-	40	-
U.S. dollar	880,849	722,703	158,146	-	74,024	(72,338)	1,686	-
<b>Total</b>	<b>\$1,603,552</b>	<b>\$1,603,552</b>	<b>\$ 133</b>	<b>\$ 133</b>	<b>\$ 146,451</b>	<b>\$ (146,378)</b>	<b>\$ 73</b>	<b>\$ 73</b>

## 8. Security Lending

During fiscal year 2022, the FRS Pension Trust Fund participated in security lending programs with two lending agents, including the custodian and one third-party agent. These security lending programs have indemnity clauses requiring the lending agent to assume the borrower's risk from default. There are no restrictions on the amount of securities that can be loaned at one time to one borrower.

In addition to the two agent lending programs, the FRS Pension Trust Fund participated in security lending through investments in four commingled funds that do not offer borrower indemnification. The fund receives a proportionate share of the security lending income generated from these activities.

Collateral requirements for securities on loan range from 100 percent to 105 percent, depending on the lending agent, the type of security lent, and the type of collateral received. As of June 30, 2022, the FRS Pension Trust Fund had received and invested approximately \$1.0 billion in cash collateral and received \$5.1 billion in securities as collateral for the lending programs. The collateral held for the security lending transactions exceeded the fair value of the securities on loan (including accrued interest). As a result, none of the lending programs were under-collateralized at the end of the fiscal year. The SBA does not have the ability to pledge or sell the non-cash collateral securities unless the borrower defaults, so the non-cash portion is not reported on the Statement of Fiduciary Net Position.

Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security lending agreements generally are open-ended with no fixed expiration date. As such, investments made with cash collateral are limited to those with a final maturity up to 92 days. However, investments in one of the security lending programs included investments with final maturities of six months or more, which represented approximately 6 percent of that lender's total collateral invested at June 30, 2022. This is due to the portfolio containing some legacy securities that will remain until they are sold or mature.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2022 (in thousands):

### Schedule of Investments on Loan Under Security Lending Agreements

As of June 30, 2022

Securities on loan for cash collateral, by security type	Fair value of Securities on Loan <sup>1</sup>	
		FRS Pension Trust Fund
U.S. guaranteed obligations	\$	354,573
Federal agencies		26,427
Domestic corporate bonds and notes		83,037
International bonds and notes		78,119
Domestic equities		109,690
International equities		249,227
Total securities on loan for cash collateral	\$	901,073
<b>Securities on loan for non-cash collateral, by security type</b>		
U.S. guaranteed obligations	\$	1,020,027
Federal agencies		2,702
Domestic corporate bonds and notes		194,582
International bonds and notes		42,626
Domestic equities		2,843,866
International equities		782,131
Total securities on loan for non-cash collateral		4,885,934
Total securities on loan	\$	5,787,007

<sup>1</sup>Fair value includes accrued interest on fixed income securities.

## 9. Derivatives

The FRS Pension Trust Fund accounts for derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). This statement defines a derivative instrument as a financial instrument or other contract that has all of the following characteristics:

- a. Settlement factors. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements and, in some cases, whether or not a settlement is required.
- b. Leverage. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- c. Net settlement. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

Derivative instruments in the FRS Pension Trust Fund as of June 30, 2022, consisted of futures, forward currency contracts, and swaps. There were no option contracts held as of June 30, 2022.

The SBA has established investment guidelines for each investment portfolio. Pursuant to these guidelines, investment derivative instruments are authorized to be used as tools for managing risk or executing investment strategies more efficiently than could otherwise be done in cash markets and may only be used as part of a prudent investment process. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, default risk, and mortgage-backed security prepayment risk, and to effectively manage exposure to domestic and international equities, bonds, and real estate markets.

A futures contract is an agreement between a buyer and a seller to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all members in a market on an organized futures exchange. Upon entering into a futures contract, collateral (cash and/or securities) is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and third-party counterparties. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Position. Losses may arise from future changes in the value of the underlying instrument.

An option gives the buyer a stipulated privilege of buying or selling a stated property, security, or commodity at a given price (strike price) within a specified time (for an American-style option, at any time prior to or on the expiration date). A securities option is a negotiable contract in which the seller (writer), for a certain sum of money called the option premium, gives the buyer the right to demand within a specified time the purchase (call) from or sale (put) to the option seller of a specified number of bonds, currency units, index units, or shares of stock, at a fixed price or rate, called the strike price.

A forward contract is a contractual obligation, typically over-the-counter, traded between two parties to exchange a particular good or instrument at a set price on a future date. The buyer of the forward agrees to pay the price and take delivery of the good or instrument and is said to be "long" in the forward contract, while the seller of the forward, or "short", agrees to deliver the good or instrument at the agreed price on the agreed date.

A swap is a contractual agreement to exchange a stream of periodic payments utilizing a central clearing house whereby each party in the transaction enters into a contract with the central counterparty. These agreements may be over-the-counter or exchange-traded. Upon entering into a swap contract through a clearing house, collateral is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Swaps are available in and between all active financial markets. Examples include:

Interest rate swap - An agreement between two parties where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate.

Credit default swap - An agreement that allows one party to "buy" protection from another party for losses that might be incurred as a result of default by a specified reference credit (or credits). The "buyer" of protection pays a premium for the protection, and the "seller" of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit event occurs.

The fair value, changes in fair value, and notional amounts of the derivative investments for the fiscal year ended June 30, 2022, are classified by type and presented in the table below (in thousands):

### FRS Pension Trust Fund

	Increase/(Decrease) in Fair Value			Fair Value at June 30, 2022	
	Notional (in U.S. dollars)	Classification	Amount (in U.S. dollars)	Classification	Amount (in U.S. dollars)
Investment derivatives:					
<b>Futures<sup>1</sup></b>					
Fixed income futures	\$ 3,800,581	Investment Income	\$ (123,732)	Investment	\$ (5,745)
Equity futures	<u>2,167,412</u>	Investment Income	<u>(289,745)</u>	Investment	<u>12,656</u>
<b>Total futures</b>	<u>\$ 5,967,993</u>		<u>\$ (413,477)</u>		<u>\$ 6,911</u>
<b>Foreign currency forwards</b>	<u>\$ 1,603,552</u>	Investment Income	<u>\$ 61,150</u>	Investment	<u>\$ 133</u>
<b>Swaps</b>					
Credit default swaps	\$ 434,600	Investment Income	\$ 1,117	Investment	\$ (500)
Interest rate swaps	<u>132,373</u>	Investment Income	<u>(244)</u>	Investment	<u>322</u>
<b>Total swaps</b>	<u>\$ 566,973</u>		<u>\$ 873</u>		<u>\$ (178)</u>

<sup>1</sup> The total notional values of long and short fixed income futures positions were \$3.0 billion and \$786.4 million, respectively. The total notional value of long equity futures positions was \$2.2 billion.

## 10. Commitments

Each year the FRS Pension Trust Fund enters into a number of agreements that commit the fund, upon request, to make additional investment purchases (i.e., capital commitments) up to predetermined amounts over certain investment time periods. The unfunded capital commitments for private equity, real estate and strategic investments not reported on the FRS Pension Trust Fund Statement of Fiduciary Net Position totaled \$17.2 billion as of June 30, 2022.

## Note 4 – NET PENSION LIABILITY

The components of the net pension liability of the state-administered pension plans are presented below:

### A. Florida Retirement System (FRS) Pension Plan

Net Pension Liability	June 30, 2021	June 30, 2022
Total pension liability	\$ 209,636,046,000	\$ 217,434,441,000
Fiduciary net position	\$ 202,082,182,546	\$ 180,226,404,807
Net pension liability	\$ 7,553,863,454	\$ 37,208,036,193
Fiduciary net position as a % of total pension liability	96.40%	82.89%
Covered payroll <sup>1</sup>	\$ 37,590,100,000	\$ 38,679,800,000
Net pension liability as a % of covered payroll	20.10%	96.20%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method.

<sup>1</sup> Covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

Discount Rate	June 30, 2021	June 30, 2022
Discount rate	6.80%	6.70%
Long-term expected rate of return, net of investment expense	6.80%	6.70%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.70 percent rate of return assumption used in the June 30, 2022, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). For additional information regarding the depletion date projection, refer to the 2022 GASB 67 Supplement to the FRS Actuarial Valuation available from Valuations on Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Valuation Date	July 1, 2021	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex; projected generationally with Scale MP-2018; details in valuation report	PUB-2010 base table varies by member category and sex; projected generationally with Scale MP-2018; details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2021	\$ 209,636,046,000	\$ 202,082,182,546	\$ 7,553,863,454
Changes for the year:			
Service cost	2,635,672,488		2,635,672,488
Interest on total pension liability	14,012,135,121		14,012,135,121
Effect of plan changes <sup>2</sup>	99,285,000		99,285,000
Effect of economic/demographic gains or losses	1,243,179,219		1,243,179,219
Effect of assumptions changes or inputs	2,437,637,000		2,437,637,000
Benefit payments <sup>1</sup>	(12,629,513,828)	(12,629,513,828)	-
Employer contributions		4,267,181,943	(4,267,181,943)
Member contributions		769,227,774	(769,227,774)
Net investment income		(14,240,179,057)	14,240,179,057
Administrative expenses		(22,494,571)	22,494,571
Balances as of June 30, 2022	\$ 217,434,441,000	\$ 180,226,404,807	\$ 37,208,036,193

<sup>1</sup>Benefit payments shown above include outbound transfers to the Investment Plan and returns of contributions, net of \$111,923,645 inbound transfers from the Investment Plan.

<sup>2</sup>Amount shown reflects the effect of HB5007. Total pension liability at June 30, 2022 also reflects the provisions of HB689 and SB838, effective in 2022. Those two bills did not increase the total pension liability.

### Sensitivity Analysis

The following presents the net pension liability of the pension plan, calculated using the discount rate of 6.70 percent, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70 percent) or one percentage point higher (7.70 percent) than the current rate.

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Total pension liability	\$ 244,575,145,000	\$ 217,434,441,000	\$ 194,741,583,000
Fiduciary net position	180,226,404,807	180,226,404,807	180,226,404,807
Net pension liability	\$ 64,348,740,193	\$ 37,208,036,193	\$ 14,515,178,193

## Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.70 percent consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20 percent, which is consistent with the 4.38 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation <sup>1</sup>	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Assumed Inflation – Mean			2.4%	1.3%

<sup>1</sup> As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at [www.sbafla.com](http://www.sbafla.com).

## Calculation of Money-Weighted Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense, was -7.20 percent.<sup>2</sup> The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

<sup>2</sup> The money-weighted plan rate of return is an estimate using estimated level monthly net external cash flows. It may differ from the more precise return calculated by the State Board of Administration.

## B. Retiree Health Insurance Subsidy (HIS) Program

Actuarial valuations for the HIS Program are conducted biennially. The July 1, 2022, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2022, financial reporting exhibits shown below. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

<b>Net Pension Liability</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
Total pension liability	\$ 12,719,121,120	\$ 11,126,965,688
Fiduciary net position	\$ 452,617,639	\$ 535,368,479
Net pension liability	\$ 12,266,503,481	\$ 10,591,597,209
Fiduciary net position as a % of total pension liability	3.56%	4.81%
Covered payroll	\$ 35,406,396,814	\$ 36,451,711,744
Net pension liability as a % of covered payroll	34.64%	29.06%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

<b>Discount Rate</b>		
Discount rate	2.16%	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2020	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational PUB-2010 with Projection Scale MP-2018; details in valuation report	Generational PUB-2010 with Projection Scale MP-2018; details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2021	\$ 12,719,121,120	\$ 452,617,639	\$ 12,266,503,481
Changes for the year:			
Service cost	290,824,676		290,824,676
Interest on total pension liability	275,385,816		275,385,816
Effect of plan changes <sup>1</sup>	5,215,372		5,215,372
Effect of economic/demographic gains or losses	(54,219,444)		(54,219,444)
Effect of assumptions changes or inputs	(1,585,357,487)		(1,585,357,487)
Benefit payments	(524,004,365)	(524,004,365)	-
Employer contributions		605,084,210	(605,084,210)
Member contributions		48,424	(48,424)
Net investment income		1,811,961	(1,811,961)
Administrative expenses		(189,390)	189,390
Balances as of June 30, 2022	<u>\$11,126,965,688</u>	<u>\$ 535,368,479</u>	<u>\$ 10,591,597,209</u>

<sup>1</sup>Amount shown reflects the effect of HB5007. Total pension liability at June 30, 2022 also reflects the provisions of HB689 and SB838, effective in 2022. Those two bills did not increase the total pension liability.

## Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 3.54 percent, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total pension liability	\$12,653,025,307	\$11,126,965,688	\$9,864,182,813
Fiduciary net position	535,368,479	535,368,479	535,368,479
Net pension liability	<u>\$12,117,656,828</u>	<u>\$10,591,597,209</u>	<u>\$9,328,814,334</u>

### C. Florida National Guard Supplemental Retirement Benefit Plan

Actuarial valuations for the Florida National Guard Supplemental Retirement Benefit Plan are performed biennially. The July 1, 2022, National Guard valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2022, financial reporting exhibits shown below. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

<b>Net Pension Liability</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
Total pension liability	\$ 1,190,776,748	\$ 601,400,987
Fiduciary net position	\$ -	\$ -
Net pension liability	\$ 1,190,776,748	\$ 601,400,987
Fiduciary net position as a % of total pension liability	0.00%	0.00%
Covered payroll <sup>1</sup>	\$ 519,073,000	\$ 567,068,000
Net pension liability as a % of covered payroll	229.40%	106.05%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

<sup>1</sup>Covered payroll is based on the total annual wages from the active duty military pay tables for the rank held by individuals in the Army and Air National Guard, which is the basis of the benefit formula.

<b>Discount Rate</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
Discount rate	2.16%	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the National Guard benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate adopted by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable bond index.

#### Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation Date	July 1, 2020	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Individual Member Salary Increase	Varies by service; separate tables for officers and enlisted;	Varies by service; separate tables for officers and enlisted;
Annual Increase for net Florida National Guard benefit	2.80%	2.80%
Mortality	PUB-2010 with Projection Scale MP-2018	PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Entry Age Normal	Entry Age Normal

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2021	\$ 1,190,776,748	\$ -	\$ 1,190,776,748
Changes for the year:			
Service cost	25,943,140		25,943,140
Interest on total pension liability	26,113,781		26,113,781
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(37,487,055)		(37,487,055)
Effect of assumptions changes or inputs	(588,365,270)		(588,365,270)
Benefit payments	(15,580,357)	(15,580,357)	-
Employer contributions <sup>1</sup>		15,588,557	(15,588,557)
Member contributions <sup>2</sup>		-	-
Net investment income <sup>2</sup>		-	-
Administrative expenses		(8,200)	8,200
Balances as of June 30, 2022	\$ 601,400,987	\$ -	\$ 601,400,987

<sup>1</sup> Contributions are provided by annual legislative appropriation to cover expenses and benefit payments.

<sup>2</sup> This plan is funded by general revenue funding with no member contributions and no plan assets. Therefore, Member Contributions and Net Investment Income will always be \$0.

## Sensitivity Analysis

The following presents the net pension liability of the plan, calculated using the discount rate of 3.54 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total pension liability	\$732,053,653	\$601,400,987	\$502,745,269
Fiduciary net position	-	-	-
Net pension liability	\$732,053,653	\$601,400,987	\$502,745,269

## NOTE 5 – INTERFUND BALANCES AND TRANSFERS

At June 30, 2022, amounts to be received or paid with current available resources are reported as due from or due to other funds, whereas the noncurrent portion is reported as advances from other funds. Interfund balances at June 30, 2022, consist of the following:

Due to Other Funds within Division	Due from Other Funds within Division		
	<b>Fiduciary Funds</b>		
	Florida Retirement System	Senior Management Service Optional Annuity Program	Health Insurance Subsidy Trust Fund
<b>Fiduciary Funds</b>			
Florida Retirement System	\$ -	\$ 10,296	\$ 6,339,285
State University System Optional Retirement Program	3,411,287	-	-
Senior Management Service Optional Annuity Program	1,792	-	-
<b>Total</b>	<u>\$ 3,413,079</u>	<u>\$ 10,296</u>	<u>\$ 6,339,285</u>

There were no interfund transfers during the year.

## NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for fiduciary and governmental activities during the fiscal year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year (Current)
<b>Fiduciary Activities</b>					
Pension Liability	\$ 97,569	\$ -	\$ 53,332	\$ 44,237	\$ 160
Compensated absences	1,235,210	4,404	26,514	1,213,100	353,179
Other Postemployment Benefits	11,661,290	2,490,764	-	14,152,054	247,607
Lease Liability <sup>1</sup>	17,470,638	-	848,537	16,622,101	786,568
<b>Total Fiduciary Activities</b>	<u>\$ 30,464,707</u>	<u>\$ 2,495,168</u>	<u>\$ 928,383</u>	<u>\$ 32,031,492</u>	<u>\$ 1,387,514</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 149,269	\$ 7,217	\$ -	\$ 156,486	\$ 31,873
Other Postemployment Benefits	556,127	-	34,049	522,078	9,134
Lease Liability <sup>1</sup>	709,468	-	34,459	675,009	34,874
<b>Total Governmental Activities</b>	<u>\$ 1,414,864</u>	<u>\$ 7,217</u>	<u>\$ 68,508</u>	<u>\$ 1,353,573</u>	<u>\$ 75,881</u>

<sup>1</sup>The beginning lease liability as of July 1, 2021, differs from the ending balance as of June 30, 2021, due to the implementation of GASB Statement No. 87, Leases.

The long-term liability for fiduciary activities related to pension liability represents the State University System Optional Retirement Plan (SUSORP) Trust Fund's allocated share of the applicable state's pension liability. Changes to the trust fund's allocated share of the liability occur as a result of the state's allocation process and are non-liquidating by the trust fund itself. The liabilities related to compensated absences and leases will be liquidated by the Florida Retirement System (FRS) Trust Fund and the SUSORP Trust Fund. The allocated share of the state's Other Postemployment Benefits (OPEB) liability in the FRS Trust Fund and the SUSORP Trust Fund is also reported above. The state does not currently fund the OPEB liability; therefore, it is non-liquidating.

The long-term liabilities for governmental activities related to compensated absences and leases will be liquidated by the Police and Firefighters' Premium Tax Trust Fund, a special revenue fund. The fund's allocated share of the state's OPEB liability is also reported above. The state does not currently fund the OPEB liability; therefore, it is non-liquidating.

## NOTE 7 – RELATED PARTIES

The State Board of Administration (SBA), the FRS Investment Plan Trust Fund, and the Department of Management Services (DMS) state-administered retirement systems are considered to be related parties for the purposes of the system’s financial statements.

The defined benefit state-administered pension funds have a variety of transactions with the SBA and the FRS Investment Plan. The DMS administers the state-administered defined benefit pension plans, including collecting employer and employee contributions, remitting those contributions to SBA for investment, requesting withdrawals from SBA for benefit payments, and paying those benefit payments to members. The SBA administers the FRS Investment Plan Trust Fund, including working with DMS to collect employer and employee contributions and processing member-directed benefit amounts between the FRS Pension Plan Trust Fund and the FRS Investment Plan Trust Fund. The SBA provides investment services to the FRS Pension Plan and the Retiree Health Insurance Subsidy Pension Plan and charges an investment service charge on the net asset value at the end of each month.

In addition to the defined benefit pension plans, the DMS administers the 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. The SBA provides investment services to the Police and Firefighters’ Premium Tax Trust Fund.

Significant transactions between the SBA, the FRS Investment Plan Trust Fund and the DMS state-administered retirement systems for the fiscal year ended June 30, 2022, are as follows (in thousands):

	<b>Florida Retirement System Pension Plan</b>	<b>Retiree Health Insurance Subsidy Trust Fund</b>	<b>Police and Firefighters’ Premium Tax Trust Fund</b>
<u>Payables:</u>			
Due to SBA for investment service charges	\$ 10,043	\$ -	\$ -
<u>Additions:</u>			
Funds received from SBA for distributions	\$ 11,921,964	\$ 525,877	\$ 195,326
Transfers from FRS Investment Plan Trust Fund	111,924	-	-
<b>Total Additions</b>	<b>\$ 12,033,888</b>	<b>\$ 525,877</b>	<b>\$ 195,326</b>
<u>Deductions:</u>			
Employer/employee contributions sent to SBA	\$ 4,945,866	\$ 606,072	\$ -
Member-directed benefits sent to FRS Investment Plan Trust Fund	768,107	-	-
Investment service charges to the SBA	64,231	-	-
Premium taxes sent to SBA	-	-	211,585
<b>Total Deductions</b>	<b>\$ 5,778,204</b>	<b>\$ 606,072</b>	<b>\$ 211,585</b>

## Note 8 – OTHER POSTEMPLOYMENT BENEFITS

The Florida Department of Management Services, Division of Retirement (division) is part of the primary government of the State of Florida. The division participates in the State Employees' Group Health Insurance Plan administered by the Department of Management Services, Division of State Group Insurance (DSGI). The plan covers retired employees and is considered an 'other postemployment benefits' plan.

### Plan Description

The DSGI Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan which provides healthcare benefits in accordance with Section 110.123, Florida Statutes, and the design documents are located on DSGI's website at <https://www.mybenefits.myflorida.com/health/resources>. DSGI pays the medical costs incurred by participating retired employees, net of related premiums that are paid entirely by the retiree. Pursuant to provisions of Section 112.0801, Florida Statutes, the OPEB Plan allows all employees who retire and meet retirement eligibility requirements under one of the state's retirement plans to continue medical coverage as a participant in the state's group health insurance program. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. There are 6 participating employers in the Plan, including the primary government of the state and 15 of its component units which are reported as one employer in the valuation, along with 5 other governmental entities. Although retirees pay 100 percent of the premium amount, the premium cost to the retiree is implicitly subsidized by commingling of the claims experience in a single risk pool with a single premium determination for active employees and retirees under age 65. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the Plan is secondary payer to Medicare Parts A and B. Employees must make an election to participate in the Plan within 60 days of the effective date of retirement or the termination date to finalized Deferred Retirement Option Program participation to be eligible to continue in the Plan as a retiree. The Plan does not provide for a cost of living allowance increase.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan operates on a pay-as-you-go basis based on the budget supported by the General Appropriations Act enacted into law each year.

### Employees Covered by Benefit Terms

Census and enrollment data received as of July 1, 2020, was used to develop results for the fiscal year ended June 30, 2022. At July 1, 2020, there were 194,496 employees covered by the OPEB Plan, as shown in the following table:

Active Members	137,884
No Coverage Active Members	21,032
Retired and Inactive Members	<u>35,580</u>
Total	<u><u>194,496</u></u>

There are currently no inactive plan members entitled to but not yet receiving benefits because the Plan does not provide a vested termination benefit.

### Benefits Provided

The OPEB Plan provides the same healthcare benefits to retirees as those provided to active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All full-time equivalent employees of the state are eligible to receive postemployment health care benefits. Four types of health plans are offered to eligible participants:

- Standard statewide Preferred Provider Organization (PPO) Plan
- High Deductible PPO Plan
- Standard Health Maintenance Organization (HMO) Plan
- High Deductible HMO Plan

HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks. Benefit provisions are described by Section 110.123, Florida Statutes, and the design documents located on DSGI's website. The Florida Legislature establishes and amends the contribution requirements, benefit terms and benefit payments of the OPEB Plan. There were no changes in benefit terms during the measurement period. During the reporting period, the division paid \$233,416 for OPEB as the benefits came due.

### Contributions

Retirees participating in the group insurance plans offered by the State of Florida are required to contribute 100 percent of the premiums. The State of Florida implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same health plan offered to active employees. Retirees under age 65 pay the same premium amounts as applicable to the active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because Medicare is the primary payer for those retirees.

Note that the projected post-65 employee contributions for the fully-insured HMO plan are assumed to cover the entire cost of the program.

### OPEB Liability

Actuarial valuations for the OPEB Plan are conducted biennially. The July 1, 2020, OPEB valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2022, financial reporting exhibits.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Florida's OPEB plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The Florida Retirement System (FRS) Trust Fund, the State University System Optional Retirement Program (SUSORP) Trust Fund and the Police and Firefighters' Premium Tax (Police and Fire) Trust Fund are allocated a share of the state's OPEB liability, deferred outflows, deferred inflows and expense based on the number of full-time equivalent positions funded by each trust fund. The division's OPEB liability is shown below:

	FRS Trust Fund	SUSORP Trust Fund	Police and Fire Trust Fund	Total
State's share of OPEB liability	\$ 7,294,840,239	\$ 7,294,840,239	\$ 7,294,840,239	
Fund's proportion	0.1909336620%	0.0030672074%	0.0071568173%	
Fund's proportionate share	\$ 13,928,306	\$ 223,748	\$ 522,078	\$ 14,674,132

The funds' proportion of the total OPEB liability and the change in proportion from the prior measurement date are shown below:

	FRS Trust Fund	SUSORP Trust Fund	Police and Fire Trust Fund
Fund's proportion at prior measurement date, June 30, 2020	0.1601426168%	0.0029161023%	0.0077762727%
Fund's proportion at measurement date, June 30, 2021	0.1909336620%	0.0030672074%	0.0071568173%
Increase / (decrease) in proportion	0.0307910452%	0.0001511051%	(0.0006194554%)

## Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, updated to July 1, 2021. The service cost and interest cost components of the GASB 75 expense are based on the discount rate of 2.18 percent. The following actuarial assumptions were used:

### Discount Rate

Discount rate	2.18%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-year Municipal Bond Index	2.18%

In general, the discount rate for calculating the total OPEB liability under GASB 75 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the OPEB benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. All future benefits were discounted using a high-quality municipal bond rate of 2.18 percent. This rate was based on the week closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

## Healthcare Cost Trend Rates

The trend rates are a key assumption used in determining the costs of the plan, and these rates have been developed in a manner consistent with actuarial industry standards. The healthcare cost trend rates used are consistent with the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2020, through June 30, 2025, as presented on August 5, 2020, by the Self-Insurance Estimating Conference conducted by the Office of Economic and Demographic Research. The August 2020 report is available online at <http://edr.state.fl.us/Content/conferences/healthinsurance/archives/index.cfm>.

Trend rate assumptions vary slightly by medical plan and pre-Medicare versus post-Medicare status. For the PPO plans, age-relative cost information was used to develop preliminary age-related cost tables separately for Medicare and non-Medicare PPO members. The PPO age-related costs of members not eligible for Medicare were adjusted to take into account the expected additional cost which retired members incur compared to active members the same age. The PPO age-related costs of Medicare eligible members were adjusted to reflect the mix of services between Part D prescription drug claim costs and non-Part D prescription drug claim costs (i.e., Part A, B, and non-Medicare eligible claim costs). The Part D subsidy was not subtracted from the drug experience since it is not recognized under the GASB valuation rules. For the PPO plans, the initial rate for both pre-Medicare and post-Medicare retirees is 7.78%, reaching an ultimate rate of 4.04% for years after 2075.

For the HMO plans, age-related costs for HMO members not eligible for Medicare were developed using the same methodology used for PPO members. For the fully-insured HMO, age-related costs for Medicare eligible HMO members was not developed because the assumption was made that the HMO premium rates reflect that the Medicare-eligible members pay the entire cost of coverage. For the HMO plans, the initial rate for both pre-Medicare and post-Medicare retirees is 5.66%, reaching an ultimate rate of 4.04% for years after 2075.

## Other Key Actuarial Assumptions

The demographic assumptions that determined the total OPEB liability as of June 30, 2021, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Actuarial value of assets	N/A – no plan assets
Inflation	2.60%
Salary Increases	Varies by FRS class 4% per year prior to age 65; 3% per year between ages 65 and 75; 2% per year between ages 75 and 85; 0% per year thereafter.
Medical aging factors	Pub-2010 Mortality tables with fully generational improvement; ScaleMP-2018 See details in valuation report
Mortality	Entry Age Normal
Actuarial cost method	80% assumed married, with male spouses 3 years older than female spouses
Marital status	

## Changes Since the Prior Valuation

The following changes have been made since the prior valuation:

- Discount Rate - The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate decreased from 2.66 percent to 2.18 percent.
- Retirement – Retirement rates were updated based on those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019, with certain adjustments made to reflect the difference in the underlying populations. Sixty percent of employees are assumed to become eligible for the Deferred Retirement Option Program (DROP), while the remaining 40 percent are assumed to participate in plans which do not offer DROP benefits. Rates were previously those used in Milliman’s actuarial valuation of FRS as of July 1, 2015. This change decreased the Total OPEB Liability by about 7 percent as of the valuation date.
- Termination – Termination rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman’s actuarial valuation of FRS as of July 1, 2015. This change increased the total OPEB liability by about 3 percent as of the valuation date.
- Disability – Disability rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman’s actuarial valuation of FRS as of July 1, 2015. This change increased the total OPEB liability by about 0.5 percent as of the valuation date.
- Salary Scale – Salary Increase rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019. Previously, rates were those used in Milliman’s actuarial valuation of FRS as of July 1, 2015. This change increased the total OPEB liability by about 0.2 percent as of the valuation date.
- Active Medical Plan Election Rate – Most actively employed participants in the plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement at a rate of 47 percent. For those who are not currently covered under the health plan, 3.7 percent are assumed to elect medical coverage in retirement. The resulting overall participation rate is 43 percent. Previously, the overall participation rate was 50 percent. This change resulted in an 8 percent decrease in the total OPEB liability as of the valuation date.

All other assumptions for this update report are the same as the prior valuation.

## Sensitivity Analysis

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the division's allocated share of the state's OPEB liability in each of the affected funds, calculated using the discount rate of 2.18 percent, as well as what the funds' OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.18 percent) or one percentage point higher (3.18 percent) than the current rate.

FRS Trust Fund			SUSORP Trust Fund		
Current Discount			Current Discount		
1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
1.18%	2.18%	3.18%	1.18%	2.18%	3.18%
\$16,978,070	\$13,928,306	\$11,568,015	\$272,740	\$223,748	\$185,832

Police and Fire Trust Fund		
1% Decrease	Current Discount Rate	1% Increase
1.18%	2.18%	3.18%
\$636,394	\$522,078	\$433,607

*Sensitivity of the total OPEB liability to changes in the healthcare cost trends:*

The following presents the division's allocated share of the state's OPEB liability in each of the affected funds, calculated using the current healthcare trend rate, as well as what the funds' OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates.

FRS Trust Fund			SUSORP Trust Fund		
Current Healthcare			Current Healthcare		
1% Decrease	Trend Rate	1% Increase	1% Decrease	Trend Rate	1% Increase
\$11,195,940	\$13,928,306	\$17,624,978	\$179,854	\$223,748	\$283,132

Police and Fire Trust Fund		
Current Healthcare		
1% Decrease	Trend Rate	1% Increase
\$419,660	\$522,078	\$660,642

## OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

In accordance with GASB 75, paragraphs 157 and 158, changes in the total OPEB liability and costs incurred by the employer related to the administration of OPEB are recognized in expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees who are provided with benefits through the OPEB plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees who are provided with benefits through the OPEB Plan (active and inactive employees).

The average expected remaining service life of all employees provided with benefits through the OPEB Plan at June 30, 2022, was 8.0 years.

The division's proportionate share for all funds of the components of OPEB expense and deferred outflows and inflows of resources reported in the OPEB allocation schedules for the measurement date year ended June 30, 2021, are presented below:

### State Employees Group Health Insurance OPEB Plan

	Recognized in Expense Reporting Period Ended June 30, 2022	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	\$ 721,854	Current	\$ -	\$ -
Interest cost	397,182	Current	-	-
Effect of plan changes	-	Current	-	-
Effect of economic/demographic gains or losses (difference between expected and actual experience)	(139,498)	8.0 years	-	(697,488)
Effect of assumptions changes or inputs	(783,424)	8.0 years	1,578,207	(4,859,884)
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	223,723	8.0 years	2,996,339	(1,318,844)
Benefit payments subsequent to the measurement date	(259,313)	1 year	259,313	-
Administrative expenses subsequent to the measurement date	(5,202)	1 year	5,202	-
Administrative expenses	4,563	Current	-	-
Total	<u>\$ 159,885</u>		<u>\$ 4,839,061</u>	<u>\$ (6,876,216)</u>

Deferred outflows of resources related to benefit payments and administrative expense paid subsequent to the measurement date as shown in the table above will be recognized as a reduction of the OPEB liability in the reporting period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Period Ending June 30,	OPEB Expense
2023	\$ (699,198)
2024	(699,198)
2025	(699,198)
2026	(434,702)
2027	(322,692)
Thereafter	553,318
Total	\$ (2,301,670)

**Additional Information**

The actuarial report for the OPEB plan may be obtained by contacting the Division of State Group Insurance at:

Department of Management Services  
 Division of State Group Insurance  
 Chief of Financial and Fiscal Management  
 P. O. Box 5450  
 Tallahassee, FL 32314-5450  
 850-921-4600 or toll free at 800-226-3734

## Note 9 – LEASES

The Florida Department of Management Services, Division of Retirement (division), enters into leases for buildings, copiers, and equipment. Certain leases can be short-term or renewable at the option of the division, and are accounted for appropriately per GASB Statement No. 87, *Leases*. Management has determined the building lease is the only lease considered material for financial reporting purposes.

As of June 30, 2022, there were no leases with variable payments not included in the measurement of the lease liability, and none of the leases contained residual value guarantees.

The division has leased a building that contains approximately 38,000 square feet of office space with 190 parking spots. The lease commenced January 1, 2020, and has a term of 120 months with an option for renewal for an additional 120 months.

The Florida Retirement System (FRS) Trust Fund, the State University System Optional Retirement Program (SUSORP) Trust Fund, and the Police and Firefighters' Premium Tax (Police & Fire) Trust Fund are allocated a share of the building lease asset and the related accumulated amortization. Amounts as of June 30, 2022, are shown below:

FRS Trust Fund		SUSORP Trust Fund		Police and Fire Trust Fund		Total	
Lease Asset	Accumulated Amortization	Lease Asset	Accumulated Amortization	Lease Asset	Accumulated Amortization	Lease Asset	Accumulated Amortization
\$17,115,904	\$ 925,184	\$354,734	\$ 19,175	\$709,468	\$ 38,350	\$18,180,106	\$ 982,709

Amortization for the remaining lease term as of June 30, 2022, is shown below:

Year Ending June 30	FRS Trust Fund	SUSORP Trust Fund	Police and Fire Trust Fund	Total
2023	\$ 925,184	\$ 19,175	\$ 38,350	\$ 982,709
2024	925,184	19,175	38,350	982,709
2025	925,184	19,175	38,350	982,709
2026	925,184	19,175	38,350	982,709
2027	925,184	19,175	38,350	982,709
2028-2032	4,625,920	95,874	191,748	4,913,542
2033-2037	4,625,920	95,874	191,748	4,913,542
Thereafter	2,312,960	47,936	95,872	2,456,768
<b>Totals</b>	<b>\$ 16,190,720</b>	<b>\$ 335,559</b>	<b>\$ 671,118</b>	<b>\$ 17,197,397</b>

For the fiscal year ended June 30, 2022, there were no outflows of resources recognized in the reporting period for variable payments or other payments, such as residual value guarantees or termination penalties, which were not previously included in the measurement of the lease liability.

Principal and interest requirements to maturity for the lease liability as of June 30, 2022, are shown below:

Year Ending June 30	FRS Trust Fund		SUSORP Trust Fund		Police and Fire Trust Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 770,597	\$ 199,664	\$ 15,971	\$ 4,137	\$ 34,874	\$ 5,344	\$ 821,442	\$ 209,145
2024	788,816	190,386	16,349	3,946	32,697	7,892	837,862	202,224
2025	807,254	180,891	16,731	3,749	33,461	7,498	857,446	192,138
2026	825,915	171,220	17,117	3,549	34,235	7,097	877,267	181,866
2027	844,801	161,275	17,509	3,343	35,018	6,685	897,328	171,303
2028-2032	4,493,622	648,311	93,132	13,436	186,264	26,873	4,773,018	688,620
2033-2037	5,042,945	300,192	104,517	6,222	209,034	12,443	5,356,496	318,857
Thereafter	2,710,646	46,404	56,179	962	109,426	1,923	2,876,251	49,289
<b>Total</b>	<b>\$16,284,596</b>	<b>\$1,898,343</b>	<b>\$337,505</b>	<b>\$39,344</b>	<b>\$675,009</b>	<b>\$75,755</b>	<b>\$17,297,110</b>	<b>\$2,013,442</b>

For the fiscal year ended June 30, 2022, there were no commitments under leases before the commencement of the lease term, and there were no impairment losses or related changes in the lease liability.

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## REQUIRED SUPPLEMENTARY INFORMATION

### A. Florida Retirement System (FRS) Pension Plan

Required supplementary information for the FRS Pension Plan is presented below:

#### Schedule of Changes in Net Pension Liability and Related Ratios<sup>1</sup> For the Period Ended June 30 (in thousands)

Total Pension Liability	2022	2021	2020	2019
Service cost	\$ 2,635,672	\$ 2,648,469	\$ 2,647,456	\$ 2,523,070
Interest on total pension liability	14,012,135	13,713,166	13,458,929	13,194,902
Effect of plan changes	99,285	-	-	11,404
Effect of economic/demographic (gains) or losses	1,243,179	349,779	448,646	247,482
Effect of assumption changes or inputs	2,437,637	-	1,738,139	1,585,626
Benefit payments	<u>(12,629,514)</u>	<u>(11,985,107)</u>	<u>(11,395,765)</u>	<u>(10,867,549)</u>
Net change in total pension liability	7,798,395	4,726,307	6,897,405	6,694,935
Total pension liability, beginning	<u>209,636,046</u>	<u>204,909,739</u>	<u>198,012,334</u>	<u>191,317,399</u>
Total pension liability, ending (a)	<u>\$ 217,434,441</u>	<u>\$ 209,636,046</u>	<u>\$ 204,909,739</u>	<u>\$ 198,012,334</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 4,267,182	\$ 3,809,568	\$ 3,322,557	\$ 3,100,721
Member contributions	769,228	756,530	748,455	752,813
Investment income net of investment expenses	(14,240,179)	47,954,667	5,339,908	9,410,440
Benefit payments	(12,629,514)	(11,985,107)	(11,395,765)	(10,867,549)
Administrative expenses	<u>(22,495)</u>	<u>(21,741)</u>	<u>(21,556)</u>	<u>(19,580)</u>
Net change in plan fiduciary net position	(21,855,778)	40,513,917	(2,006,402)	2,376,845
Fiduciary net position, beginning	<u>202,082,183</u>	<u>161,568,265</u>	<u>163,574,667</u>	<u>161,196,881</u>
Fiduciary net position, ending (b)	<u>\$ 180,226,405</u>	<u>\$ 202,082,183</u>	<u>\$ 161,568,265</u>	<u>\$ 163,573,726<sup>2</sup></u>
Net pension liability, ending = (a) - (b)	\$ 37,208,036	\$ 7,553,863	\$ 43,341,474	\$ 34,438,608
Fiduciary net position as a % of total pension liability	82.89%	96.40%	78.85%	82.61%
Covered payroll <sup>4</sup>	\$ 38,679,800	\$ 37,590,100	\$ 36,898,200	\$ 35,571,200
Net pension liability as a % of covered payroll	96.20%	20.10%	117.46%	96.82%

The notes to required supplementary information are an integral part of these schedules.

<sup>1</sup> This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated. Columns may not foot due to rounding.

<sup>2</sup> Reflects restatement of beginning net position a July 1, 2019, due to correction for an interfund receivable amount.

<sup>3</sup> Reflects restatement of beginning net position at July 1, 2017, due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<sup>4</sup>For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

	2018	2017	2016	2015	2014
\$	2,423,987	\$ 2,073,754	\$ 2,132,906	\$ 2,114,047	\$ 2,256,738
	12,847,930	12,484,167	12,109,114	11,721,563	11,489,921
	-	92,185	32,310	-	-
	554,811	1,412,462	980,192	1,620,863	(448,818)
	2,235,654	10,398,344	1,030,667	-	1,256,045
	<u>(10,377,575)</u>	<u>(9,859,319)</u>	<u>(10,624,925)</u>	<u>(10,201,501)</u>	<u>(8,714,251)</u>
	7,684,807	16,601,593	5,660,264	5,254,972	5,839,635
	<u>183,632,592</u>	<u>167,030,999</u>	<u>161,370,735</u>	<u>156,115,763</u>	<u>150,276,128</u>
\$	<u>191,317,399</u>	<u>\$ 183,632,592</u>	<u>\$ 167,030,999</u>	<u>\$ 161,370,735</u>	<u>\$ 156,115,763</u>
\$	2,849,920	\$ 2,603,246	\$ 2,438,659	\$ 2,438,085	\$ 2,190,424
	746,370	744,839	710,717	698,304	682,507
	13,955,233	18,801,917	820,583	5,523,287	22,812,286
	<u>(10,377,575)</u>	<u>(9,859,319)</u>	<u>(10,624,925)</u>	<u>(10,201,500)</u>	<u>(8,714,250)</u>
	<u>(20,178)</u>	<u>(18,340)</u>	<u>(18,507)</u>	<u>(18,074)</u>	<u>(18,352)</u>
	7,153,770	12,272,343	(6,673,473)	(1,559,898)	16,952,615
	<u>154,043,111</u>	<u>141,780,921</u>	<u>148,454,394</u>	<u>150,014,292</u>	<u>133,061,677</u>
\$	<u>161,196,881</u>	<u>\$ 154,053,263<sup>3</sup></u>	<u>\$ 141,780,921</u>	<u>\$ 148,454,394</u>	<u>\$ 150,014,292</u>
\$	30,120,518	\$ 29,579,329	\$ 25,250,078	\$ 12,916,341	\$ 6,101,471
	84.26%	83.89%	84.88%	92.00%	96.09%
\$	34,675,000	\$ 33,775,800	\$ 33,214,217	\$ 32,726,034	\$ 24,723,565
	86.87%	87.58%	76.02%	39.47%	24.68%

## Notes to the Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2022, calculated based on the discount rate and actuarial assumptions below:

Discount Rate	June 30, 2021	June 30, 2022
Discount rate	6.80%	6.70%
Long-term expected rate of return, net of investment expense	6.80%	6.70%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.70 percent rate of return assumption used in the June 30, 2022, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). For additional information regarding the depletion date projection, refer to the 2022 GASB 67 Supplement to the FRS Actuarial Valuation available from Valuations on the Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

	July 1, 2021	July 1, 2022
Valuation Date	July 1, 2021	July 1, 2022
Measurement Date	June 30, 2021	June 30, 2022
Asset Valuation Method	Fair Market Value	Fair Market Value
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 <sup>1</sup>	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 <sup>2</sup>
Actuarial cost method	Individual Entry Age	Individual Entry Age

<sup>1</sup>See July 1, 2021, Actuarial Valuation Report for details.

<sup>2</sup>See July 1, 2022, Actuarial Valuation Report for details.

## Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution <sup>1</sup>	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll <sup>2</sup>	Contribution as a % of Covered Payroll
2012	\$ 1,962,816,000	\$ 1,185,310,000	\$ 777,506,000	\$ 24,476,272,000	4.84%
2013	2,091,343,000	1,388,656,000	702,687,000	24,553,693,000	5.66%
2014	2,190,424,344	2,190,424,344	-	24,723,565,000	8.86%
2015	2,438,084,925	2,438,084,925	-	32,726,034,000	7.45%
2016	2,438,659,458	2,438,659,458	-	33,214,217,000	7.34%
2017	2,603,246,196	2,603,246,196	-	33,775,800,000	7.71%
2018	2,849,919,659	2,849,919,659	-	34,675,000,000	8.22%
2019	3,100,721,573	3,100,721,573	-	35,571,200,000	8.72%
2020	3,322,556,872	3,322,556,872	-	36,898,200,000	9.00%
2021	3,809,567,951	3,809,567,951	-	37,590,100,000	10.13%
2022	4,267,181,943	4,267,181,943	-	38,679,800,000	11.03%

<sup>1</sup>For fiscal years prior to 2013-14 the Annual Required Contribution shown is determined under GASB Statement No. 27.

<sup>2</sup>For the fiscal years ending 2014 and before, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For the fiscal years 2015 and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

### Notes to the Schedule of Employer Contributions

The following actuarial methods and assumptions were used in the July 1, 2022, funding valuation. Refer to the valuation report published December 2022, for further details.

<b>Valuation Timing</b>	Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year (e.g., rates for the 2023-2024 plan year are calculated in the July 1, 2022 actuarial valuation).
<b>Actuarial Cost Method</b>	Individual entry age
<b>Amortization Method</b>	
Level percent or level dollar	Level percent
Closed, open, or layered periods	Closed, layered
Amortization period at July 1, 2022	Effective July 1, 2021: New bases are amortized over 20 years Bases established prior to July 1, 2021: amortized over maximum of 20 years
2019 actuarial cost method change	Amortized over 30 years as level percentage of Tier I pay
Payroll growth rate	3.25%
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Asymptotic
Corridor	80% - 120% of fair market value
<b>Inflation</b>	2.40%
<b>Salary Increases</b>	Varies by membership class and length of service; details in funding valuation report
<b>Investment Rate of Return<sup>3</sup></b>	6.70%
<b>Cost of Living Adjustments</b>	3% for pre-July 2011 benefit service; 0% thereafter
<b>Retirement Age</b>	Varies by tier, membership class, age and gender; details in funding valuation report
<b>Turnover</b>	Varies by membership class, length of service, age and gender; details in funding valuation report
<b>Mortality</b>	PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018, details in funding actuarial valuation report

<sup>3</sup>The 6.70 percent return was chosen by the 2022 FRS Actuarial Assumption Conference and is the same as the investment return assumption that is used as the discount rate for determining the net pension liability.

## Money-Weighted Rate of Return

<b>Fiscal Year Ending June 30</b>	<b>Net Money-Weighted Rate of Return</b>
2014	17.57%
2015	3.77%
2016	0.57%
2017	13.59%
2018	9.28%
2019	5.98%
2020	3.35%
2021	30.41%
2022	-7.20%

The above schedule is presented to illustrate the requirement to show information for ten years and will fill in to a ten-year schedule as results for new fiscal years are calculated. For the calculation of the money-weighted rate of return, refer to the 2022 GASB 67 Supplement to the FRS Actuarial Valuation available from Actuarial Valuations on Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

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## B. Retiree Health Insurance Subsidy (HIS) Program

Required supplementary information for the HIS Program is presented below:

**Schedule of Changes in Net Pension Liability and Related Ratios<sup>1</sup>**  
**For the Period Ended June 30**  
*(in thousands)*

Total Pension Liability	2022	2021	2020	2019
Service cost	\$ 290,825	\$ 280,659	\$ 265,521	\$ 232,118
Interest on total pension liability	275,386	278,747	402,709	418,157
Effect of plan changes	5,215	-	-	-
Effect of economic/demographic (gains) or losses	(54,219)	-	452,542	-
Effect of assumption changes or inputs	(1,585,357)	85,978	481,833	516,083
Benefit payments	<u>(524,004)</u>	<u>(514,361)</u>	<u>(505,549)</u>	<u>(491,890)</u>
Net change in total pension liability	(1,592,154)	131,023	1,097,056	674,468
Total pension liability, beginning	<u>12,719,121</u>	<u>12,588,098</u>	<u>11,491,044</u>	<u>10,816,576</u>
Total pension liability, ending (a)	<u><u>\$ 11,126,966</u></u>	<u><u>\$ 12,719,121</u></u>	<u><u>\$ 12,588,098</u></u>	<u><u>\$ 11,491,044</u></u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 605,048	\$ 587,801	\$ 576,253	\$ 55,291
Member contributions	48	55	370	195
Investment income net of investment expenses	1,812	1,054	5,315	6,181
Benefit payments	(524,004)	(514,361)	(505,549)	(491,890)
Administrative expenses	<u>(189)</u>	<u>(193)</u>	<u>(172)</u>	<u>(195)</u>
Net change in plan fiduciary net position	82,751	74,356	76,217	69,582
Fiduciary net position, beginning	<u>452,618</u>	<u>378,261</u>	<u>302,045</u>	<u>232,463</u>
Fiduciary net position, ending (b)	<u><u>\$ 535,368</u></u>	<u><u>\$ 452,618</u></u>	<u><u>\$ 378,261</u></u>	<u><u>\$ 302,045</u></u>
Net pension liability, ending = (a) - (b)	\$ 10,591,597	\$ 12,266,503	\$ 12,209,837	\$ 11,188,999
Fiduciary net position as a % of total pension liability	4.81%	3.56%	3.00%	2.63%
Covered payroll	\$ 36,451,712	\$ 35,406,397	\$ 34,715,391	\$ 33,452,626
Net pension liability as a % of covered payroll	29.06%	34.64%	35.17%	33.45%

*The notes to required supplementary information are an integral part of these schedules.*

<sup>1</sup> This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated. Columns may not foot due to rounding.

	2018	2017	2016	2015	2014
\$	258,450	\$ 304,537	\$ 256,710	\$ 217,519	\$ 190,371
	389,705	337,486	390,757	405,441	409,907
	-	-	-	-	-
	188,173	-	(30,826)	-	-
	(398,996)	(1,073,716)	1,352,459	607,698	386,383
	(491,528)	(465,980)	(449,857)	(425,086)	(407,276)
	(54,196)	(897,673)	1,519,243	805,572	579,385
	10,870,772	11,768,445	10,249,201	9,443,629	8,864,244
\$	<u>10,816,576</u>	<u>\$ 10,870,772</u>	<u>\$ 11,768,445</u>	<u>\$ 10,249,201</u>	<u>\$ 9,443,629</u>
\$	542,303	\$ 529,229	\$ 512,564	\$ 382,454	\$ 342,566
	237	-	-	-	-
	3,311	1,380	565	208	219
	(491,531)	(465,980)	(449,857)	(425,085)	(407,275)
	(168)	(177)	(188)	(188)	(54)
	54,152	64,452	63,084	(42,611)	(64,544)
	178,311	113,859	50,774	93,385	157,929
\$	<u>232,463</u>	<u>\$ 178,311</u>	<u>\$ 113,859</u>	<u>\$ 50,774</u>	<u>\$ 93,385</u>
\$	10,584,113	\$ 10,692,461	\$ 11,654,586	\$ 10,198,427	\$ 9,350,244
	2.15%	1.64%	0.97%	0.50%	0.99%
\$	32,670,918	\$ 31,885,633	\$ 30,875,274	\$ 30,340,449	\$ 29,676,340
	32.40%	33.53%	37.75%	33.61%	31.51%

## Notes to Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

### Actuarial Methods and Assumptions

The same demographic and pay-related assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2022, (“funding valuation”) were used for the HIS program, unless otherwise noted. In a given membership class and tier, the same assumptions for both Investment Plan (IP) members and for FRS Pension Plan members were used.

Discount Rate	June 30, 2021	June 30, 2022
Discount rate	2.16 %	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2022 valuation was updated from 2.16 percent to 3.54 percent, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2022.

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2021, were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2020	July 1, 2022
Measurement Date	June 30, 2020	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational PUB-2010 with Projection Scale MP-2018 <sup>1</sup>	Generational PUB-2010 with Projection Scale MP-2018 <sup>1</sup>
Actuarial cost method	Individual Entry Age	Individual Entry Age

<sup>1</sup> See July 1, 2020, Actuarial Valuation Report for details.

## **Changes to the Actuarial Assumption and Methods**

The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838. Specifically, HB5007 resulted in the development of separate rates of DROP Entry for law enforcement officers, and an assumed 60-month average duration of DROP participation for law enforcement officers who enter DROP in the future. HB689 and SB838 resulted in updated line-of-duty disability rates and an increase in the portion of all future active member deaths assumed to be in the line of duty from 25% to 30% for all Special Risk class members.

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

## **Program Contribution Rates**

The HIS essentially uses a pay-as-you-go funding structure. As of June 30, 2022, accumulated HIS assets constituted approximately twelve months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

### C. Florida National Guard Supplemental Retirement Benefit (National Guard) Plan

Required supplementary information for the National Guard Plan is presented below:

**Schedule of Changes in Net Pension Liability and Related Ratios<sup>1</sup>**  
**For the Period Ended June 30**  
*(in thousands)*

Total Pension Liability	2022	2021	2020	2019
Service cost	\$ 25,943	\$ 24,859	\$ 13,967	\$ 11,581
Interest on total pension liability	26,114	25,620	28,874	28,506
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	(37,487)	-	24,815	-
Effect of assumption changes or inputs	(588,365)	13,673	271,102	60,964
Benefit payments	<u>(15,580)</u>	<u>(15,505)</u>	<u>(15,121)</u>	<u>(14,999)</u>
Net change in total pension liability	(589,376)	48,647	323,637	86,052
Total pension liability, beginning	<u>1,190,777</u>	<u>1,142,130</u>	<u>818,493</u>	<u>732,441</u>
Total pension liability, ending (a)	<u><u>\$ 601,401</u></u>	<u><u>\$ 1,190,777</u></u>	<u><u>\$ 1,142,130</u></u>	<u><u>\$ 818,493</u></u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 15,589	\$ 15,551	\$ 15,129	\$ 15,044
Member contributions	-	-	-	-
Investment income net of investment expenses	-	-	-	-
Benefit payments	(15,580)	(15,505)	(15,121)	(14,999)
Administrative expenses	<u>(8)</u>	<u>(46)</u>	<u>(8)</u>	<u>(45)</u>
Net change in plan fiduciary net position	-	-	-	-
Fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary net position, ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net pension liability, ending = (a) - (b)	\$ 601,401	\$ 1,190,777	\$ 1,142,130	\$ 818,493
Fiduciary net position as a % of total pension liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 567,068	\$ 519,073	\$ 508,895	\$ 495,379
Net pension liability as a % of covered payroll	106.05%	229.40%	224.43%	165.23%

The notes to required supplementary information are an integral part of these schedules.

<sup>1</sup>This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.

2018	2017	2016	2015	2014
\$ 9,925	\$ 12,904	\$ 9,044	\$ 7,161	\$ 5,979
21,080	19,100	19,259	19,164	18,852
-	-	-	-	-
39,056	-	27,462	-	-
90,990	(95,585)	118,279	46,330	27,926
<u>(14,898)</u>	<u>(14,677)</u>	<u>(14,413)</u>	<u>(14,423)</u>	<u>(14,366)</u>
146,153	(78,258)	159,631	58,232	38,391
<u>586,288</u>	<u>664,547</u>	<u>504,915</u>	<u>446,683</u>	<u>408,292</u>
<u>\$ 732,441</u>	<u>\$ 586,288</u>	<u>\$ 664,547</u>	<u>\$ 504,915</u>	<u>\$ 446,683</u>
\$ 14,905	\$ 14,720	\$ 14,423	\$ 14,495	\$ 14,366
-	-	-	-	-
-	-	-	-	-
(14,897)	(14,677)	(14,413)	(14,423)	(14,366)
<u>(8)</u>	<u>(43)</u>	<u>(10)</u>	<u>(72)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>				
\$ 732,441	\$ 586,288	\$ 664,547	\$ 504,915	\$ 446,683
0.00%	0.00%	0.00%	0.00%	0.00%
\$ 485,666	\$ 487,100	\$ 477,549	\$ 476,278	\$ 466,939
150.81%	120.36%	139.16%	106.01%	95.66%

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

The Florida National Guard Supplemental Retirement Benefit Plan is funded on a pay-as-you-go basis by an annual appropriation from General Revenue by the Legislature, rather than by employer contributions and investment earnings. Any appropriated funds not obligated for benefit payments and expenses owed at June 30 of each year revert to the General Revenue Fund.

Discount Rate	June 30, 2021	June 30, 2022
Discount rate	2.16 %	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the National Guard benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used was updated from 2.16 percent to 3.54 percent as of June 30, 2022 reflecting the change during the fiscal year in the Bond Buyer General Obligation 20- Bond Municipal Bond Index.

**Other Key Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GAB 67.

Valuation Date	July 1, 2020	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Individual Member Salary Increase	Varies by service; separate tables for officers and enlisted <sup>1</sup>	Varies by service; separate tables for officers and enlisted <sup>1</sup>
Annual increase for net Florida National Guard benefit	2.80%	2.80%
Mortality	PUB-2010 With Projection Scale MP-2018	PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Entry Age Normal	Entry Age Normal

<sup>1</sup> See July 1, 2020, Actuarial Valuation Report for details.

## **Changes to the Actuarial Assumption and Methods**

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

The withdrawal rates for years 20+ were updated based on recent observed experience specific to the Florida National Guard program.

The valuation introduced methodology that reflects a distinction between years of service in the Florida National Guard and years of total military service. Additionally, an assumption was added for years of total military service for those actives for whom a date entered into the military was not given.

## D. Other Postemployment Benefits (OPEB) Plan

Required supplementary information for the OPEB Plan is presented below:<sup>1</sup>

### Schedule of FRS Trust Fund's Proportionate Share of the State's Total OPEB Liability

	2021	2020	2019	2018	2017
Proportion of the State's OPEB liability	0.1909336620%	0.1601426168%	0.1583703799%	0.1687397873%	0.1635221539%
Proportionate share of the State's OPEB liability	\$ 13,928,306	\$ 11,452,742	\$ 14,503,062	\$ 13,161,211	\$ 13,068,952
Covered-employee payroll	\$ 11,015,456	\$ 10,262,856	\$ 9,798,551	\$ 9,842,854	\$ 9,417,561
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	126.44%	111.59%	148.01%	133.71%	138.77%

### Schedule of SUSORP Trust Fund's Proportionate Share of the State's Total OPEB Liability

	2021	2020	2019	2018	2017
Proportion of the State's OPEB liability	0.0030672074%	0.0029161023%	0.0019342947%	0.0019093611%	0.0019041881%
Proportionate share of the State's OPEB liability	\$ 223,748	\$ 208,548	\$ 177,137	\$ 148,925	\$ 152,186
Covered-employee payroll	\$ 129,448	\$ 174,356	\$ 162,978	\$ 159,384	\$ 151,057
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	172.85%	119.61%	108.69%	93.44%	100.75%

### Schedule of Police and Firefighters' Trust Fund's Proportionate Share of the State's Total OPEB Liability

	2021	2020	2019	2018	2017
Proportion of the State's OPEB liability	0.0071568173%	0.0077762727%	0.0058028841%	0.0076374444%	0.0085688465%
Proportionate share of the State's OPEB liability	\$ 522,078	\$ 556,127	\$ 531,410	\$ 595,698	\$ 684,836
Covered-employee payroll	\$ 707,934	\$ 678,047	\$ 659,804	\$ 677,093	\$ 672,525
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	73.75%	82.02%	80.54%	87.98%	101.83%

## Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. There were no changes to benefit terms during the measurement period. Amounts reported as changes of assumptions resulted primarily from decreasing the assumed discount rate from 2.66 percent to 2.18 percent. All other assumptions for this update report are the same as the prior valuation.

<sup>1</sup> These schedules will fill in to ten-year schedules as results for new fiscal years are calculated.

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## **E. Budgetary Reporting**

### **Budget Process**

Each year, the head of the Department of Management Services submits a legislative budget request to the Governor and Legislature as required by Section 216.023(01), Florida Statutes (F.S.). The Governor, as Chief Budget Officer, submits his recommended budget to each legislator at least 30 days before the annual legislative session.

Revenue estimates for trust funds not projected by the Revenue Estimating Conference, such as the Police and Firefighters' Premium Tax Trust Fund, are provided by the state agency. These estimates may be revised during the course of the Legislature's consideration and adoption of a final budget. These estimates, together with known available cash balances, are further considered by the Governor during the preparation of annual spending plans. Adjustments to the original budget's trust fund revenue estimates may be made to conform agency revenue estimates to actual and projected revenue streams.

The Legislature considers and amends the Governor's recommended budget and a final appropriations bill is then approved by the Legislature (subject to the line-item veto power of the Governor and override authority of the Legislature); this bill then becomes the General Appropriations Act. The Governor may, under certain conditions and subject to the review and objection procedures set forth in Section 216.177, F.S., establish appropriations and corresponding releases for amounts not appropriated by the Legislature to agencies. This includes appropriations for non-operating disbursements, such as the purchase of investments and the transfer of money between state funds.

The head of a department may transfer appropriations, but only to the extent of 5 percent of the original appropriation or \$250,000, whichever is greater, or within certain programs and between identical funding sources and specific appropriation categories. The Governor may approve changes of expenditure authority within any trust fund if the changes are less than \$1 million. The Legislative Budget Commission may approve trust fund changes in excess of \$1 million. At the end of the fiscal year, any balance of an operating appropriation which has not been disbursed but is expended (recorded as a payable) or contracted to be expended (recorded as a reserve for encumbrances), may be carried forward into the next fiscal year. Any appropriations not disbursed by September 30 will revert pursuant to Section 216.301(1), F.S.

The Chief Financial Officer approves disbursements in accordance with legislative authorizations. The budget is controlled at the account code level, which is defined as an appropriation category (e.g., salaries and benefits), and funded within a budget entity. The Governor and Chief Financial Officer are responsible for detecting conditions which could lead to a deficit in an agency's funds and reporting that fact to the Legislative Budget Commission. The Constitution of the State, Article VII, Section 1(d), states, "Provision shall be made by law for raising sufficient revenue to defray the expenses of the state for each fiscal period."

### **Budgetary Basis of Accounting**

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). Appropriations are made from various funds that are prescribed by law, such as the Police and Firefighters' Premium Tax Trust Fund.

A budgetary comparison schedule for the Police and Firefighters' Premium Tax Trust Fund is presented as part of the other required supplementary information.

Budgetary basis revenues are essentially reported on a cash basis and include amounts classified by GAAP as other financing sources. Budgetary basis expenditures include disbursements, except for those for prior year carry/certified forwards, plus current year payables and encumbrances which are carried/certified forward into

the next fiscal year. They also include amounts classified by GAAP as other financing uses. State law requires prior year payables and encumbrances not carried/certified forward to be paid from the current year budget.

### **Budget to GAAP Reconciliation**

The budgetary comparison schedules for the Police and Firefighters' Premium Tax Trust Fund present comparisons of the original budget and final budget with actual revenues and expenditures on a budgetary basis. A budget to GAAP reconciliation is presented following the budgetary comparison schedules because accounting principles for budgetary basis differ significantly from those used to present financial statements in conformity with GAAP.

**BUDGETARY COMPARISON SCHEDULES  
MAJOR SPECIAL REVENUE FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Fund Balance, July 1, 2021	\$ 282,488,489	\$ 282,488,489	\$ 282,488,489	\$ -
Reversions	85,885	85,885	85,885	-
Fund Balance, July 1, 2021	<u>282,574,374</u>	<u>282,574,374</u>	<u>282,574,374</u>	<u>-</u>
<b>REVENUES</b>				
Premium tax	213,200,000	213,200,000	221,500,000	8,300,000
Interest	379,168	379,168	672,852	293,684
Refund	-	-	454,758	454,758
General Revenue	2	406,202	406,202	-
Total Revenues	<u>213,579,170</u>	<u>213,985,370</u>	<u>223,033,813</u>	<u>9,048,442</u>
Total Available Resources	<u>496,153,544</u>	<u>496,559,744</u>	<u>505,608,187</u>	<u>9,048,442</u>
<b>EXPENDITURES</b>				
<u>Operating Expenditures:</u>				
Salaries and Benefits	893,534	900,591	733,346	167,245
Expenses	57,139	57,139	48,779	8,360
Special Categories	244,088	243,954	229,870	14,084
Total Operating Expenditures	<u>1,194,761</u>	<u>1,201,684</u>	<u>1,011,995</u>	<u>189,689</u>
<u>Nonoperating expenditures:</u>				
Transfers	25,600,000	25,600,000	11,990,357	13,609,643
Refunds	100,000	100,000	-	100,000
Distributions to Municipalities	214,940,000	214,940,000	176,467,469	38,472,531
Other	18,708,900	18,708,900	16,863,450	1,845,450
Total Nonoperating Expenditures	<u>259,348,900</u>	<u>259,348,900</u>	<u>205,321,276</u>	<u>54,027,624</u>
Total Expenditures	<u>260,543,661</u>	<u>260,550,584</u>	<u>206,333,271</u>	<u>54,217,313</u>
Fund Balance, June 30, 2022	<u>\$ 235,609,883</u>	<u>\$ 236,009,160</u>	<u>\$ 299,274,916</u>	<u>\$ 63,265,756</u>

**BUDGET TO GAAP RECONCILIATION  
MAJOR SPECIAL REVENUE FUND  
For the Fiscal Year Ended June 30, 2022**

	<b>Police and Firefighters' Premium Tax Trust Fund</b>
Budgetary basis fund balance	\$ 299,274,916
Items not included in budgetary basis fund balance:	
Other GAAP basis fund balances not included in budgetary basis fund balances	-
Adjusted budgetary basis fund balances	<u>299,274,916</u>
Adjustments (basis differences):	
Net receivables (payables) not carried forward	(53,562,096)
Encumbrances	<u>191,932</u>
GAAP basis fund balances	<u>\$ 245,904,752</u>



Manatee Springs in Chiefland, Florida

## Other Supplementary Information

## SCHEDULE OF ADMINISTRATIVE EXPENSES

As of June 30, 2022

	Florida Retirement System	Retiree Health Insurance Subsidy	Florida National Guard Supplemental Retirement Benefit Plan	State University System Optional Retirement Program
<b>Personnel Services</b>				
Salaries	\$ 7,546,513	\$ 145,924	\$ -	\$ 164,705
State retirement contributions	979,937	-	-	16,452
Insurance contributions	2,403,382	-	-	44,449
Social security	567,156	-	-	10,963
Workers' compensation	32,026	-	-	-
Other postemployment benefits <sup>1</sup>	169,230	-	-	10,737
Compensated absences <sup>2</sup>	(26,514)	-	-	4,403
Pension expense <sup>3</sup>	-	-	-	(13,000)
<b>Subtotal</b>	<u>11,671,730</u>	<u>145,924</u>	<u>-</u>	<u>238,710</u>
<b>Professional Services</b>				
Actuarial services	486,600	24,500	8,200	-
Contractual IT services and monitoring	3,803,409	-	-	-
Legal services	206,589	-	-	-
Other contractual services	167,643	-	-	15,950
Other contractual services - data	639,313	-	-	-
<b>Subtotal</b>	<u>5,303,553</u>	<u>24,500</u>	<u>8,200</u>	<u>15,950</u>
<b>Communication</b>				
Postage and freight	446,577	17,817	-	-
Printing and reproduction	89,977	-	-	-
Telephone	618,242	-	-	-
Travel	14,260	-	-	332
<b>Subtotal</b>	<u>1,169,055</u>	<u>17,817</u>	<u>-</u>	<u>332</u>
<b>Other Operating Expenses</b>				
Administrative overhead assessment	1,458,676	-	-	-
Data processing licenses and supplies	308,395	-	-	211
Depreciation	204,720	-	-	-
Dues and subscriptions	18,389	-	-	2,032
Equipment leasing	844,305	-	-	-
Furniture and equipment	49,083	-	-	-
Human resources overhead	50,509	918	-	1,102
Insurance	6,598	-	-	-
Lease amortization expense	925,184	-	-	19,175
Lease interest and fiscal charges	134,481	-	-	2,787
Loss on disposal of equipment	-	-	-	-
Materials and supplies	6,925	-	-	53
Miscellaneous	28,534	231	-	-
Office rental	188,316	-	-	-
Office supplies	76,205	-	-	114
Repairs and maintenance	4,328	-	-	-
Utilities	45,585	-	-	-
<b>Subtotal</b>	<u>4,350,232</u>	<u>1,149</u>	<u>-</u>	<u>25,474</u>
<b>Total Administrative Expenses</b>	<u><b>\$ 22,494,571</b></u>	<u><b>\$ 189,390</b></u>	<u><b>\$ 8,200</b></u>	<u><b>\$ 280,466</b></u>

<sup>1</sup> This represents the FRS Trust Fund's and SUSORP Trust Fund's allocated share of OPEB-related expense. Charges may be positive or negative.

<sup>2</sup> This represents the change in Compensated Absences Liability from the prior year. Charges may be positive or negative.

<sup>3</sup> This represents the SUSORP Trust Fund's allocated share of pension-related expense. Charges may be positive or negative.



Wakulla Springs in Wakulla, Florida

# Investment Section



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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GOVERNOR  
CHAIR

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

ASHLEY MOODY  
ATTORNEY GENERAL

LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

December 2, 2022

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 SBA's Board of Trustees consists of Governor Ron DeSantis, Chairman, Attorney General Ashley Moody, and Chief Financial Officer Jimmy Patronis. The primary investment objectives for the FRS Pension Plan are to provide investment returns necessary to ensure timely payment of promised retirement benefits and keep plan costs at a reasonable level. The FRS Pension Plan portfolio consists of a highly diversified asset mix of investments, including 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 detailed below:

**FRS Pension Plan Market Value for Fiscal Year 2021-2022**

	9/30/2021	12/31/2021	3/31/2022	6/30/2022
<b>Fund Market Value</b>	\$199.04 B	\$206.44 B	\$197.72 B	\$179.95 B

**Actual Quarter-End Asset Allocation for Fiscal Year 2021-2022**

<b>Asset Classes</b>	<b>9/30/2021</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>6/30/2022</b>
<b>Global Equity</b>	53.6%	54.5%	52.7%	48.4%
<b>Fixed Income</b>	17.9%	17.4%	16.9%	17.7%
<b>Real Estate</b>	8.7%	9.0%	10.1%	11.3%
<b>Private Equity</b>	8.8%	8.6%	9.2%	10.2%
<b>Strategic Investments</b>	9.4%	9.3%	10.0%	11.2%
<b>Cash Equivalents/ Short Term</b>	1.6%	1.2%	1.1%	1.3%
<b>Total**</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

\*\*Columns may not total due to rounding.

**Annualized FRS Pension Plan Investment Performance by Fiscal year Periods Ending June 30, 2022**

<b>FRS Pension Plan Public and Private Markets</b>	<b>10 Years 2012-2022</b>	<b>5 Years 2017-2022</b>	<b>3 Years 2019-2022</b>	<b>1 year 2021-2022</b>
<b>Total FRS Pension Plan</b>	8.59%	7.69%	7.74%	-6.27%

Detailed investment performance of the FRS Pension Plan is reported in the SBA's 2021-22 Annual Investment Report. This annual report is prepared and submitted to the Trustees and legislature before January 1, in compliance with Section 215.44(5), Florida Statutes, and includes information on the FRS Pension Plan investment assets, strategy and performance. Additionally, the SBA's performance consultant, Bank of New York Mellon, independently prepares reported performance data. You can find the Annual Investment Report on our website at [www.sbafla.com](http://www.sbafla.com).

Respectfully submitted,

Lamar Taylor  
Interim Executive Director & Chief Investment Officer

## **Overview and Investment Objective**

The State Board of Administration of Florida (SBA) is responsible for managing and investing the assets of the Florida Retirement System (FRS) Trust Fund in accordance with applicable law, policies, and fiduciary standards for the benefit of the members and surviving beneficiaries of the FRS Pension Plan. The Florida Retirement System (FRS) Pension Plan, a defined benefit plan, comprises over 80 percent of total assets under SBA management. The FRS Pension Plan serves a working and retired membership base of nearly one million public employees.

The Investment Section provides an overview of the investment activities of the FRS Trust Fund for the fiscal year ended June 30, 2022. This section should be read in conjunction with the financial statements and other information provided in this Annual Comprehensive Financial Report (ACFR). For more information see the State Board of Administration 2021-22 Annual Investment Report available from Annual Investment Reports on the Performance and Reports page of the SBA's website at [www.sbafla.com](http://www.sbafla.com).

The SBA follows statutory guidelines and a substantial body of internal policies and procedures in investing the FRS Pension Plan assets. It has a robust governance and control structure in place, utilizes a wide array of professional consultants and external analysts, and employs a highly qualified staff of investment professionals. In keeping with the SBA's commitment to disciplined investment management services, the Investment Advisory Council provides independent oversight of the FRS Pension Fund's general objectives, policies and strategies.

The Pension Plan's long-term financial health rests on three legs: solid long-term investment performance, receipt of actuarially required annual contributions, and a reasonable benefit package.

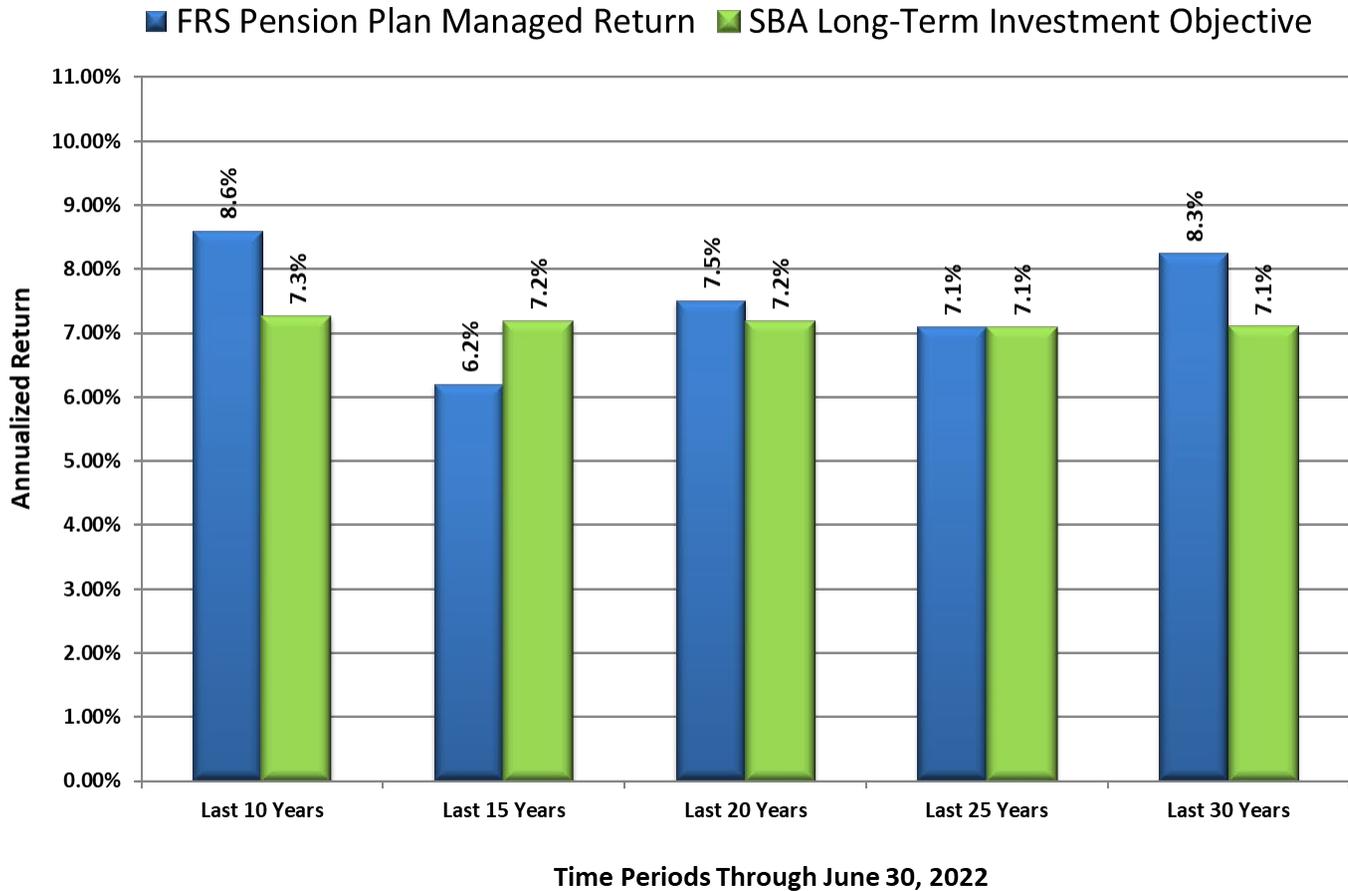
The SBA's commitment to obtaining solid long-term performance is vital to ensuring that the FRS Pension Plan continues to help participating retirees meet their financial goals and that fund assets are invested prudently. However, investment gains alone are not sufficient to maintain the fund's financial health. Approximately 60 percent+ paid to a retiree comes from investment gains, not from taxpayers or participants through contributions.

Annually determined actuarially sound rates of contribution into the fund are necessary to ensure that the investment base is large enough to meet future Pension Plan benefit obligations. Contribution rates are set by the state legislature, along with plan structure and benefit levels. The Division of Retirement in the Department of Management Services administers the Pension Plan, directs actuarial studies, and makes benefit payments.

## **Performance**

The SBA's investment policy objective for the FRS Pension Plan portfolio is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and to keep costs at a reasonable level, given actuarially required contributions. The SBA's investment objective is to earn a compounded return of 4 percent plus the rate of inflation per annum over the long run.

The chart below compares the SBA’s actual return on Pension Plan assets to its investment objective of 4 percent real growth (inflation plus 4 percent) for the fund. This objective is derived from an asset/liability analysis of expected benefit growth, contribution levels, market performance, and a risk tolerance for the fund. Over the long-term, 20 years and greater, the SBA has met its long-term objective.

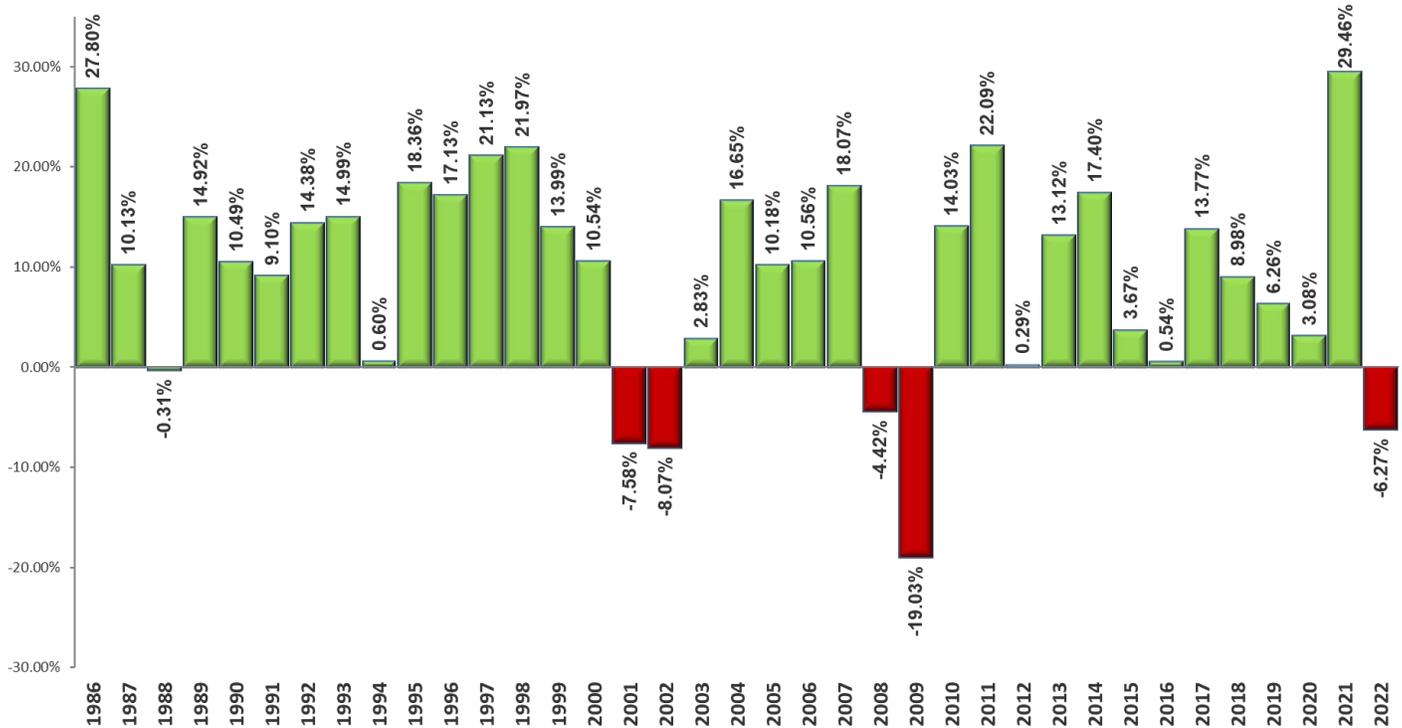


In addition to its investment objective for the Pension Plan, the SBA measures its investment performance relative to market-based benchmarks. The chart below compares actual returns to the total fund benchmark for various periods ending June 30, 2022:

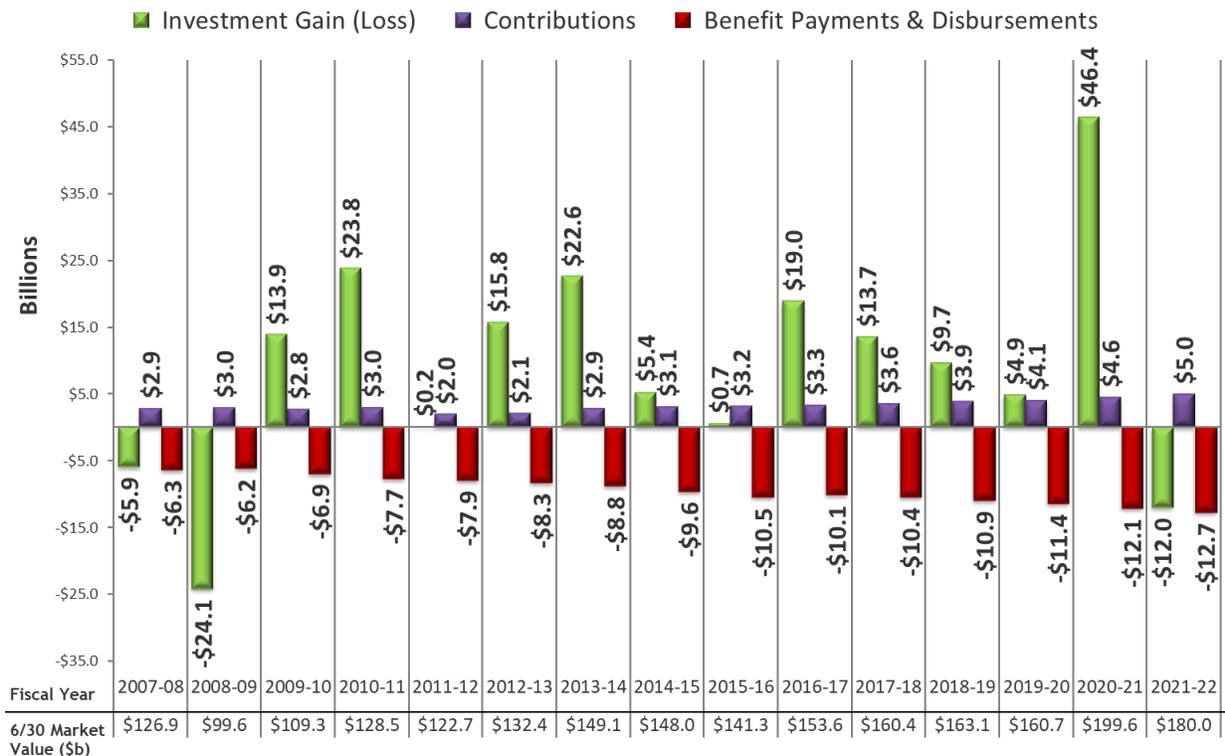
	SBA Managed Benchmark Managed Over (Under)	SBA Managed Benchmark Managed Over (Under)	SBA Managed Benchmark Managed Over (Under)
One Year	-6.27%	13.42%	-19.70%
Three Years	7.74%	9.17%	-1.43%
Five Years	7.69%	8.14%	-0.45%
Ten Years	8.59%	7.26%	1.34%
Fifteen Years	6.20%	7.19%	-0.99%

• All returns are annualized for periods indicated through June 30, 2022.  
 • Benchmark is a weighted blend of individual asset class target indices as applicable; weights and benchmarks are established in the FRS Pension Plan Investment Policy Statement.

The chart below shows the historical one-year returns earned by the FRS Pension Plan.



The key drivers of growth in the FRS Pension Plan's asset base are represented in the chart below. Over the period shown, investment returns (green bars) have generally been positive, with two notable exceptions: the bursting of the tech bubble in the early part of this century and the mortgage crisis that began in 2008. Benefit payments (the red bars falling downward, representing outflows) have grown steadily over the period. This is typical of a mature plan. Contributions into the fund (purple bars) represent approximately 1/3 of the total cost of benefits paid to participants, the remaining 2/3 are derived from investment earnings.



The tables below show the external investment management fees and net brokerage commission for Fiscal Year 2021-22.

**FRS Pension Plan- External Investment Management Fees**  
Fiscal Year 2021-22

Asset Class	Dollar Amount	Return Basis <sup>1</sup>
Global Equity	\$ 160,926,680	0.32%
Strategic Investments	238,373,365	1.29%
Fixed Income	11,367,637	0.08%
Real Estate	100,049,286	0.53%
Private Equity	160,498,875	0.91%
<b>Total</b>	<b>\$ 671,215,843</b>	<b>0.57%</b>

<sup>1</sup>Return Basis expresses external management fees as a percent of the average of the month-end net asset value of externally managed portfolios in each asset class (including month-ends from June 30, 2021, through June 30, 2022). This measure is comparable to an annual expense ratio.

• Totals may not foot due to rounding.

**FRS Pension Plan- Net Brokerage Commissions**  
For Fiscal Year 2021-2022

Asset Class	Dollar Amount <sup>1</sup>
Global Equity	\$ 22,394,098
Fixed Income	564,049
Real Estate	1,694,182
Strategic Investments	-
Private Equity	5,669
<b>Total</b>	<b>\$ 24,657,998</b>

<sup>1</sup>Brokerage commission amounts for the entire fiscal year are presented in the appropriate year-end asset class. Dollar amounts reported do not include broker commission amounts paid in commingled funds.

• Totals may not foot due to rounding.

## Asset Allocation

Returns attributed to asset allocation arise from differences between asset class actual and target allocations as percentages of the Total Fund.

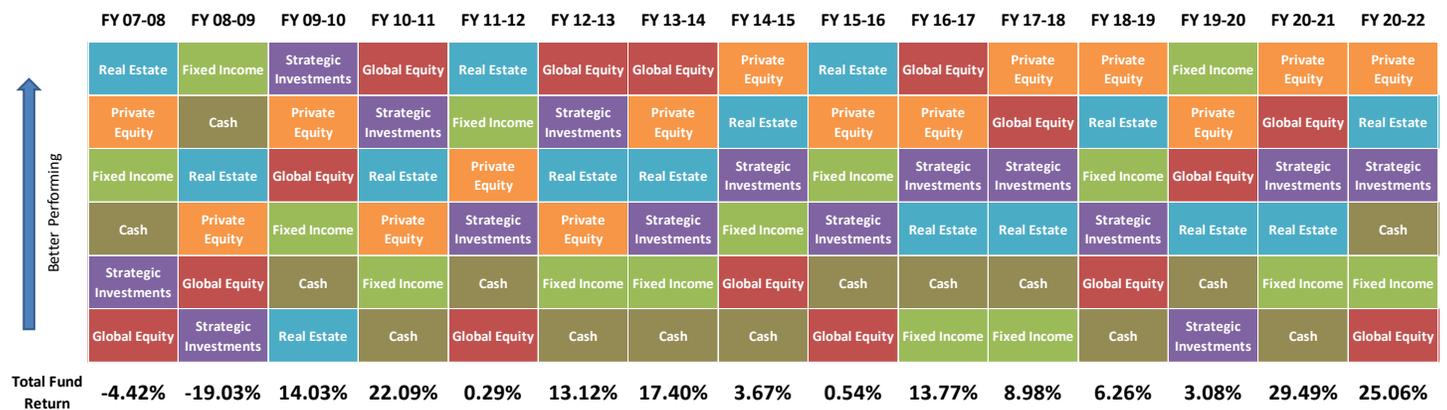
## Asset Classes

The Pension Plan portfolio is currently divided into six asset classes: Global Equity, Fixed Income, Real Estate, Private Equity, Strategic Investments, and Cash Equivalents. Asset class performance is measured against a broad market index appropriate to the asset class.

## Rebalancing

The investment strategy for the Pension Plan is to implement the policy allocation within relatively narrow bands around policy target weights. The SBA manages this strategy through asset allocation and risk-budgeting policies.

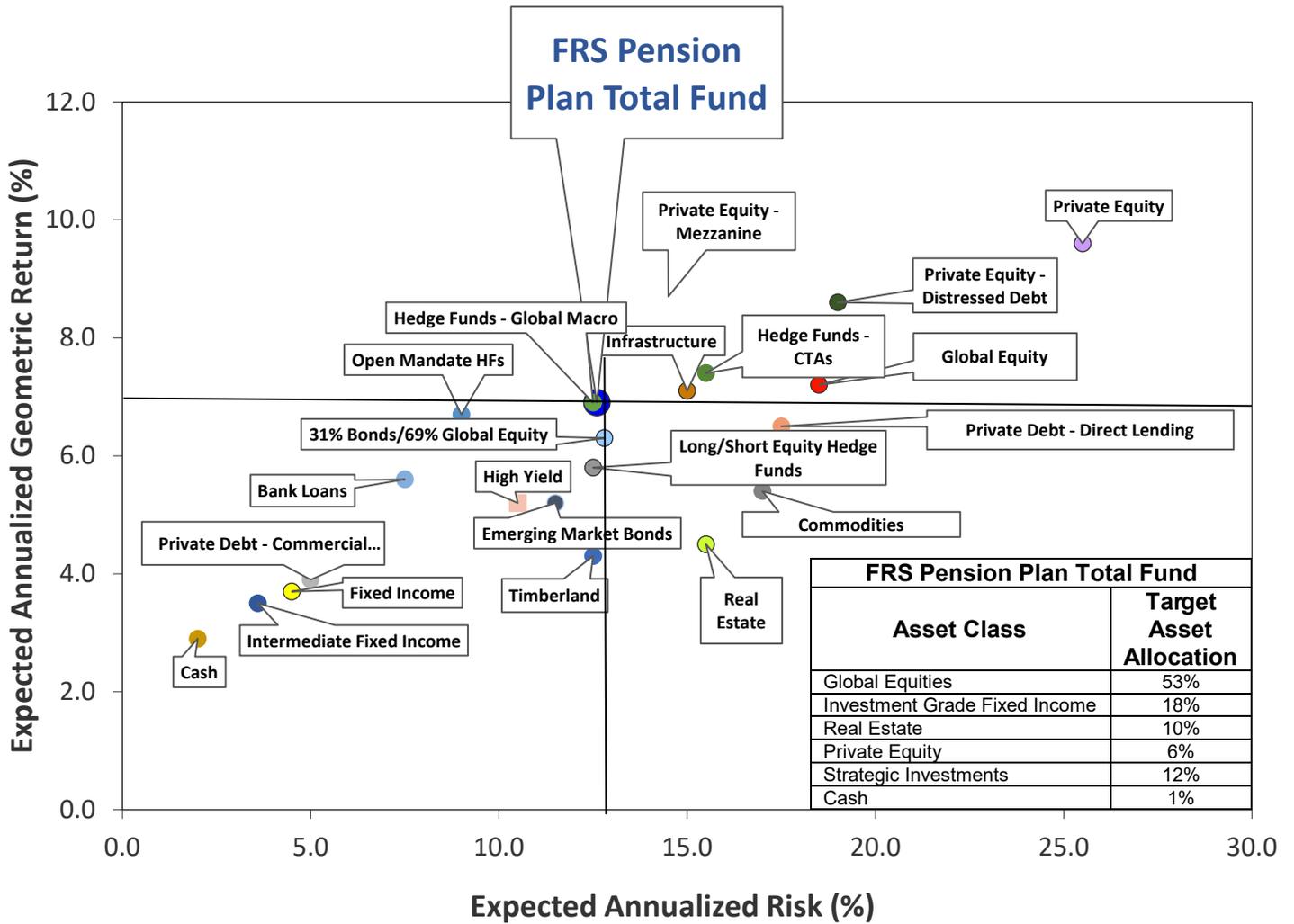
The following chart shows the related asset allocation performance of the FRS Pension Plan by fiscal year that demonstrates rebalancing to maximize investment objectives.



The SBA's exposure to various major asset types or classes is considered its asset allocation. Because asset allocation is a key driver of investment portfolio returns, determining the proper asset allocation (i.e., the desired relative exposure to each asset class) is the most fundamental way in which the SBA pursues its investment objective. Likewise, managing actual asset class exposure over time (i.e., managing asset allocation) is important if the SBA is to avoid unnecessary risk. For example, if 60 percent exposure to stocks is determined to be necessary to meet a long-term return objective, exposure below that, if persistent or poorly timed, will cause the actual return to fall short of the objective. Conversely, an exposure to stocks greater than necessary will subject the portfolio to higher levels of volatility than necessary, which can also result in disappointing returns, particularly when equity markets are stressed.

A thoughtfully constructed portfolio will provide diversification across a sufficiently broad range of investments so that the portfolio has a high probability of meeting the investment objective, notwithstanding the wide distribution of performance often associated with individual investments. In other words, some individual investments may be poor performers during a specific time frame but, in a highly diversified portfolio, their overall impact on the portfolio will often be offset by other investments that, at the time, are better performers.

The following chart presents examples of how various asset classes and investment strategies carry different risk/return tradeoffs. For example, investing in a mix of 31 percent Bonds and 69 percent Global Equity has slightly higher risk and a lower return than the target allocation for the overall FRS Pension Plan.



## Passive vs Active Investing

There are two approaches to investment management, passive and active investing. Passive managers construct their portfolios to closely approximate the performance of well-recognized market indices such as the Russell 1000 Index (large U.S. companies), Russell 3000 Index (large and small U.S. companies) or MSCI World ex-US Investable Market Index (international companies). Passive investing typically has the lowest management costs. Additional savings can be realized when these portfolios are managed internally.

Active managers select specific investments and build stock portfolios with the goal of beating the return of a benchmark index. Active investing, because of research and time requirements, tends to be more costly.

The SBA employs an active investment strategy where the probability of being paid for assuming the increased cost and risk of active investing is greatest. Conversely, where there is the least likelihood to outperform market indices, the SBA tends to passively invest and save management costs associated with active management. One of the SBA's historical strengths has been operating at a very low cost. The SBA's size and significant proportion of passive investments are contributors to the SBA's cost advantage.

The table below shows internal versus external management and the passive versus active management of the funds' resources as of June 30, 2022.

### FRS DEFINED BENEFIT TOTAL FUND ASSET CLASS ALLOCATION

As of June 30, 2022					
Asset Class	Internal As % of Asset Class	External As % of Asset Class	Passive As % of Asset Class	Active As % of Asset Class	As % of Total Fund
Cash <sup>1</sup>	100.0%	0.0%	15.0%	85.0%	1.3%
Fixed Income <sup>2</sup>	62.0%	38.0%	43.3%	56.7%	17.7%
Global Equity <sup>3</sup>	51.9%	48.1%	49.5%	50.5%	48.4%
Private Equity	0.0%	100.0%	0.0%	100.0%	10.2%
Real Estate	65.5%	34.5%	0.0%	100.0%	11.3%
Strategic Investments	0.4%	99.6%	0.0%	100.0%	11.2%
<b>Total Fund</b>	<b>44.8%</b>	<b>55.2%</b>	<b>31.8%</b>	<b>68.2%</b>	<b>100.0%</b>

Asset Class	Internal Market Value (in Millions)	External Market Value (in Millions)	Passive Market Value (in Millions)	Active Market Value (in Millions)	Total Fund Market Value (in Millions)
Cash <sup>1</sup>	\$ 2,255	\$ -	\$ 338	\$ 1,916	\$ 2,255
Fixed Income <sup>2</sup>	\$ 19,751	\$ 12,081	\$ 13,783	\$ 18,049	\$ 31,832
Global Equity <sup>3</sup>	\$ 45,174	\$ 41,881	\$ 43,104	\$ 43,950	\$ 87,054
Private Equity	\$ -	\$ 18,380	\$ -	\$ 18,380	\$ 18,380
Real Estate	\$ 13,317	\$ 7,007	\$ -	\$ 20,324	\$ 20,324
Strategic Investments	\$ 76	\$ 20,034	\$ -	\$ 20,110	\$ 20,110
<b>Total Fund</b>	<b>\$ 80,572</b>	<b>\$ 99,383</b>	<b>\$ 57,226</b>	<b>\$ 122,729</b>	<b>\$ 179,955</b>

<sup>1</sup>Cash: Includes Securities Lending Account, Total Fund STIPFRS NAV Adjustment Account, and the collateral accounts.

<sup>2</sup>Fixed Income: Includes STIPFRS Reserve Liquidation Account and Fixed income Liquidity Program.

<sup>3</sup>Global Equity includes Global Equity Liquidity Portfolio and the Cash Equitization Portfolio.

• Totals may not foot due to rounding.

**FRS Pension Plan- Returns by Asset Class**  
**For Periods Ending June 30, 2022**

		SBA Managed Return	Benchmark Return	Managed. Over (Under) Benchmark
<b>Global Equity<sup>1</sup></b>	One Year	-17.20%	-16.51%	-0.69%
	Three Years	6.20%	6.01%	0.19%
	Five Years	7.00%	6.72%	0.28%
	Ten Years	9.27%	8.74%	0.52%
	Fifteen Years	5.60%	4.96%	0.64%
<b>Fixed Income</b>	One Year	-8.08%	-7.91%	-0.17%
	Three Years	-0.28%	-0.60%	0.31%
	Five Years	1.12%	0.88%	0.24%
	Ten Years	1.63%	1.30%	0.33%
	Fifteen Years	3.43%	3.10%	0.33%
<b>Real Estate</b>	One Year	22.43%	22.88%	-0.46%
	Three Years	10.54%	9.55%	0.98%
	Five Years	9.18%	8.56%	0.62%
	Ten Years	10.88%	9.66%	1.22%
	Fifteen Years	7.33%	6.29%	1.03%
<b>Private Equity<sup>2</sup></b>	One Year	25.07%	-12.62%	37.69%
	Three Years	29.03%	11.57%	17.46%
	Five Years	23.20%	11.22%	11.98%
	Ten Years	17.77%	13.66%	4.11%
	Fifteen Years	12.91%	10.52%	2.40%
<b>Strategic Investments</b>	One Year	7.78%	3.97%	3.81%
	Three Years	8.08%	6.96%	1.11%
	Five Years	7.43%	6.51%	0.93%
	Ten Years	8.42%	6.40%	2.02%
<b>Cash Equivalents</b>	One Year	0.22%	0.18%	0.04%
	Three Years	0.60%	0.63%	-0.02%
	Five Years	1.11%	1.09%	0.02%
	Ten Years	0.72%	0.63%	0.10%
	Fifteen Years	0.34%	0.86%	-0.52%

<sup>1</sup> Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic, Foreign and Global Equities components.

<sup>2</sup> Per industry convention, Private Equity returns are presented on a dollar-weighted basis.

SBA contracts with private equity partnerships require the following disclosure:

- Because of the long-term nature of investing in private equity, funds can produce low or negative returns in the early years of the partnership. In the first few years of the partnership, management fees are drawn from partner's capital, and portfolio companies are held at cost, leading to a potential understatement of ultimate value.
- Due to numerous factors, including limited valuation and reporting standards, the return information for private equity in this report may not reflect the expected return of the partnerships. The returns contained in this report are calculated by the SBA or its agent and have not been reviewed by the general partners.
- Interim returns may not be meaningful or indicative of ultimate performance during the early stages of the investment life cycle.

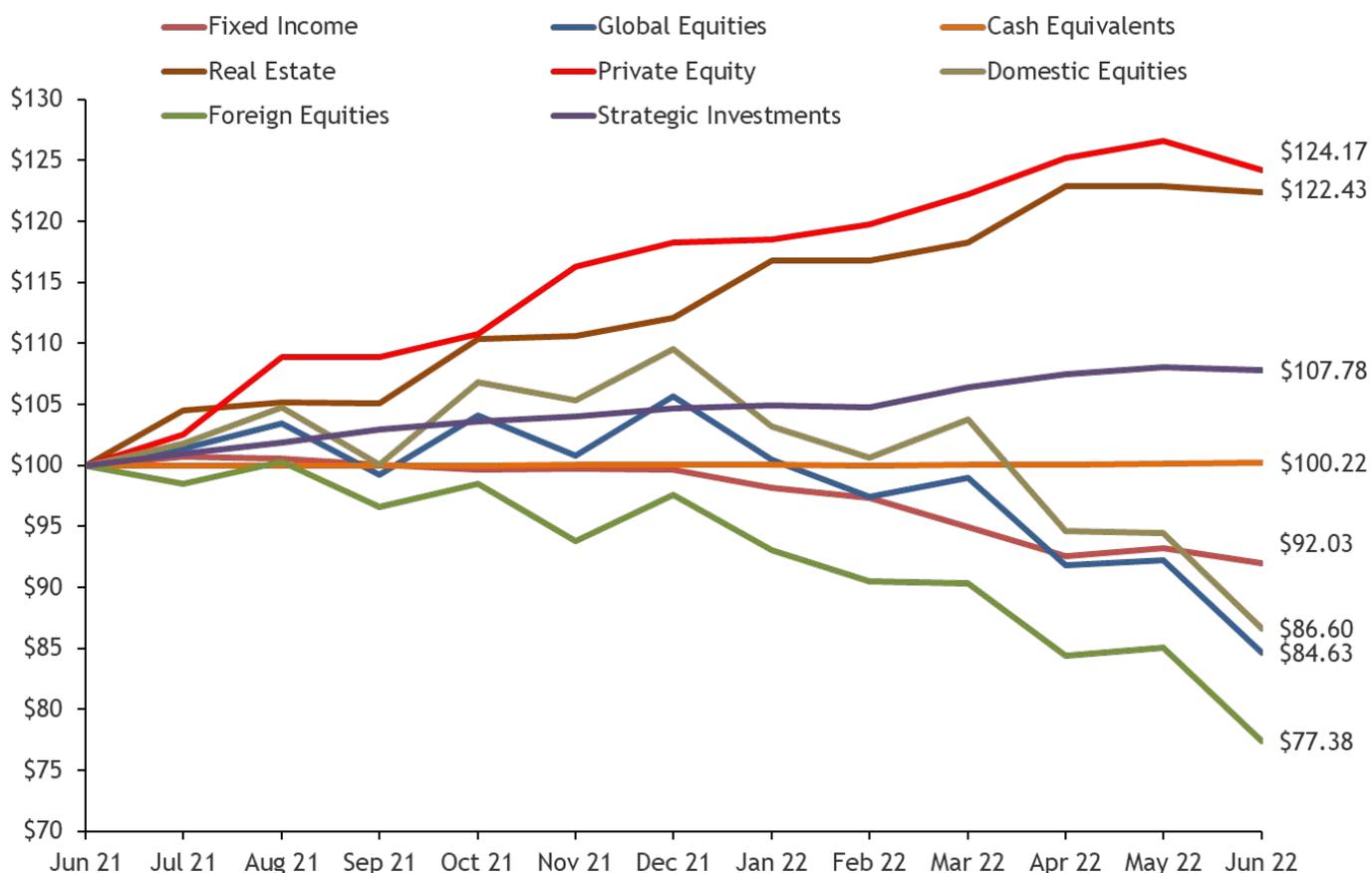
**FRS PENSION PLAN – CHANGE IN MARKET VALUE  
FOR FISCAL YEAR 2021-22**

	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Global Equity</b>	\$ 110,156,581,775	\$ (5,032,680,320)	\$ (18,069,630,619)	\$ 87,054,270,836
<b>Fixed Income</b>	34,551,320,934	118,108,400	(2,837,185,766)	31,832,243,569
<b>Real Estate</b>	16,821,692,195	(237,105,625)	3,739,310,038	20,323,896,608
<b>Private Equity</b>	17,339,857,003	(2,803,112,015)	3,842,850,662	18,379,595,649
<b>Strategic Investments</b>	18,134,136,110	550,612,687	1,425,378,274	20,110,127,071
<b>Cash/Short-Term Securities<sup>1</sup></b>	2,596,910,368	(258,598,678)	(83,734,857)	2,254,576,833
<b>Total FRS Pension Plan</b>	<b>\$ 199,600,498,385</b>	<b>\$ (7,662,775,551)</b>	<b>\$ (11,983,012,269)</b>	<b>\$ 179,954,710,565</b>

<sup>1</sup>The investment gain (loss) reported for the Cash/Short-Term Securities asset class includes \$61,870,915 in SBA investment service charges and other fees paid in one cash expense account on behalf of the entire FRS Pension Plan. Excluding these expenses, the reported investment gain (loss) would have been a loss of \$21,863,942.

• Numbers may not foot due to rounding.

The chart below illustrates how returns over the year performed for each class:  
Asset Class Net Investment Gains Showing Growth of \$100 Invested During FY 2021-22.



Securities lending is the short-term loan of securities for a fee. With its large portfolio of assets, the Pension Plan is well suited to such a program. Mutual funds and ETFs typically have lending programs for the same reasons. The demand to borrow shares usually comes from hedge funds or short-sellers. When securities are loaned, borrowers provide collateral, such as cash or government securities, of value equal to, or greater than, the loaned securities. As shown in the table below, the program has provided significant gains over the long-term. However, fallout from the mortgage crisis resulted in losses during Fiscal Year 2009-10. In response, the program was restructured to a more conservative set of re-investment guidelines.

<b>FRS Pension Plan Net Security Lending Revenue by Fiscal Year</b>	
2007-08	\$ 115,505,817
2008-09	96,168,151
2009-10 <sup>1</sup>	(134,528,845)
2010-11	43,594,622
2011-12	43,777,884
2012-13	48,168,513
2013-14	44,532,896
2014-15	38,044,668
2015-16	41,398,835
2016-17	49,210,608
2017-18	41,689,317
2018-19	31,482,495
2019-20	27,542,370
2020-21	22,169,408
2021-22 <sup>2</sup>	5,492,050
<b>Total</b>	<b>\$ 514,248,789</b>

<sup>1</sup> The loss for 2009-10 resulted from a decline in value of various investments held in the securities lending portfolio. The recovery in value of these investments was not considered probable. Therefore, the underlying securities were written down resulting in a net realized loss. Net income without this loss was \$38,001,712.

<sup>2</sup> Fiscal year 2021-22 includes recognition of a realized loss on one of the legacy mortgaged backed investments that has been held since the 2009-2010 fiscal year. Excluding this recognized loss, net income for the fiscal year would have been \$19,810,816.

- This table is on an accrual basis, not a cash basis, meaning distributed lending income is recorded when earned, not when received. Realized gains (losses) in investments purchased with cash collateral are included in the calculation of net security lending revenue (loss). The change in net unrealized appreciation (depreciation) in investments purchased with cash collateral is not included.

- Numbers may not foot due to rounding.

The following tables show the beginning and ending market values for each individual Pension Plan portfolio, together with net contributions and transfers, and investment gain or loss. The portfolios are grouped into separate tables by asset class.

**FRS Pension Plan Global Equity - Change in Market Value**  
**Fiscal Year 2021 -22**

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Domestic Equities</b>				
- AJO, LP <sup>3</sup>	\$ 134	\$ -	\$ (134)	\$ -
- Acuitas	405,466,287	-	(81,174,072)	324,292,216
- Avatar R1000 Index Fund	25,343,172,430	(5,155,903,150)	(2,742,618,657)	17,444,650,623
- BMO Large Cap Core <sup>2</sup>	959,054,728	(1,035,191,676)	76,136,948	-
- BMO US Small Cap Value <sup>2</sup>	227,471,379	(234,564,975)	7,093,596	-
- Columbia LC Core <sup>1</sup>	-	1,470,687,733	(181,018,264)	1,289,669,469
- Columbia SC Value <sup>1</sup>	-	219,666,369	(35,902,604)	183,763,764
- Delta	217,826,670	-	(26,515,424)	191,311,246
- Fisher Investments	226,431,333	(25,205,653)	(34,995,068)	166,230,611
- Los Angeles Capital	217,486,643	-	(68,315,159)	149,171,484
- Mondrian US Small Cap Equity <sup>2</sup>	192,295,163	(188,582,860)	(3,712,303)	-
- Nova Portfolio	8,309,369,016	1,832,309,634	(1,251,685,826)	8,889,992,823
- PanAgora Asset Management	235,413,581	(10,681,583)	(46,987,440)	177,744,558
- Penn Capital <sup>1</sup>	-	174,793,944	(40,407,560)	134,386,384
- Phoenix Portfolio	15,999,799,777	(1,580,237,374)	(1,952,071,286)	12,467,491,117
- Quantitative Management Associates <sup>3</sup>	-	(94)	94	-
- Seneca	178,068,715	19,785,071	(54,859,127)	142,994,658
- Silvercrest Asset Management	257,683,408	(34,178,068)	(79,648,084)	143,857,256
- Smith Large Cap Core	849,258,334	242,291,694	(118,963,737)	972,586,291
- Stephens Investment Management Group	225,767,741	(15,100,678)	(54,247,453)	156,419,610
- Vaughan Nelson Investment Management	247,689,468	(50,794,093)	(11,965,369)	184,930,007
- Wellington PPC	450,410,319	296,634,099	(26,049,275)	720,995,143
<b>Total Domestic Equity</b>	<b>54,542,665,127</b>	<b>(4,074,271,660)</b>	<b>(6,727,906,206)</b>	<b>43,740,487,261</b>
<b>Foreign Equities</b>				
- Aberdeen Asset Management <sup>3</sup>	27,269	(62,712)	35,443	-
- Aberdeen Frontier Markets <sup>3</sup>	445,585	-	(25,398)	420,187
- Acadian Asset Management	2,002,153,255	-	(367,012,978)	1,635,140,277
-Acadian Asset Management Inc.	1,211,843,993	(182,859,039)	(231,878,542)	797,106,412
- Alliance Bernstein	1,504,579,141	258,374,264	(244,423,485)	1,518,529,920
- Allspring Emerging Large Cap <sup>5</sup>	1,171,993,412	-	(385,407,329)	786,586,082
- Allspring International Small Cap <sup>6</sup>	441,126,788	5,500,000	(133,987,894)	312,638,894
- AQR Capital Management Small Cap <sup>3</sup>	1,754,158	(140,504)	(182,360)	1,431,294
-AQR Capital Mgt. Emerging Markets Small Cap	377,433,366	-	(74,589,378)	302,843,988
- Artisan Partners	2,015,087,877	107,473,736	(457,220,302)	1,665,341,311
- Ballie Gifford Overseas Limited	2,197,041,806	(204,313,908)	(907,209,469)	1,085,518,429
- BlackRock China A Shares	226,694,516	-	(33,261,397)	193,433,119
- BlackRock Emerging Markets Index Plus <sup>3</sup>	206,484	(201,876)	(3,811)	797
- BlackRock Global Inv. Index Plus	2,558,228,372	(472,500,000)	(372,883,781)	1,712,844,591
- BlackRock Global Inv. Small Cap Strategy	1,107,351,554	(83,000,000)	(230,197,003)	794,154,551
- BlackRock Global Inv. World Ex-US	1,245,615,182	(1,211,557,942)	(15,636,015)	18,421,225
- BlackRock Global Inv. World Ex-US Alpha Tilts	2,035,910,676	-	(327,861,217)	1,708,049,459
- Clarivest International Small Cap	461,846,351	-	(88,531,117)	373,315,235
- Dimensional Fund Advisors <sup>3</sup>	1,607,525	(257,800)	(130,301)	1,219,424
- Dimensional Fund Advisors Emerging Markets <sup>3</sup>	201,646	(162,942)	8,056	46,760
- Eastspring Investments	597,392,983	100,000,000	(96,929,410)	600,463,573
- Epoch Investment Partners <sup>3</sup>	83,682	-	(29,572)	54,110
- Fidelity Institutional <sup>3</sup>	205,035	-	(36,417)	168,618
- First Sentier Frontier Markets <sup>3</sup>	10,486,859	(1,156,096)	(1,619,379)	7,711,385
- Foreign Equity Internal Active Tax Reclaim	1,242	(6)	(1,236)	-
- Franklin Templeton Small Cap <sup>3</sup>	662,539	-	(78,499)	584,040
- Genesis Emerging Markets	1,328,042,555	(148,000,000)	(392,537,440)	787,505,116
- Global Alpha	438,668,250	3	(86,011,543)	352,656,710
- GMO	1,679,874,700	-	(278,422,013)	1,401,452,687
- HSBC Global Frontier Markets <sup>3</sup>	-	(34)	34	-
- Investec	1,087,271,940	(25,000,000)	(269,120,266)	793,151,674
- M&G Investment Management <sup>3</sup>	-	(1,664)	1,664	-
- Mondrian Investment Partners Ltd.	1,172,588,504	(75,000,000)	(264,508,956)	833,079,548
- Mondrian Investment Partners Small Cap	471,713,909	-	(127,525,678)	344,188,231
- Morgan Stanley Investment Management	2,238,040,484	-	(391,206,521)	1,846,833,963
- Numeric Investors	464,877,194	-	(86,796,063)	378,081,131

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- Principal Global Investors - FE	475,271,922	(30,000,000)	(114,160,681)	331,111,241
- Robeco Institutional Asset Management	1,191,184,953	(25,000,000)	(256,478,254)	909,706,698
- Somerset Capital	1,142,675,006	(50,000,000)	(356,668,620)	736,006,386
- Sophus Capital	1,184,528,722	(89,000,000)	(330,470,697)	765,058,026
- Sprucegrove Investment Management	1,964,241,719	-	(370,206,238)	1,594,035,481
- State Street Global Advisors EM Sm Cap	338,369,287	-	(53,557,959)	284,811,327
- Templeton Investment Counsel LLC <sup>3</sup>	7,032,370	(799,534)	(662,952)	5,569,884
- TS&W Florida Retirement System	491,081,226	(35,000,000)	(98,687,568)	357,393,658
- TSW International	1,553,345,401	244,616,383	(278,755,081)	1,519,206,704
- Walter, Scott & Partners, Ltd.	2,188,192,884	-	(471,197,920)	1,716,994,965
- Wellington Emerging Markets Small Cap	379,200,425	-	(74,378,135)	304,822,290
- William Blair	467,834,177	-	(174,941,140)	292,893,037
- William Blair & Company, LLC	1,163,969,099	(65,000,000)	(352,603,244)	746,365,855
- William Blair China A Shares	236,066,263	-	(70,964,121)	165,102,142
- William Blair Emerging Markets Small Cap	374,205,943	-	(95,990,382)	278,215,561
<b>Total Foreign Equity</b>	<b>41,208,258,229</b>	<b>(1,983,049,671)</b>	<b>(8,964,942,561)</b>	<b>30,260,265,997</b>
<b>Dedicated Global Equity</b>				
- Alliance Bernstein Global <sup>1</sup>	-	1,038,896,507	(242,118,556)	796,777,951
- Atlas Portfolio	3,104,424,011	(338,483,112)	(385,961,074)	2,379,979,825
- Causeway Capital <sup>1</sup>	-	831,085,886	(153,577,984)	677,507,901
- Epoch Investment Partners Global	1,673,172,716	(163,384,590)	(39,380,728)	1,470,407,398
- Hexavest Inc. <sup>3</sup>	1,543,198	(427,355)	(114,966)	1,000,877
- Hyperion Asset Management <sup>1</sup>	-	198,616,747	(74,261,293)	124,355,454
- Intech Investment Management <sup>2</sup>	1,595,091,375	(1,607,571,962)	15,998,784	3,518,197
- Jennison Global <sup>1</sup>	-	494,470,822	(171,771,018)	322,699,804
- MFG Asset Management	2,003,131,235	(1,156,218,542)	(186,747,259)	660,165,434
- Schiehallion Fund	356,028,515	-	(117,403,500)	238,625,015
- Schroders Investment Management	2,029,860,432	(384,411,105)	(241,889,260)	1,403,560,067
- Sinensis	1,917,213,728	(215,746,824)	(189,825,928)	1,511,640,975
- Trilogy Global Advisors <sup>3</sup>	677,789	(40,323)	(49,625)	587,841
- WCM Global <sup>1</sup>	-	1,067,198,568	(227,446,209)	839,752,359
- Wellington Global <sup>1</sup>	-	788,135,680	(72,466,862)	715,668,819
<b>Total Dedicated Global Equity</b>	<b>12,681,142,998</b>	<b>552,120,397</b>	<b>(2,087,015,477)</b>	<b>11,146,247,919</b>
<b>Currency Overlay</b>				
- CIBC Global Managed <sup>2</sup>	2,025,744	(4,007,851)	1,982,106	-
- P/E Global Managed <sup>2</sup>	485,675	(15,565,770)	15,080,096	-
- Record Managed <sup>2</sup>	2,246,186	425,489	(2,671,675)	-
<b>Total Currency Overlay</b>	<b>4,757,605</b>	<b>(19,148,132)</b>	<b>14,390,527</b>	<b>-</b>
<b>Other</b>				
- BlackRock Transition	-	(10)	10	-
- Cash Equitization Portfolio	54,366,357	(62,969,075)	8,602,991	273
- Citigroup Global Transition	88,558	(4,529)	278,359	362,389
- Domestic Equity Asset Class Transition	2,750	2,315,046	(2,301,108)	16,688
- Global Equity Cash	453,587	679,131	1,434,660	2,567,378
- Global Equity Cash Expense	-	3,131,556	(3,128,993)	2,563
- Global Equity Liquidity Portfolio	1,664,445,635	502,820,962	(263,673,052)	1,903,593,546
- Global Equity Policy Transition Portfolio 1 <sup>4</sup>	-	-	-	-
- Global Equity Policy Transition Portfolio 2	-	(301)	301	-
- Global Equity Policy Transition Portfolio 3 <sup>4</sup>	-	-	-	-
- Global Equity Suspended Asset Account	57,165	-	(6,793)	50,372
- Global Equity Transition Account 1	343,759	45,695,965	(45,363,278)	676,446
- Pavilion Transition	5	-	(-)	5
<b>Total Other</b>	<b>1,719,757,816</b>	<b>491,668,746</b>	<b>(304,156,902)</b>	<b>1,907,269,660</b>
<b>Total Global Equity</b>	<b>\$ 110,156,581,775</b>	<b>\$ (5,032,680,320)</b>	<b>\$ (18,069,630,619)</b>	<b>\$ 87,054,270,836</b>

<sup>1</sup> Account opened during the fiscal year.

<sup>2</sup> Strategy terminated during the fiscal year. Balances reflect residual activity.

<sup>3</sup> Strategy terminated in a prior fiscal year. Balances and activity reflect residual activity.

<sup>4</sup> Account inactive during the fiscal year.

<sup>5</sup> Account name changed from "Wells Capital Management Emerging Markets" to "Allspring Emerging Large Cap" during the fiscal year.

<sup>6</sup> Account name change from "Wells Fargo International Small Cap" to "Allspring International Small Cap" during the fiscal year.

• Numbers may not foot due to rounding.

**FRS PENSION PLAN- FIXED INCOME**  
**CHANGE IN MARKET VALUE FOR FISCAL YEAR 2021-22**

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Aggregate:</b>				
- Active Core	\$ 6,424,735,825	\$ 3,251	\$ (526,345,544)	\$ 5,898,393,531
- Amundi Pioneer Investments	3,069,419,003	(50,000,000)	(292,930,551)	2,726,488,452
- BlackRock Core Bond Enhanced Index	2,736,353,213	150,000,000	(242,265,981)	2,644,087,232
- Investment Grade AA Account	69,088,182	-	(98,945)	68,989,238
- Lord Abbett	1,601,779,136	(50,000,000)	(70,662,134)	1,481,117,002
- Neuberger Berman Core	2,684,507,197	150,000,000	(242,847,215)	2,591,659,982
- PGIM Core Plus	1,621,764,138	(149,991,387)	(194,663,352)	1,277,109,399
- Prudential Conservative Core <sup>1</sup>	-	(8,613)	8,616	2
- Taplin, Canida & Habacht	1,486,859,048	-	(125,952,033)	1,360,907,014
<b>Government/Corporate:</b>				
- Fixed Income Gov't./Corp. Passive Account	8,716,479,287	(476,800,000)	(630,474,154)	7,609,205,133
<b>Mortgage:</b>				
- Fixed Income MBS Passive	4,459,559,898	(149,300,000)	(397,436,339)	3,912,823,559
<b>Other:</b>				
- Fixed Income Cash Expense Account	-	341,438	(341,438)	-
- Fixed Income Liquidity Portfolio	1,676,697,388	699,500,000	(114,734,364)	2,261,463,024
- Fixed Income Transition <sup>2</sup>	-	-	-	-
- Fixed Income Transition II	-	(3,251)	3,251	-
- STIPFRS Reserve Liquidation Fund	4,078,619	(5,633,037)	1,554,418	-
<b>Total Fixed Income</b>	<b>\$ 34,551,320,934</b>	<b>\$ 118,108,400</b>	<b>\$(2,837,185,766)</b>	<b>\$ 31,832,243,569</b>

<sup>1</sup> Strategy terminated during the prior fiscal year. Remaining balances reflect residual activity.

<sup>2</sup> Account inactive during the fiscal year.

• Totals may not foot due to rounding.

**FRS PENSION PLAN- PRIVATE EQUITY**  
**CHANGE IN MARKET VALUE FOR FISCAL YEAR 2021-22**

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Partnerships:</b>				
- Accel-KKR Capital Partners V, L.P.	\$ 46,671,701	\$ (4,249,760)	\$ 14,738,982	\$ 57,160,922
- Accel-KKR Capital Partners VI, L.P.	1,050,314	16,750,471	758,500	18,559,285
- Accel-KKR Growth Capital Partners II, L.P.	23,202,553	(12,316,169)	9,279,209	20,165,593
- Advent International GPE VI <sup>2</sup>	5,780,766	(4,279,844)	(1,500,922)	-
- Advent International GPE VII, L.P. <sup>2</sup>	65,956,911	(65,218,036)	(738,875)	-
- Advent International GPE VIII, L.P.	246,372,099	(49,711,344)	(1,846,145)	194,814,610
- Advent International GPE IX, L.P.	92,224,882	40,494,242	69,194,820	201,913,944
- American Industrial Partners Capital Fund VI, L.P.	54,837,755	(21,470,736)	34,113,299	67,480,318
- American Industrial Partners Capital Fund VII, L.P.	31,828,030	22,433,674	5,271,738	59,533,443
- Apollo Investment Fund VIII, L.P. <sup>2</sup>	129,799,693	(105,426,446)	(24,373,247)	-
- Apollo Investment Fund IX, L.P. <sup>2</sup>	103,162,374	(96,462,426)	(6,699,949)	-
- Arbor Debt Opportunities II, L.P.	-	8,137,451	325,964	8,463,415
- Arbor Investment Fund V	-	46,075,400	(751,069)	45,324,331
- Ardian LBO Fund VI, L.P.	95,029,839	(8,208,250)	(8,014,536)	78,807,054
- Ares Corporate Opportunities Fund III, L.P.	6,872,818	-	(3,985,549)	2,887,269
- Ares Corporate Opportunities Fund IV, L.P.	114,782,904	(27,697,589)	8,720,603	95,805,919
- Ares Corporate Opportunities Fund V, L.P.	173,595,393	(30,495,962)	52,990,436	196,089,867
- ASF VI, L.P.	20,709,955	(3,513,608)	7,391,387	24,587,734
- ASF VII, L.P.	75,796,964	(6,765,698)	26,813,749	95,845,015
- ASF VIII, L.P.	62,117,130	37,222,227	35,201,220	134,540,577
- Asia Alternatives FL Investor, L.P.	261,593,090	(19,049,531)	29,252,087	271,795,646
- Asia Alternatives FL Investor II, LLC	244,869,997	24,502,526	19,814,994	289,187,517
- Asia Alternatives FL Investor III, LLC	26,085,380	44,870,962	678,601	71,634,943
- Atlas Capital Resources II, L.P.	17,433,392	(1,358,497)	3,541,978	19,616,873
- Atlas Capital Resources III, L.P.	25,832,175	(5,207,682)	18,215,938	38,840,431
- Atlas Capital Resources IV, L.P.	-	14,283,345	(45,408)	14,237,938

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- AXA LBO Fund V, L.P.	23,778,774	(14,323,335)	(1,050,217)	8,405,223
- AXA Secondary Fund V, L.P.	647,068	(638,148)	148,168	157,088
- Blackstone Capital Partners VI, L.P. <sup>2</sup>	124,281,386	(140,777,954)	16,496,568	-
- Blackstone Capital Partners VII, L.P. <sup>2</sup>	218,564,975	(244,959,572)	26,394,597	-
- Blackstone Capital Partners VIII, L.P. <sup>2</sup>	12,273,157	(14,467,096)	2,193,938	-
- Blue Water Energy Fund I, L.P. <sup>1</sup>	-	11,396,347	1,695,439	13,091,786
- Carlyle Asia Growth Partners IV, L.P.	9,508,722	(345,172)	(1,573,096)	7,590,454
- Carlyle Partners VI, L.P.	159,735,192	(94,890,635)	34,533,846	99,378,403
- Carlyle Partners VII, L.P.	65,175,200	34,273,020	12,825,736	112,273,956
- Carnelian Energy Capital II, L.P.	21,997,778	(6,846,927)	14,931,388	30,082,239
- Carnelian Energy Capital III, L.P.	27,136,605	10,010,319	20,681,569	57,828,493
- Carnelian Energy Capital IV, L.P. <sup>1</sup>	-	2,039,363	(956,034)	1,083,329
- Charlesbank Equity Fund VII, L.P.	20,924,334	(23,685,492)	5,007,844	2,246,686
- Charlesbank Equity Fund VIII, L.P.	56,958,930	(18,931,120)	7,585,766	45,613,575
- Charlesbank Equity Fund IX, L.P.	78,420,368	10,408,073	13,878,415	102,706,856
- Charlesbank Equity Fund X, L.P.	-	26,330,540	799,998	27,130,538
- Charlesbank Fund IX Overage Allocation Program	18,666,002	-	(370,534)	18,295,468
- Charlesbank Equity Overage Fund X, L.P.	-	3,135,051	229,415	3,364,466
- Cortec Group V, L.P. <sup>2</sup>	8,720,698	(8,169,420)	(551,278)	-
- Cortec Group VI, L.P. <sup>2</sup>	76,658,130	(86,802,318)	10,144,188	-
- Cressey & Company Fund IV, L.P.	1,427,491	(1,976,561)	614,873	65,803
- Cressey & Company Fund V, L.P.	91,991,162	-	6,058,768	98,049,930
- Cressey & Company Fund VI, L.P.	66,653,062	4,243,740	33,585,676	104,482,478
- Cressey & Company Overage Fund VI, L.P.	9,712,444	(7,673,083)	9,851,101	11,890,462
- CVC Capital Partners VI, L.P.	102,445,342	(24,992,506)	25,774,228	103,227,064
- CVC Capital Partners VII, L.P.	92,120,019	16,477,123	32,793,678	141,390,820
- CVC Capital Partners VIII, L.P.	-	44,043,550	(656,242)	43,387,308
- CVC European Equity Partners V, L.P.	4,185,695	(1,652,153)	1,408,750	3,942,292
- DCP Capital Partners II, L.P.	-	23,887	313,978	337,864
- DCPF VI Oil and Gas Coinvestment Fund, L.P.	1,831,293	(1,859,784)	203,500	175,009
- Denham Commodity Partners Fund VI, L.P.	49,469,212	194,319	4,431,028	54,094,559
- Denham Oil & Gas Investment Fund, L.P.	57,072,256	4,562,956	18,091,911	79,727,123
- Denham Oil & Gas Investment Fund II, L.P.	-	24,891,761	7,980,899	32,872,660
- EnCap Energy Capital Fund VIII, L.P.	18,436,594	(3,241,839)	17,630,118	32,824,872
- EnCap Energy Capital Fund IX, L.P.	28,917,096	(16,719,221)	21,159,362	33,357,237
- EnCap Energy Capital Fund X, L.P.	73,326,408	(36,782,941)	65,353,779	101,897,246
- EnCap Energy Capital Fund XI, L.P.	31,726,713	18,564,965	27,445,747	77,737,425
- EnCap Flatrock Midstream Fund III, L.P.	40,469,721	(11,773,188)	5,925,414	34,621,947
- EnCap Flatrock Midstream Fund IV, L.P.	28,695,020	(6,115,259)	3,061,116	25,640,877
- Energy & Minerals Group Fund III, L.P.	39,488,820	(1,094,883)	7,950,840	46,344,777
- Energy Capital Partners II, L.P.	6,388,598	(4,976,655)	(1,165,701)	246,242
- Energy Capital Partners III, L.P.	106,133,813	(35,090,249)	20,477,189	91,520,753
- EnerVest Energy Fund XII-A, L.P.	222,873	-	(112,826)	110,047
- EnerVest Energy Institutional Fund XIV-A, L.P.	51,987,557	(35,859,160)	39,912,501	56,040,898
- Equistone Partners Europe Fund V, L.P.	77,395,661	(27,040,635)	1,614,294	51,969,320
- Equistone Partners Europe Fund VI, L.P.	54,672,179	1,649,444	12,057,610	68,379,233
- European Private Equity Opportunities I, L.P.	35,656,120	2,237,325	10,975,126	48,868,572
- European Private Equity Opportunities II, L.P.	5,368,600	8,563,703	(5,726,306)	8,205,997
- Fairview Special Opportunities Fund, L.P.	508,285,178	(135,477,343)	188,612,439	561,420,274
- Fairview Special Opportunities Fund II, L.P.	238,666,894	(13,701,912)	27,356,051	252,321,033
- Falfurrias Capital Partners IV, L.P.	59,235,128	6,884,022	34,297,527	100,416,677
- Falfurrias Capital Partners V, L.P. <sup>1</sup>	-	22,608,870	(1,110,692)	21,498,178
- First Reserve Fund XI, L.P.	1	-	101,753	101,754
- First Reserve Fund XII, L.P.	11,068,612	(1,493,004)	(2,392,204)	7,183,404
- Francisco Partners III, L.P. <sup>2</sup>	59,122,570	(75,195,960)	16,073,390	-
- Francisco Partners IV, L.P.	156,602,925	(51,963,023)	(6,904,962)	97,734,940
- Francisco Partners V, L.P.	93,613,109	(21,525,000)	27,032,373	99,120,482
- Francisco Partners VI, L.P.	10,899,904	32,800,000	6,075,085	49,774,989
- Francisco Partners VII, L.P. <sup>1</sup>	-	103,968	(103,968)	-
- FS Equity Partners VI, L.P. <sup>2</sup>	29,567,660	(28,023,765)	(1,543,895)	-
- FS Equity Partners VII, L.P.	89,600,835	(15,581,336)	22,140,848	96,160,347
- FS Equity Partners VIII, L.P.	42,251,083	17,463,007	33,430,638	93,144,728
- FSBA AAM Strategic Fund I, L.P. <sup>1</sup>	-	4,766,729	11,592,361	16,359,089
- Grove Street Partners Buyouts LLC	22,461,326	(16,108,993)	8,478,885	14,831,217
- Grove Street Partners Buyouts II, LLC	183,015,235	(98,938,870)	58,528,924	142,605,289
- Grove Street Partners Ventures II, LLC	371,172,306	(102,267,728)	38,124,129	307,028,707
- GS Partners Ventures III, L.P.	447,028,087	(58,566,790)	(78,468,107)	309,993,190
- Hahn & Company III, L.P.	15,015,483	280,970	5,957,912	21,254,365

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- Hahn & Company III-S, L.P.	6,215,959	2,001,723	1,392,011	9,609,693
- Hellman & Friedman Capital Partners VII, L.P.	92,152,189	(67,455,897)	17,155,872	41,852,164
- Hellman & Friedman Capital Partners VIII, L.P.	285,045,202	(49,813,043)	81,720,724	316,952,883
- Hellman & Friedman Capital Partners IX, L.P.	197,447,803	63,311,978	47,649,759	308,409,540
- Hellman & Friedman Capital Partners X, L.P. <sup>1</sup>	-	135,441,816	2,848,326	138,290,142
- Inflexion Buyout Fund IV, L.P.	47,822,803	(18,297,906)	1,869,153	31,394,050
- Inflexion Enterprise Fund IV, L.P.	29,672,788	(14,317,573)	5,661,810	21,017,024
- Inflexion Partnership Capital Fund I, L.P.	16,023,549	(4,829,580)	7,840,293	19,034,262
- Insight Venture Partners VIII, L.P. <sup>2</sup>	70,324,743	(77,835,426)	7,510,683	-
- Insight Venture Partners IX, L.P. <sup>2</sup>	211,480,969	(236,081,908)	24,600,939	-
- Insight Venture Partners Growth-Buyout Coinvest Fund, L.P. <sup>2</sup>	122,220,399	(131,726,857)	9,506,458	-
- Investindustrial VI, L.P.	70,158,182	(19,598,138)	13,821,596	64,381,641
- Investindustrial VII, L.P.	19,308,749	20,928,492	488,783	40,726,024
- JH Whitney VII, L.P. <sup>2</sup>	77,798,140	(69,857,409)	(7,940,731)	-
- KKR Asia Fund II, L.P.	82,515,614	(7,483,812)	(13,838,826)	61,192,976
- KKR Asia Fund III (EEA) SCSp	154,545,602	(20,579,559)	60,070,705	194,036,748
- KPS Special Situations Fund III, L.P.	235,423	-	48,520	283,943
- KPS Special Situations Fund IV, L.P.	158,246,240	(102,576,572)	58,466,263	114,135,931
- KPS Special Situations Fund V, L.P.	45,579,014	62,791,229	39,118,537	147,488,780
- KPS Special Situations Mid Cap Fund, L.P.	14,392,319	9,300,172	7,851,649	31,544,140
- LCP FSBA Co-Invest Account L.P.	133,292,932	(19,861,038)	46,828,703	160,260,597
- Lexington Capital Partners V, L.P.	386,971	-	7,862	394,833
- Lexington Capital Partners VI-B, L.P.	4,741,377	(3,634,549)	(139,714)	967,114
- Lexington Capital Partners VII, L.P.	39,254,853	(14,758,974)	8,310,098	32,805,977
- Lexington Capital Partners VIII, L.P.	179,909,067	(41,687,380)	43,500,943	181,722,630
- Lexington Capital Partners IX, L.P.	113,553,486	41,016,926	68,646,003	223,216,415
- Lexington Co-Investment Partners Pools III & IV, L.P.	5,920,183	(226,167)	1,217,056	6,911,072
- Lexington Co-Investment Partners 2005, L.P.	51,855,189	(16,524,080)	601,265	35,932,374
- Lexington Co-Investment Partners 2005 Pool III, L.P.	335,542,818	(93,949,604)	(13,846,630)	227,746,584
- Lexington Co-Investment Partners 2005 Pool IV, L.P.	628,383,365	(133,382,877)	118,999,521	614,000,009
- Lexington Co-Investment Partners V, L.P.	62,892,166	165,028,009	48,527,680	276,447,855
- Lexington CIP V-F-O, L.P.	17,852,042	54,726,337	17,656,964	90,235,343
- Lexington Middle Market Investors III, L.P.	52,172,329	(13,050,436)	20,839,408	59,961,301
- Liberty Partners VII	2,955,346	58,800	431,200	3,445,346
- Liberty Partners Group II	(368)	2,051	(2,007)	(324)
- LightBay Capital Partners, L.P.	37,248,504	404,644	17,719,437	55,372,585
- LightBay Capital Partners II, L.P. <sup>1</sup>	-	98,583	(458,663)	(360,080)
- Livingbridge Enterprises 3, L.P.	8,888,881	9,001,943	(461,559)	17,429,265
- Livingbridge Enterprises 7, L.P.	(1,244,016)	35,584,795	(5,049,906)	29,290,873
- MBK Partners V, L.P.	8,838,025	21,613,096	3,029,147	33,480,268
- Montagu Private Equity Fund IV, L.P.	12,569,893	11,537	(616,913)	11,964,517
- Montagu V, L.P.	134,945,160	(47,146,899)	13,716,598	101,514,859
- Montagu VI, L.P.	5,573,789	18,006,670	1,370,832	24,951,292
- New Mountain Partners II, L.P.	529,071	-	(247,322)	281,749
- New Mountain Partners III, L.P.	74,195,194	(71,757,131)	3,559,923	5,997,986
- NIC Fund II, L.P.	1,812,634	5,274,253	(1,254,279)	5,832,609
- OpCapita Consumer Opportunities Fund II, L.P.	30,863,753	1,744,449	13,424,106	46,032,308
- OpCapita Consumer Opportunities Fund III, L.P.	(572,857)	931,887	(925,231)	(566,201)
- OpenView Venture Partners IV, L.P.	49,040,070	(23,557,326)	9,964,780	35,447,524
- OpenView Venture Partners V, L.P.	58,547,494	(16,658,900)	37,285,081	79,173,674
- OpenView Venture Partners VI, L.P.	6,829,718	13,980,000	1,130,482	21,940,200
- OpenView Venture Partners VII, L.P. <sup>1</sup>	-	32,664	(32,664)	-
- Pantheon Global Secondary Fund IV, L.P.	10,300,604	(3,979,292)	551,830	6,873,142
- Peak Rock Capital II, L.P.	52,657,360	(33,874,647)	10,044,913	28,827,626
- Peak Rock Capital III, L.P.	-	33,338,809	3,703,995	37,042,804
- Peak Rock Capital Credit Fund II, L.P.	2,244,925	3,188,054	2,346,588	7,779,567
- Permira V, L.P. <sup>2</sup>	123,969,971	(104,195,568)	(19,774,403)	-
- Platinum Equity Capital Partners II, L.P.	8,415,696	(301,784)	3,697,678	11,811,590
- Platinum Equity Capital Partners III, L.P.	56,580,082	(22,087,096)	14,338,706	48,831,692
- Pomona Capital VI, L.P.	1,667,000	-	(118,843)	1,548,157
- Pomona Capital VII, L.P.	64,138	(252,692)	239,395	50,841
- Post Oak Energy Partners II, L.P.	23,555,566	(10,838,680)	9,118,406	21,835,292
- Post Oak Energy Partners III, L.P.	29,200,647	(11,006,855)	12,475,207	30,668,999
- Post Oak Energy Partners IV, L.P.	17,645,184	15,119,855	9,101,757	41,866,796
- RCP Advisors Fund IV, L.P.	143,678	-	150,821	294,499
- RCP Advisors Fund V, L.P.	1,299,662	(1,007,165)	(43,744)	248,754
- RCP Advisors Fund VI, L.P.	16,779,830	(8,255,035)	4,897,203	13,421,998

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- RCP Advisors Fund VII, L.P.	33,745,657	(10,679,695)	6,357,843	29,423,806
- RCP Advisors Fund VIII, L.P.	42,850,922	(30,384,862)	23,620,190	36,086,250
- RCP Advisors Fund IX, L.P.	55,174,132	(16,444,846)	13,278,651	52,007,937
- RCP Advisors Fund X, L.P.	55,745,261	(13,456,629)	18,496,888	60,785,520
- Rise Fund, L.P. (The)	26,378,259	(6,815,403)	7,222,168	26,785,024
- Rise Fund II, L.P. (The)	7,760,463	25,933,607	7,003,110	40,697,180
- Rubicon Technology Partners, L.P.	23,792,112	(5,903,333)	6,645,993	24,534,772
- Rubicon Technology Partners II, L.P.	111,275,224	(100,301,845)	59,606,989	70,580,368
- Rubicon Technology Partners III, L.P.	43,755,395	29,629,710	8,462,379	81,847,484
- Rubicon Technology Partners IV, L.P. <sup>1</sup>	-	6,883	(6,883)	-
- Searchlight Capital II, L.P.	65,563,524	(32,816,407)	18,995,814	51,742,931
- Searchlight Capital III, L.P.	67,135,578	13,715,212	48,091,737	128,942,527
- Silver Lake Partners IV, L.P.	171,629,367	(16,816,957)	32,808,741	187,621,151
- Silver Lake Partners V, L.P.	188,501,056	(8,052,566)	4,952,118	185,400,608
- Silver Lake Partners VI, L.P.	46,249,534	57,949,539	10,746,014	114,945,087
- Siris Partners III, L.P. <sup>2</sup>	64,923,351	(52,614,085)	(12,309,266)	-
- Siris Partners IV, L.P. <sup>2</sup>	43,031,777	(39,429,558)	(3,602,219)	-
- Stride Consumer Fund I, L.P. <sup>1</sup>	-	12,814,866	(1,697,116)	11,117,750
- Summa Equity Fund II AB	57,475,594	11,683,214	(32,936,058)	36,222,751
- Summa Equity Fund III, L.P. <sup>1</sup>	-	41,309	(458,942)	(417,633)
- SVB Capital Partners III, L.P.	38,461,096	(5,679,943)	1,402,118	34,183,272
- SVB Capital Partners IV, L.P.	23,932,220	3,762,500	5,968,607	33,663,327
- SVB Capital Partners V, L.P.	11,643,917	12,194,999	7,491,976	31,330,892
- SVB SIF-Ascension, L.P. <sup>1</sup>	-	3,380,842	(459,012)	2,921,830
- SVB Strategic Investors Fund V-A, L.P.	274,437,557	(67,378,861)	47,800,306	254,859,002
- SVB Strategic Investors Fund V-A Opportunity, L.P.	249,082,202	(23,818,801)	(33,031,067)	192,232,334
- SVB Strategic Investors VI-A, L.P.	323,233,483	(68,118,215)	121,248,251	376,363,519
- SVB Strategic Investors Fund VII-A, L.P.	320,806,423	(36,190,628)	61,335,922	345,951,717
- SVB Strategic Investors Fund VIII-A, L.P.	198,405,492	(13,411,730)	65,716,735	250,710,497
- SVB Strategic Investors Fund IX-A, L.P.	69,187,306	9,240,000	35,115,808	113,543,114
- SVB Strategic Investors Fund X, L.P.	15,076,615	27,867,143	7,490,370	50,434,128
- Thoma Bravo Discover Fund, L.P.	101,615,271	(90,880,629)	21,041,010	31,775,651
- Thoma Bravo Discover Fund II, L.P.	102,915,322	(21,083,797)	22,533,374	104,364,899
- Thoma Bravo Discover Fund III, L.P.	33,003,842	47,910,816	9,645,572	90,560,230
- Thoma Bravo Fund IX, L.P. <sup>2</sup>	562,715	(560,485)	(2,230)	-
- Thoma Bravo Fund X, L.P. <sup>2</sup>	49,933,677	(58,251,932)	8,318,255	-
- Thoma Bravo Fund XI, L.P.	170,373,236	(2,410,871)	(15,560,718)	152,401,647
- Thoma Bravo Fund XII, L.P.	237,574,759	(55,113,046)	37,260,005	219,721,717
- Thoma Bravo Fund XIII, L.P.	179,043,380	16,381,184	22,002,146	217,426,711
- Thoma Bravo Fund XIV, L.P.	77,437,429	109,629,897	3,317,482	190,384,809
- Thoma Bravo Fund XV, L.P. <sup>1</sup>	-	25,015,189	(116,264)	24,898,925
- Thoma Bravo Special Opportunities Fund I, L.P.	26,226,595	-	3,776,955	30,003,550
- Thoma Bravo Special Opportunities Fund II, L.P.	71,327,657	(2,128,898)	(8,826,502)	60,372,256
- Tiger Iron Special Opportunities Fund, L.P.	237,992,594	(12,104,300)	194,395,385	420,283,679
- Tiger Iron Special Opportunities Fund II, L.P.	121,793,095	45,852,335	60,152,981	227,798,412
- Tiger Iron Special Opportunities Fund III, L.P. <sup>1</sup>	-	8,994,608	(536,095)	8,458,513
- Top Tier Special Opportunities Fund, L.P.	2,235,297	(366,063)	32,155	1,901,389
- Top Tier Venture Capital III, L.P. <sup>2</sup>	357,216	(321,059)	(36,157)	-
- TowerBrook Investors II, L.P. <sup>2</sup>	3,067,127	(2,329,455)	(737,672)	-
- TowerBrook Investors III, L.P.	711,945	-	126,167	838,112
- TowerBrook Investors IV, L.P.	221,206,791	(16,469,884)	43,562,936	248,299,843
- TowerBrook Investors V, L.P.	40,927,816	63,786,060	19,321,819	124,035,695
- TPG Growth II, L.P. <sup>2</sup>	61,463,265	(56,441,130)	(5,022,135)	-
- TPG Growth III, L.P.	93,643,693	(34,160,147)	9,255,340	68,738,886
- TPG Growth IV, L.P.	89,826,158	(10,545,195)	24,692,591	103,973,554
- TPG Growth V, L.P.	63,095,973	5,835,358	14,958,180	83,889,511
- Trident V, L.P. <sup>2</sup>	49,149,298	(43,642,345)	(5,506,953)	-
- Trident VI, L.P.	73,435,183	(7,449,602)	10,211,599	76,197,180
- Trident VII, L.P.	96,040,315	(10,414,366)	36,163,426	121,789,375
- Trident VIII, L.P.	65,875,115	25,684,417	25,650,528	117,210,060
- Trident IX, L.P. <sup>1</sup>	-	9,488,196	(2,401,179)	7,087,017
- Trive Capital Fund IV	-	20,211,015	(1,578,074)	18,632,942
- TrueBridge Capital FSA, LLC	192,981,026	(54,937,042)	193,930,849	331,974,833
- TrueBridge Capital Partners V, L.P.	141,548,366	(549,383)	100,849,244	241,848,227
- TrueBridge Capital Partners VI, L.P.	40,576,579	44,000,000	36,356,284	120,932,863
- TrueBridge Capital Partners VII, L.P. <sup>1</sup>	-	13,561,820	(313,845)	13,247,975
- TrueBridge FSA II, L.P.	32,858,330	26,489,955	30,843,503	90,191,787
- TrueBridge/FLSBA Special Purpose, LLC	148,288,398	(37,988,742)	(507,083)	109,792,573

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- Truebridge/FLSBA Special Purpose II, LLC	59,900,650	(18,299,466)	10,853,333	52,454,516
- TrueBridge-Kauffman Fellows Endowment Fund II, L.P.	254,597,781	(74,291,895)	38,360,062	218,665,949
- TrueBridge-Kauffman Fellows Endowment Fund III, L.P.	298,104,723	(69,249,820)	70,472,297	299,327,200
- TrueBridge-Kauffman Fellows Endowment Fund IV, L.P.	306,015,134	(60,970,055)	150,243,110	395,288,189
- Venture Overage Fund, L.P.	67,871,524	1,499,960	(12,470,621)	56,900,863
- W Capital Partners III, L.P.	32,109,670	(3,364,695)	(2,045,346)	26,699,629
- Warburg Pincus China, L.P.	101,805,292	(5,460,400)	(8,423,979)	87,920,913
- Warburg Pincus China-Southeast Asia II, L.P.	15,681,621	8,377,600	835,447	24,894,668
- Warburg Pincus Private Equity IX, L.P.	1,197,038	(851,798)	(222,531)	122,709
- Warburg Pincus Private Equity X, L.P.	3,979,286	(2,786,590)	2,072,022	3,264,718
- Warburg Pincus Private Equity XI, L.P.	112,995,113	(28,803,000)	10,294,112	94,486,225
- Warburg Pincus Private Equity XII, L.P.	114,554,501	(31,809,604)	39,185,462	121,930,359
- Waterland Private Equity Fund VII, C.V.	65,188,723	13,224,982	30,611,644	109,025,349
- Waterland Private Equity Fund VIII, C.V.	-	47,009,006	4,094,637	51,103,643
- WindRose Health Investors V, L.P.	30,323,969	14,548,074	1,667,151	46,539,194
- WindRose Health Investors VI, L.P. <sup>1</sup>	-	8,027,127	(634,246)	7,392,881
- WPEF VI Feeder Fund, L.P.	54,250,384	(17,987,555)	11,584,924	47,847,753
<b>Other:</b>				
- Private Equity Cash Expense	-	2,224,514	(2,224,514)	-
- Private Equity Transition <sup>3</sup>	-	-	-	-
<b>Total Private Equity</b>	<b>\$ 17,339,857,003</b>	<b>\$ (2,803,112,015)</b>	<b>\$ 3,842,850,662</b>	<b>\$ 18,379,595,649</b>

<sup>1</sup> Account opened during the fiscal year.

<sup>2</sup> Account assets sold or partnership interest sold during the fiscal year. Remaining balances reflect residual activity.

<sup>3</sup> Account inactive during the fiscal year.

• Private Equity market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. The

market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and

private market holdings.

• Numbers may not total due to rounding.

### FRS Pension Plan- Strategic Investments Change in Market Value for Fiscal Year 2021-22

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Strategic-Investments:</b>				
- ABRY Advanced Securities Fund, L.P.	\$ 1,522,254	\$ -	\$ (800,529)	\$ 721,725
- ABRY Advanced Securities Fund II, L.P.	7,615,132	(2,931,527)	420,449	5,104,054
- ABRY Advanced Securities Fund III, L.P.	144,002,673	(28,780,637)	6,100,380	121,322,417
- ABRY Senior Equity III, L.P.	1,698,495	-	(818,351)	880,144
- ABRY Senior Equity IV, L.P.	15,839,856	(9,647,548)	4,889,900	11,082,207
- ABRY Senior Equity V, L.P.	55,257,763	(1,606,547)	16,213,184	69,864,400
- Actis Energy 5	-	3,044,259	(5,407,259)	(2,363,000)
- Aeolus Property Catastrophe Keystone PF Fund, L.P.	150,941,508	-	(8,317,236)	142,624,272
- Apollo Accord Fund IV, L.P.	39,097,203	(40,203,988)	4,923,973	3,817,188
- Apollo Accord Fund V, L.P. <sup>1</sup>	-	70,426,755	(75)	70,426,680
- AQR Managed Futures Fund II, L.P.	213,847,375	-	56,459,465	270,306,840
- AQR Style Premia Fund, L.P.	116,136,371	-	37,712,380	153,848,751
- Atalaya Special Opportunities Fund VI, L.P.	37,351,004	(23,636,776)	1,678,530	15,392,758
- Atalaya Special Opportunities Fund VII, L.P.	125,151,907	(3,090,229)	24,052,026	146,113,705
- Atalaya Special Opportunities Fund VIII, L.P. <sup>1</sup>	-	40,238,968	277,063	40,516,031
- Audax Credit Opportunities, LLC	355,443,781	116,550	12,684,031	368,244,362
- Audax Mezzanine Fund IV-A, L.P.	65,183,417	(31,351,718)	10,053,429	43,885,129
- Audax Mezzanine Fund V-A, L.P.	-	6,515,976	2,197,319	8,713,295
- Bayview Opportunity Master Fund IVb, L.P.	21,474,470	(9,597,997)	2,756,216	14,632,689
- Benefit Street Debt Fund IV, L.P.	120,459,963	4,461,414	14,480,040	139,401,417
- BFAM Asian Opportunities Fund <sup>3</sup>	-	1,113	(1,113)	-
- BioPharma Credit Investments V, L.P. <sup>1</sup>	-	66,243,958	(43,958)	66,200,000
- BlackRock Carbon Capital V, Inc. <sup>2</sup>	973,608	(1,296,674)	323,066	-
- BlackRock Carbon Capital VI, L.P.	82,971,550	(29,672,602)	11,524,302	64,823,250

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- BlackRock US CRE Debt Fund - C7, L.P.	56,736,325	(18,698,936)	2,959,230	40,996,619
- Blackstone/GSO Capital Solutions Fund, L.P.	1,047,665	-	(21,157)	1,026,508
- Blackstone Tactical Opportunities Fund II, L.P.	118,355,969	(89,216,276)	23,005,293	52,144,985
- Blackstone Tactical Opportunities Fund - FD, L.P.	158,346,143	6,466,230	29,612,725	194,425,097
- Blantyre Special Situations Fund II, L.P.	10,871,508	83,560,087	(3,686,700)	90,744,896
- Blue Torch Credit Opportunities FSBA, L.P.	81,148,229	83,786,408	19,414,579	184,349,216
- Boston Timber Opportunities LLC	317,072,968	(16,827,010)	45,758,661	346,004,619
- Bridgewater Pure Alpha Major Markets, LP PAMM	207,531,303	-	51,564,460	259,095,764
- Caerus DT Fund, LLC	585,894,042	-	80,719,912	666,613,954
- Canyon Value Realization Fund, L.P.	138,893,211	-	1,795,896	140,689,107
- Carlyle Aviation Leasing Fund, L.P.	4,052,373	22,600,269	(1,955,967)	24,696,675
- Carlyle Mezzanine Partners II, L.P.	565,000	-	-	565,000
- Castlelake Aviation II, L.P.	4,557,309	(1,221,641)	3,441,978	6,777,646
- Castlelake Aviation III Stable Yield, L.P.	148,344,046	(44,332,273)	13,686,704	117,698,477
- Castlelake III, L.P.	52,956,517	(9,047,146)	1,862,643	45,772,014
- Castlelake IV, L.P.	94,320,108	(17,759,591)	9,160,609	85,721,126
- Centerbridge Capital Partners III, L.P.	136,498,832	(36,442,523)	20,996,396	121,052,705
- Centerbridge Capital Partners IV, L.P.	(334,832)	127,176,629	15,124,309	141,966,106
- Cerberus Corporate Credit SBA	85,612,790	54,187,192	(2,585,445)	137,214,538
- Cerberus FSBA Levered Loan Opportunities Fund, L.P.	222,521,001	-	26,896,867	249,417,868
- Cerberus Institutional RE Partners III, L.P.	50,195,796	(27,072,245)	40,326,465	63,450,016
- Cerberus Institutional RE Partners IV, L.P.	175,857,391	-	16,122,487	191,979,878
- Cerberus Institutional RE Partners V, L.P.	57,883,468	77,759,586	20,725,614	156,368,668
- Cevian Capital II, Ltd.	305,347,868	-	(27,776,158)	277,571,710
- Chambers Energy Capital III, L.P.	36,099,227	(6,595,007)	12,832,718	42,336,938
- Chambers Energy Capital IV, L.P.	68,106,195	63,015,941	11,185,253	142,307,390
- Coastline Fund, L.P.	119,688,789	(34,257,557)	9,349,659	94,780,891
- Coastline Fund, L.P. Tranche II	196,710,013	(4,457,818)	41,522,953	233,775,148
- CRC Single Investor Fund XIX, LLC <sup>1</sup>	-	107,714,815	1,727,010	109,441,824
- CVI Credit Fund A V, L.P.	57,256,967	104,719,865	1,475,103	163,451,935
- CVI Credit Value Fund A, L.P.	490,310	(439,666)	(25,362)	25,281
- CVI Credit Value Fund II A, L.P.	3,460,084	-	1,698,798	5,158,882
- CVI Credit Value Fund III A, L.P.	69,775,891	(19,188,497)	6,164,386	56,751,779
- CVI Credit Value Fund IV A, L.P.	143,937,207	4,938,466	11,509,940	160,385,613
- CVI Global Value Fund A, L.P.	142,475	(116,979)	(3,230)	22,266
- Crescent Credit Solutions VIII, L.P.	-	35,531,779	5,824,663	41,356,442
- Crescent Mezzanine Partners VI, L.P.	23,711,408	(9,015,169)	6,092,736	20,788,975
- Crescent Mezzanine Partners VII, L.P.	104,473,120	(21,870,371)	9,499,366	92,102,115
- DC Value Recovery Fund II, L.P. <sup>4</sup>	7,415,380	(6,175,261)	2,185,867	3,425,986
- DC Value Recovery Fund III, L.P. <sup>4</sup>	41,076,832	(7,971,625)	(4,229,476)	28,875,732
- DC Value Recovery Fund IV, L.P. <sup>4</sup>	129,397,285	-	(41,487,652)	87,909,633
- Deerfield Private Design Fund IV, L.P.	121,388,289	(2,491,985)	1,334,395	120,230,699
- DoubleLine Opportunistic Income Fund, L.P.	342,379,250	-	(29,720,848)	312,658,402
- EFL Special Partners, L.P.	50,233,591	31,472,478	8,529,547	90,235,616
- EIG Energy Fund XVI, L.P.	62,124,873	(10,778,047)	11,444,356	62,791,182
- EIG Global Project Fund V, L.P.	16,855,073	57,529,872	3,047,358	77,432,303
- Elan Fund, L.P.	680,729,543	(448,770)	56,004,033	736,284,806
- EQMC Europe Development Capital Fund, PLC	138,883,103	80,000,000	(60,127,897)	158,755,206
- Falcon Strategic Partners III, L.P.	9,336,296	(1,626,985)	2,463,735	10,173,046
- Falcon Strategic Partners IV, L.P.	76,692,802	(4,194,037)	701,289	73,200,054
- Falko Regional Aircraft Opportunities Fund II, L.P.	49,312,572	34,565,901	3,767,581	87,646,054
- Florida Growth Fund, LLC	102,424,869	(8,246,352)	14,092,811	108,271,328
- Florida Growth Fund Credit Tranche, LLC	36,509,389	(14,548,577)	(646,532)	21,314,280
- Florida Growth Fund Tranche II, LLC	121,806,975	(25,829,392)	6,010,305	101,987,888
- Florida Growth Fund II, Tranche I, LLC	208,495,388	(56,318,464)	43,902,741	196,079,665
- Florida Growth Fund II, Tranche II, LLC	74,486,573	12,560,968	13,916,772	100,964,313
- Florida Sunshine State Fund, L.P.	69,158,452	11,156,756	22,093,723	102,408,931
- Gallatin Point Capital Partners, L.P.	66,734,542	(9,388,723)	24,536,158	81,881,977
- Gallatin Point Capital Partners II, L.P.	(476,382)	46,866,533	5,100,125	51,490,275
- Garda Fixed Inc. Relative Value Opp Fd (Onshore) Ltd.	375,066,737	-	18,902,762	393,969,499
- GI Partners Fund III, L.P. <sup>3</sup>	1	-	43,306	43,307
- GI Partners Fund IV, L.P.	162,242,786	(65,820,292)	17,175,139	113,597,633
- Global Infrastructure Partners II, L.P.	150,964,971	(104,838,913)	26,844,436	72,970,493
- Global Infrastructure Partners III, L.P.	132,621,109	(2,041,280)	34,883,805	165,463,634

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- Global Infrastructure Partners IV, L.P.	23,567,751	86,667,854	9,644,389	119,879,994
- Global Transport Income Fund	199,829,782	(14,864,840)	19,725,748	204,690,690
- GOF II Feeder B, L.P.	117,413,770	22,500,000	26,387,288	166,301,058
- GOF III Feeder B, L.P. <sup>1</sup>	-	49,538	(49,538)	-
- Grain Communications Opportunity Fund II, L.P.	60,380,455	15,969,268	15,422,879	91,772,602
- Grain Communications Opportunity Fund III, L.P.	8,110,338	35,492,917	(3,957,019)	39,646,236
- Grain Spectrum Holdings III, L.P.	76,538,549	2,429,543	(146,967)	78,821,125
- Graticule Asia Macro Fund, L.P. <sup>2</sup>	189,664,432	(186,283,187)	(3,381,244)	-
- GSO Capital Opportunities Fund, L.P.	2,961,667	-	766,663	3,728,330
- GSO Capital Opportunities Fund II, L.P.	29,803,888	(23,518,886)	3,790,928	10,075,930
- GSO Capital Opportunities Fund III, L.P.	110,634,105	(32,405,171)	10,505,334	88,734,268
- GSO Capital Solutions Fund II, L.P.	25,981,920	(10,833,186)	2,254,412	17,403,146
- GSO Capital Solutions Fund III, L.P.	36,338,019	(9,726,860)	5,012,380	31,623,539
- GSO Energy Select Opportunities Fund, L.P.	39,995,146	(36,035,388)	6,832,093	10,791,851
- GSO Energy Select Opportunities Fund II, L.P.	22,953,431	7,721,688	7,371,948	38,047,067
- HBK Fund II, L.P.	208,986,011	-	5,925,816	214,911,827
- Healthcare Royalty Partners III, L.P.	41,954,920	(14,587,415)	2,966,523	30,334,028
- Highbridge Convertible Dislocation Fd (Delaware), L.P.	166,374,112	(138,560,712)	1,326,094	29,139,494
- Highbridge SPAC Opportunity Fund (Delaware), L.P.	39,776,152	34,783,702	(7,572,362)	66,987,492
- Highbridge Tactical Credit Fund, L.P.	250,608,211	(200,801)	(1,037,734)	249,369,676
- HPS Dislocated Energy Fund of One, L.P. <sup>1</sup>	-	10,805	(10,805)	-
- Hudson Bay Fund, L.P.	244,759,967	-	9,872,843	254,632,810
- Hull State Energy Partners II, L.P.	-	83,651	(779,091)	(695,440)
- ICE EM Credit Absolute Return Fund, L.P.	1,747,400	(1,426,181)	(267,353)	53,867
- IFM Global Infrastructure (US), L.P.	618,128,418	(8,801,505)	79,611,348	688,938,261
- ILS Property & Casualty Fund II, L.P.	6,002,739	51,689	(2,612,732)	3,441,696
- Intermediate Capital Group Europe Fund VIII, SCSp <sup>1</sup>	-	25,290,382	(799,191)	24,491,191
- ISQ Growth Markets Infrastructure Fund (UST) L.P. <sup>1</sup>	-	23,059,115	(88,643)	22,970,472
- ITE Rail Fund, L.P.	241,343,831	-	29,389,090	270,732,921
- Jackson Timberland Opportunities, LLC	189,171,123	(13,908,045)	28,561,518	203,824,596
- Juniperus Insurance Opportunity Fund Ltd	254,863,403	-	(4,582,017)	250,281,386
- King Street Capital Fund, L.P.	20,284,929	(6,669,876)	3,023,278	16,638,330
- KLCP ERISA Fund E2 (US), L.P.	130,431,363	42,191,699	22,445,608	195,068,670
- KLCP ERISA Fund E III, L.P. <sup>1</sup>	-	50,699,250	409,522	51,108,772
- KV Partners, LLC	768,294	-	(90,992)	677,302
- Lake Jackson, L.P.	120,160,401	(35,990,958)	19,602,867	103,772,310
- LCM Credit Opportunities Fund III(a), L.P.	78,424,882	(23,803,863)	2,381,962	57,002,981
- LCM Credit Opportunities Fund IV, SLP	27,219,172	19,101,093	6,027,002	52,347,267
- LCM Partners SOLO V, SLP	13,841,821	9,100,000	1,127,827	24,069,647
- Levine Leichtman Capital Partners IV, L.P.	14,098,443	-	(5,115,356)	8,983,087
- Levine Leichtman Capital Partners V, L.P.	153,037,095	(76,443,019)	83,973,565	160,567,640
- Levine Leichtman Capital Partners VI, L.P.	121,231,400	41,047,296	41,598,247	203,876,943
- Lexington GP Holdings, L.P.	148,776,827	(185,271,266)	155,920,936	119,426,497
- LLCP Lower Middle Market Fund III, L.P.	(1,164)	18,586,069	(2,639,208)	15,945,697
- Luxor Capital Partners, L.P.	179,963,246	50,014,100	(91,426,948)	138,550,398
- Marathon European Credit Opp Fund II, L.P.	20,424,747	(8,605,287)	(527,439)	11,292,021
- MCP Private Capital Fund, III SCSp	60,948,363	4,892,944	1,093,723	66,935,029
- MCP Private Capital Fund IV SCSp	26,895,490	58,781,546	607,740	86,284,776
- Mill Road Capital III, L.P.	121,279,596	24,705,718	(4,904,860)	141,080,454
- Miravest ILS Credit Opportunities Fund I, L.P.	105,750,545	17,564,503	10,139,021	133,454,069
- Miravest ILS Credit Opportunities Fund II, L.P. <sup>1</sup>	-	18,754,362	(120,822)	18,633,540
- Monashee Pure Alpha SPV I, L.P.	203,561,982	-	(23,946,200)	179,615,782
- MSD SBAFL Fund, L.P.	76,107,466	41,306,678	6,355,297	123,769,440
- MW Eureka (US) Fund	133,209,573	-	10,122,097	143,331,670
- NovaQuest Pharma Opportunities Fund V, L.P.	48,571,700	15,755,391	3,012,237	67,339,327
- Oaktree Opportunities Fund VIII, L.P.	1,089,274	(1,005,433)	901,960	985,801
- Oaktree Opportunities Fund VIIIb, L.P.	15,980,866	(2,578,585)	5,836,302	19,238,583
- Oaktree Opportunities Fund IX, L.P.	66,025,829	(9,491,582)	18,547,829	75,082,076
- Oaktree Opportunities Fund Xb, L.P.	145,446,619	-	32,541,716	177,988,335
- OCM Opportunities Fund VIIb, L.P.	38,881	(18,427)	4,173	24,627
- OHA Tactical Investment Fund, L.P.	42,474,254	99,993,676	8,894,062	151,361,992
- Orion Energy Credit Opportunities Fund III, L.P.	13,161,691	30,300,431	(404,176)	43,057,946
- Orion Mine Finance Co-Investment Fund II, L.P.	38,352,465	(737,412)	6,869,683	44,484,736
- Orion Mine Finance Fund I, L.P.	37,838,025	(1,391,952)	15,353,678	51,799,751

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- Orion Mine Finance Fund II, L.P.	108,738,784	(15,996,898)	4,752,060	97,493,945
- P2 Capital Fund, L.P.	384,419,672	-	(4,719,357)	379,700,315
- PAG Loan Fund IV, L.P.	74,260,116	10,486,399	(774,214)	83,972,302
- PAG Loan Fund V, L.P. <sup>1,2</sup>	-	22,580	(22,580)	-
- Patria Infrastructure Fund IV, L.P.	10,889,314	9,743,936	5,607,529	26,240,779
- Primary Wave Music IP Fund 1, L.P.	41,734,177	(1,815,180)	8,873,327	48,792,324
- Primary Wave Music IP Fund 2, L.P.	132,048,888	13,682,366	23,318,745	169,049,999
- Primary Wave Music IP Fund 3, L.P.	33,967,375	103,633,866	66,860	137,668,101
- Principal RE Debt (SBAF Mortgage Fund), LLC	120,660,675	18,654,637	370,408	139,685,720
- Providence Debt Fund III, L.P.	61,017,712	(14,439,367)	5,409,477	51,987,822
- Providence Equity Global Group, LLC	115,048,591	(17,411,458)	70,924,449	168,561,582
- Providence TMT Special Situation Fund, L.P. <sup>2</sup>	117,779	(1,293,385)	1,175,606	-
- Red Hills Rail I <sup>1</sup>	-	38,077	(38,077)	-
- Rubik Holdings Ltd.	167,120,948	-	(10,531,565)	156,589,383
- SASOF III, L.P.	12,526,958	-	(4,759,856)	7,767,102
- SASOF IV, L.P.	61,368,599	-	(23,833,508)	37,535,091
- SASOF V, L.P.	3,641,845	61,415,812	(10,906,093)	54,151,564
- Sculptor Domestic Partners II, L.P.	271,646,365	-	(21,571,108)	250,075,257
- Searchlight Opportunities Fund II, L.P.	8,715,000	83,299,548	2,737,805	94,752,353
- Silver Lake Waterman Fund III, L.P.	46,609,418	34,946,120	7,107,175	88,662,713
- Sixth Street TAO Partners, L.P. <sup>5</sup>	166,252,804	(41,101,258)	19,791,255	144,942,801
- Special Situation Partners II, L.P.	38,954,236	(4,287,152)	12,451,039	47,118,123
- Sprott Private Resource Lending (US), L.P.	8,560,831	(6,057,405)	(1,414,131)	1,089,296
- Sprott Private Resource Lending II, L.P.	95,822,368	(7,374,897)	12,335,255	100,782,727
- Square Mile Partners III, L.P.	259,044	-	315,643	574,687
- Starboard Value and Opportunity Fund, LLC	623,439,187	-	(63,621,071)	559,818,116
- SVB Innovation Credit Fund VIII, L.P. <sup>6</sup>	111,167,176	19,156,751	20,720,331	151,044,258
- Taconic Opportunity Fund, L.P.	351,948,001	(24,598,757)	18,095,005	345,444,249
- TCW Crescent Mezzanine Partners V, L.P.	498,369	-	76,717	575,086
- Tintoretto Partners, L.P.	283,142,881	(18,092,490)	(8,978,174)	256,072,217
- Torchlight Debt Fund VII, L.P.	50,983,665	25,000,000	1,912,604	77,896,269
- Tricon Housing Partners I US, L.P.	11,819,569	(2,585,605)	1,601,994	10,835,958
- Tricon Housing Partners II US, L.P.	9,314,390	-	3,606,507	12,920,897
- Trigate Property Partners II, L.P.	17,405,774	(5,525,022)	3,320,247	15,200,999
- Trigate Property Partners III, L.P.	54,566,221	(22,479,624)	13,021,871	45,108,468
- Trigate Property Partners IV, L.P.	12,700,620	33,504,447	(1,475,605)	44,729,462
- Varde Fund X, L.P.	11,980,151	(749,612)	(5,065,579)	6,164,960
- Varde Fund XI, L.P.	94,382,155	(32,002,403)	(5,277,849)	57,101,904
- Varde Fund XII (C), L.P.	153,796,415	(34,921,754)	16,058,900	134,933,561
- Vine Media Opportunities Fund III, L.P.	68,585,241	(4,013,909)	(2,768,249)	61,803,084
- Vine Media Opportunities Fund IV, L.P.	53,658,661	(7,478,326)	2,798,977	48,979,311
- VSS Structured Capital II, L.P.	2,864,306	-	532,698	3,397,004
- Wayzata Opportunities Fund II, L.P.	1,382,219	(2,190,965)	909,982	101,236
- Wayzata Opportunities Fund III, L.P.	22,549,195	(6,071,040)	2,050,754	18,528,909
- Yiheng Capital Partners, L.P.	240,323,507	-	(113,386,540)	126,936,967
<b>Other:</b>				
- Strategic Investment Cash Expense	-	1,954,468	(1,954,468)	-
- Strategic Investments Transition Account	1,007,950	-	707,682	1,715,632
- Strategic Investments Transition Account II <sup>1</sup>	-	74,250,000	-	74,250,000
<b>Total Strategic Investments</b>	<b>\$ 18,134,136,110</b>	<b>\$ 550,612,687</b>	<b>\$ 1,425,378,274</b>	<b>\$ 20,110,127,071</b>

<sup>1</sup> Account opened during the fiscal year.

<sup>2</sup> Account assets sold or partnership interest sold during the fiscal year. Remaining balances reflect residual activity.

<sup>3</sup> Account assets sold or partnership interest sold during a prior fiscal year. Balances and activity reflect residual activity.

<sup>4</sup> Account names for Colony Distressed Credit Funds II, III, and IV changed to DC Value Recovery Funds II, III, and IV, respectively, during the fiscal year.

<sup>5</sup> Account name for TSSP Adjacent Opportunities Partners, L.P. changed to Sixth Street TAO Partners, L.P. during the fiscal year.

<sup>6</sup> Account name for WestRiver Innovation Lending Fund VIII, L.P. changed to SVB Innovation Credit Fund VIII, L.P. during the fiscal year.

• For certain strategic investments accounts, market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Numbers may not total due to rounding.

**FRS Pension Plan Real Estate - Change in Market Value  
Fiscal Year 2021-22**

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
<b>Pooled Funds:</b>				
- AEW Senior Housing Investors III, L.P.	\$ 41,862,438	\$ (1,499,378)	\$ 2,411,677	\$ 42,774,737
- AEW Value Investors Asia III, L.P.	102,624,745	(45,721,914)	8,870,527	65,773,358
- BlackRock Europe Property Fund IV	8,419,766	(3,206,729)	(755,867)	4,457,170
- BlackRock Europe Property Fund V	6,167,556	20,581,648	(668,704)	26,080,500
- Blackstone Real Estate Partners Asia I, L.P.	98,272,019	(24,720,980)	15,811,516	89,362,555
- Blackstone Real Estate Partners Asia III, L.P. <sup>1</sup>	-	121,856	(121,856)	-
- Blackstone Real Estate Partners Europe V, L.P.	93,774,556	(46,039,324)	22,622,291	70,357,523
- Blackstone Real Estate Partners VI, L.P.	7,022,986	(2,893,568)	1,428,212	5,557,631
- Blackstone Real Estate Partners VII, L.P.	115,240,441	(89,400,660)	49,819,276	75,659,058
- Blackstone Real Estate Partners VIII, L.P.	73,065,099	(29,346,931)	40,852,867	84,571,035
- Blackstone Real Estate Partners IX, L.P.	50,130,587	2,865,025	39,636,178	92,631,790
- Brookfield-Fairfield US Multifamily Fund II, L.P.	12,110,121	-	3,132,161	15,242,282
- CapMan Nordic Real Estate Fund	36,918,343	(24,386,795)	(3,143,583)	9,387,964
- CapMan Nordic Real Estate II	52,474,197	(11,730,525)	3,229,995	43,973,666
- CapMan Nordic Real Estate III	13,420,104	9,842,055	(830,556)	22,431,602
- Carlyle Property Investors, L.P.	111,415,998	(5,861,815)	40,710,038	146,264,221
- Carlyle Realty Partners VI, L.P.	6,048,438	(56,991)	765,935	6,757,382
- Carlyle Realty Partners VII, L.P.	16,664,020	(6,093,097)	3,117,387	13,688,310
- Carlyle Realty Partners VIII, L.P.	33,162,878	(10,978,040)	32,511,372	54,696,210
- Carlyle Realty Partners IX, L.P. <sup>1</sup>	-	136,034	(372,817)	(236,783)
- CBRE Asia Value Partners V	42,160,637	26,343,276	2,778,031	71,281,944
- CBRE Asia Value Partners V Japan Co-Investment	13,874,718	7,699,245	4,434,171	26,008,134
- CBRE Asia Value Partners VI	-	2,771,974	(595,283)	2,176,691
- CBRE US Logistics Partners <sup>1</sup>	-	113,163,346	(92,586)	113,070,760
- CIM Fund VIII, L.P.	44,601,173	(151,621)	(2,126,168)	42,323,384
- Dead Deal Expenses <sup>1,2</sup>	-	1,572	(1,572)	-
- EMI Pooled Fund Expenses Account <sup>5</sup>	-	-	-	-
- Europa Fund IV, L.P.	20,139,266	(3,813,494)	(1,436,733)	14,889,038
- Exeter Europe Logistics Value Fund IV <sup>1</sup>	-	16,211,473	(2,732,294)	13,479,179
- Heitman Global RE Partners II, L.P.	-	87,162,988	563,251	87,726,238
- Heitman Coinvest Red Arrow, L.P.	720,000	23,338,486	(126,774)	23,931,712
- Heitman Value Partners III, L.P.	404,359	(482,423)	470,967	392,903
- Heitman Value Partners IV, L.P.	49,578,482	(2,814,655)	17,649,114	64,412,941
- Heitman Value Partners V, L.P. <sup>1</sup>	-	16,596,330	932,650	17,528,980
- Invesco Strategic Opportunities III, L.P.	18,114,521	(1,575,946)	6,335,232	22,873,807
- Invesco Strategic Opportunities III LCP Co-Invest, L.P.	35,207,000	(4,693,000)	(565,792)	29,948,208
- JP Morgan European Opportunistic Property Fund III	51,263,993	(18,247,193)	1,901,636	34,918,436
- JP Morgan European Opportunistic Property Fund IV	46,033,324	21,669,873	1,514,955	69,218,152
- JP Morgan European Opportunistic Property Fund V <sup>1</sup>	-	87,369	(87,369)	-
- JP Morgan Special Situation Property Fund	184,596,657	(64,273,038)	33,351,406	153,675,025
- JP Morgan Strategic Property Fund	162,489,023	(53,459,688)	32,087,238	141,116,573
- Landmark Real Estate Fund VIII, L.P.	24,558,426	(835,034)	11,945,766	35,669,158
- Prime Property Fund, LLC	408,564,767	(17,703,401)	112,538,437	503,399,804
- Principal Digital Real Estate Fund, L.P.	-	11,850,573	(1,419,661)	10,430,911
- Principal US Property Fund	464,646,307	-	129,576,958	594,223,265
- Prologis USLF, L.P.	325,572,717	(7,837,367)	190,022,454	507,757,804
- Prudential PRISA	379,288,129	(12,616,559)	105,673,943	472,345,513
- Prudential PRISA Fund III, L.P.	275,739,961	(72,329,566)	54,892,799	258,303,194
- Rockpoint Real Estate Fund III, L.P.	4,742,157	(1,804,268)	(46,507)	2,891,382
- Rockpoint Real Estate Fund IV, L.P.	8,997,889	(6,805,377)	5,149,383	7,341,895
- Rockpoint Real Estate Fund V, L.P.	72,718,328	(15,334,634)	21,287,904	78,671,598
- Rockpoint Real Estate Fund VI, L.P.	4,064,682	11,742,429	3,464,542	19,271,653

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
- RREEF America REIT II Pooled Fund	328,748,509	(11,321,487)	94,025,807	411,452,829
- RREEF Core Plus Industrial Fund	197,199,669	114,286,266	98,222,762	409,708,697
- Starwood Distressed Opp. Fund IX Global, L.P.	29,717,223	(13,602,322)	15,955,347	32,070,248
- Starwood Distressed Opportunity Fund XII Global, L.P.	(48,786)	30,001,141	3,892,894	33,845,249
- Starwood Global Opportunity Fund X, L.P.	41,588,739	(18,895,633)	16,035,006	38,728,112
- Starwood Global Opportunity Fund XI, L.P.	50,549,157	7,411,668	10,929,960	68,890,785
- Tristan EPIISO 3, L.P.	21,613,333	-	(357,932)	21,255,401
- Tristan EPIISO 4, L.P.	53,227,327	(5,422,508)	428,778	48,233,597
- UBS Pooled Fund, L.P.	57,344,327	(16,219,343)	9,187,809	50,312,793
<b>Principal Investments</b>	10,151,236,969	392,885,715	2,773,053,877	13,317,176,561
<b>Real Estate Investment Trusts (REITs):</b>				
- AEW Global REIT	487,367,347	-	(72,265,490)	415,101,857
- CohenSteers Global REIT	557,954,370	-	(70,045,438)	487,908,932
- FloridaRetSys CNSGlobalREITRecov <sup>3</sup>	269,263,226	(238,135,169)	(30,718,292)	409,765
- FloridaRetSys RREEFGlobalREITRecov	212,868,619	-	(20,590,754)	192,277,865
- Invesco Global REIT <sup>4</sup>	2,874,015	(2,232,877)	(289,040)	352,098
- RREEF Global REIT	581,065,476	-	(73,600,775)	507,464,701
<b>Other:</b>				
- Real Estate Cash Expense Account	-	569,450	(569,450)	-
- Real Estate Transition Account	262,251,869	(261,902,067)	(351,178)	(1,376)
<b>Total Real Estate Investments</b>	<b>\$16,821,692,195</b>	<b>\$ (237,105,625)</b>	<b>\$ 3,739,310,038</b>	<b>\$20,323,896,608</b>

<sup>1</sup> Account opened during the fiscal year.

<sup>2</sup> Preliminary due diligence fees incurred, but investment not purchased.

<sup>3</sup> Strategy terminated or account closed during the current fiscal year. Balances reflect residual activity.

<sup>4</sup> Strategy terminated or account closed during a prior fiscal year. Balances and activity reflect residual activity.

<sup>5</sup> Account inactive during the fiscal year.

• For certain real estate accounts, market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions.

In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Numbers may not foot due to rounding.

**FRS Pension Plan Cash/Short-Term and Miscellaneous Portfolios - Change in Market Value  
Fiscal Year 2021-22**

Account Name	Market Value 6/30/21	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/22
Cash Expense Account <sup>2</sup>	\$ -	\$ 99,985	\$ (99,985)	\$ -
Cash Securities Lending Account <sup>3</sup>	(31,642,368)	14,318,766	1,034,278	(16,289,324)
Central Cash/Short-Term	1,251,864,956	(294,439,635)	3,635,727	961,061,048
Centralized Cleared IM Collateral Account	173,018,406	-	557,867	173,576,274
Centralized MSFTA Collateral Account	41,102,192	100,000,000	275,439	141,377,630
Centralized Non-Cleared Cash Collateral	83,250,168	(60,000,000)	74,954	23,325,122
FRS Cash Enhanced <sup>4</sup>	752,876,621	-	(25,757,305)	727,119,315
FRS Cash Transition	-	-	-	-
Non-Cleared IM Collateral <sup>1</sup>	-	37,925	(37,925)	-
Private Equity Cash	137,881,978	(6,887,985)	372,167	131,366,161
Real Estate Cash	80,243,875	(12,985,964)	28,054	67,285,966
Strategic Investments Cash	108,380,059	(60,612,687)	(383,222)	47,384,151
TF STIPFRS NAV Adjustment Account <sup>5</sup>	(65,519)	-	(1,563,991)	(1,629,510)
Total Fund Cash Expense Account <sup>2</sup>	-	61,870,915	(61,870,915)	-
<b>Total Cash/Short-Term</b>	<b>\$2,596,910,368</b>	<b>\$(258,598,678)</b>	<b>\$ (83,734,857)</b>	<b>\$2,254,576,833</b>

<sup>1</sup> Account opened during the fiscal year.

<sup>2</sup> The Cash Expense Account and the Total Fund Cash Expense Account are used to pay various expenses (including SBA investment service charges and bank fees) on behalf of the Cash/Short-Term asset class or the entire FRS Pension Plan, respectively. Excluding these expenses, the reported investment gain (loss) would have been \$0 for each account.

<sup>3</sup> The Cash Securities Lending Account holds certain investments purchased in the securities lending program prior to the policy guidelines established in December 2008. These investments are generally being held to maturity. In fiscal year 2022, a realized loss of \$14,319,712 was recognized, while the overall net unrealized loss decreased by \$15,350,799. The account also earned \$3,191 in interest.

<sup>4</sup> The objective of the FRS Cash Enhanced portfolio is to match or exceed the total return achieved by the Barclays Capital U.S. 1-3 Year Government/Credit Bond Index over a three-year moving period. The account is invested in fixed income securities, which took a hit as the Federal Reserve raised their target interest rate range from 0.00 to 0.25 percent at June 30, 2021, to 1.50 to 1.75 percent by mid-June 2022.

<sup>5</sup> The TF STIPFRS NAV Adjustment Account is used to record the difference between the net market value of the Short-Term Investment Pool (STIPFRS) that SBA utilizes to invest cash balances in the FRS Pension Plan and the total STIPFRS participant balances (carried at amortized cost) in all the individual portfolios that are invested in the pool. This can fluctuate and will be negative if the amortized cost of participant balances is higher than the net market value of the STIPFRS.

• Numbers may not total due to rounding.



Homosassa Springs in Homosassa, Florida

# Actuarial Section

## **Florida Retirement System Pension Plan**

### **Overview of GASB 67 and GASB 68**

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements No. 67 and 68 for public pension plans and participating employers.

GASB 67 applies to financial reporting for public pension plans. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

### **Relationship Between Valuation Date and Measurement Date**

The Valuation Date is July 1, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2022.

### **Depletion Date Projection**

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- Current active members contribute the required employee contribution amounts.
- The employer contributes the actuarially determined contribution amounts based on the 6.70% investment rate of return assumption selected by the 2022 FRS Actuarial Assumption Conference. Benefit payments are projected based on the actuarial assumptions and the current plan provisions. Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the July 1, 2022 valuation.
- Terminating and retiring members are replaced in a manner such that new entrant payroll is allocated to each plan as follows:
  - Special Risk members: 75% elect or default into the Pension Plan, 25% into the Investment Plan.
  - Non-Special Risk members: 25% elect into the Pension Plan, 75% elect or default into the Investment Plan.
- All cash flows are assumed to occur on average halfway through the year.
- In the depletion date test's projections, the actual return achieved each year on invested assets is 6.70%
- The funding policy used to determine actuarially determined contributions does not change.
- The actuarial assumptions do not change.
- Once the system is projected to reach a surplus position (smoothed actuarial value of assets greater than actuarial liability) the UAL Rate contribution is set to 0.00% for purposes of this exhibit, rather than modeling a contribution rate offset credit. Please note that this is projected to occur inside the 20-year period for amortizing unfunded liability that is current Conference policy.



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December 2, 2022

Members of the Florida Legislature and of the Florida Retirement System

**Re: Actuary's Statement Regarding FRS 2022 Pension Plan Actuarial Valuation**

Dear Florida Legislators and FRS Members:

Milliman has conducted an actuarial valuation as of July 1, 2022 for the Florida Retirement System (FRS) Pension Plan. Current Governmental Accounting Standards Board (GASB) rules necessitate two distinct sets of actuarial valuation calculations to fulfill two separate requirements:

- System funding calculations as of July 1, 2022, which assess system funded status and determine actuarially calculated contribution rates for the July 1, 2023 – June 30, 2024 plan year. The updated methods and assumptions for these system funding calculations include a decrease in the investment return assumption from 6.80% to 6.70% and demographic assumptions for qualifying members of the Special Risk Membership Class to reflect plan changes enacted by House Bill 5007, House Bill 689, and Senate Bill 838. Preliminary 2022 valuation results were presented by the actuary to the 2022 FRS Actuarial Assumption Conference held in October 2022. In my professional opinion, I believe the assumptions and methods used in the system funding valuation report for the purpose of developing actuarially calculated contribution rates are reasonable per Actuarial Standards of Practice.
- System GASB 67 financial reporting calculations as of June 30, 2022, which satisfy relevant accounting standards for annual financial reporting to interested parties. These calculations use demographic assumptions identical to those used in system funding calculations. The long-term average annual future investment return assumption of 6.70% used in the GASB calculations is the same assumption used in the system funding calculations. A 6.70% nominal investment return assumption can be compared to the combined effect of a median real (in excess of inflation) return of 4.20%, which is consistent with the 4.38% 50th percentile geometric average annual long-term future real return assumption developed by Aon's 2022 capital outlook model, and the 2.40% average annual future inflation assumption selected by the Conference. Geometrically combining those building blocks using the formula  $(1 + .0438) \times (1 + .024) - 1$  generates an expected nominal return of 6.89%. In my opinion, the 6.70% nominal return assumption is reasonable under Actuarial Standards of Practice.

The two sets of calculations were issued as distinct valuation reports under separate cover due to the differing purposes, as noted above and as discussed later in this letter.

### System Funding Calculations

On the smoothed Actuarial Value of Assets (AVA) basis used to determine actuarially calculated contribution rates, FRS Pension Plan funded status decreased from 83.4% to 82.4%. On a Market Value of Assets (MVA) basis, FRS Pension Plan funded status calculated with the assumptions and methods used in the report for system funding purposes decreased from 96.4% to 82.9% due to actual plan year investment return of approximately -7.18%, which is 13.98% below the assumed return in the prior year's valuation of 6.80%, along with a decrease in the investment return assumption.

Due to strong market value investment performance in the 2020-2021 plan year of +30.38%, even after the negative investment return in the 2021-2022 plan year of -7.18%, the MVA remains higher than the smoothed AVA used for contribution rate calculations by approximately \$1.0 billion as of July 1, 2022. That \$1.0 billion not yet recognized market investment gain will be systematically recognized as an actuarial investment gain in the Unfunded Actuarial Liability (UAL) via recognition in the AVA in subsequent years if future investment return experience meets or exceeds the valuation's return assumption.

The FRS Pension Plan-only actuarially calculated employer contribution rates derived in the funding valuation are combined with FRS Investment Plan contribution rates to create proposed blended statutory employer contribution rates. At a system-wide composite level, the blended employer contribution rate increased by 0.90% of payroll from 13.58% of payroll in the 2022-2023 plan year (after reflection of HB 5007) to 14.48% of payroll in the 2023-2024 plan year. Please note that the blended rate study is issued under separate cover shortly after the publication of the valuation report for funding purposes. The 0.90% of payroll increase was primarily due to the change in the investment return assumption and secondarily due to plan changes enacted during the 2022 session of the Florida Legislature and other liability experience losses.

The FRS Pension Plan-only actuarially calculated contribution rates in the funding valuation are determined in a manner such that they would remain level as a percentage of projected payroll in future years if actual future experience follows the valuation's assumptions until system funded status nears 100%, with the exception of a) rate changes due to the effects of the not yet recognized market investment losses noted above and b) a decrease in the FRS Pension Plan normal cost rate as newly enrolling Tier II Pension Plan members replace currently active Tier I Pension Plan members as they leave FRS-covered employment.

For this valuation, a long-term average annual future investment return assumption of 6.70% was selected by the 2022 FRS Actuarial Assumption Conference. That assumption is 0.10% lower than the assumption used in the previous valuation. In my professional opinion, the 6.70% assumption constitutes a reasonable assumption for the purpose of the measurement as defined by Actuarial Standard of Practice No. 27 (ASOP 27). More details on the return assumption are shown in our 2022 FRS Actuarial Assumption Conference presentation materials.

All else being equal, the lower the selected investment return assumption, the higher the likelihood the FRS Pension Plan will meet or exceed its assumed investment return in future

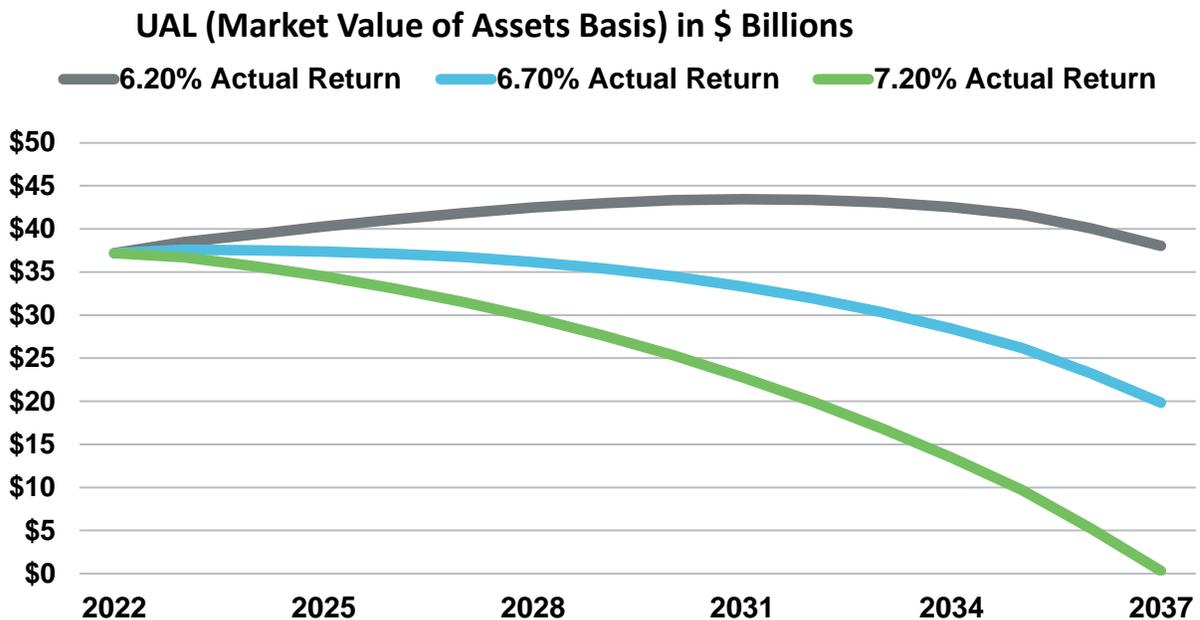
**Milliman**

This work product was prepared solely for the Florida Department of Management Services for the purposes stated 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.

years. A lower assumption would result in higher short-term actuarially calculated contribution rates for employers, but would also serve to lessen the magnitude of actuarially calculated contribution rate increases if actual future investment performance fails to meet or exceed the assumption.

Actual future investment return experience for the FRS Pension Plan is not affected by the assumption used in the actuarial valuation. Applying the 6.70% valuation assumption, the following graph illustrates the UAL on a Market Value of Assets basis under three scenarios for steady actual future market investment returns:

- 6.70%, which is the assumption selected for the valuation for system funding purposes by the 2022 FRS Actuarial Assumption Conference
- 6.20%, which is 0.50% lower than the assumption selected by the 2022 FRS Actuarial Assumption Conference.
- 7.20%, which is 0.50% higher than the assumption selected by the 2022 FRS Actuarial Assumption Conference. It is also equal to the assumption selected by the 2019 FRS Actuarial Assumption Conference.



As illustrated in the graph, if actual future investment returns match the 6.70% assumption, the UAL on a market value of assets basis is projected to be fairly level (in non-inflation-dollars) over the next several years and then systematically decline as the amortization periods for the existing bases shorten. If actual market returns are 6.20% and thus underperform the 6.70% assumption by 0.50%, the UAL on a market value basis is projected to increase during the first several years and then start to decrease around the year 2032. After 15 years, the market value assets basis UAL is projected to be approximately the same as the current UAL. If actual market investment returns are 7.20% and thus overperform the 6.70% assumption by 0.50%, the UAL

on a market value basis is projected to be approximately zero at the end of the 15-year projection period.

The individual entry age normal (individual EAN) actuarial cost allocation method was selected by the 2022 FRS Actuarial Assumption Conference for the system funding valuation. The actuarial cost allocation method divides the present value of total projected benefits for each active member between past service (actuarial liability, or AL) and future service (present value of future normal costs). The actuarial cost allocation method does not impact the calculation of the present value of total projected benefits. In funding valuations prior to 2019, the ultimate entry age normal (Ultimate EAN) actuarial cost allocation method was used. The change in the actuarial cost allocation method increased the normal cost rate and decreased the actuarial liability and UAL rate when compared to the prior method. The individual EAN methodology is mandated by GASB for financial reporting calculations under GASB Statements Nos. 67 & 68, and has been used for GASB reporting in all years those two statements have been in effect.

#### System GASB Financial Reporting Calculations

GASB Statement No. 67 is the governing standard for financial reporting of governmental pension systems. Our GASB 67 calculations differ from the methodology used for system funding calculations in that GASB 67 mandates use of fair market asset values for the calculation of unfunded liability, which is referred to as the fiduciary net position under GASB 67. The long-term expected rate of investment return assumption used in GASB calculations is 6.70%. The 6.70% nominal investment return assumption can be compared to the combined effect of a median real (in excess of inflation) return of approximately 4.38% 50<sup>th</sup> percentile geometric average annual long-term future real return assumption developed by Aon's 2022 capital outlook model, and an average inflation assumption of 2.40% selected by the Conference.

As of the date of this valuation, the effect of the difference in the asset valuation methodology caused the calculated unfunded liability for financial reporting calculations (the net pension liability, or NPL) to be lower than the unfunded liability determined for system funding calculations (the unfunded actuarial liability, or UAL). For FRS Pension Plan GASB 67 financial reporting calculations, the NPL as of June 30, 2022 is \$37.2 billion.

#### Other Comments

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 ongoing costs of the system. The economic assumptions were developed from both external economic forecasts and information and forecasts furnished by the Florida State Board of Administration. The demographic actuarial assumptions were developed both from recent experience of the system and from standard actuarial sources. The actuarial assumptions are based on Milliman's most recent review of the system's experience, which was for the observation period from July 1, 2013 through June 30, 2018. Additional details on that review of system experience can be located in our October 8, October 23, and October 28, 2019 presentation materials to the 2019 FRS Actuarial Assumption Conference and our formal 2019 Experience Study report, which was issued on December 20, 2019. The

actuarial assumptions used in performing the July 1, 2022 system funding valuation were approved by the 2022 FRS Actuarial Assumption Conference. The demographic assumptions for Special Risk Class members were updated effective July 1, 2022 to reflect plan changes enacted by House Bill 5007, House Bill 689, and Senate Bill 838.

The methodology differences between the funding and GASB financial reporting calculations are identified above. The assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the reports are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the reports 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.

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

In preparing our reports we relied, without audit, on information (some oral and some written) supplied by the Florida Department of Management Services, 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 it to be reasonably consistent and comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, 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.

The reports have been prepared exclusively for the Florida Department of Management Services, Division of Retirement for specific and limited purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The valuations are complex, technical analyses that assume a high level of knowledge concerning the Florida Retirement System's operations, and use data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman does not intend to benefit or create a legal duty to any third party recipient of the reports. No third party recipient of Milliman's work product should rely upon the reports. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

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

**Milliman**

December 2, 2022

Page 6

The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

These actuarial valuations were prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation reports are complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. In my opinion these valuations meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the Florida State Constitution. Section 216.136(10) of Florida Statutes indicates that the 2022 FRS Actuarial Assumption Conference holds the statutory authority to determine the investment return assumption for the system funding valuation, which differs from the long-term expected rate of return assumption used in GASB discount rate calculations. There is no benefit provision or related expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuations.

To the best of my knowledge, there were no known events that were not taken into account in the valuations. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the reports are complete and accurate and have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'M. Larrabee', with a long horizontal flourish extending to the right.

Matt Larrabee, FSA, EA, MAAA  
Principal & Consulting Actuary

**Milliman**

This work product was prepared solely for the Florida Department of Management Services for the purposes stated 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.

## Certification

Actuarial computations presented in this report under Statement No. 67 of the Governmental Accounting Standards Board are for purposes of assisting the Florida Department of Management Services in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2021 to June 30, 2022. The reporting date for determining plan assets and obligations is June 30, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of June 30, 2021 and June 30, 2022 furnished by the Florida Department of Management Services. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please note that this report is based on the June 30, 2022 assets for the program as reported to us by the Florida State Board of Administration. Please see Milliman's funding valuation report to be published in December 2022 for more information on the plan's participant group as of July 1, 2022 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

#### **Florida Retirement System Pension Plan**

This work product was prepared solely for the Florida 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.

## Certification

Milliman's work is prepared solely for the internal use and benefit of the Florida Department of Management Services. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Plan; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

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

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

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

The valuation results were developed using models intended for valuations that use standard actuarial techniques.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein



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Matt R. Larrabee, FSA, EA, MAAA  
Principal and Consulting Actuary



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Kathryn M. Hunter, FSA, EA, MAAA  
Consulting Actuary



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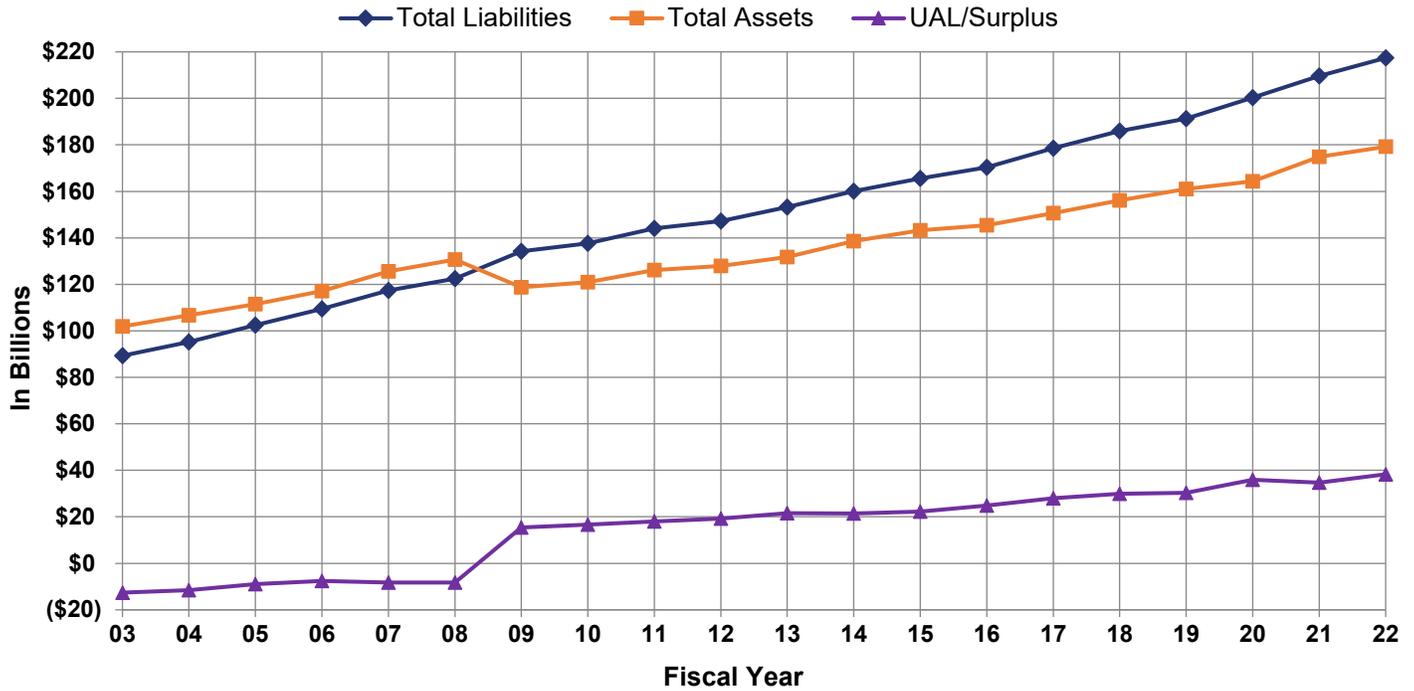
Daniel R. Wade, FSA, EA, MAAA  
Principal and Consulting Actuary

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022** **Florida Retirement System Pension Plan**

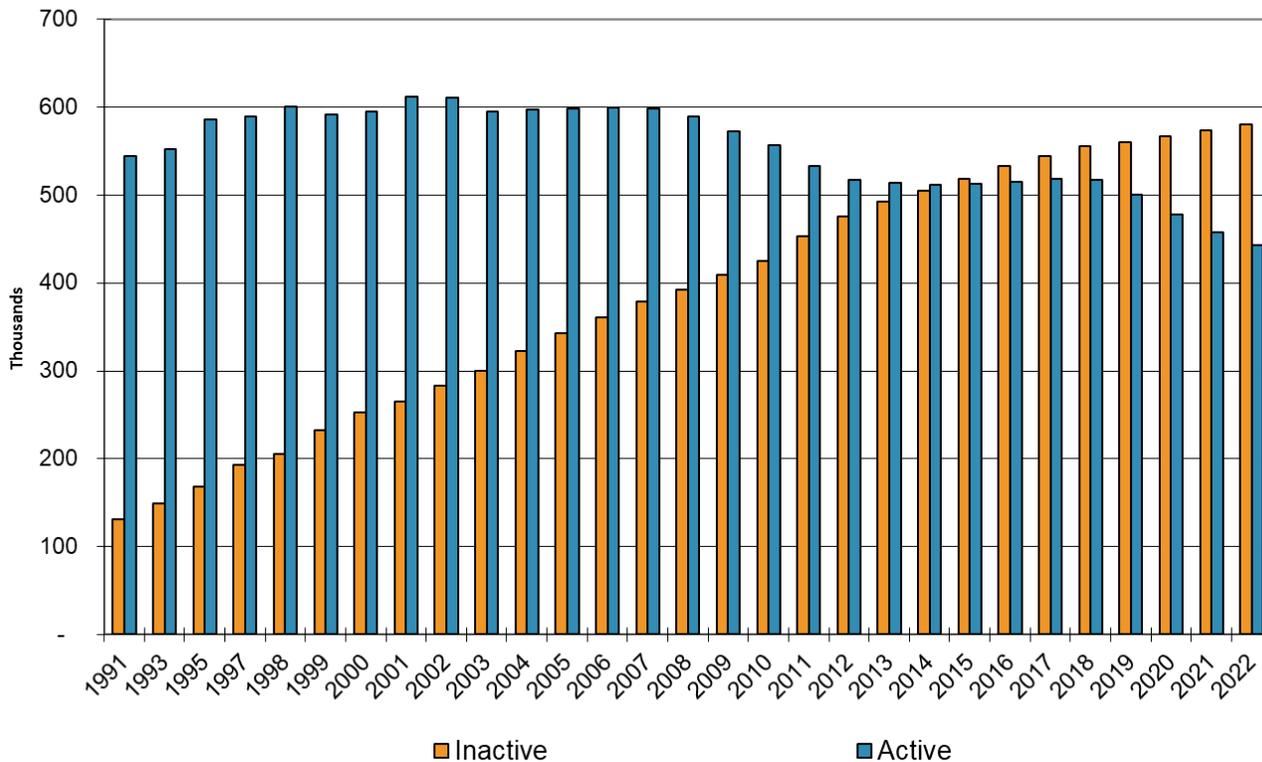
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## HISTORY OF THE FRS PENSION PLAN UNFUNDED ACTUARIAL LIABILITY/SURPLUS WITH TOTAL LIABILITIES AND TOTAL ASSETS FROM 2002 THROUGH 2022



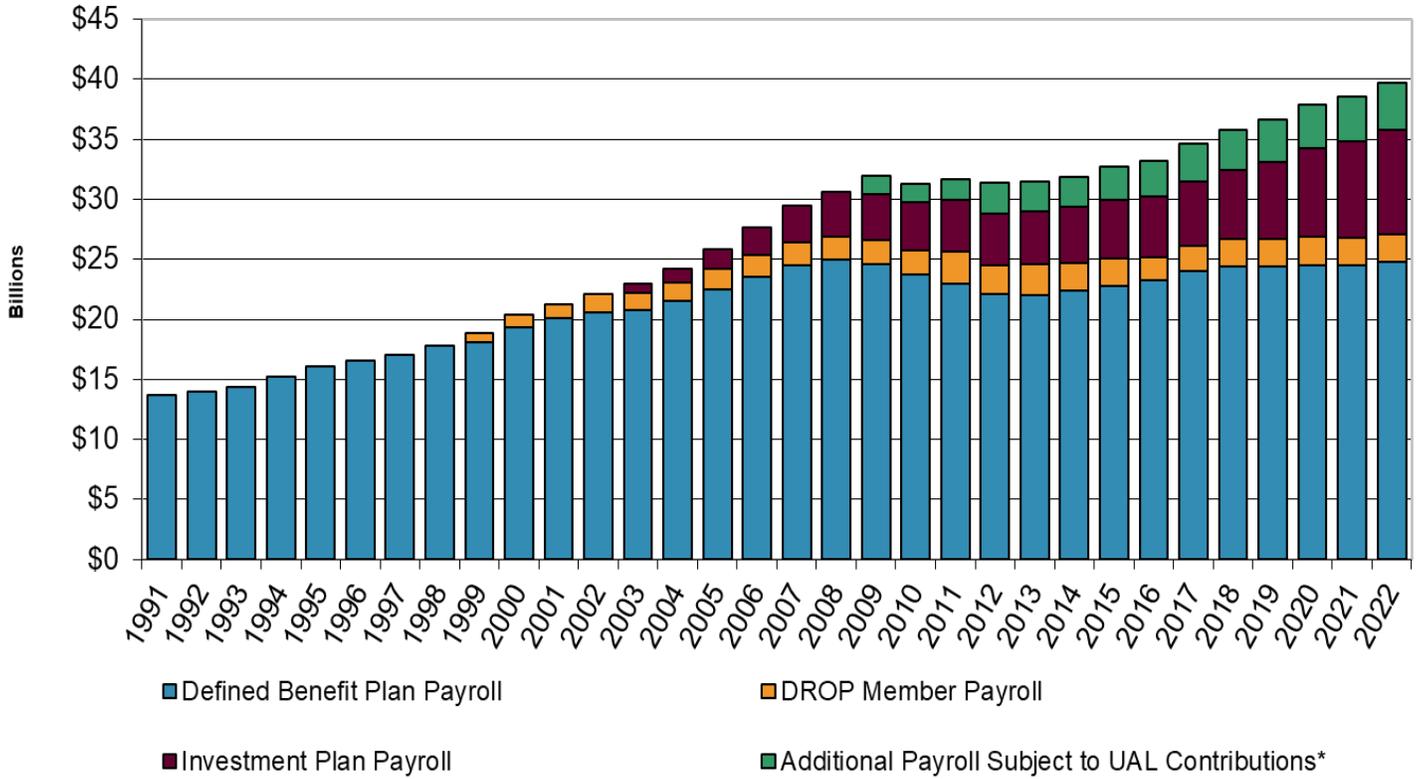
FISCAL YEAR	TOTAL LIABILITIES (IN BILLIONS)	TOTAL ASSETS (IN BILLIONS)	UAL/(SURPLUS) (IN BILLIONS)
2002	\$86.5	\$99.4	(\$12.9)
2003	\$89.3	\$101.9	(\$12.6)
2004	\$95.2	\$106.7	(\$11.5)
2005	\$102.5	\$111.5	(\$9.0)
2006	\$109.5	\$117.1	(\$7.6)
2007	\$117.4	\$125.6	(\$8.2)
2008	\$122.5	\$130.7	(\$8.2)
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
2014	\$160.1	\$138.6	\$21.5
2015	\$165.5	\$143.2	\$22.3
2016	\$170.4	\$145.5	\$24.9
2017	\$178.6	\$150.6	\$28.0
2018	\$186.0	\$156.1	\$29.9
2019	\$191.3	\$161.0	\$30.3
2020	\$200.3	\$164.3	\$36.0
2021	\$209.6	\$174.9	\$34.7
2022	\$217.4	\$179.2	\$38.3

### FRS Pension Plan Membership



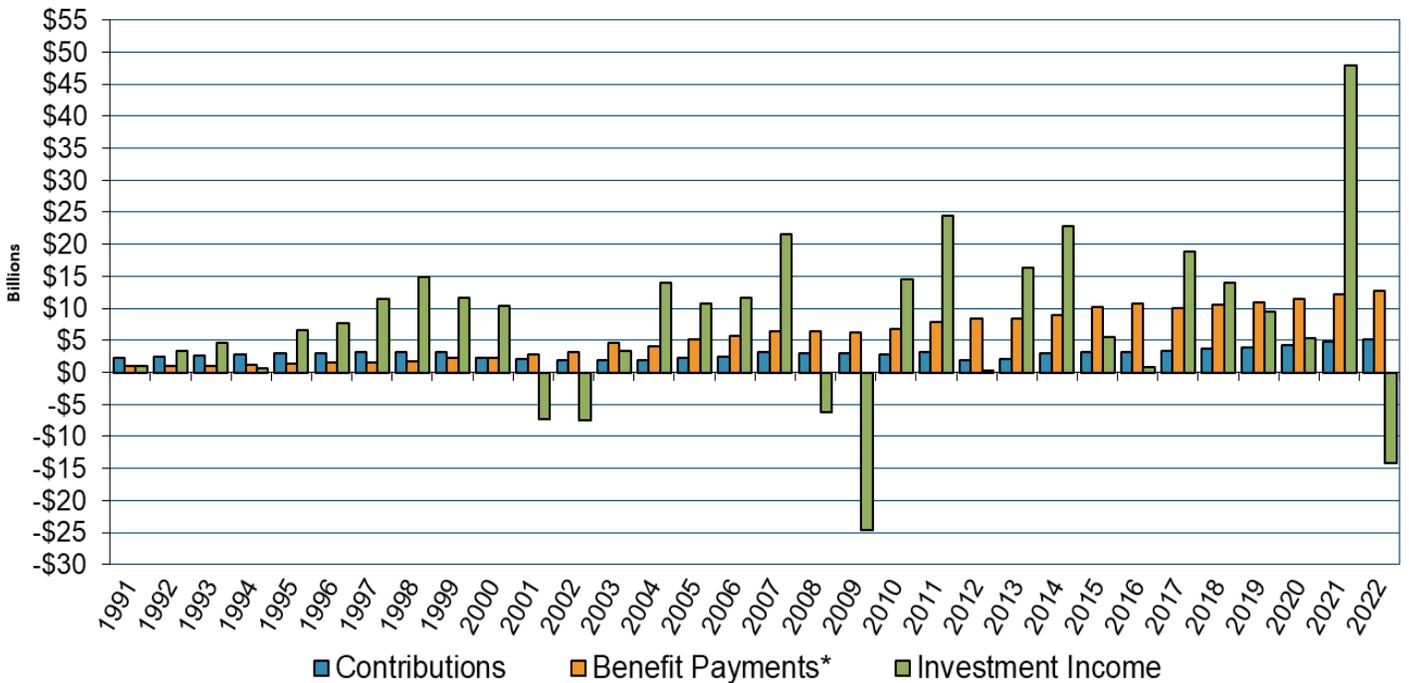
Inactive members include retirees, DROP participants and vested terminated pension plan members. Active members include only pension plan members.

### FRS PENSION PLAN PAYROLL



\*Includes payroll for participants in certain non-FRS defined contribution plans upon which UAL rate contributions to the FRS Pension Plan are made.

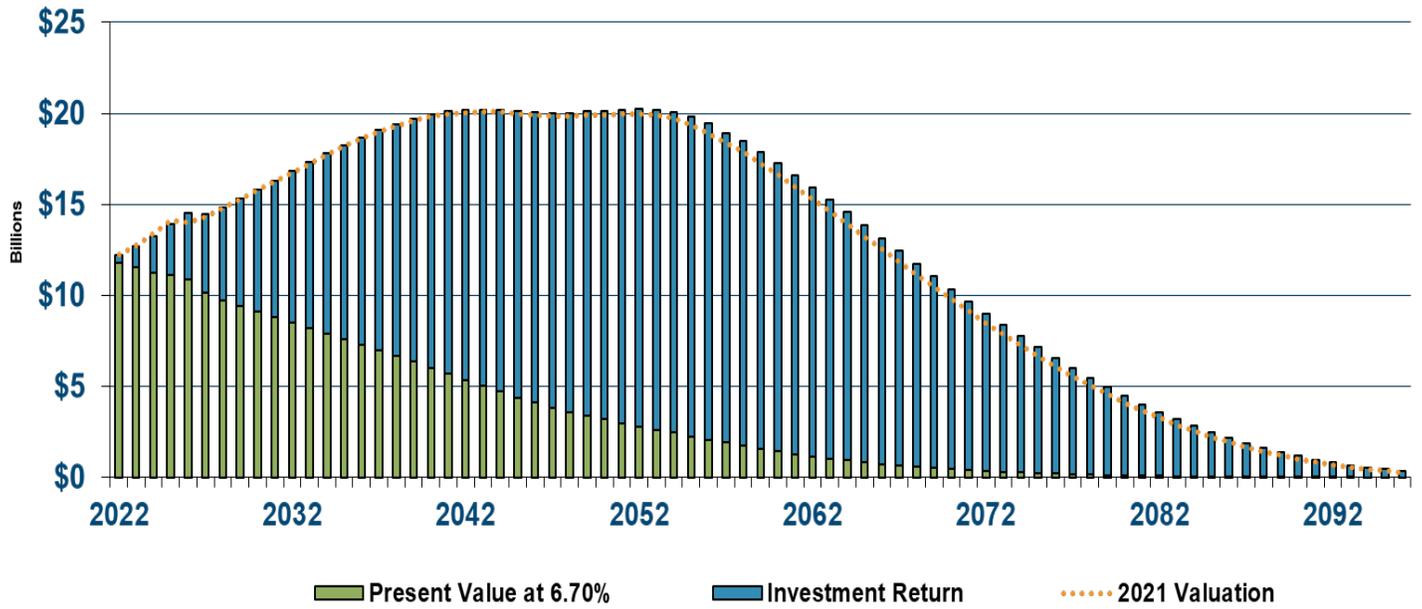
### FRS PENSION PLAN CASH FLOWS



\* Includes transfers to IP; Initial transfers in 2003 were \$353 Million.

## PROJECTED FRS PENSION PLAN BENEFIT PAYMENTS

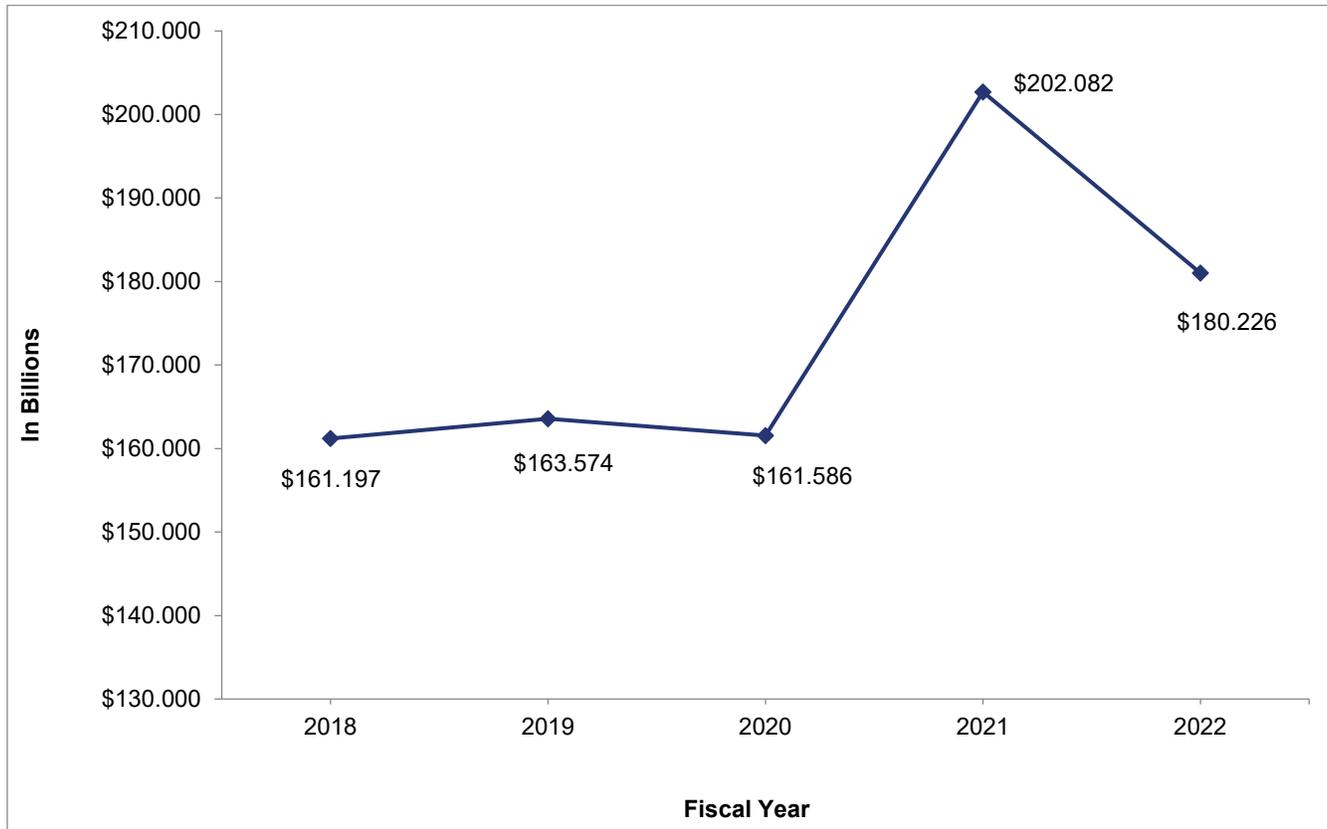
(Dates are as of July 1)



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 represents each year's benefit payments, discounted at 6.70% to July 1, 2022 (ie., the value of benefit payments in "today's dollars"). The blue portion of each bar represents the difference between the total value to be paid that year less the value in today's dollars.

## FRS PENSION PLAN TRUST FUND ASSETS

As of June 30



## STATEMENT OF FUND BALANCE/FIDUCIARY NET POSITION

As of June 30

	<b>2021</b>	<b>2022</b>
Florida Retirement System Trust Fund	\$ 202,082,182,546	\$ 180,226,404,807
Health Insurance Subsidy Trust Fund	452,617,639	535,368,479
State University System Optional Retirement Program Trust Fund <sup>1</sup>	7,585,887	7,007,965
Senior Management Service Optional Annuity Program Trust Fund <sup>1</sup>	18,520	18,346
National Guard	-	-
Police Officers and Firefighters' Premium Tax Trust Fund	164,487,729	245,037,878
<b>Total Fund Balance/Fiduciary Net Position</b>	<b>\$ 202,706,892,321</b>	<b>\$ 181,013,837,475</b>

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

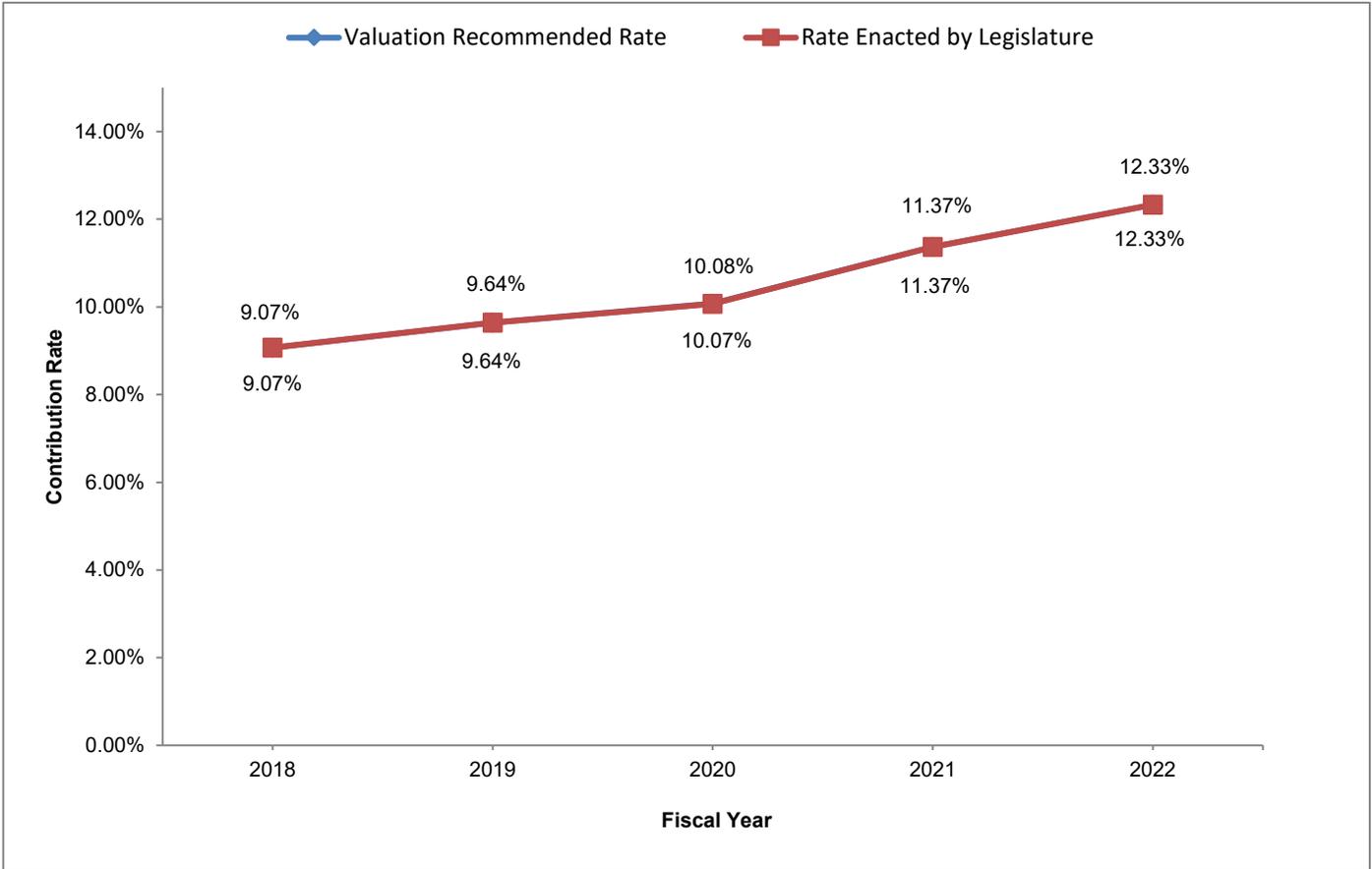
## TOTAL ACTUARIAL LIABILITIES

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



# TOTAL COMPOSITE BLENDED RATE

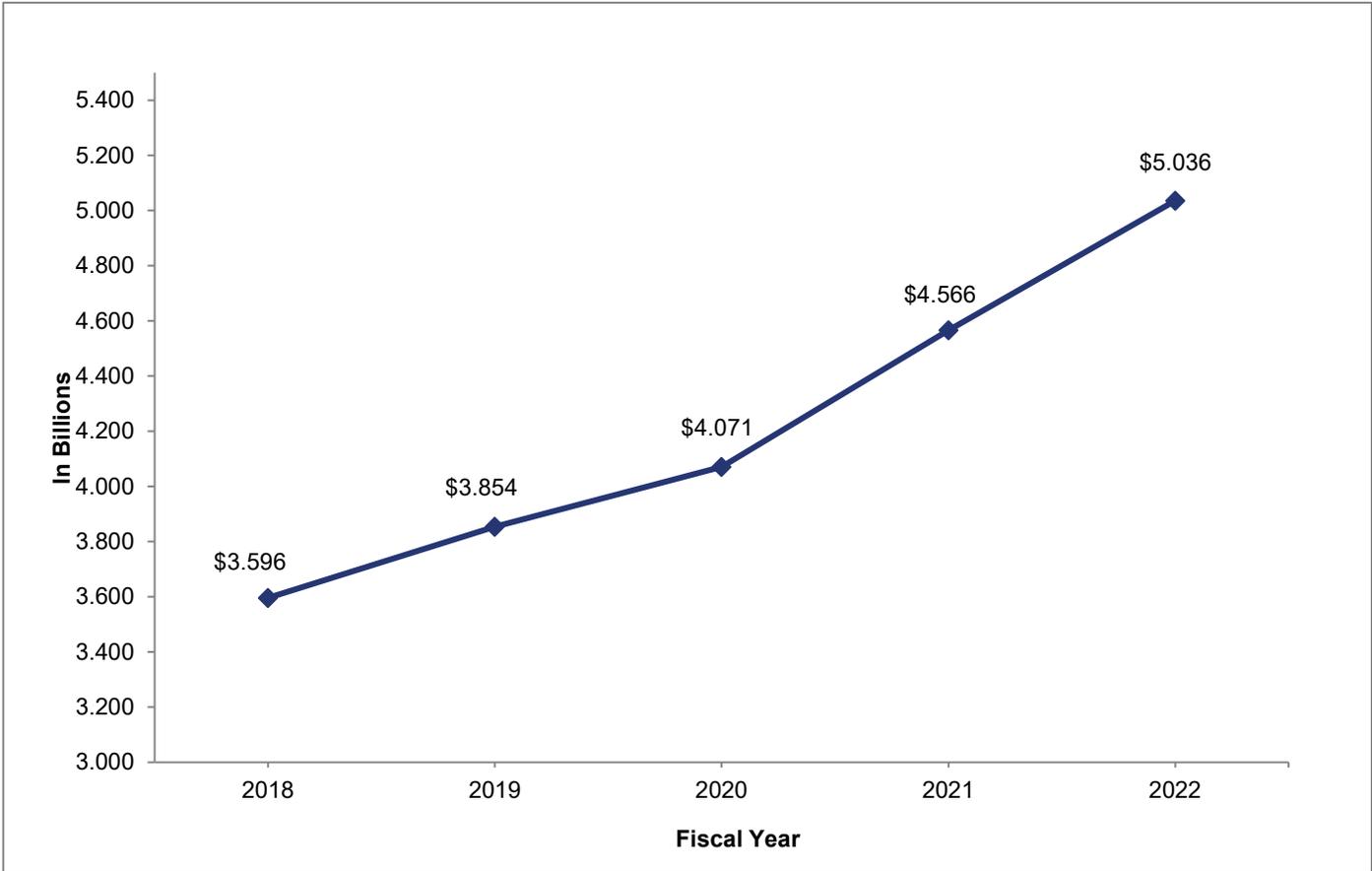
as of June 30



For 2017 - 2022, the valuation recommended rate and the rate enacted by the Legislature are the same.

# FRS PENSION PLAN RETIREMENT CONTRIBUTIONS

As of June 30



All other disclosures and information not separately contained in this section may be found in the RSI, the Note disclosures, and the 2022 FRS Valuation dated Dec. 1, 2022.



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## Florida Retirement System Pension Plan

**GASB 67 Disclosure as of June 30, 2022 Measurement Date**  
**Fiscal Year: July 1, 2021 to June 30, 2022**

Prepared by:

**Matt Larrabee, FSA, EA, MAAA**  
Principal and Consulting Actuary

**Kathryn M. Hunter, FSA, EA, MAAA**  
Consulting Actuary

**Daniel R. Wade, FSA, EA, MAAA**  
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November 22, 2022

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### **GASB 67 Disclosure for Fiscal Year Ending June 30, 2022**

#### **Florida Retirement System Pension Plan**

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## Certification

Actuarial computations presented in this report under Statement No. 67 of the Governmental Accounting Standards Board are for purposes of assisting the Florida Department of Management Services in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2021 to June 30, 2022. The reporting date for determining plan assets and obligations is June 30, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of June 30, 2021 and June 30, 2022 furnished by the Florida Department of Management Services. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please note that this report is based on the June 30, 2022 assets for the program as reported to us by the Florida State Board of Administration. Please see Milliman's funding valuation report to be published in December 2022 for more information on the plan's participant group as of July 1, 2022 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

#### **Florida Retirement System Pension Plan**

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## Certification

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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 specific needs.

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

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

The valuation results were developed using models intended for valuations that use standard actuarial techniques.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein



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Matt R. Larrabee, FSA, EA, MAAA  
Principal and Consulting Actuary



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Kathryn M. Hunter, FSA, EA, MAAA  
Consulting Actuary



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Daniel R. Wade, FSA, EA, MAAA  
Principal and Consulting Actuary

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022** **Florida Retirement System Pension Plan**

This work product was prepared solely for the Florida 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.

## Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements No. 67 and 68 for public pension plans and participating employers.

GASB 67 applies to financial reporting for public pension plans. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

#### **Florida Retirement System Pension Plan**

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## Relationship Between Valuation Date and Measurement Date

### Relationship Between Valuation Date and Measurement Date

The Valuation Date is July 1, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2022.

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### **GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

#### **Florida Retirement System Pension Plan**

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## Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution <sup>1</sup>	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll <sup>2</sup>	Contribution as a % of Covered Payroll
2013	\$2,091,343,000	\$1,388,656,000	\$702,687,000	\$24,553,693,000	5.66%
2014	2,190,424,344	2,190,424,344	0	24,723,565,000	8.86%
2015	2,438,084,925	2,438,084,925	0	32,726,034,000	7.45%
2016	2,438,659,458	2,438,659,458	0	33,214,217,000	7.34%
2017	2,603,246,196	2,603,246,196	0	33,775,800,000	7.71%
2018	2,849,919,659	2,849,919,659	0	34,675,000,000	8.22%
2019	3,100,721,573	3,100,721,573	0	35,571,200,000	8.72%
2020	3,322,556,872	3,322,556,872	0	36,898,200,000	9.00%
2021	3,809,567,951	3,809,567,951	0	37,590,100,000	10.13%
2022	4,267,181,943	4,267,181,943	0	38,679,800,000	11.03%

<sup>1</sup> For fiscal years prior to 2013-14 the Annual Required Contribution (ARC) under GASB Statement No. 27 is shown.

<sup>2</sup> For the fiscal years ending 2014 and before, covered payroll shown includes Pension Plan actives and members in DROP, but excludes the payroll for Investment Plan members and other payroll on which only statutory UAL rates are charged. For the fiscal years ending 2015 and later, covered payroll shown includes the payroll for Investment Plan members and other payroll on which only statutory UAL rates are charged.

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**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the July 1, 2022 funding valuation. Please see the actuarial valuation report for funding purposes to be published in December 2022 for further details.

<b>Valuation Timing</b>	Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year (e.g., rates for the 2023-2024 plan year are calculated in the 7/1/2022 actuarial valuation).
<b>Actuarial Cost Method</b>	Individual Entry Age
<b>Amortization Method</b>	
Level percent or level dollar	Level percent
Closed, open, or layered periods	Closed, layered
Amortization period	Effective July 1, 2021: New bases are amortized over 20 years Bases established prior to July 1, 2021: amortized over maximum of 20 years.
2019 actuarial cost method change	Amortized over 30 years as level percentage of Tier I pay
Payroll growth rate	3.25%
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Asymptotic
Corridor	80% - 120% of fair market value
<b>Inflation</b>	2.40%
<b>Salary Increases</b>	Varies by membership class and length of service; details in funding actuarial valuation report
<b>Investment Rate of Return</b>	6.70%
<b>Cost of Living Adjustments</b>	3% for pre-July 2011 benefit service; 0% thereafter
<b>Retirement Age</b>	Varies by tier, membership class, age, and sex; details in funding actuarial valuation report
<b>Turnover</b>	Varies by membership class, length of service, age, and sex; details in funding actuarial valuation report
<b>Mortality</b>	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018, details in funding actuarial valuation report

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### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Statement of Fiduciary Net Position

	June 30, 2021	June 30, 2022
<b>Assets</b>		
Cash and cash equivalents	\$84,367,836	\$102,143,556
State treasury investment pool	93,812,353	101,320,716
Total cash and cash equivalents	178,180,189	203,464,272
Investments:		
Certificates of deposit	-	403,384,117
U.S. government and federally guaranteed obligations	17,884,329,444	11,684,982,876
Federal agencies	9,467,239,867	7,741,991,278
Commercial paper	2,828,161,080	5,305,755,453
Repurchase agreements	1,000,000,000	1,200,000,000
International bonds and notes	3,152,080,595	3,072,594,424
Bonds and Notes	9,359,596,421	9,550,417,674
Real estate contracts	10,663,262,034	16,722,305,412
Mutual Funds	9,997,728,623	0
Short-term investment funds	55,850,780	28,558,000
Domestic equity / domestic equity commingled	62,378,794,366	50,373,389,671
Alternative investments	39,472,450,201	40,680,622,223
International equity	39,304,608,979	35,024,199,924
Other Investments	79,306,046	41,727,558
Total investments	205,643,408,436	181,829,928,610
Receivables:		
Contributions receivable	331,686,754	363,428,869
Pending investment sales	1,078,132,814	859,606,579
Forward contracts receivable	-	0
Other receivables	843,187,184	680,624,852
Total receivables	2,253,006,752	1,903,660,300
Security lending collateral	1,983,381,457	943,509,221
Prepaid items; furniture & equipment net accumulated depreciation	6,381,961	9,564,340
Right-of-Use Lease	0	17,115,904
Total assets	210,064,358,795	184,907,242,647
Deferred outflows: other postemployment benefits	2,203,572	4,560,587
<b>Liabilities</b>		
Accrued DROP liability <sup>1</sup>	308,788,420	295,813,603
Obligations under security lending agreements	2,015,231,768	960,929,560
Pending investment purchases	4,907,134,074	2,970,691,029
Pending spot for trades payable	344,928,162	146,378,391
Lease Liability	0	16,284,596
Other liabilities and payables	381,863,361	267,813,568
Total liabilities	7,957,945,785	4,657,910,747
Deferred inflows: other postemployment benefits	6,330,112	6,380,602
Deferred inflows: pension amounts	20,103,924	21,107,078
<b>Fiduciary Net Position</b>		
Held in trust for pension benefits	\$202,082,182,546	\$180,226,404,807

<sup>1</sup> Per our understanding, the accrued DROP liability represents lump sum DROP exit payments made early in the subsequent plan year for members exiting the DROP on or shortly before the asset measurement date.

### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Statement of Changes in Fiduciary Net Position

	June 30, 2021	June 30, 2022
<b>Additions</b>		
Member contributions	\$756,530,214	\$769,227,774
Employer contributions	3,809,567,951	4,267,181,943
Total contributions	4,566,098,165	5,036,409,717
Transfers from the Investment Plan	140,431,389	111,923,645
Investment income (loss):		
Interest	708,365,026	767,130,564
Dividends	1,803,963,644	1,982,410,068
Net increase in fair value of investments	41,787,108,569	(21,104,646,474)
Securities lending income	25,317,850	24,032,150
Net real estate operating income	472,325,418	608,771,652
Other investment income	3,848,818,147	4,235,517,111
Less investment expenses:		
Direct investment expense	691,343,311	752,370,818
Securities lending expense	3,079,564	4,221,334
Net investment income	47,951,475,779	(14,243,377,081)
Other income	3,190,831	3,198,024
Total additions	52,661,196,164	(9,091,845,695)
<b>Deductions</b>		
Benefit payments <sup>1</sup>	11,435,252,714	11,944,986,866
Transfers to the Investment Plan	668,695,708	768,106,850
Refunds of member contributions	21,589,878	28,343,757
Administrative expenses	21,740,598	22,494,571
Total deductions	12,147,278,898	12,763,932,044
Net increase (decrease)	\$40,513,917,266	(\$21,855,777,739)
<b>Net position restricted for pensions</b>		
Beginning of year	\$161,568,265,280	\$202,082,182,546
End of year	\$202,082,182,546	\$180,226,404,807

<sup>1</sup> Includes transfers to other funds and general revenue-funded benefit payments net of general revenue contributions.

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Money-Weighted Rate of Return

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2014	17.57%
2015	3.77%
2016	0.57%
2017	13.59%
2018	9.28%
2019	5.98%
2020	3.35%
2021	30.41%
2022	-7.20%

### Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows with Interest
Beginning value - July 1, 2021	\$202,082,182,546	12	1.00	\$187,541,808,045
Monthly net external cash flows:				
July	(634,633,224)	12	1.00	(588,969,600)
August	(634,633,224)	11	0.92	(592,498,524)
September	(634,633,224)	10	0.83	(596,493,844)
October	(634,633,224)	9	0.75	(600,067,851)
November	(634,633,224)	8	0.67	(603,663,273)
December	(634,633,224)	7	0.58	(607,733,879)
January	(634,633,224)	6	0.50	(611,375,233)
February	(634,633,224)	5	0.42	(615,038,405)
March	(634,633,224)	4	0.33	(619,185,715)
April	(634,633,224)	3	0.25	(622,895,685)
May	(634,633,224)	2	0.17	(626,627,884)
June	(634,633,224)	1	0.08	(630,853,345)
Ending value - June 30, 2022				180,226,404,807
Money-weighted plan rate of return				-7.20% <sup>1</sup>

<sup>1</sup>The money-weighted plan rate of this return is an estimate using estimated level monthly net external cash flows. It can differ from the more precise return calculated by the Florida State Board of Administration.

### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022 Florida Retirement System Pension Plan

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## Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.7% used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.4% as most recently adopted in October 2022 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.2%, which is consistent with the 4.38% real return from the capital market outlook model developed by Aon for 2022. Geometrically combining those building blocks using the formula  $(1 + .024) \times (1 + .0420) - 1$  generates an expected nominal return of 6.7%. In our opinion, both building block components and the overall 6.7% return assumption are reasonable and appropriate per Actuarial Standards of Practice.

For reference, the table below contains a summary of return assumptions for various asset classes based on the long-term target asset allocation. The six specific asset classes displayed are per system request and are summarized results of a more detailed market outlook model with additional asset classes. Each asset class assumption is based on a consistent set of underlying real return assumptions from Milliman's model combined with the FRS Actuarial Assumption Conference's 2.4% inflation assumption. The Milliman assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Policy Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash Equivalents	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Assumed inflation - mean			2.4%	1.3%

\*Summarized current target allocation policy, as provided to us by Aon Hewitt Investment Consulting via email on August 4, 2022.

### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022 Florida Retirement System Pension Plan

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## Depletion Date Projection

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- Current active members contribute the required employee contribution amounts.
- The employer contributes the actuarially determined contribution amounts based on the 6.70% investment rate of return assumption selected by the 2022 FRS Actuarial Assumption Conference.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the July 1, 2022 valuation.
- Terminating and retiring members are replaced in a manner such that new entrant payroll is allocated to each plan as follows:
  - Special Risk members: 75% elect or default into the Pension Plan, 25% into the Investment Plan.
  - Non-Special Risk members: 25% elect into the Pension Plan, 75% elect or default into the Investment Plan.
- All cash flows are assumed to occur on average halfway through the year.
- In the depletion date test's projections, the actual return achieved each year on invested assets is 6.70%.
- The funding policy used to determine actuarially determined contributions does not change.
- The actuarial assumptions do not change.
- Once the system is projected to reach a surplus position (smoothed actuarial value of assets greater than actuarial liability) the UAL Rate contribution is set to 0.00% for purposes of this exhibit, rather than modeling a contribution rate offset credit. Please note that this is projected to occur inside the 20-year period for amortizing unfunded liability that is current Conference policy.

## Projection of Payroll Measures

Fiscal Year Ending June 30	Current Member Non-DROP PP Payroll	Future Member Non-DROP PP Payroll	Total Member Non-DROP PP Payroll	Payroll for Statutory UAL Rate Contributions	DROP PP Payroll
2023	\$24,556,084,492	\$216,122,508	\$24,772,207,000	\$39,692,320,000	\$2,321,005,000
2024	24,105,057,931	617,492,879	24,722,550,811	40,982,320,400	2,396,437,663
2025	23,505,875,539	1,216,256,263	24,722,131,803	42,314,245,813	2,474,321,887
2026	22,934,938,922	1,818,214,858	24,753,153,780	43,689,458,802	2,554,737,348
2027	22,379,246,408	2,429,619,378	24,808,865,785	45,109,366,213	2,637,766,312
2028	21,815,695,519	3,057,588,230	24,873,283,749	46,575,420,615	2,723,493,717
2029	21,245,011,074	3,702,693,557	24,947,704,631	48,089,121,785	2,812,007,263
2030	20,661,672,499	4,369,361,045	25,031,033,543	49,652,018,243	2,903,397,499
2031	20,063,123,375	5,057,183,218	25,120,306,592	51,265,708,836	2,997,757,917
2032	19,428,847,619	5,779,659,421	25,208,507,040	52,931,844,373	3,095,185,050
2033	18,761,711,093	6,537,582,588	25,299,293,681	54,652,129,315	3,195,778,564
2034	18,080,704,981	7,318,643,832	25,399,348,813	56,428,323,518	3,299,641,367
2035	17,386,722,522	8,124,164,136	25,510,886,658	58,262,244,032	3,406,879,711
2036	16,692,755,842	8,945,348,627	25,638,104,469	60,155,766,963	3,517,603,302
2037	15,982,337,877	9,787,487,713	25,769,825,590	62,110,829,389	3,631,925,409
2038	15,263,510,840	10,645,170,048	25,908,680,888	64,129,431,345	3,749,962,985
2039	14,574,989,856	11,501,817,367	26,076,807,223	66,213,637,863	3,871,836,782
2040	13,918,587,034	12,361,833,362	26,280,420,396	68,365,581,094	3,997,671,478
2041	13,297,066,187	13,224,512,022	26,521,578,209	70,587,462,479	4,127,595,801
2042	12,689,757,651	14,100,073,156	26,789,830,807	72,881,555,010	4,261,742,664
2043	12,127,580,822	14,983,429,738	27,111,010,560	75,250,205,548	4,400,249,301
2044	11,592,853,717	15,888,253,305	27,481,107,023	77,695,837,228	4,543,257,403
2045	11,072,165,229	16,825,669,845	27,897,835,074	80,220,951,938	4,690,913,269
2046	10,513,400,412	17,811,947,486	28,325,347,898	82,828,132,876	4,843,367,950
2047	9,889,413,136	18,857,427,051	28,746,840,187	85,520,047,195	5,000,777,408
2048	9,207,452,908	19,959,392,189	29,166,845,097	88,299,448,728	5,163,302,674
2049	8,462,568,880	21,122,665,730	29,585,234,610	91,169,180,812	5,331,110,011
2050	7,657,581,743	22,344,768,168	30,002,349,911	93,996,235,883	5,368,427,781
2051	6,816,273,596	23,620,735,280	30,437,008,876	96,914,218,641	5,406,006,776
2052	5,973,472,858	24,929,207,369	30,902,680,227	99,926,077,574	5,443,848,823

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Payroll Measures

Fiscal Year Ending June 30	Current Member Non-DROP PP Payroll	Future Member Non-DROP PP Payroll	Total Member Non-DROP PP Payroll	Payroll for Statutory UAL Rate Contributions	DROP PP Payroll
2053	\$5,190,705,222	\$26,251,686,324	\$31,442,391,546	\$103,034,856,950	\$5,481,955,765
2054	4,473,403,371	27,569,529,215	32,042,932,585	106,243,699,929	5,520,329,455
2055	3,846,334,106	28,869,548,564	32,715,882,671	109,555,851,776	5,558,971,761
2056	3,249,091,812	30,180,260,087	33,429,351,899	112,974,663,178	5,597,884,564
2057	2,720,043,368	31,491,926,057	34,211,969,425	116,503,593,675	5,637,069,756
2058	2,280,750,845	32,799,142,484	35,079,893,330	120,146,215,191	5,676,529,244
2059	1,901,080,152	34,113,214,739	36,014,294,890	123,906,215,689	5,716,264,949
2060	1,571,875,701	35,440,060,074	37,011,935,775	127,787,402,943	5,756,278,803
2061	1,286,747,137	36,781,870,323	38,068,617,460	131,793,708,429	5,796,572,755
2062	1,041,982,546	38,140,764,710	39,182,747,256	135,929,191,348	5,837,148,764
2063	837,091,769	39,516,042,167	40,353,133,936	140,198,042,773	5,878,008,805
2064	663,231,360	40,914,299,747	41,577,531,107	144,604,589,939	5,919,154,867
2065	518,601,419	42,337,339,269	42,855,940,688	149,153,300,662	5,960,588,951
2066	402,075,905	43,787,090,934	44,189,166,838	153,848,787,916	6,002,313,074
2067	307,834,508	45,267,758,690	45,575,593,198	158,695,814,540	6,044,329,265
2068	231,678,517	46,784,017,058	47,015,695,575	163,699,298,116	6,086,639,570
2069	172,087,317	48,338,202,731	48,510,290,048	168,864,315,996	6,129,246,047
2070	125,887,581	49,934,031,527	50,059,919,108	174,196,110,491	6,172,150,769
2071	90,715,460	51,574,682,426	51,665,397,886	179,700,094,238	6,215,355,825
2072	64,594,179	53,263,415,126	53,328,009,304	185,381,855,727	6,258,863,316
2073	45,721,780	55,003,066,417	55,048,788,197	191,247,165,023	6,302,675,359
2074	31,951,210	56,796,605,630	56,828,556,840	197,301,979,665	6,346,794,086
2075	22,281,286	58,646,385,732	58,668,667,018	203,552,450,755	6,391,221,645
2076	15,204,230	60,555,113,149	60,570,317,379	210,004,929,252	6,435,960,196
2077	10,125,870	62,525,095,462	62,535,221,332	216,665,972,468	6,481,011,918
2078	6,543,929	64,558,523,441	64,565,067,370	223,542,350,769	6,526,379,001
2079	4,036,011	66,657,623,151	66,661,659,163	230,641,054,505	6,572,063,654
2080	2,357,073	68,824,626,441	68,826,983,513	238,136,888,776	6,785,655,723
2081	1,255,121	71,061,837,341	71,063,092,462	245,876,337,662	7,006,189,534
2082	666,865	73,371,566,178	73,372,233,043	253,867,318,636	7,233,890,694

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Payroll Measures

Fiscal Year Ending June 30	Current Member Non-DROP PP Payroll	Future Member Non-DROP PP Payroll	Total Member Non-DROP PP Payroll	Payroll for Statutory UAL Rate Contributions	DROP PP Payroll
2083	\$333,444	\$75,756,265,773	\$75,756,599,217	\$262,118,006,491	\$7,468,992,141
2084	122,299	78,218,421,736	78,218,544,036	270,636,841,702	7,711,734,386
2085	19,779	80,760,557,539	80,760,577,319	279,432,539,057	7,962,365,754
2086	5,546	83,385,280,841	83,385,286,387	288,514,096,577	8,221,142,641
2087	1,523	86,095,303,933	86,095,305,456	297,890,804,716	8,488,329,776
2088	146	88,893,401,808	88,893,401,953	307,572,255,869	8,764,200,494
2089	0	91,782,437,419	91,782,437,419	317,568,354,185	9,049,037,010
2090	0	94,765,366,635	94,765,366,635	327,889,325,696	9,343,130,713
2091	0	97,845,241,051	97,845,241,051	338,545,728,781	9,646,782,461
2092	0	101,025,211,385	101,025,211,385	349,548,464,966	9,960,302,891
2093	0	104,308,530,755	104,308,530,755	360,908,790,077	10,284,012,735
2094	0	107,698,558,004	107,698,558,004	372,638,325,755	10,618,243,149
2095	0	111,198,761,139	111,198,761,139	384,749,071,342	10,963,336,051
2096	0	114,812,720,876	114,812,720,876	397,253,416,161	11,319,644,473
2097	0	118,544,134,305	118,544,134,305	410,164,152,186	11,687,532,918
2098	0	122,396,818,670	122,396,818,670	423,494,487,132	12,067,377,738

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Crossover Test-Eligible Contributions

Fiscal Year Ending June 30	Current Non-DROP Member		UAL Contributions		DROP	Net NC	Total Test-Eligible Contributions
	Contributions	Employer Normal Cost Contributions	Blended Statutory UAL Rate	Statutory UAL Rate Contributions	Payroll Normal Cost Contributions	Contributions from Future Employees <sup>1</sup>	
2023	\$736,682,535	\$2,008,687,711	5.81%	\$2,306,123,792	\$180,342,089	\$0	\$5,231,836,127
2024	723,151,738	1,983,936,596	6.44%	2,639,261,434	196,028,601	0	5,542,378,368
2025	705,176,266	1,944,064,563	6.52%	2,758,888,827	203,334,197	0	5,611,463,854
2026	688,048,168	1,904,204,179	6.57%	2,870,397,443	210,590,488	0	5,673,240,278
2027	671,377,392	1,863,686,245	6.61%	2,981,729,107	217,904,513	0	5,734,697,257
2028	654,470,866	1,821,596,043	6.66%	3,101,923,013	225,311,661	0	5,803,301,582
2029	637,350,332	1,778,104,924	6.70%	3,221,971,160	232,871,090	0	5,870,297,506
2030	619,850,175	1,732,414,259	6.75%	3,351,511,231	240,601,933	0	5,944,377,598
2031	601,893,701	1,684,871,738	6.91%	3,542,460,481	248,487,385	0	6,077,713,304
2032	582,865,429	1,632,834,569	6.87%	3,636,417,708	256,566,466	0	6,108,684,172
2033	562,851,333	1,576,177,241	6.92%	3,781,927,349	264,784,903	0	6,185,740,825
2034	542,421,149	1,517,793,704	6.97%	3,933,054,149	273,118,345	0	6,266,387,347
2035	521,601,676	1,457,466,369	7.01%	4,084,183,307	281,667,058	0	6,344,918,409
2036	500,782,675	1,397,373,352	7.83%	4,710,196,553	290,415,913	0	6,898,768,494
2037	479,470,136	1,336,599,339	7.87%	4,888,122,273	299,462,320	0	7,003,654,068
2038	457,905,325	1,276,501,453	7.91%	5,072,638,019	308,838,483	0	7,115,883,281
2039	437,249,696	1,220,524,414	7.95%	5,263,984,210	318,616,569	0	7,240,374,889
2040	417,557,611	1,167,765,427	7.98%	5,455,573,371	328,850,179	0	7,369,746,588
2041	398,911,986	1,118,559,892	4.09%	2,887,027,215	339,484,220	0	4,743,983,313
2042	380,692,730	1,071,020,912	4.13%	3,010,008,222	350,550,175	0	4,812,272,039
2043	363,827,425	1,026,484,929	0.55%	413,876,131	362,046,112	0	2,166,234,596
2044	347,785,612	982,858,052	0.00%	0	373,944,770	0	1,704,588,434
2045	332,164,957	938,406,369	0.00%	0	386,260,612	0	1,656,831,939
2046	315,402,012	890,668,875	0.00%	0	398,995,002	0	1,605,065,890
2047	296,682,394	838,264,821	0.00%	0	412,329,324	0	1,547,276,540
2048	276,223,587	781,687,986	0.00%	0	426,391,131	0	1,484,302,704
2049	253,877,066	720,169,995	0.00%	0	441,184,684	0	1,415,231,745
2050	229,727,452	654,231,551	0.00%	0	445,436,003	0	1,329,395,006
2051	204,488,208	584,571,336	0.00%	0	449,945,151	0	1,239,004,695
2052	179,204,186	514,748,233	0.00%	0	454,579,329	0	1,148,531,747

<sup>1</sup> Net normal cost contributions exist if the interest rate assumption adopted by the Actuarial Assumption Conference for funding purposes differs from the GASB discount rate. For this year's valuation, the funding interest rate assumption and the GASB discount rate both equal 6.70%.

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**  
**Florida Retirement System Pension Plan**

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## Projection of Crossover Test-Eligible Contributions

Fiscal Year Ending June 30	Current Non-DROP Member		UAL Contributions		DROP	Net NC	Total Test-Eligible Contributions
	Member Contributions	Employer Normal Cost Contributions	Blended Statutory UAL Rate	Statutory UAL Rate Contributions	Payroll Normal Cost Contributions	Contributions from Future Employees <sup>1</sup>	
2053	\$155,721,157	\$447,512,858	0.00%	\$0	\$459,302,069	\$0	\$1,062,536,084
2054	134,202,101	386,156,564	0.00%	0	463,849,272	0	984,207,937
2055	115,390,023	332,879,071	0.00%	0	468,352,292	0	916,621,386
2056	97,472,754	283,429,610	0.00%	0	472,761,504	0	853,663,868
2057	81,601,301	239,227,657	0.00%	0	477,233,256	0	798,062,214
2058	68,422,525	201,137,920	0.00%	0	481,584,095	0	751,144,541
2059	57,032,405	167,642,010	0.00%	0	485,719,757	0	710,394,171
2060	47,156,271	137,921,939	0.00%	0	489,753,122	0	674,831,332
2061	38,602,414	111,815,078	0.00%	0	493,695,570	0	644,113,062
2062	31,259,476	89,166,066	0.00%	0	497,577,033	0	618,002,575
2063	25,112,753	70,288,686	0.00%	0	501,412,233	0	596,813,672
2064	19,896,941	54,309,566	0.00%	0	505,218,999	0	579,425,506
2065	15,558,043	41,151,108	0.00%	0	509,006,139	0	565,715,289
2066	12,062,277	30,720,117	0.00%	0	512,781,207	0	555,563,601
2067	9,235,035	22,573,618	0.00%	0	516,547,623	0	548,356,276
2068	6,950,356	16,179,957	0.00%	0	520,317,543	0	543,447,856
2069	5,162,620	11,409,029	0.00%	0	524,090,406	0	540,662,055
2070	3,776,627	7,905,515	0.00%	0	527,869,855	0	539,551,998
2071	2,721,464	5,412,812	0.00%	0	531,657,581	0	539,791,856
2072	1,937,825	3,664,535	0.00%	0	535,455,552	0	541,057,912
2073	1,371,653	2,479,892	0.00%	0	539,263,404	0	543,114,950
2074	958,536	1,666,986	0.00%	0	543,083,574	0	545,709,096
2075	668,439	1,143,509	0.00%	0	546,919,369	0	548,731,316
2076	456,127	780,041	0.00%	0	550,773,025	0	552,009,192
2077	303,776	519,475	0.00%	0	554,628,436	0	555,451,687
2078	196,318	335,714	0.00%	0	558,510,835	0	559,042,867
2079	121,080	207,047	0.00%	0	562,420,411	0	562,748,539
2080	70,712	120,918	0.00%	0	580,699,074	0	580,890,704
2081	37,654	64,388	0.00%	0	599,571,794	0	599,673,836
2082	20,006	34,210	0.00%	0	619,057,878	0	619,112,094

<sup>1</sup> Net normal cost contributions exist if the interest rate assumption adopted by the Actuarial Assumption Conference for funding purposes differs from the GASB discount rate. For this year's valuation, the funding interest rate assumption and the GASB discount rate both equal 6.70%.

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**  
**Florida Retirement System Pension Plan**

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## Projection of Crossover Test-Eligible Contributions

Fiscal Year Ending June 30	Current Non-DROP Member		UAL Contributions		DROP	Net NC	Total Test-Eligible Contributions
	Member Contributions	Employer Normal Cost Contributions	Blended Statutory UAL Rate	Statutory UAL Rate Contributions	Payroll Normal Cost Contributions	Contributions from Future Employees <sup>1</sup>	
2083	\$10,003	\$17,106	0.00%	\$0	\$639,177,259	\$0	\$639,204,368
2084	3,669	6,274	0.00%	0	659,950,520	0	659,960,462
2085	593	1,015	0.00%	0	681,398,911	0	681,400,519
2086	166	285	0.00%	0	703,544,376	0	703,544,827
2087	46	78	0.00%	0	726,409,568	0	726,409,692
2088	4	7	0.00%	0	750,017,879	0	750,017,891
2089	0	0	0.00%	0	774,393,460	0	774,393,460
2090	0	0	0.00%	0	799,561,248	0	799,561,248
2091	0	0	0.00%	0	825,546,988	0	825,546,988
2092	0	0	0.00%	0	852,377,265	0	852,377,265
2093	0	0	0.00%	0	880,079,527	0	880,079,527
2094	0	0	0.00%	0	908,682,111	0	908,682,111
2095	0	0	0.00%	0	938,214,280	0	938,214,280
2096	0	0	0.00%	0	968,706,244	0	968,706,244
2097	0	0	0.00%	0	1,000,189,197	0	1,000,189,197
2098	0	0	0.00%	0	1,032,695,346	0	1,032,695,346

<sup>1</sup> Net normal cost contributions exist if the interest rate assumption adopted by the Actuarial Assumption Conference for funding purposes differs from the GASB discount rate. For this year's valuation, the funding interest rate assumption and the GASB discount rate both equal 6.70%.

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Fiduciary Net Position

Fiscal Year Ending June 30	Projected Beginning Fiduciary Net Position	Projected Test-Eligible Contributions	Projected Payments for Current PP Members	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	\$180,226,404,807	\$5,231,836,127	\$12,203,575,171	\$22,494,571	\$11,845,402,071	\$185,077,573,263
2024	185,077,573,263	5,542,378,368	12,704,127,162	22,944,462	12,164,168,222	190,057,048,228
2025	190,057,048,228	5,611,463,854	13,233,996,084	23,403,352	12,482,607,041	194,893,719,688
2026	194,893,719,688	5,673,240,278	13,919,566,673	23,871,419	12,786,105,694	199,409,627,568
2027	199,409,627,568	5,734,697,257	14,528,667,480	24,348,847	13,070,622,868	203,661,931,366
2028	203,661,931,366	5,803,301,582	14,451,960,796	24,835,824	13,360,316,226	208,348,752,554
2029	208,348,752,554	5,870,297,506	14,841,670,791	25,332,540	13,663,697,583	213,015,744,312
2030	213,015,744,312	5,944,377,598	15,309,766,247	25,839,191	13,963,400,498	217,587,916,969
2031	217,587,916,969	6,077,713,304	15,823,630,745	26,355,975	14,257,195,009	222,072,838,562
2032	222,072,838,562	6,108,684,172	16,308,973,296	26,883,095	14,542,710,064	226,388,376,406
2033	226,388,376,406	6,185,740,825	16,808,598,327	27,420,757	14,817,924,547	230,556,022,695
2034	230,556,022,695	6,266,387,347	17,293,090,635	27,969,172	15,083,847,335	234,585,197,570
2035	234,585,197,570	6,344,918,409	17,789,041,568	28,528,555	15,340,045,178	238,452,591,034
2036	238,452,591,034	6,898,768,494	18,263,405,959	29,099,126	15,601,780,144	242,660,634,587
2037	242,660,634,587	7,003,654,068	18,692,282,937	29,681,109	15,873,041,303	246,815,365,912
2038	246,815,365,912	7,115,883,281	19,077,418,921	30,274,731	16,142,414,135	250,965,969,676
2039	250,965,969,676	7,240,374,889	19,396,516,656	30,880,226	16,414,090,968	255,193,038,652
2040	255,193,038,652	7,369,746,588	19,713,655,536	31,497,830	16,691,116,361	259,508,748,235
2041	259,508,748,235	4,743,983,313	19,956,064,077	32,127,787	16,885,742,793	261,150,282,477
2042	261,150,282,477	4,812,272,039	20,094,238,514	32,770,342	16,993,422,369	262,828,968,029
2043	262,828,968,029	2,166,234,596	20,162,557,200	33,425,749	17,016,437,481	261,815,657,157
2044	261,815,657,157	1,704,588,434	20,192,441,548	34,094,264	16,932,346,321	260,226,056,099
2045	260,226,056,099	1,656,831,939	20,199,802,703	34,776,149	16,824,026,542	258,472,335,727
2046	258,472,335,727	1,605,065,890	20,115,175,683	35,471,672	16,707,610,273	256,634,364,534
2047	256,634,364,534	1,547,276,540	20,040,069,817	36,181,106	16,585,036,902	254,690,427,053
2048	254,690,427,053	1,484,302,704	19,984,263,444	36,904,728	16,454,556,874	252,608,118,459
2049	252,608,118,459	1,415,231,745	20,028,566,778	37,642,823	16,311,305,730	250,268,446,334
2050	250,268,446,334	1,329,395,006	20,098,913,897	38,395,679	16,149,400,359	247,609,932,123
2051	247,609,932,123	1,239,004,695	20,151,323,270	39,163,593	15,966,573,669	244,625,023,625
2052	244,625,023,625	1,148,531,747	20,195,593,850	39,946,864	15,762,144,068	241,300,158,726

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Fiduciary Net Position

Fiscal Year Ending June 30	Projected Beginning Fiduciary Net Position	Projected Test-Eligible Contributions	Projected Payments for Current PP Members	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2053	\$241,300,158,726	\$1,062,536,084	\$20,233,733,754	\$40,745,802	\$15,535,286,993	\$237,623,502,247
2054	237,623,502,247	984,207,937	20,189,926,684	41,560,718	15,287,813,301	233,664,036,083
2055	233,664,036,083	916,621,386	20,091,130,020	42,391,932	15,023,557,657	229,470,693,175
2056	229,470,693,175	853,663,868	19,789,037,447	43,239,771	14,750,484,837	225,242,564,662
2057	225,242,564,662	798,062,214	19,440,569,733	44,104,566	14,476,852,191	221,032,804,768
2058	221,032,804,768	751,144,541	18,928,271,013	44,986,658	14,210,135,804	217,020,827,442
2059	217,020,827,442	710,394,171	18,460,127,160	45,886,391	13,955,418,896	213,180,626,959
2060	213,180,626,959	674,831,332	17,888,035,246	46,804,118	13,715,807,810	209,636,426,736
2061	209,636,426,736	644,113,062	17,234,640,452	47,740,201	13,498,867,896	206,497,027,042
2062	206,497,027,042	618,002,575	16,591,844,434	48,695,005	13,308,852,173	203,783,342,351
2063	203,783,342,351	596,813,672	15,926,681,686	49,668,905	13,148,258,693	201,552,064,125
2064	201,552,064,125	579,425,506	15,247,947,878	50,662,283	13,020,558,968	199,853,438,438
2065	199,853,438,438	565,715,289	14,553,259,072	51,675,529	12,929,194,004	198,743,413,131
2066	198,743,413,131	555,563,601	13,850,399,797	52,709,039	12,877,651,818	198,273,519,714
2067	198,273,519,714	548,356,276	13,144,669,683	53,763,220	12,869,190,119	198,492,633,206
2068	198,492,633,206	543,447,856	12,437,005,309	54,838,485	12,907,031,395	199,451,268,664
2069	199,451,268,664	540,662,055	11,732,119,564	55,935,254	12,994,399,023	201,198,274,923
2070	201,198,274,923	539,551,998	11,034,555,370	57,053,959	13,134,401,426	203,780,619,018
2071	203,780,619,018	539,791,856	10,346,671,952	58,195,038	13,330,096,905	207,245,640,788
2072	207,245,640,788	541,057,912	9,670,856,577	59,358,939	13,584,567,882	211,641,051,066
2073	211,641,051,066	543,114,950	9,010,157,068	60,546,118	13,900,902,786	217,014,365,615
2074	217,014,365,615	545,709,096	8,366,529,397	61,757,040	14,282,212,342	223,414,000,616
2075	223,414,000,616	548,731,316	7,742,378,997	62,992,181	14,731,657,565	230,889,018,320
2076	230,889,018,320	552,009,192	7,139,163,889	64,252,025	15,252,471,893	239,490,083,491
2077	239,490,083,491	555,451,687	6,558,183,272	65,537,065	15,848,004,045	249,269,818,886
2078	249,269,818,886	559,042,867	6,000,619,413	66,847,807	16,521,740,259	260,283,134,792
2079	260,283,134,792	562,748,539	5,467,422,675	68,184,763	17,277,327,075	272,587,602,968
2080	272,587,602,968	580,890,704	4,959,514,840	69,548,458	18,119,063,430	286,258,493,805
2081	286,258,493,805	599,673,836	4,477,596,448	70,939,427	19,051,514,697	301,361,146,462
2082	301,361,146,462	619,112,094	4,022,484,294	72,358,216	20,079,032,145	317,964,448,191

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

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## Projection of Fiduciary Net Position

Fiscal Year Ending June 30	Projected Beginning Fiduciary Net Position	Projected Test-Eligible Contributions	Projected Payments for Current PP Members	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2083	\$317,964,448,191	\$639,204,368	\$3,594,767,458	\$73,805,380	\$21,206,211,770	\$336,141,291,491
2084	336,141,291,491	659,960,462	3,194,784,036	75,281,488	22,437,926,550	355,969,112,981
2085	355,969,112,981	681,400,519	2,822,705,522	76,787,117	23,779,359,751	377,530,380,611
2086	377,530,380,611	703,544,827	2,478,565,072	78,322,860	25,236,036,300	400,913,073,806
2087	400,913,073,806	726,409,692	2,162,144,833	79,889,317	26,813,858,536	426,211,307,884
2088	426,211,307,884	750,017,891	1,873,043,298	81,487,103	28,519,146,169	453,525,941,543
2089	453,525,941,543	774,393,460	1,610,673,937	83,116,845	30,358,676,854	482,965,221,075
2090	482,965,221,075	799,561,248	1,374,267,333	84,779,182	32,339,729,269	514,645,465,077
2091	514,645,465,077	825,546,988	1,162,877,655	86,474,766	34,470,128,780	548,691,788,424
2092	548,691,788,424	852,377,265	975,392,600	88,204,261	36,758,295,618	585,238,864,446
2093	585,238,864,446	880,079,527	810,540,833	89,968,346	39,213,295,699	624,431,730,493
2094	624,431,730,493	908,682,111	666,913,406	91,767,713	41,844,893,895	666,426,625,379
2095	666,426,625,379	938,214,280	542,990,013	93,603,068	44,663,609,275	711,391,855,854
2096	711,391,855,854	968,706,244	437,169,015	95,475,129	47,680,772,173	759,508,690,126
2097	759,508,690,126	1,000,189,197	347,803,977	97,384,632	50,908,582,846	810,972,273,561
2098	810,972,273,561	1,032,695,346	273,231,347	99,332,324	54,360,171,923	865,992,577,159

**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**

**Florida Retirement System Pension Plan**

This work product was prepared solely for the Florida 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.

## Net Pension Liability

Net Pension Liability	June 30, 2021	June 30, 2022
Total pension liability	\$209,636,046,000	\$217,434,441,000
Fiduciary net position	202,082,182,546	180,226,404,807
Net pension liability	7,553,863,454	37,208,036,193
Fiduciary net position as a % of total pension liability	96.40%	82.89%
Covered payroll	37,590,100,000	38,679,800,000
Net pension liability as a % of covered payroll	20.10%	96.20%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method.

### Discount Rate

Discount rate	6.80%	6.70%
Long-term expected rate of return, net of investment expense	6.80%	6.70%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.7% rate of return assumption used in the June 30, 2022 calculations in Milliman's professional opinion is reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27).

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022 were based on the results of an actuarial experience study for the July 1, 2013 - June 30, 2018 experience observation period.

Valuation date	July 1, 2021	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018*	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018*
Actuarial cost method	Individual Entry Age	Individual Entry Age

\* See July 1, 2022 Actuarial Valuation Report for funding purposes for details

### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2021	\$209,636,046,000	\$202,082,182,546	\$7,553,863,454
Changes for the year:			
Service cost	2,635,672,488		2,635,672,488
Interest on total pension liability	14,012,135,121		14,012,135,121
Effect of plan changes <sup>1</sup>	99,285,000		99,285,000
Effect of economic/demographic gains or losses	1,243,179,219		1,243,179,219
Effect of assumptions changes or inputs	2,437,637,000		2,437,637,000
Benefit payments <sup>2</sup>	(12,629,513,828)	(12,629,513,828)	0
Employer contributions		4,267,181,943	(4,267,181,943)
Member contributions		769,227,774	(769,227,774)
Net investment income		(14,240,179,057)	14,240,179,057
Administrative expenses		(22,494,571)	22,494,571
Balances as of June 30, 2022	217,434,441,000	180,226,404,807	37,208,036,193

<sup>1</sup> Amount shown reflects the effect of HB5007. Total pension liability at June 30, 2022 also reflects the provisions of HB689 and SB838, effective in 2022. Those two bills did not increase the total pension liability.

<sup>2</sup> Benefit payments shown above include outbound transfers to the Investment Plan and returns of contributions, net of \$111,923,645 inbound transfers from the Investment Plan, plus general revenue-funded benefit payments net of general revenue contributions.

### Sensitivity Analysis

The following presents the net pension liability of the Pension Plan, calculated using the discount rate of 6.70%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate.

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Total pension liability	\$244,575,145,000	\$217,434,441,000	\$194,741,583,000
Fiduciary net position	<u>180,226,404,807</u>	<u>180,226,404,807</u>	<u>180,226,404,807</u>
Net pension liability	64,348,740,193	37,208,036,193	14,515,178,193

### GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Schedule of Changes in Net Pension Liability and Related Ratios <sup>1</sup>

(in 1,000s)

	Fiscal Year Ending June 30				
	2022	2021	2020	2019	2018
<b>Total Pension Liability</b>					
Service cost	\$2,635,672	\$2,648,469	\$2,647,456	\$2,523,070	\$2,423,987
Interest on total pension liability	14,012,135	13,713,166	13,458,929	13,194,902	12,847,930
Effect of plan changes	99,285	0	0	11,404	0
Effect of economic/demographic gains or (losses)	1,243,179	349,779	448,646	247,482	554,811
Effect of assumption changes or inputs	2,437,637	0	1,738,139	1,585,626	2,235,654
Benefit payments	<u>(12,629,514)</u>	<u>(11,985,107)</u>	<u>(11,395,766)</u>	<u>(10,867,549)</u>	<u>(10,377,575)</u>
Net change in total pension liability	7,798,395	4,726,307	6,897,405	6,694,935	7,684,807
Total pension liability, beginning	<u>209,636,046</u>	<u>204,909,739</u>	<u>198,012,334</u>	<u>191,317,399</u>	<u>183,632,592</u>
Total pension liability, ending (a)	<u><u>217,434,441</u></u>	<u><u>209,636,046</u></u>	<u><u>204,909,739</u></u>	<u><u>198,012,334</u></u>	<u><u>191,317,399</u></u>
<b>Fiduciary Net Position</b>					
Employer contributions	\$4,267,182	\$3,809,568	\$3,322,557	\$3,100,722	\$2,849,920
Member contributions	769,228	756,530	748,455	752,814	746,370
Investment income net of investment expenses	(14,240,179)	47,954,667	5,339,908	9,410,440	13,955,233
Benefit payments	(12,629,514)	(11,985,107)	(11,395,766)	(10,867,549)	(10,377,575)
Administrative expenses	<u>(22,495)</u>	<u>(21,741)</u>	<u>(21,556)</u>	<u>(19,580)</u>	<u>(20,178)</u>
Net change in plan fiduciary net position	(21,855,778)	40,513,917	(2,006,402)	2,376,846	7,153,770
Fiduciary net position, beginning	<u>202,082,183</u>	<u>161,568,265</u>	<u>163,574,667</u> <sup>3</sup>	<u>161,196,881</u>	<u>154,043,110</u> <sup>2</sup>
Fiduciary net position, ending (b)	<u><u>180,226,405</u></u>	<u><u>202,082,183</u></u>	<u><u>161,568,265</u></u>	<u><u>163,573,726</u></u> <sup>3</sup>	<u><u>161,196,881</u></u>
Net pension liability, ending = (a) - (b)	\$37,208,036	\$7,553,863	\$43,341,474	\$34,438,608 <sup>3</sup>	\$30,120,518
Fiduciary net position as a % of total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%
Covered payroll <sup>4</sup>	\$38,679,800	\$37,590,100	\$36,898,200	\$35,571,200	\$34,675,000
Net pension liability as a % of covered payroll	96.20%	20.10%	117.46%	96.82%	86.87%

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Amounts shown in exhibit are rounded to the nearest thousand. As such, sums may differ from amounts displayed due to rounding.

<sup>2</sup> There was a restatement of the fiduciary net position at June 30, 2017. The 2017 ending FNP is before restatement; the 2018 beginning FNP is after restatement.

<sup>3</sup> There was a restatement of the fiduciary net position at June 30, 2019. The 2019 ending FNP is before restatement; the 2020 beginning FNP is after restatement.

<sup>4</sup> For the fiscal years ending 2015 and later, covered payroll shown includes the payroll for Investment Plan members and other payroll on which only statutory UAL rates are charged.

### GASB 67 Disclosure for Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Schedule of Changes in Net Pension Liability and Related Ratios <sup>1</sup>

(in 1,000s)

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>					
Service cost	\$2,073,754	\$2,132,906	\$2,114,047	\$2,256,738	N/A
Interest on total pension liability	12,484,167	12,109,114	11,721,563	11,489,921	N/A
Effect of plan changes	92,185	32,310	0	0	N/A
Effect of economic/demographic gains or (losses)	1,412,462	980,192	1,620,863	(448,818)	N/A
Effect of assumption changes or inputs	10,398,344	1,030,667	0	1,256,045	N/A
Benefit payments	(9,859,319)	(10,624,925)	(10,201,501)	(8,714,251)	N/A
Net change in total pension liability	16,601,593	5,660,264	5,254,972	5,839,635	N/A
Total pension liability, beginning	167,030,999	161,370,735	156,115,763	150,276,128	N/A
Total pension liability, ending (a)	<u>183,632,592</u>	<u>167,030,999</u>	<u>161,370,735</u>	<u>156,115,763</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>					
Employer contributions	\$2,603,246	\$2,438,659	\$2,438,085	\$2,190,424	N/A
Member contributions	744,839	710,717	698,304	682,507	N/A
Investment income net of investment expenses	18,801,917	820,582	5,523,287	22,812,286	N/A
Benefit payments	(9,859,319)	(10,624,925)	(10,201,501)	(8,714,251)	N/A
Administrative expenses	(18,340)	(18,507)	(18,074)	(18,352)	N/A
Net change in plan fiduciary net position	12,272,342	(6,673,473)	(1,559,898)	16,952,615	N/A
Fiduciary net position, beginning	141,780,921	148,454,394	150,014,292	133,061,677	N/A
Fiduciary net position, ending (b)	<u>154,053,263</u> <sup>2</sup>	<u>141,780,921</u>	<u>148,454,394</u>	<u>150,014,292</u>	<u>N/A</u>
Net pension liability, ending = (a) - (b)	\$29,579,329 <sup>2</sup>	\$25,250,078	\$12,916,341	\$6,101,471	N/A
Fiduciary net position as a % of total pension liability	83.89%	84.88%	92.00%	96.09%	N/A
Covered payroll <sup>3</sup>	\$33,775,800	\$33,214,217	\$32,726,034	\$24,723,565	N/A
Net pension liability as a % of covered payroll	87.58% <sup>2</sup>	76.02%	39.47%	24.68%	N/A

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Amounts shown in exhibit are rounded to the nearest thousand. As such, sums may differ from amounts displayed due to rounding.

<sup>2</sup> There was a restatement of the fiduciary net position at June 30, 2017. The 2017 ending FNP is before restatement; the 2018 beginning FNP is after restatement.

<sup>3</sup> For the fiscal year ending 2014, covered payroll shown includes Pension Plan actives and members in DROP, but excludes the payroll for Investment Plan members and other payroll on which only statutory UAL rates are charged. For the fiscal years ending 2015 and later, covered payroll shown includes the payroll for Investment Plan members and other payroll on which only statutory UAL rates are charged.

### GASB 67 Disclosure for Fiscal Year Ending June 30, 2022

#### Florida Retirement System Pension Plan

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## Glossary

<b>Actuarially Determined Contribution</b>	A target contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and the most recent actuarial measurement available when the contribution for the reporting period was adopted.
<b>Deferred Inflows/Outflows of Resources</b>	Portion of changes in net pension liability that is not immediately recognized in pension expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
<b>Discount Rate</b>	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: <ol style="list-style-type: none"><li>1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.</li><li>2) The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.</li></ol>
<b>Fiduciary Net Position</b>	Equal to market value of assets.
<b>Long-Term Expected Rate of Return</b>	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
<b>Money-Weighted Rate of Return</b>	The internal rate of return on pension plan investments, net of investment expenses.
<b>Municipal Bond Rate</b>	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
<b>Net Pension Liability</b>	Total pension liability minus the plan's fiduciary net position.
<b>Projected Benefit Payments</b>	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
<b>Service Cost</b>	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year by the cost allocation method.
<b>Total Pension Liability</b>	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the individual entry age cost allocation method based on the requirements of GASB 67 and 68.

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**GASB 67 Disclosure for Plan Fiscal Year Ending June 30, 2022**  
**Florida Retirement System Pension Plan**

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## RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers. GASB Statements Nos. 67 and 68 substantially revised the accounting requirements previously mandated under GASB Statements Nos. 25 and 27. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes.

GASB 67 applies to financial reporting for public pension plans. Based on discussions with the Division of Retirement, it is our understanding that this is the applicable accounting standard for the HIS program. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability are immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

### Demographic Data

We received demographic census data from the Division of Retirement as of June 30, 2022. The following table summarizes the demographic census data we used in our valuation.

	<b>Total</b>
Active Members <sup>1</sup>	628,030
Retirees and Dependents <sup>2</sup>	408,669
Terminated Vested Members <sup>1 &amp; 3</sup>	176,949
Members in DROP <sup>1</sup>	30,664
	<u>1,244,312</u>

<sup>1</sup> Used to project future Health Insurance Subsidy benefit recipients.

<sup>2</sup> HIS benefit recipients identified by the Division; includes FRS Pension Plan and FRS Investment Plan retirees.

<sup>3</sup> Includes 56,992 terminated vested FRS Investment Plan members who are eligible for the HIS benefit, or will be eligible once they reach normal retirement age.

## Benefits

The benefits are described in §112.363 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit of \$5 per month per year of service, with a minimum benefit of \$30 per month and a maximum benefit of \$150 per month. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy. The benefit is a cash payment without direct relationship to the member's health insurance cost or type of health coverage.

The projected year-by-year HIS benefit payments for the next forty years are shown on the table below. The table is based on this valuation's demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the FRS Pension Plan or the FRS Investment Plan subsequent to the actuarial valuation date.

<b>Projected Annual Benefit Payments</b>			
<b>Fiscal Year</b>	<b>(\$millions)</b>	<b>Fiscal Year</b>	<b>(\$millions)</b>
2022-2023	\$546	2042-2043	\$629
2023-2024	552	2043-2044	623
2024-2025	559	2044-2045	616
2025-2026	568	2045-2046	607
2026-2027	578	2046-2047	598
2027-2028	585	2047-2048	587
2028-2029	592	2048-2049	576
2029-2030	599	2049-2050	566
2030-2031	605	2050-2051	556
2031-2032	612	2051-2052	545
2032-2033	619	2052-2053	535
2033-2034	624	2053-2054	525
2034-2035	629	2054-2055	515
2035-2036	633	2055-2056	504
2036-2037	636	2056-2057	493
2037-2038	638	2057-2058	481
2038-2039	638	2058-2059	468
2039-2040	638	2059-2060	454
2040-2041	636	2060-2061	439
2041-2042	633	2061-2062	422

All other disclosures and information not separately contained in this section may be found in the RSI, the Note disclosures, and the 2022 HIS Valuation dated Nov. 29, 2022.



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December 5, 2022

Members of the Florida Legislature and of the Health Insurance Subsidy (HIS) Program

**Re: Actuary's Statement Regarding HIS Program 2022 Actuarial Valuation**

Dear Florida Legislators and HIS Program Members:

Milliman has conducted an actuarial valuation as of June 30, 2022 for the Florida Health Insurance Subsidy (HIS) program to assess program assets and liabilities as of that date. Full actuarial valuations for the HIS program are conducted every other year. In intervening years actuarial valuation results are estimated based on results of the previous year's valuation, with adjustment to reflect the passage of time and pertinent market conditions that affect valuation calculations. The most recent full actuarial valuation for HIS was as of June 30, 2022. Actuarial valuations of the HIS program serve two primary purposes:

- Compliance with standards mandated by the Governmental Accounting Standards Board (GASB) for program and participating employer financial reporting. These calculations are conducted annually in both the full and intervening year roll-forward valuations.
- Estimation of the employer program contribution rate necessary to provide complete funding of projected statutory benefits over the next five years on a pay-as-you-go basis if actual future program experience follows the demographic assumptions used in the valuation. These calculations are conducted every other year in the full actuarial valuation.

For GASB compliance, the relevant GASB standards are Statement No. 67 (for program financial reporting) and Statement No. 68 (for the financial reporting of participating employers). Under GASB 67 the unfunded liability of the program, which is referred to as the Net Pension Liability (NPL), was approximately \$10.6 billion as of June 30, 2022.

The Net Pension Liability decreased by approximately \$1.7 billion compared to the prior measurement as of June 30, 2021. The measured liability as of June 30, 2021 was estimated and based on the results of the full valuation conducted as of June 30, 2020. This year-over-year decrease was caused primarily by an increase in the discount rate used to calculate the present value of projected future program benefit payments since the prior measurement, rather than by a significant change in the level of projected future benefits. The GASB standards mandate use of a market discount rate that reflects yields as of the measurement date on long-duration tax-exempt general obligation municipal bonds. In October 2022, the FRS Actuarial Assumption Conference formally re-adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The bond index used to set the discount rate increased from 2.16% to 3.54% between measurement dates. All else being equal, the higher the discount rate used in a measurement, the lower the calculated program liability.

The current statutory program contribution rate is 1.66% of employer payroll and the program is effectively funded on a pay-as-you-go basis. The most recently conducted full valuation estimated that if actual future experience matches the valuation's assumptions, including 3.25%

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annual growth in employer payroll, the current statutory rate will be sufficient to provide complete pay-as-you-go funding of program benefits over the five-year period commencing June 30, 2022. The most recent valuation report illustrates the sensitivity of the pay-as-you-go contribution rate to actual payroll growth. Even if zero employer payroll growth occurred over the five-year projection period, the valuation estimated that the current statutory rate is projected to be sufficient to provide complete pay-as-you-go funding of program benefits through the 2027-2028 plan year.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the program. Any deviations between actual and assumed future experience will result in corresponding changes in the ongoing costs of the program. The 2022 valuation of the HIS program uses the same demographic and pay-related assumptions used in the FRS valuation as of July 1, 2022. Details on the development of FRS assumptions can be found in our October 8, October 23, and October 28, 2019 presentation materials to the 2019 FRS Actuarial Assumption Conference and also in the formal 2019 FRS Experience Study report, which reviewed FRS Pension Plan experience for the five-year observation period ending June 30, 2018 and was published on December 20, 2019. Subsequently, demographic assumptions for Special Risk Class members were updated to be consistent with FRS Pension Plan assumptions which reflect plan changes enacted in 2019 and 2022.

Additionally, the HIS valuation uses coverage election assumptions specific to the HIS program, which were developed based on recent experience of the program and standard actuarial sources. The 2022 valuation of the HIS program reflects an update to the election assumption for vested terminated members, from 20% to 50%, consistent with recent plan experience.

A single set of assumptions was used in the GASB calculations. We believe the assumptions used in the valuation report are reasonable, and that the assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the valuation report are dependent upon future experience conforming to the valuation's assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the valuation 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 program 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 actuarial valuation, we relied without audit upon the financial statements, membership data, and other cost and benefit provisions information furnished by the Florida Department of Management Services, Division of Retirement. Although membership data was subjected to standard editing procedures and the other information was reviewed for reasonableness, Milliman 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 Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, employee census, and financial

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information. In our examination of this data, we have found it to be reasonably consistent and comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, 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.

The valuation report was 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 program's operations, and uses data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman does not intend to benefit or create a legal duty to any third-party recipient of the valuation report. No third party recipient of Milliman's work product should rely upon the valuation report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

The actuarial valuation report was prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation report is complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. There is no benefit provision or related expense to be provided by the program and/or paid from the program's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation report.

To the best of my knowledge, there were no known events that were not taken into account in the valuation report. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the valuation report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,



Matt Larrabee, FSA, EA, MAAA  
Principal & Consulting Actuary

Milliman



# Florida Retirement System

## Actuarial Valuation of Health Insurance Subsidy (HIS) as of July 1, 2022 for GASB 67 Disclosure

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This work product was prepared solely for Florida 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.

## 1. Summary of Results

### A. Assignment

This report presents the results of the July 1, 2022 actuarial valuation of the retiree Health Insurance Subsidy (HIS) provided to most retired employees and beneficiaries entitled to receive benefits under a retirement system administered by the State of Florida. The valuation uses the same data, methods, and assumptions that were used for the GASB 67 valuation of the Florida Retirement System, except as noted. The valuation’s primary purpose is to estimate the financial reporting entries of HIS under GASB 67. In addition, in the next subsection there are estimates of both near-term “pay-as-you-go” contribution rates and of the projected illustrative contribution rates to migrate the HIS program to a partially pre-funded status over time if contributions in excess of pay-as-you-go requirements were invested in a return-seeking manner and actual investment returns equaled the illustration’s assumption.

### B. Estimated Program Contribution Rates

Presently, HIS can be viewed as effectively using a “pay-as-you-go” funding structure. As of the valuation date, accumulated HIS assets constituted approximately eleven months of projected benefit payments. The ability of the current statutory contribution rate of 1.66% of applicable payroll to pay full HIS benefits is sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

If annual payroll growth is 3.25%, then the estimated pay-as-you-go rate of the program in five years is projected to be approximately 1.3% of payroll, based on \$36.5 billion of payroll in the 2021-2022 plan year. The rate is highly sensitive to both the actual rate of growth in projected payroll and to individual member behavior regarding timing of retirement elections. Having benefit payments greater than projection or having actual payroll growth less than 3.25% could lead to the current statutory contribution rate of 1.66% being less than fully sufficient. (The projected increase in benefit recipient payments is discussed on page three of this report.) The chart below illustrates the sensitivity to actual payroll growth, with the pay-as-you-go rate for the 2027-2028 plan year being illustrated under three alternative scenarios of actual near-term payroll growth.

Estimated pay-as-you-go contribution rate		
If annual payroll growth is...	2027-2028 plan year	
	3.25%	1.3%
	2.00%	1.4%
	0.00%	1.6%

Given this, it is informative to have an idea about what projected contribution rate might be needed to migrate toward a partially pre-funded program over time by having a) contributions in excess of pay-as-you-go requirements invested in a return-seeking manner and b) actual returns on those invested contributions achieving the assumption underlying the illustration. Compared to a pay-as-you-go program, a partially pre-funded program has several benefits. First, the types of potential liquidity concerns discussed in the preceding paragraph are far less likely to arise as a reserve of several years of projected benefit payments would be accumulated. Second, a significant portion of the benefits in partially pre-funded programs can be funded by investment earnings. This stands in contrast to pay-as-you-go programs, where effectively all benefits are funded by employer contributions.

One hallmark of a pre-funded program is that its accumulated assets are a multiple of the subsequent year’s projected benefit payments. The table below shows the estimated contribution rates that would be needed to accumulate 5, 10 or 15 times of the subsequent plan year’s projected benefit payments. Accumulating 5 to 15 years of payments would be consistent with a partially pre-funded program. The table below shows

contribution rates as a percent of projected payroll based on the assumptions that a) invested assets earn 6.70% annually; b) payroll increases at 3.25% annually; and c) payroll on which HIS contributions are made is approximately \$36.5 billion for the 2021-2022 plan year. Since the program is not currently pre-funded, the financial reporting liabilities calculated in subsequent sections of this valuation are based on a long-term municipal bond index rate (currently 3.54%) rather than a long-term investment return assumption (such as 6.70%).

Estimated Contribution Rates to Achieve Partial Pre-Funding with 6.70%* Actual Annual Investment Return				
Multiple of next year's benefit payments accumulated:	Years to accumulate assets:			
		5	10	15
5x		2.2%	1.6%	
10x			2.1%	1.6%
15x				1.9%

\* Per our review of recent asset statements, actual recent annual investment returns have been less than 2.0%. This was driven by prevailing market conditions and, presumably, the nature of investments selected for a program that currently is effectively funded on a pay-as-you-go basis.

To achieve the asset accumulations noted in the above table, several uncertain events would have to occur. Contributions in excess of the pay-as-you-go rate would need to be invested in a return-seeking manner, and actual returns achieved on those investments would have to equal 6.70% per year. Further, actual future demographic experience for the program would have to match the current assumptions, including annual payroll growth of 3.25% per year.

**Purpose of the Requirements**

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers. GASB Statements Nos. 67 and 68 substantially revised the accounting requirements previously mandated under GASB Statements Nos. 25 and 27. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes.

GASB 67 applies to financial reporting for public pension plans. Based on discussions with the Division of Retirement, it is our understanding that this is the applicable accounting standard for the HIS program. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability are immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

**C. Demographic Data**

We received demographic census data from the Division of Retirement as of June 30, 2022. The following table summarizes the demographic census data we used in our valuation.

	Total
Active Members <sup>1</sup>	628,030
Retirees and Dependents <sup>2</sup>	408,669
Terminated Vested Members <sup>1&amp;3</sup>	176,949
Members in DROP <sup>1</sup>	<u>30,664</u>
<b>Total</b>	<b>1,244,312</b>

**D. Benefits**

The benefits are described in §112.363 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit of \$5 per month per year of service, with a minimum benefit of \$30 per month and a maximum benefit of \$150 per month. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy. The benefit is a cash payment without direct relationship to the member’s health insurance cost or type of health coverage.

The projected year-by-year HIS benefit payments for the next forty years are shown on the table below. The table is based on this valuation’s demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the FRS Pension Plan or the FRS Investment Plan subsequent to the actuarial valuation date.

Projected Annual Benefit Payments			
Fiscal Year	(\$millions)	Fiscal Year	(\$millions)
2022-2023	\$546	2042-2043	\$629
2023-2024	552	2043-2044	623
2024-2025	559	2044-2045	616
2025-2026	568	2045-2046	607
2026-2027	578	2046-2047	598
2027-2028	585	2047-2048	587
2028-2029	592	2048-2049	576
2029-2030	599	2049-2050	566
2030-2031	605	2050-2051	556
2031-2032	612	2051-2052	545
2032-2033	619	2052-2053	535
2033-2034	624	2053-2054	525
2034-2035	629	2054-2055	515
2035-2036	633	2055-2056	504
2036-2037	636	2056-2057	493
2037-2038	638	2057-2058	481
2038-2039	638	2058-2059	468
2039-2040	638	2059-2060	454
2040-2041	636	2060-2061	439
2041-2042	633	2061-2062	422

<sup>1</sup>Used to project future Health Insurance Subsidy benefit recipients.

<sup>2</sup>HIS benefit recipients identified by the Division; includes FRS Pension Plan and FRS Investment Plan retirees.

<sup>3</sup>Includes 56,992 terminated vested FRS Investment Plan members who are eligible for the HIS benefit, or will be eligible once they reach normal retirement age.

## E. Actuarial Methods and Assumptions

We used the same demographic and pay-related assumptions used in the Florida Retirement System Actuarial Valuation as of July 1, 2022 (“funding valuation”), unless otherwise noted. In a given membership class and tier, we used the same assumptions for both FRS Investment Plan (IP) members and for FRS Pension Plan members, unless otherwise noted.

In general, the discount rate used for calculating the total pension liability under GASB 67 is equal to the single rate that results in the same Actuarial Present Value as would be calculated by using two different discount rates as follows:

1. Discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net position (trust assets); and
2. Discount at a municipal bond rate for benefit payments after the projected depletion date.

Because the HIS is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to a long-duration, high-quality, tax-exempt municipal bond rate selected by the plan sponsor. In October 2022 the FRS Actuarial Assumption Conference formally re-adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index.

## F. Limitations and Certification

Actuarial computations presented in this report under GASB Statement No. 67 are for purposes of assisting the Florida Department of Management Services, Division of Retirement in fulfilling financial accounting requirements related to the program. No attempt is being made to offer any accounting opinion or advice. This report is for the fiscal year July 1, 2021 to June 30, 2022. The measurement date for determining plan assets and obligations is June 30, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

This report includes only the Health Insurance Subsidy benefits. It does not include any other benefits that may fall under the GASB Statements applicable to Other Post-employment Benefits (OPEB).

In preparing this 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, member census data, and financial information. We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised. Please note that this report is based on the June 30, 2022 assets for the program as reported to us by the Florida Department of Management Services on November 16, 2022.

This valuation report is only an estimate of the Plan’s financial condition as of a single date. It can neither predict the Plan’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors such as, but not limited to, the following: 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 valuation results were developed using models intended for valuations that use standard actuarial techniques.

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

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

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries.

We are members of the American Academy of Actuaries and meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



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Principal and Consulting Actuary



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MRL/KMH/DRW/nlo

## 2. Net Pension Liability

The following pages display the calculation of the Net Pension Liability and the Changes to the Net Pension Liability over the past year. Note that the June 30, 2021 liability is based on census data and demographic assumptions from the July 1, 2020 actuarial valuation, with results from that valuation rolled forward to the 2021 measurement date using standard actuarial roll-forward techniques. The June 30, 2022 liability is based on census data and demographic assumptions from this July 1, 2022 actuarial valuation. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

### Net Pension Liability

Net Pension Liability	June 30, 2021	June 30, 2022
Total pension liability	\$12,719,121,120	\$11,126,965,688
Fiduciary net position	452,617,639	535,368,479
Net pension liability	12,266,503,481	10,591,597,209
Fiduciary net position as a % of total pension liability	3.56%	4.81%
Covered payroll	35,406,396,814	36,451,711,744
Net pension liability as a % of covered payroll	34.64%	29.06%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

#### Discount Rate

Discount rate	2.16%	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Municipal bond rate	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

#### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June, 30, 2022 were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation date	July 1, 2020	July 1, 2022
Measurement date	June 30, 2021	June 30, 2022
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational PUB-2010 with Projection Scale MP-2018; details in Section 5	Generational PUB-2010 with Projection Scale MP-2018; details in Section 5
Actuarial cost method	Individual Entry Age	Individual Entry Age

## Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2021	\$12,719,121,120	\$452,617,639	\$12,266,503,481
Changes for the year:			
Service cost	290,824,676		290,824,676
Interest on total pension liability	275,385,816		275,385,816
Effect of plan changes*	5,215,372		5,215,372
Effect of economic/demographic gains or losses	(54,219,444)		(54,219,444)
Effect of assumptions changes or inputs	(1,585,357,487)		(1,585,357,487)
Benefit payments	(524,004,365)	(524,004,365)	0
Employer contributions		605,084,210	(605,084,210)
Member contributions		48,424	(48,424)
Net investment income		1,811,961	(1,811,961)
Administrative expenses		(189,390)	189,390
Balances as of June 30, 2022	\$11,126,965,688	\$535,368,479	\$10,591,597,209

\*The amount shown reflects the effect of HB5007. Total pension liability at June 30, 2022 also reflects the provisions of HB689 and SB838, effective in 2022. Those two bills did not increase the total pension liability.

### Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 3.54%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total pension liability	\$12,653,025,307	\$11,126,965,688	\$9,864,182,813
Fiduciary net position	<u>535,368,479</u>	<u>535,368,479</u>	<u>535,368,479</u>
Net pension liability	<u>12,117,656,828</u>	<u>10,591,597,209</u>	<u>9,328,814,334</u>

**Schedule of Changes in Net Pension Liability and Related Ratios <sup>1</sup>**  
(in 1,000s)

	Fiscal Year Ending June 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$290,825	\$280,659	\$265,521	\$232,118	\$258,450	\$304,537	\$256,710	\$217,519	\$190,371
Interest on total pension liability	275,386	278,747	402,709	418,157	389,705	337,486	390,757	405,441	409,907
Effect of plan changes	5,215	0	0	0	0	0	0	0	0
Effect of economic/demographic (gains) or losses	(54,219)	0	452,542	0	188,173	0	(30,826)	0	0
Effect of assumption changes or inputs	(1,585,357)	85,978	481,833	516,083	(398,996)	(1,073,716)	1,352,459	607,698	386,383
Benefit payments	(524,004)	(514,361)	(505,549)	(491,890)	(491,530)	(465,980)	(449,857)	(425,086)	(407,276)
Net change in total pension liability	(1,592,154)	131,023	1,097,056	674,468	(54,198)	(897,673)	1,519,243	805,572	579,385
Total pension liability, beginning	12,719,121	12,588,098	11,491,044	10,816,576	10,870,772	11,768,445	10,249,201	9,443,629	8,864,244
Total pension liability, ending (a)	11,126,966	12,719,121	12,588,098	11,491,044	10,816,576	10,870,772	11,768,445	10,249,201	9,443,629
<b>Fiduciary Net Position</b>									
Employer contributions	\$605,084	\$587,801	\$576,253	\$555,290	\$542,303	\$529,229	\$512,564	\$382,454	\$342,566
Member contributions	48	55	370	195	237	0	0	0	0
Investment income net of investment expenses	1,812	1,054	5,315	6,181	3,311	1,380	565	208	219
Benefit payments	(524,004)	(514,361)	(505,549)	(491,890)	(491,530)	(465,980)	(449,857)	(425,086)	(407,276)
Administrative expenses	(189)	(193)	(172)	(195)	(168)	(177)	(188)	(188)	(54)
Net change in plan fiduciary net position	82,751	74,356	76,217	69,581	54,153	64,452	63,084	(42,612)	(64,545)
Fiduciary net position, beginning	452,618	378,261	302,044	232,463	178,311	113,859	50,774	93,385	157,929
Fiduciary net position, ending (b)	535,368	452,618	378,261	302,044	232,463	178,311	113,859	50,774	93,385
Net pension liability, ending = (a) - (b)	\$10,591,597	\$12,266,503	\$12,209,837	\$11,188,999	\$10,584,112	\$10,692,461	\$11,654,586	\$10,198,427	\$9,350,244
Fiduciary net position as a % of total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%
Covered payroll	\$36,451,712	\$35,406,397	\$34,715,391	\$33,452,626	\$32,670,918	\$31,885,633	\$30,875,274	\$30,340,449	\$29,676,340
Net pension liability as a % of covered payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.53%	37.75%	33.61%	31.51%

<sup>1</sup> This exhibit will fill in to a ten-year schedule as results for new fiscal years are calculated. Amounts shown in this exhibit are rounded to the nearest thousand. As such, sums may differ from amounts displayed due to rounding.



### 3. Summary of Benefits

#### Eligibility

Members are eligible for the HIS provided they meet the age and service requirements described below, apply for the benefit, and certify they have health insurance coverage.

Survivors of deceased covered retired members are eligible for coverage provided they apply for the benefit and certify health insurance coverage. In addition, the member must have:

- Elected a joint and survivor option, or
- Elected the 10-year certain option and died within the certain period, or
- Died active and the spouse or financial dependent began receiving benefits, or
- Retired from the Investment Plan.

#### *Members of the FRS Pension Plan*

The member begins receiving retirement benefits from the FRS Pension Plan.

#### *FRS Investment Plan (IP) Members*

Members who met the following service criteria at the time of their IP benefit distributions become eligible for the HIS when they meet the age requirements noted below:

Regular Class member, Senior Management Service Class member, and Elected Officers' Class member enrolled before July 1, 2011:

- Six years of service and age 62, or
- 30 years of service.

Special Risk Class member and Special Risk Administrative Support Class member enrolled before July 1, 2011:

- Six years of Special Risk Class service and age 55, or
- 25 years of Special Risk Class service, or
- 25 years of service that includes up to four years of active duty wartime military service and Special Risk Class service, and age 52.

Regular Class member, Senior Management Service Class member, and Elected Officers' Class member enrolled on or after July 1, 2011:

- Eight years of service and age 65, or
- 33 years of service.

Special Risk Class member and Special Risk Administrative Support Class member enrolled on or after July 1, 2011:

- Eight years of Special Risk Class service and age 60, or
- 30 years of Special Risk Class service, or
- 30 years of service that includes up to four years of active duty wartime military service and Special Risk Class service, and age 57.

<i>Hybrid Members (Members with service under both FRS Pension Plan and IP)</i>	The member begins receiving retirement benefits from the FRS Pension Plan.
<i>Disabled members</i>	Total and permanent disability and either: <ul style="list-style-type: none"> <li>▪ Eight years of service, or</li> <li>▪ Disabled in the line of duty.</li> </ul>
<i>Terminated vested members</i>	Deferred benefit payable at retirement benefit commencement.
<i>DROP members</i>	Benefits are paid commencing at DROP exit, with the benefit level based on service at DROP entry.
<b>Monthly Benefit</b>	<p>\$5 times years of service, with a minimum of \$30 and a maximum of \$150.</p> <p>The benefit is payable to the retiree for life. The surviving spouse of a FRS Pension Plan member who elected a survivor benefit optional payment form will receive the benefit for life, or until the end of the 10-year certain period if the retiree elected a 10-Year Certain and Continuous retirement benefit.</p> <p>The surviving spouse or financial dependent of an FRS Investment Plan retiree is eligible to receive the same benefit after the death of the retiree upon application and certification of health insurance coverage.</p>

## 4. Summary of Data

### Demographic Data

We received demographic data from the Florida Department of Management Services, Division of Retirement as of June 30, 2022. We included in the valuation members of the FRS Pension Plan and members of the FRS Investment Plan (IP). The data was provided by the Division of Retirement for the July 1, 2022 actuarial valuation of the FRS Pension Plan. Additionally, the Division provided census data specific to this valuation for current HIS recipients and former FRS Investment Plan participants who met the service requirement at distribution to be eligible for the HIS benefit commencing at normal retirement age.

#### **Active Members**

The active data includes 442,761 members of the FRS Pension Plan and 185,269 members of FRS Investment Plan. These members may qualify for the Health Insurance Subsidy when they retire.

#### **Retirees and Dependents**

The Division provided data on retirees and surviving dependents of retirees currently receiving the HIS benefit, as well as the respective HIS benefit amounts. This data included FRS Pension Plan retirees and financial dependents and FRS Investment Plan retirees. We excluded FRS Pension Plan retirees and financial dependents who are receiving a pension but are not receiving a Health Insurance Subsidy benefit. The data included monthly benefits and retirement option codes for each member.

#### **Terminated Vested Members**

The data includes 119,957 terminated vested FRS Pension Plan members who may qualify for the HIS when they retire. We estimated the HIS benefit amounts based on the member's credited service as of the member's termination date. We assumed the benefit would be deferred until the member starts receiving retirement benefits.

The data includes 56,992 terminated vested FRS Investment Plan members who have met the service requirements to qualify for the HIS. These records were identified to us as members who are eligible for HIS benefits or will become eligible once they meet the necessary age requirements. Further, we understand these members are contacted by the State Board of Administration regarding their eligibility when they are first eligible to begin receiving benefits. These are members who have received FRS Investment Plan distributions and will be eligible to receive HIS benefits upon reaching the age at which FRS Investment Plan retirees may commence HIS benefits. The listing provided to Milliman as of June 30, 2022 did not contain HIS benefit amounts or credited service as of the member's termination date for members who were valued as inactives in the June 30, 2020 valuation. For those members, we used the HIS benefit amounts provided to us by the Florida Department of Management Services as of June 30, 2020. For other members we estimated the HIS benefit amounts based on the member's credited service in the most recently reported census data. We assumed the benefits would commence at the member's earliest future eligibility age.

#### **DROP Members**

The data also includes 30,664 DROP members. The DROP member count differs from that reported in the FRS Pension Plan GASB and funding valuations due to the technique used in those valuations to assign members to retiree or DROP status according to whether or not their accumulated DROP account balances have been paid out of the FRS Pension Plan assets by the valuation date. There is no similar "bright line" metric relating to election and commencement of the HIS benefit. Therefore members who were identified as exiting DROP during the 2021- 2022 plan year but whose records were not yet processed as commenced FRS Pension Plan retirees as of the valuation date were treated as DROP members in the HIS valuation and

retired members in the FRS Pension Plan valuation. Similarly, members who were identified as entering DROP during the 2021-2022 plan year but whose records were not yet processed as DROP participants as of the valuation date were treated as active members in the HIS valuation and DROP members in the FRS Pension Plan valuation. Current members in DROP are eligible for HIS benefits when they exit DROP. We estimated the HIS benefit amounts for DROP members based on the member’s credited service as of the member’s DROP entry date. We assumed the benefit would be deferred until the member exits DROP and starts receiving retirement benefits. We determined the benefit for dependents based on the form of FRS Pension Plan benefit elected at the DROP entry date.

**Active Members**

Membership Class	Count	Average Age	Average Service
Regular	543,907	46.4	10.9
Special Risk	73,995	39.4	10.6
Special Risk Administrative	105	45.8	18.2
EOC - Judicial	821	53.6	15.1
EOC - Leg-Atty-Cab	173	49.9	9.6
EOC - Local	1,196	57.3	11.4
Senior Management Service	7,833	46.6	13.6
<b>Total</b>	<b>628,030</b>	<b>45.6</b>	<b>10.9</b>

**Active Members by Age and Service**

Year of Service	Current Age of Member									Total
	Under 30	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	65+	
Under 5	62,170	31,873	24,164	20,746	17,683	17,294	14,765	10,560	6,808	206,063
5 - 9	10,129	28,285	22,806	17,763	15,218	15,183	13,119	9,934	6,715	139,152
10 - 14	76	5,365	16,554	12,971	10,540	10,875	9,729	6,899	4,782	77,791
15 - 19	1	187	7,681	21,571	17,311	16,301	14,426	9,961	5,099	92,538
20 - 24	0	0	146	5,578	15,897	15,463	12,192	8,042	2,827	60,145
25 - 29	0	0	0	102	4,144	13,775	10,810	6,507	1,677	37,015
30 - 34	0	0	0	0	67	2,776	5,078	2,176	1,085	11,182
35+	0	0	0	0	0	88	1,003	1,625	1,428	4,144
<b>Total</b>	<b>72,376</b>	<b>65,710</b>	<b>71,351</b>	<b>78,731</b>	<b>80,860</b>	<b>91,755</b>	<b>81,122</b>	<b>55,704</b>	<b>30,421</b>	<b>628,030</b>

**Retirees and Dependents**

Membership Class	Count	Average Age	Average Annual Benefit
Regular	358,165	73.8	\$1,273
Special Risk	42,274	67.2	\$1,314
Special Risk Administrative	153	73.4	\$1,513
EOC - Judicial	935	76.3	\$1,347
EOC - Leg-Atty-Cab	217	77.7	\$1,020
EOC - Local	1,250	76.5	\$1,151
Senior Management Service	5,675	71.2	\$1,442
<b>Total</b>	<b>408,669</b>	<b>73.0</b>	<b>\$1,279</b>

**Terminated Vested Members**

Membership Class	Count	Average Age	Average Annual Benefit
Regular	154,052	55.4	\$708
Special Risk	19,774	51.0	\$765
Special Risk Administrative	40	59.7	\$1,080
EOC - Judicial	68	61.0	\$860
EOC - Leg-Atty-Cab	126	58.9	\$708
EOC - Local	404	66.0	\$642
Senior Management Service	2,485	52.3	\$700
<b>Total</b>	<b>176,949</b>	<b>54.9</b>	<b>\$714</b>

**DROP Members**

Membership Class	Count	Average Age	Average Annual Benefit
Regular	26,431	62.3	\$1,555
Special Risk	3,426	55.0	\$1,507
Special Risk Administrative	7	54.7	\$1,596
EOC - Judicial	162	66.1	\$1,503
EOC - Leg-Atty-Cab	10	64.9	\$1,680
EOC - Local	80	64.1	\$1,630
Senior Management Service	548	60.8	\$1,684
<b>Total</b>	<b>30,664</b>	<b>61.5</b>	<b>\$1,552</b>

## 5. Actuarial Assumptions and Methods

The actuarial assumptions are intended to estimate the future experience of current FRS Pension Plan and FRS Investment Plan members who are either currently receiving, or are potentially eligible in the future, for the Health Insurance Subsidy program. Any variations in future experience from that assumed will result in corresponding changes in the costs of the HIS benefits estimated in this valuation.

We used the same demographic and pay-related assumptions that were used in the FRS Pension Plan Actuarial Valuation as of July 1, 2022 for funding purposes (“funding valuation”), unless otherwise noted. In a given membership class and tier, we used the same assumptions for both FRS Investment Plan (IP) members and for FRS Pension Plan members.

### Assumption Tables

A complete listing of all the assumptions, methods and procedures that are used in the 2022 actuarial valuation of FRS Pension Plan are summarized on the following pages. These assumptions, methods, and procedures were approved by the 2022 FRS Actuarial Assumption Conference and are based on the 2019 Experience Study. Demographic assumptions for the Special Risk class were updated to reflect plan changes subsequent to the 2019 Experience Study.

### Data

Except where noted, the analysis in this study was based on data as of June 30, 2022, as provided by the Division of Retirement. The data used in this valuation consist of financial information and records of age, sex, membership class, service and tier of active members, annuitants, and other inactive members entitled to future benefits. The Division of Retirement is solely responsible for the validity, accuracy and comprehensiveness of this information; the results of our analysis can be expected to differ and may need to be revised if the underlying data supplied is incomplete or inaccurate.

### Methods and Procedures

**Actuarial cost method:** Consistent with the relevant GASB financial reporting standards, the actuarial valuation is prepared using the individual entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the service cost.

The service cost for the valuation year was calculated separately for each individual, based on his or her age at entry into FRS. The individual service costs were then aggregated to determine the total service cost.

This valuation uses the "individual" entry age actuarial cost method, which determines an individual's service cost based on the plan provisions specific to that individual (i.e., based on the individual's enrollment date).

**Valuation of Assets:** Fair market value of assets

**Economic Assumptions**

Assumption	
Inflation	2.40%
Real wage growth	0.85%
Payroll growth	3.25% (sum of above two items)
Discount Rate	Bond Buyer General Obligation 20-Bond Municipal Bond Index

**Demographic Assumptions**

**Mortality**

Healthy Inactive Mortality (Post-Employment)

Member Category (Non-Disabled Inactive)	PUB-2010 base table listed below, generational mortality using gender-specific MP-2018 mortality improvement projection scale
Female K-12 School Instructional Personnel	Headcount Weighted Teachers Healthy Retiree Female Table, set forward 1 year
Male K-12 School Instructional Personnel	Benefits Weighted Teachers Below Median Healthy Retiree Male Table, set forward 2 years
Female Special Risk	Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year
Male Special Risk	Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year
Female (other than Special Risk or K-12 School Instructional Personnel)	Headcount Weighted General Below Median Healthy Retiree Female Table
Male (other than Special Risk or K-12 School Instructional Personnel)	Headcount Weighted General Below Median Healthy Retiree Male Table, set back 1 year

Healthy Active Mortality (During Employment)

- For Special Risk members, 30% of future active member deaths are assumed to be in the line of duty.
- For all other members, 2% of future active member deaths are assumed to be in the line of duty.

Member Category (Non-Disabled Active)	PUB-2010 base table listed below, generational mortality using gender-specific MP-2018 mortality improvement projection scale
Female K-12 School Instructional Personnel	Headcount Weighted Teachers Employee Female Table, set forward 1 year
Male K-12 School Instructional Personnel	Benefits Weighted Teachers Below Median Employee Male Table, set forward 2 years
Female Special Risk	Headcount Weighted Safety Employee Female Table, set forward 1 year
Male Special Risk	Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year
Female (other than Special Risk or K-12 School Instructional Personnel)	Headcount Weighted General Below Median Employee Female Table
Male (other than Special Risk or K-12 School Instructional Personnel)	Headcount Weighted General Below Median Employee Male Table, set back 1 year

Disabled Mortality

Member Category (Disabled Inactive)	PUB-2010 base table listed below, without mortality improvement projection
Female Disabled Special Risk	80% Headcount Weighted General Disabled Retiree Female Table; 20% Headcount Weighted Safety Disabled Retiree Female Table
Male Disabled Special Risk	80% Headcount Weighted General Disabled Retiree Male Table; 20% Headcount Weighted Safety Disabled Retiree Male Table
Female Disabled (other than Special Risk)	Headcount Weighted General Disabled Retiree Female Table, set forward 3 years
Male Disabled (other than Special Risk)	Headcount Weighted General Disabled Retiree Male Table, set forward 3 years

**Service Retirement**

Members are assumed to take unreduced retirement at the rates shown in the following tables. These rates represent the probability of retiring or entering DROP at the specified ages. We have assumed Special Risk class law enforcement officer members who enter DROP in the future will elect an average DROP period of 60 months. All other members who enter DROP in the future are assumed upon entry to remain in DROP for 48 months.

All members who have attained age 80 (age 70 for Special Risk class and TRS) in active service are assumed to retire immediately.

**Retirement for Vested Terminated Members (Tier I and Tier II)**

All current vested terminated members are assumed to begin receiving benefits on the normal retirement benefit age for the appropriate class and tier. All future members who terminate employment with a vested benefit are also assumed to commence benefit at the normal retirement benefit age.

**Coverage Elections**

Of the members who satisfy the age and service criteria to qualify for the benefit, the following percentages of members are assumed to certify they have health insurance coverage and apply for the HIS benefit at retirement:

Classification	Election Assumption
Active members: Separating via retirement or death	90%
Active members: Separating before retirement eligibility having vested	50%
DROP members (electing HIS at DROP exit)	90%
Vested Terminated members	50%

30% of FRS Pension Plan members receiving a future HIS benefit are assumed to elect a pension option that allows for continued payment of the HIS benefit to a covered spouse. 80% of FRS Investment Plan members receiving a future HIS benefit are assumed to have a spouse financial dependent eligible for lifetime benefits upon the member’s death after retirement. For current HIS and FRS Pension Plan retirees and FRS Pension Plan members in DROP, the actual elected pension option is reflected.

**Eligible Survivors**

Spouses and financial dependents of deceased active members (including those in DROP) and deceased terminated vested FRS Investment Plan members who have met the age and service requirements to qualify for the HIS are eligible for benefits. It is assumed that 80% of such deceased members will have survivors eligible for lifetime benefits upon their deaths. Males are assumed to be three years older than their female spouses.

**Retirement Assumptions (Tier I)**  
**DROP Entry**

Age	Regular K-12 School Instructional		Regular Not K-12 School Instructional		Special Risk (non-LEO) and Special Risk Admin		Law Enforcement Officers (LEO) - subset of Special Risk		All Other	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
45	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	11.0%	18.0%	5.0%	5.0%
46	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	11.0%	18.0%	5.0%	5.0%
47	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	11.0%	18.0%	5.0%	5.0%
48	4.0%	4.0%	5.0%	5.0%	11.0%	15.0%	14.0%	20.0%	16.0%	16.0%
49	4.0%	4.0%	10.0%	9.0%	11.0%	15.0%	14.0%	20.0%	16.0%	16.0%
50	4.0%	4.0%	10.0%	9.0%	11.0%	15.0%	14.0%	20.0%	16.0%	16.0%
51	4.0%	4.0%	12.0%	9.0%	11.0%	15.0%	14.0%	20.0%	16.0%	16.0%
52	4.0%	4.0%	14.0%	9.0%	15.0%	36.0%	18.0%	41.0%	16.0%	16.0%
53	5.0%	4.0%	15.0%	11.0%	15.0%	27.5%	18.0%	32.5%	16.0%	16.0%
54	5.0%	4.0%	16.0%	12.0%	15.0%	27.5%	22.0%	35.0%	16.0%	16.0%
55	6.0%	4.0%	18.0%	12.0%	32.0%	27.5%	40.0%	35.0%	16.0%	16.0%
56	6.0%	5.0%	20.0%	15.0%	5.0%	5.0%	5.0%	5.0%	16.0%	16.0%
57	10.0%	8.0%	55.0%	55.0%	5.0%	5.0%	5.0%	5.0%	55.0%	55.0%
58	10.0%	8.0%	55.0%	50.0%	5.0%	5.0%	5.0%	5.0%	55.0%	55.0%
59	10.0%	9.0%	55.0%	50.0%	5.0%	5.0%	5.0%	5.0%	55.0%	55.0%
60	13.0%	9.0%	55.0%	50.0%	5.0%	5.0%	5.0%	5.0%	55.0%	55.0%
61	16.0%	14.0%	55.0%	50.0%	5.0%	5.0%	5.0%	5.0%	55.0%	55.0%
62	26.0%	19.0%	46.5%	42.5%	5.0%	5.0%	5.0%	5.0%	43.0%	43.0%
63	8.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
64	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
65	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
66	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
67	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
68	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
69	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
70-79	3.0%	3.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%
80	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



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Retirement Assumptions (Tier I) (continued)

Immediate Retirement when eligible for DROP

Age	Regular K-12 School Instructional		Regular Not K-12 School Instructional		Special Risk and Special Risk Admin		Elected Officers' Subclasses		Senior Management Service Class	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
45	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
46	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
47	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
48	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
49	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
50	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
51	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
52	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
53	4.0%	4.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
54	4.0%	4.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
55	4.0%	5.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
56	4.0%	5.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
57	5.0%	5.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
58	5.0%	6.0%	6.0%	7.0%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
59	6.0%	6.0%	6.0%	8.0%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
60	7.0%	6.0%	6.0%	8.0%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
61	10.0%	10.0%	9.0%	8.0%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
62	13.0%	12.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
63	9.0%	9.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
64	11.0%	11.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
65	18.0%	15.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
66	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
67	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
68	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
69	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
70-79	20.0%	17.5%	9.0%	9.5%	100.0%	100.0%	3.0%	3.0%	3.0%	3.0%
80	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



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Retirement Assumptions (Tier I) (continued)

Immediate Retirement when not eligible for DROP

Age	Regular Not K-12 School Instructional		Special Risk and Special Risk Admin		Elected Officers' Subclasses		Senior Management Service Class	
	Female	Male	Female	Male	Female	Male	Female	Male
52	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
53	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
54	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
55	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
56	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
57	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
58	2.0%	2.0%	5.0%	5.0%	3.0%	3.0%	6.0%	6.0%
59	5.0%	2.0%	5.0%	5.0%	3.0%	3.0%	6.0%	6.0%
60	5.0%	5.0%	7.0%	7.0%	3.0%	3.0%	6.0%	6.0%
61	5.0%	5.0%	9.0%	9.0%	3.0%	3.0%	6.0%	6.0%
62	8.0%	11.0%	20.0%	20.0%	3.0%	3.0%	6.0%	6.0%
63	8.0%	8.0%	14.0%	14.0%	5.0%	5.0%	11.0%	11.0%
64	8.0%	8.0%	14.0%	14.0%	5.0%	5.0%	11.0%	11.0%
65	15.0%	13.0%	20.0%	20.0%	5.0%	5.0%	11.0%	11.0%
66	15.0%	13.0%	25.0%	25.0%	5.0%	5.0%	11.0%	11.0%
67	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
68	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
69	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
70-79	15.0%	13.0%	100.0%	100.0%	12.0%	12.0%	11.0%	11.0%
80	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



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Retirement Assumptions (Tier II)

DROP Entry

Age	Regular K-12 School Instructional		Regular Not K-12 School Instructional		Special Risk (non-LEO) and Special Risk Admin		Law Enforcement Officers (LEO) - subset of Special Risk		All Other	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
45	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	8.0%	13.0%	5.0%	5.0%
46	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	8.0%	13.0%	5.0%	5.0%
47	0.0%	0.0%	0.0%	0.0%	8.0%	13.0%	8.0%	13.0%	5.0%	5.0%
48	4.0%	4.0%	5.0%	5.0%	11.0%	15.0%	11.0%	15.0%	16.0%	16.0%
49	4.0%	4.0%	10.0%	9.0%	11.0%	15.0%	11.0%	15.0%	16.0%	16.0%
50	4.0%	4.0%	10.0%	9.0%	11.0%	15.0%	15.0%	21.0%	16.0%	16.0%
51	4.0%	4.0%	12.0%	9.0%	11.0%	15.0%	15.0%	21.0%	16.0%	16.0%
52	4.0%	4.0%	14.0%	9.0%	11.0%	15.0%	15.0%	21.0%	16.0%	16.0%
53	5.0%	4.0%	15.0%	11.0%	11.0%	15.0%	15.0%	21.0%	16.0%	16.0%
54	5.0%	4.0%	16.0%	12.0%	11.0%	15.0%	15.0%	21.0%	16.0%	16.0%
55	6.0%	4.0%	18.0%	12.0%	17.0%	36.0%	23.0%	42.0%	16.0%	16.0%
56	6.0%	5.0%	20.0%	15.0%	11.0%	5.0%	13.0%	7.0%	16.0%	16.0%
57	10.0%	8.0%	20.0%	15.0%	11.0%	5.0%	13.0%	7.0%	16.0%	16.0%
58	10.0%	8.0%	20.0%	15.0%	11.0%	5.0%	13.0%	7.0%	16.0%	16.0%
59	10.0%	9.0%	20.0%	15.0%	11.0%	5.0%	13.0%	7.0%	16.0%	16.0%
60	13.0%	9.0%	55.0%	55.0%	20.0%	5.0%	22.0%	7.0%	55.0%	55.0%
61	16.0%	14.0%	55.0%	49.0%	5.0%	5.0%	5.0%	5.0%	50.0%	50.0%
62	16.0%	14.0%	49.5%	43.0%	5.0%	5.0%	5.0%	5.0%	45.0%	45.0%
63	16.0%	14.0%	43.0%	37.0%	5.0%	5.0%	5.0%	5.0%	40.0%	40.0%
64	16.0%	14.0%	36.5%	31.0%	5.0%	5.0%	5.0%	5.0%	35.0%	35.0%
65	16.0%	14.0%	30.0%	25.0%	5.0%	5.0%	5.0%	5.0%	30.0%	30.0%
66	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
67	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
68	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
69	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
70-79	3.0%	3.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%
80	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



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Retirement Assumptions (Tier II) (continued)

Immediate Retirement when eligible for DROP

Age	Regular K-12 School Instructional		Regular Not K-12 School Instructional		Special Risk and Special Risk Admin		Elected Officers' Subclasses		Senior Management Service Class	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
45	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
46	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
47	0.0%	0.0%	0.0%	0.0%	4.0%	5.0%	0.0%	0.0%	0.0%	0.0%
48	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
49	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
50	4.0%	4.0%	2.5%	2.5%	4.0%	5.0%	3.0%	3.0%	3.0%	3.0%
51	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
52	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
53	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
54	4.0%	4.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
55	4.0%	5.0%	2.5%	2.5%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
56	4.0%	5.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
57	5.0%	5.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
58	5.0%	6.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
59	6.0%	6.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
60	7.0%	6.0%	2.5%	2.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
61	10.0%	10.0%	9.0%	8.0%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
62	10.0%	10.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
63	10.0%	10.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
64	10.0%	10.0%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
65	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	10.0%	10.0%
66	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
67	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
68	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
69	20.0%	17.5%	9.0%	9.5%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
70-79	20.0%	17.5%	9.0%	9.5%	100.0%	100.0%	3.0%	3.0%	3.0%	3.0%
80	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Retirement Assumptions (Tier II) (continued)

Immediate Retirement when not eligible for DROP

Age	Regular Not K-12 School Instructional		Special Risk and Special Risk Admin		Elected Officers' Subclasses		Senior Management Service Class	
	Female	Male	Female	Male	Female	Male	Female	Male
55	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
56	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
57	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
58	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
59	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%
60	0.0%	0.0%	7.0%	7.0%	0.0%	0.0%	0.0%	0.0%
61	5.0%	5.0%	9.0%	9.0%	3.0%	3.0%	6.0%	6.0%
62	5.0%	5.0%	20.0%	20.0%	3.0%	3.0%	6.0%	6.0%
63	5.0%	5.0%	14.0%	14.0%	3.0%	3.0%	6.0%	6.0%
64	5.0%	5.0%	14.0%	14.0%	3.0%	3.0%	6.0%	6.0%
65	15.0%	13.0%	20.0%	20.0%	3.0%	3.0%	11.0%	11.0%
66	15.0%	13.0%	25.0%	25.0%	5.0%	5.0%	11.0%	11.0%
67	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
68	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
69	15.0%	13.0%	25.0%	25.0%	12.0%	12.0%	11.0%	11.0%
70-79	15.0%	13.0%	100.0%	100.0%	12.0%	12.0%	11.0%	11.0%
80	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



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**Line-of-Duty Disability Annual Rates**

Age	Special Risk Class	All Other Classes
<42	0.025%	0.001%
42-46	0.250%	0.001%
47-50	0.250%	0.002%
51-54	0.450%	0.004%
55-56	0.450%	0.005%
57-58	0.450%	0.006%
59	0.450%	0.007%
60-61	0.450%	0.006%
62	0.450%	0.003%
63	0.450%	0.002%
64+	0.450%	0.001%

**Non-Duty Disability Annual Rates**

Age	Special Risk Class	All Other Classes
20	0.020%	0.000%
21-27	0.020%	0.010%
28-35	0.040%	0.010%
36-40	0.040%	0.020%
41-44	0.040%	0.030%
45-46	0.040%	0.040%
47-50	0.070%	0.080%
51-54	0.070%	0.130%
55	0.070%	0.160%
56	0.070%	0.170%
57-58	0.070%	0.190%
59	0.070%	0.230%
60	0.070%	0.210%
61	0.070%	0.200%
62	0.070%	0.110%
63	0.070%	0.080%
64+	0.070%	0.040%

**Withdrawal – Other Terminations of Employment Annual Rates**

Combined Years of Service	Regular – Male					
	Under 25	25 to 29	Attained Age			55+
			30 to 34	35 to 44	45 to 54	
0	27.0%	25.0%	23.0%	22.0%	21.0%	27.0%
1	19.0%	17.0%	15.0%	13.5%	12.5%	12.5%
2	17.5%	13.5%	12.0%	10.5%	9.5%	9.0%
3	16.0%	11.5%	10.0%	9.0%	7.8%	7.8%
4	15.5%	10.0%	8.5%	8.0%	6.5%	6.5%
5	10.5%	9.0%	8.5%	7.5%	6.0%	6.0%
6	10.5%	8.5%	7.5%	6.5%	6.0%	6.0%
7	8.0%	8.0%	6.5%	6.0%	5.0%	5.0%
8	5.5%	5.5%	5.0%	5.5%	5.0%	4.0%
9	5.0%	5.0%	5.0%	4.5%	4.0%	4.0%
10	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%
11	3.5%	3.5%	3.0%	3.5%	3.5%	3.0%
12	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
13	3.0%	3.0%	3.0%	3.0%	3.0%	2.5%
14	2.5%	2.5%	1.5%	2.5%	2.5%	2.5%
15	2.5%	2.5%	1.5%	2.0%	2.5%	2.5%
16	2.0%	2.0%	1.5%	2.0%	2.0%	2.0%
17	2.0%	2.0%	1.5%	2.0%	2.0%	2.0%
18	2.0%	2.0%	1.5%	1.5%	2.0%	2.0%
19	2.0%	2.0%	1.5%	1.5%	2.0%	2.0%
20	1.5%	1.5%	1.5%	1.0%	1.5%	1.5%
21	1.3%	1.3%	1.3%	1.0%	1.3%	1.3%
22	1.3%	1.3%	1.3%	1.0%	1.3%	1.3%
23	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
24	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
28	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
29	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
30+	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Withdrawal (continued)

Combined Years of Service	Regular – Female					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	28.0%	28.0%	27.0%	26.0%	25.0%	30.0%
1	18.0%	17.0%	16.0%	15.0%	12.5%	12.5%
2	16.0%	13.5%	12.5%	11.5%	10.0%	10.0%
3	16.0%	11.5%	10.5%	9.5%	9.0%	9.0%
4	16.0%	10.0%	9.0%	8.0%	7.5%	7.5%
5	13.0%	8.0%	8.0%	7.5%	7.5%	7.5%
6	12.0%	8.0%	8.0%	7.5%	7.5%	7.5%
7	7.5%	7.5%	7.5%	6.5%	6.5%	6.5%
8	6.0%	6.0%	6.0%	5.5%	5.5%	5.5%
9	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
10	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
11	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
12	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
13	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
14	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
15	3.0%	3.0%	3.0%	2.8%	2.8%	2.8%
16	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%
17	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
18	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
19	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
20	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
21	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
22	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
23	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
24	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
28	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
29	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
30+	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Withdrawal (continued)

Combined Years of Service	Elected Officers' Class: Local					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
1	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
2	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
3	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
4	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
5	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
6	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
7	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
8	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
9	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
10	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
11	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
12	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
13	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
14	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
15	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
16	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
17	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
18	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
19	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
20	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
21	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
22	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
23	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
24	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
25	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
26	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
27	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
28	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
29	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
30+	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%

Withdrawal (continued)

Combined Years of Service	Elected Officers' Class: Leg-Atty-Cab					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
1	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
2	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
3	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
4	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
5	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
6	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
9	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
10	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
11	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
12	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
13	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
14	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
15	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
16	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
17	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
18	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
19	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
20	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
21	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
22	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
23	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
24	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
25	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
26	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
27	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
28	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
29	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
30+	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Withdrawal (continued)

Combined Years of Service	Elected Officers' Class: Judges					
	Attained Age					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
1	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
2	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
3	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
4	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
5	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
6	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
7	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
8	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
9	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
10	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
11	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
12	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
13	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
14	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
15	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
16	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
17	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
18	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
19	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
20	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
21	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
22	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
23	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
24	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
28	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
29	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
30+	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Withdrawal (continued)

Combined Years of Service	Senior Management – Male					
	Under 25	25 to 29	Attained Age			55+
			30 to 34	35 to 44	45 to 54	
0	9.0%	9.0%	9.0%	9.0%	9.0%	11.0%
1	10.5%	10.5%	10.5%	10.5%	10.5%	11.0%
2	17.0%	17.0%	17.0%	17.0%	17.0%	14.5%
3	16.0%	16.0%	16.0%	16.0%	16.0%	10.5%
4	12.0%	12.0%	12.0%	12.0%	12.0%	7.0%
5	10.0%	10.0%	10.0%	10.0%	10.0%	5.0%
6	9.5%	9.5%	9.5%	9.5%	9.5%	5.0%
7	7.0%	7.0%	7.0%	7.0%	7.0%	5.0%
8	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%
9	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%
10	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%
11	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%
12	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
13	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%
14	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
15	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
16	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
17	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
18	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
19	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
20	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
21	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
22	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
23	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
24	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
28	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
29	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
30+	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Withdrawal (continued)

Combined Years of Service	Senior Management – Female					
	Attained Age					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
1	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
2	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
4	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
6	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
7	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
8	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
9	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
10	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
11	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
12	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
13	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
14	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
15	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
16	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
17	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
18	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
19	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
20	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
21	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
22	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
23	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
24	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
28	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
29	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
30+	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Withdrawal (continued)

Special Risk & Special Risk Administrative – Male						
Combined Years of Service	Attained Age					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	17.5%	15.5%	15.5%	17.5%	17.5%	17.5%
1	10.0%	9.0%	9.0%	10.0%	9.0%	9.0%
2	8.0%	8.0%	8.0%	8.0%	7.0%	8.0%
3	7.0%	7.0%	7.0%	7.0%	5.5%	7.0%
4	5.0%	6.0%	6.0%	6.0%	5.5%	6.0%
5	4.0%	5.0%	5.0%	5.0%	4.0%	5.0%
6	4.0%	5.0%	5.0%	5.0%	4.0%	5.0%
7	4.0%	5.0%	4.0%	4.0%	3.5%	4.0%
8	3.5%	4.5%	3.5%	3.5%	3.0%	3.5%
9	3.0%	3.5%	3.0%	3.0%	3.0%	3.0%
10	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
11	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
12	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
13	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
14	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
15	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
16	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
17	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
18	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
19	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
20	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
21	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
22	0.8%	0.8%	0.8%	0.8%	1.0%	1.0%
23	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
24	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
25	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
26	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
27	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
28	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
29	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%
30+	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%

Withdrawal (continued)

Special Risk & Special Risk Administrative – Female						
Combined Years of Service	Attained Age					
	Under 25	25 to 29	30 to 34	35 to 44	45 to 54	55+
0	24.0%	24.0%	24.0%	26.0%	30.0%	30.0%
1	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
2	11.0%	11.0%	9.0%	10.5%	10.5%	10.5%
3	8.0%	8.0%	8.5%	10.5%	10.0%	10.0%
4	8.0%	8.0%	7.0%	7.0%	10.0%	10.0%
5	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
6	6.5%	6.5%	6.5%	6.0%	6.0%	6.0%
7	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
8	5.0%	5.0%	4.5%	4.5%	6.0%	6.0%
9	3.5%	3.5%	3.5%	3.5%	6.0%	6.0%
10	3.5%	3.5%	3.5%	3.5%	5.0%	5.0%
11	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
12	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
13	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%
14	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%
15	2.3%	2.3%	2.3%	2.3%	3.0%	3.0%
16	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%
17	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
18	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%
19	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%
20	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%
21	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%
22	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
23	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
24	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
25	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
26	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
27	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
28	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
29	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
30+	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

**Individual Member Salary Increase Assumptions**

(Based on 2.40% inflation assumption)

Combined Years of Service	Regular	Special Risk	Special Risk Admin	ECO	ESO	Judges	Senior Management
0	7.80%	7.40%	3.70%	3.50%	3.25%	3.50%	8.20%
1	5.80%	5.70%	3.70%	3.50%	3.25%	3.50%	8.20%
2	5.40%	5.40%	3.70%	3.50%	3.25%	3.50%	7.30%
3	5.10%	5.40%	3.70%	3.50%	3.25%	3.50%	6.50%
4	4.70%	5.40%	3.70%	3.50%	3.25%	3.50%	6.10%
5	4.60%	5.40%	3.70%	3.50%	3.25%	3.50%	5.80%
6	4.60%	5.40%	3.70%	3.50%	3.25%	3.50%	5.40%
7	4.50%	5.30%	3.70%	3.50%	3.25%	3.50%	5.10%
8	4.40%	5.30%	3.70%	3.50%	3.25%	3.50%	4.60%
9	4.40%	5.30%	3.70%	3.50%	3.25%	3.50%	4.60%
10	4.40%	5.30%	3.70%	3.50%	3.25%	3.50%	4.60%
11	4.30%	5.10%	3.70%	3.50%	3.25%	3.50%	4.60%
12	4.20%	5.10%	3.70%	3.50%	3.25%	3.50%	4.60%
13	4.20%	5.00%	3.70%	3.50%	3.25%	3.50%	4.60%
14	4.20%	5.00%	3.70%	3.50%	3.25%	3.50%	4.60%
15	4.20%	5.00%	3.70%	3.50%	3.25%	3.50%	4.60%
16	4.20%	4.80%	3.70%	3.50%	3.25%	3.50%	4.60%
17	4.20%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
18	4.10%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
19	4.10%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
20	4.10%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
21	4.00%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
22	4.00%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
23	3.90%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
24	3.90%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
25	3.80%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
26	3.70%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
27	3.60%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
28	3.50%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
29	3.40%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%
30+	3.40%	4.80%	3.70%	3.50%	3.25%	3.50%	4.10%



**Unused Annual Leave Available at Retirement**

Membership Class	Hours
Regular	230
Special Risk	270
Senior Management	310
Others Not Listed Above	230

**Military Service and Out-of-State Service Credits**

Active members are assumed to have purchased the following additional years of service credit.

Type of Service Credit	Special Risk Class		All other classes	
	Men	Women	Men	Women
Military Service Credit <sup>1</sup>	0.2818	0	0.1853	0
Out-of-State Service Credit <sup>2</sup>	0	0	0.0910	0.0910

<sup>1</sup>Pre-1987 hires only; service is eligible for the COLA.

<sup>2</sup>Service of pre-July 1, 2011 enrollees is eligible for the COLA; assumption applies to both tiers.

No extra service credit was assumed for TRS participants.

**Changes to the Actuarial Assumptions**

The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838. Specifically, HB5007 resulted in the development of separate rates of DROP Entry for law enforcement officers, and an assumed 60-month average duration of DROP participation for law enforcement officers who enter DROP in the future. HB689 and SB 838 resulted in updated line-of-duty disability rates and an increase in the portion of all future active member deaths assumed to be in the line of duty from 25% to 30% for all Special Risk class members.

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

## 6. Glossary of Terms

<b>Actuarially Determined Contribution</b>	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
<b>Deferred Inflows/Outflows of Resources</b>	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
<b>Discount Rate</b>	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: <ol style="list-style-type: none"> <li>1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.</li> <li>2. The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.</li> </ol>
<b>Fiduciary Net Position</b>	Equal to market value of assets.
<b>Long-Term Expected Rate of Return</b>	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
<b>Municipal Bond Rate</b>	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
<b>Net Pension Liability</b>	Total Pension Liability minus the Plan's Fiduciary Net Position-
<b>Projected Benefit Payments</b>	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
<b>Service Cost</b>	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b>Total Pension Liability</b>	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Actuarial cost method based on the requirements of GASB 67 and 68.

# FLORIDA NATIONAL GUARD SUPPLEMENTAL RETIREMENT BENEFIT PLAN

## Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers.

GASB 67 applies to financial reporting for public pension plans. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for a sponsoring employer. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

### Demographic Data

We received demographic census data from the Division of Retirement as of June 30, 2020. The following table summarizes the demographic census data we used in our valuation.

	<b>Total</b>
Active Members <sup>1</sup>	12,222
Retirees	736
Terminated Vested Members <sup>2</sup>	470
Total	<u>13,428</u>

<sup>1</sup> Used to project future National Guard Benefit recipients.

<sup>2</sup> Former employees who have met the service requirement for the benefit, but are not yet receiving benefits (most have not met the age requirements to commence receipt.)

## Benefits

The benefits are described in §250.22 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit equal to 50% of the base military salary for the highest rank attained, less any federal retirement benefit derived from military service. Eligibility for the benefit is met when service members have completed at least 30 years of service in the Florida National Guard. Benefits may start as early as age 60<sup>1</sup>.

In 2018, the federal military retirement benefit was changed by the implementation of the Uniform Services Blended Retirement System (BRS). The BRS applies to all new entrants after January 1, 2018 and eligible existing service members who opt-in to the new system. The BRS combines a defined contribution component with a defined benefit annuity component based on a lower multiplier than the legacy federal military retirement benefit. Since the Florida National Guard benefit is offset by the defined benefit component of the federal military retirement benefit, a reduction in the federal benefit offset will result in an increase to the Florida National Guard benefit, absent statutory changes.

This valuation models all new entrants hired on or after January 1, 2018 as participants of the BRS. Existing service members hired between January 1, 2006 and December 31, 2017 were given the opportunity to elect into the BRS during an election window that closed December 31, 2018. The demographic census data provided to us for this valuation does not identify whether a member opted into the BRS or elected to stay in the legacy federal military retirement system. For purposes of this actuarial valuation, we have assumed that all members hired between January 1, 2006 and December 31, 2017 elected to stay in the legacy federal military retirement system. As such, only new entrants hired on or after January 1, 2018 were valued as participating in the BRS.

Members participating in the BRS will not commence receiving benefits for 16 or more years into the future, which means, absent a statutory change to the Florida National Guard benefit, the impact of the federal military retirement benefit change on projected Florida National Guard benefit payments will emerge gradually over time.

The projected year-by-year National Guard benefit payments for the next 40 years are shown in the table below. The table is based on this valuation's demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the Florida National Guard subsequent to the actuarial valuation date.

<b>Projected Annual Benefit Payments</b>			
Fiscal Year (\$millions)		Fiscal Year (\$millions)	
2022-2023	\$17.5	2042-2043	\$28.7
2023-2024	18.0	2043-2044	29.5
2024-2025	18.7	2044-2045	30.4
2025-2026	19.8	2045-2046	31.3
2026-2027	20.6	2046-2047	32.1
2027-2028	21.8	2047-2048	33.0
2028-2029	22.5	2048-2049	33.9
2029-2030	22.9	2049-2050	35.2
2030-2031	23.6	2050-2051	36.3
2031-2032	24.0	2051-2052	37.8
2032-2033	24.3	2052-2053	39.2
2033-2034	24.8	2053-2054	40.3
2034-2035	25.0	2054-2055	41.2
2035-2036	25.4	2055-2056	42.1
2036-2037	25.7	2056-2057	42.8
2037-2038	26.1	2057-2058	43.4
2038-2039	26.5	2058-2059	44.0
2039-2040	26.9	2059-2060	44.5
2040-2041	27.5	2060-2061	44.9
2041-2042	27.9	2061-2062	45.1

<sup>1</sup> The benefit is unreduced at age 62; an Early Retirement Factor applies to benefits paid as early as age 60.



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December 6, 2022

Members of the Florida Legislature and of the Florida National Guard

**Re: Actuary's Statement Regarding Florida National Guard Supplemental Retirement Benefit 2022 Actuarial Valuation**

Dear Florida Legislators and Florida National Guard Members:

Milliman has conducted an actuarial valuation as of June 30, 2022 for the Florida National Guard Supplemental Retirement Benefit program. The first full actuarial valuation for the program was conducted as of June 30, 2014, and full valuations for the program are conducted every other year. In intervening years actuarial valuation results are estimated based on results for the previous year's valuation, with adjustment to reflect pertinent market conditions that affect valuation calculations. The valuation as of June 30, 2022 was a full valuation.

The program is funded on a pay-as-you-go basis, so rather than program funding, the sole purpose of the actuarial valuation is for compliance with standards mandated by the Governmental Accounting Standards Board (GASB) for program financial reporting. For GASB compliance, the relevant GASB standards are Statement No. 67 (for program financial reporting) and Statement No. 68 (for financial reporting by the sponsoring employer). Under GASB 67 the unfunded liability of the program, which is referred to as the Net Pension Liability (NPL), was approximately \$601 million as of June 30, 2022.

The Net Pension Liability (NPL) decreased by approximately \$589 million compared to the prior measurement as of June 30, 2021. The measured liability as of June 30, 2021 was estimated and based on the results of the valuation conducted as of June 30, 2020. This year-over-year decrease was caused by a methodology change that reflects a distinction between years of service in the Florida National Guard and years of total military service, which decreased the NPL by approximately \$397 million, and a change in the discount rate that decreased the NPL by approximately \$191 million. GASB standards mandate use of a market discount rate that reflects yields as of the measurement date on long-duration tax-exempt general obligation municipal bonds. In October 2022, the FRS Actuarial Assumption Conference formally re-adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The bond index used to set the discount rate increased from 2.16% to 3.54% between measurement dates. All else being equal, the higher the discount rate used in a measurement, the lower the calculated program liability.

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 ongoing costs of the program. The demographic actuarial assumptions were developed from recent turnover, retirement and promotion experience for National Guard personnel, from mortality experience for FRS Pension Plan members, and from standard actuarial sources.

This work product was prepared solely for the Florida Department of Management Services for the purposes stated 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.

We believe the assumptions used are reasonable, and that the assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the valuation report are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the valuation report due to many factors, including: program 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 program 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 benefits provision information furnished by the Florida Department of Management Services, Division of Retirement. Although membership data, some of which was provided to the Division of Retirement by the Florida Department of Military Affairs, was subjected to standard editing procedures and was reviewed for reasonableness, Milliman 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 Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, program membership census, and financial information. In our examination of this data, we have found it to be reasonably consistent and comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, 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.

The valuation report was 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 program's operations, and uses data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman does not intend to benefit or create a legal duty to any third party recipient of the valuation report. No third party recipient of Milliman's work product should rely upon the valuation report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

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

The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

**Milliman**

December 6, 2022

Page 3

The actuarial valuation was prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation report is complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. There is no benefit provision or related expense to be provided by the program and/or paid from the program's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation.

To the best of my knowledge, there were no known events that were not taken into account in the valuation. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the valuation report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,



Matt Larrabee, FSA, EA, MAAA

Principal & Consulting Actuary

**Milliman**

This work product was prepared solely for the Florida Department of Management Services for the purposes stated 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.



# Florida Retirement System

## Actuarial Valuation of Florida National Guard Supplemental Retirement Benefit as of July 1, 2022 for GASB 67 and 68 Disclosures

Prepared by:

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This work product was prepared solely for Florida 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.

## 1. Summary of Results

### A. Assignment and Executive Summary

This report presents the results of the July 1, 2022 actuarial valuation of the Florida National Guard Supplemental Retirement Benefit (“National Guard Benefit”) provided to eligible retired officers and enlisted members with at least 30 years of service in the Florida National Guard. The valuation uses data, methods, and assumptions as described in Sections 4 and 5 of this report. The valuation’s primary purpose is to develop the financial reporting entries of the National Guard Benefit under GASB 67 and 68.

The Total Pension Liability (TPL) decreased by \$589.4 million (or 49%), from \$1,190.8 million to \$601.4 million, between the June 30, 2021 and June 30, 2022 measurement dates. Methodology and assumption changes had a combined impact of decreasing the TPL by \$588.4 million. Most significantly, this valuation introduces methodology that reflects a distinction between years of service in the Florida National Guard and years of total military service, which caused a decrease in TPL of \$397.1 million. The discount rate assumption changed from 2.16% to 3.54%, causing a decrease in TPL of \$191.3 million. Demographic experience decreased the TPL, which was primarily the result of more turnover than expected since the last full valuation two years prior.

### B. Purpose of the Requirements

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers.

GASB 67 applies to financial reporting for public pension plans. Note that a plan’s fiscal year might not be the same as the employer’s fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for a sponsoring employer. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

### C. Demographic Data

We received demographic census data from the Division of Retirement as of June 30, 2022. The following table summarizes the demographic census data we used in our valuation.

	Total
Active Members <sup>1</sup>	12,222
Retirees	736
Terminated Vested Members <sup>2</sup>	<u>470</u>
Total	13,428

<sup>1</sup>Used to project future National Guard Benefit recipients.

<sup>2</sup>Former employees who have met the service requirement for the benefit, but are not yet receiving benefits (most have not met the age requirement to commence receipt.)

#### D. Benefits

The benefits are described in §250.22 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit equal to 50% of the base military salary for the highest rank attained, less any federal retirement benefit derived from military service. Eligibility for the benefit is met when service members have completed at least 30 years of service in the Florida National Guard. Benefits may start as early as age 60<sup>1</sup>.

In 2018, the federal military retirement benefit was changed by the implementation of the Uniform Services Blended Retirement System (BRS). The BRS applies to all new entrants after January 1, 2018 and eligible existing service members who opt-in to the new system. The BRS combines a defined contribution component with a defined benefit annuity component based on a lower multiplier than the legacy federal military retirement benefit. Since the Florida National Guard benefit is offset by the defined benefit component of the federal military retirement benefit, a reduction in the federal benefit offset will result in an increase to the Florida National Guard benefit, absent statutory changes.

This valuation models all new entrants hired on or after January 1, 2018 as participants of the BRS. Existing service members hired between January 1, 2006 and December 31, 2017 were given the opportunity to elect into the BRS during an election window that closed December 31, 2018. The demographic census data provided to us for this valuation does not identify whether a member opted into the BRS or elected to stay in the legacy federal military retirement system. For purposes of this actuarial valuation, we have assumed that all members hired between January 1, 2006 and December 31, 2017 elected to stay in the legacy federal military retirement system. As such, only new entrants hired on or after January 1, 2018 were valued as participating in the BRS.

Members participating in the BRS will not commence receiving benefits for 14 or more years into the future, which means, absent a statutory change to the Florida National Guard benefit, the impact of the federal military retirement benefit change on projected Florida National Guard benefit payments will emerge gradually over time.

---

<sup>1</sup> The benefit is unreduced at age 62; an Early Retirement Factor applies to benefits paid as early as age 60.

The projected year-by-year National Guard benefit payments for the next 40 years are shown in the table below. The table is based on this valuation’s demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the Florida National Guard subsequent to the actuarial valuation date.

Projected Annual Benefit Payments			
Fiscal Year	(\$millions)	Fiscal Year	(\$millions)
2022-2023	\$17.5	2042-2043	\$28.7
2023-2024	18.0	2043-2044	29.5
2024-2025	18.7	2044-2045	30.4
2025-2026	19.8	2045-2046	31.3
2026-2027	20.6	2046-2047	32.1
2027-2028	21.8	2047-2048	33.0
2028-2029	22.5	2048-2049	33.9
2029-2030	22.9	2049-2050	35.2
2030-2031	23.6	2050-2051	36.3
2031-2032	24.0	2051-2052	37.8
2032-2033	24.3	2052-2053	39.2
2033-2034	24.8	2053-2054	40.3
2034-2035	25.0	2054-2055	41.2
2035-2036	25.4	2055-2056	42.1
2036-2037	25.7	2056-2057	42.8
2037-2038	26.1	2057-2058	43.4
2038-2039	26.5	2058-2059	44.0
2039-2040	26.9	2059-2060	44.5
2040-2041	27.5	2060-2061	44.9
2041-2042	27.9	2061-2062	45.1

**E. Actuarial Methods and Assumptions**

In general, the discount rate used for calculating the total pension liability under GASB 67 and 68 is equal to the single rate that results in the same Actuarial Present Value as would be calculated by using two different discount rates as follows:

1. Discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net position (trust assets); and
2. Discount at a municipal bond rate for benefit payments after the projected depletion date.

Because the National Guard Benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to a long-duration, high-quality, tax-exempt municipal bond rate selected by the plan sponsor. In October 2022 the Actuarial Assumption Conference re-affirmed the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index.

As noted previously, this valuation reflects a change in methodology to reflect a distinction between years of service in the Florida National Guard and years of total military service. In all years that a valuation has been conducted, with one exception, the active census data provided to us has contained only one field denoting date of hire, on which years of service is calculated. In prior valuations, we used this field as the date of entry into the Florida National Guard, and made no distinction between Florida National Guard service and total military service. The data provided for the 2020 valuation contained two entry dates: one denoting the date the member entered the military, and one denoting the date the member entered the Florida National Guard. These dates were equivalent for many, but not all actives. In 2022 the active census again contained only one date of hire, which was specified as the date the member entered the Florida National Guard.

Effective with this July 1, 2022 valuation, we distinguish between Florida National Guard service (which is used for benefit eligibility and retirement assumptions) and total military service (on which salary increase and withdrawal assumptions are based). Since Florida National Guard service is less than or equal to total military service for all active members, this methodology change has the effect of increasing the average number of years until members are assumed to reach the 30 years of Florida National Guard service required to be eligible for benefits. Thus, the methodology change decreased the TPL.

For active members in 2022 who were not in the 2020 valuation, we developed an assumption for the years of total military service earned. Please see Section 4 for additional detail.

Please see Section 5 of this report for a description of the complete set of actuarial assumptions and methods used in the valuation.

#### F. Limitations and Certification

Actuarial computations presented in this report under GASB Statement Nos. 67 and 68 are for purposes of assisting the State of Florida in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for the fiscal year July 1, 2021 to June 30, 2022. The reporting date for determining plan assets and obligations is June 30, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements. This report includes only the National Guard Benefits that are provided by the State of Florida as a supplement to federally-paid benefits.

In preparing this report we relied, without audit, on information (some oral and some written) supplied by the Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We performed a limited review of the census and other information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised. Please note that this report is based on the June 30, 2022 assets for the program as reported to us by the Florida Department of Management Services on November 16, 2022.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement. The valuation results were developed using models employing standard actuarial techniques.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors such as, but not limited to, the following: 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.

Milliman's work product was prepared exclusively for the internal business use of the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. It is a complex technical analysis

that assumes a high level of knowledge concerning the plan’s operations and uses data provided by the Division, which Milliman has not audited. To the extent that Milliman’s work is not subject to disclosure under applicable public records laws, Milliman’s work may not be provided to third parties without Milliman’s prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman’s consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

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

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

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

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Matt R. Larrabee, FSA, EA, MAAA  
Principal and Consulting Actuary



Kathryn M. Hunter, FSA, EA, MAAA  
Consulting Actuary



Daniel R. Wade, FSA, EA, MAAA  
Principal and Consulting Actuary

MRL/KMH/DRW

## 2. Disclosure Exhibits

The following pages display the calculation of the Net Pension Liability and the Changes to the Net Pension Liability over the past year. The June 30, 2022 calculations are based on census data and demographic assumptions from this July 1, 2022 actuarial valuation. The June 30, 2021 results were developed based on census data and demographic assumptions from the July 1, 2020 actuarial valuation, rolled-forward to July 1, 2021 using standard actuarial techniques. Due to the pay-as-you-go nature of the program, full actuarial valuations are not conducted on an annual basis, but instead are conducted in even-numbered years only. Liabilities for odd-numbered years are developed based on the results of a full actuarial valuation using standard roll-forward techniques. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate index.

## Net Pension Liability

Net Pension Liability	June 30, 2021	June 30, 2022
Total pension liability	\$1,190,776,748	\$601,400,987
Fiduciary net position	0	0
Net pension liability	1,190,776,748	601,400,987
Fiduciary net position as a % of total pension liability	0.00%	0.00%
Covered payroll	519,073,000	567,068,000
Net pension liability as a % of covered payroll	229.40%	106.05%

The total pension liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

### Discount Rate

Discount rate	2.16%	3.54%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.16%	3.54%

In general, the discount rate for calculating the total pension liability under GASB 67 and 68 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the National Guard benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor.

### Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation Date	July 1, 2020	July 1, 2022
Measurement Date	June 30, 2021	June 30, 2022
Individual Member Salary Increase	Varies by service; separate tables for officers & enlisted; see Section 5 valuation)	Varies by service; separate tables for officers & enlisted; see Section 5
Annual increase for net Florida National Guard benefit <sup>1</sup>	2.80%	2.80%
Mortality	PUB-2010 with Projection Scale MP-2018 (see Section 5)	PUB-2010 with Projection Scale MP-2018 (see Section 5)
Actuarial cost method	Entry Age Normal	Entry Age Normal

<sup>1</sup> Reflects the projected effect on the net Florida National Guard benefit of a 2.4% inflation increase assumption for the total Florida plus federal benefit and a 2.0% increase assumption for the federal portion of the benefit.

## Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2021	\$1,190,776,748	\$0	\$1,190,776,748
Changes for the year:			
Service cost	25,943,140		25,943,140
Interest on total pension liability	26,113,781		26,113,781
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(37,487,055)		(37,487,055)
Effect of methodology and assumption changes or inputs	(588,365,270)		(588,365,270)
Benefit payments	(15,580,357)	(15,580,357)	0
Employer contributions		15,588,557	(15,588,557)
Member contributions		0	0
Net investment income		0	0
Administrative expenses		(8,200)	8,200
Balances as of June 30, 2022	601,400,987	0	601,400,987

### Sensitivity Analysis

The following presents the net pension liability of the Plan, calculated using the discount rate of 3.54%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate.

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total pension liability	\$732,053,653	\$601,400,987	\$502,745,269
Fiduciary net position	0	0	0
Net pension liability	732,053,653	601,400,987	502,745,269

**Schedule of Changes in Net Pension Liability and Related Ratios<sup>1</sup>**  
(in 1,000s)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>									
Service cost	\$25,943	\$24,859	\$13,967	\$11,581	\$9,925	\$12,904	\$9,044	\$7,161	\$5,979
Interest on total pension liability	26,114	25,620	28,874	28,506	21,080	19,100	19,259	19,164	18,852
Effect of plan changes	0	0	0	0	0	0	0	0	0
Effect of economic/demographic (gains) or losses	(37,487)	0	24,815	0	39,056	0	27,462	0	0
Effect of assumption and methodology changes or inputs	(588,365)	13,673	271,102	60,964	90,988	(95,585)	118,279	46,330	27,926
Benefit payments	(15,580)	(15,505)	(15,121)	(14,999)	(14,897)	(14,677)	(14,413)	(14,423)	(14,366)
Net change in total pension liability	(589,376)	48,647	323,637	86,052	146,153	(78,258)	159,632	58,232	38,391
Total pension liability, beginning	1,190,777	1,142,130	818,493	732,441	586,288	664,547	504,915	446,683	408,292
Total pension liability, ending (a)	601,401	1,190,777	1,142,130	818,493	732,441	586,288	664,547	504,915	446,683
<b>Fiduciary Net Position</b>									
Employer contributions	\$15,589	\$15,551	\$15,129	\$15,044	\$14,905	\$14,720	\$14,423	\$14,495	\$14,366
Member contributions	0	0	0	0	0	0	0	0	0
Investment income net of investment expenses	0	0	0	0	0	0	0	0	0
Benefit payments	(15,580)	(15,505)	(15,121)	(14,999)	(14,897)	(14,677)	(14,413)	(14,423)	(14,366)
Administrative expenses	(8)	(46)	(8)	(45)	(8)	(43)	(10)	(73)	0
Net change in plan fiduciary net position	0	0	0	0	0	0	0	0	0
Fiduciary net position, beginning	0	0	0	0	0	0	0	0	0
Fiduciary net position, ending (b)	0	0	0	0	0	0	0	0	0
Net pension liability, ending = (a) - (b)	\$601,401	\$1,190,777	\$1,142,130	\$818,493	\$732,441	\$586,288	\$664,547	\$504,915	\$446,683
Fiduciary net position as a % of total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$567,068	\$519,073	\$508,895	\$495,379	\$485,666	\$487,100	\$477,549	\$476,278	\$466,939
Net pension liability as a % of covered payroll	106.05%	229.40%	224.43%	165.23%	150.81%	120.36%	139.16%	106.01%	95.66%

<sup>1</sup> This exhibit will fill in to a ten-year schedule as results for new fiscal years are calculated. Amounts shown in exhibit are rounded to the nearest thousand. As such, sums may differ from amounts displayed due to rounding.

## Pension Expense

Pension Expense	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
Service cost	\$24,859,084	\$25,943,140
Interest on total pension liability	25,620,062	26,113,781
Effect of plan changes	0	0
Administrative expenses	46,000	8,200
Member contributions	0	0
Expected investment return net of investment expenses	0	0
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	7,840,195	5,710,249
Recognition of assumption and methodology changes or inputs	45,296,339	11,866,494
Recognition of investment gains or losses	0	0
Pension Expense	<u>\$103,661,680</u>	<u>\$69,641,864</u>

As of June 30, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	(\$35,357,109)	\$51,526,725
Changes of assumptions	(600,650,091)	373,672,824
Net difference between projected and actual earnings	0	0
Contributions made subsequent to measurement date	<u>0</u>	<u>0</u>
Total	(636,007,200)	425,199,549

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$17,576,743
2024	17,576,743
2025	17,103,414
2026	14,424,839
2027	4,947,269
Thereafter*	(282,436,659)

\* Note that additional future deferred inflows and outflows of resources may impact these numbers.

### Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized in Pension Expense in Fiscal Year Ending 06/30/2022	Balance of Deferred Inflows as of 06/30/2022	Balance of Deferred Outflows as of 06/30/2022
<b>Economic/demographic gains or losses</b>	27,461,729	06/30/2016	11.5	2,387,976	0	10,745,897
	0	06/30/2017	0.0	0	0	0
	39,056,346	06/30/2018	11.6	3,366,926	0	22,221,716
	0	06/30/2019	0.0	0	0	0
	24,814,991	06/30/2020	11.9	2,085,293	0	18,559,112
	0	06/30/2021	0.0	0	0	0
	(37,487,055)	06/30/2022	17.6	<u>(2,129,946)</u>	<u>(35,357,109)</u>	<u>0</u>
		Total		5,710,249	(35,357,109)	51,526,725
<b>Methodology and Assumption changes or inputs</b>	27,926,423	06/30/2014	11.8	2,366,646	0	6,626,609
	46,329,910	06/30/2015	11.8	3,926,264	0	14,919,798
	118,279,231	06/30/2016	11.5	10,285,151	0	46,283,174
	(95,585,214)	06/30/2017	11.5	(8,311,758)	(45,714,666)	0
	90,988,437	06/30/2018	11.6	7,843,831	0	51,769,282
	60,964,398	06/30/2019	11.6	5,255,552	0	39,942,190
	271,102,097	06/30/2020	11.9	22,781,689	0	202,757,030
	13,672,669	06/30/2021	11.9	1,148,964	0	11,374,741
	(588,365,270)	06/30/2022	17.6	<u>(33,429,845)</u>	<u>(554,935,425)</u>	<u>0</u>
		Total		11,866,494	(600,650,091)	373,672,824

\* Economic/demographic (gains)/losses and methodology and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. There are no Investment (gains)/losses because of the unfunded nature of the plan.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
<b>Balances as of June 30, 2021</b>	(\$1,190,776,748)	\$0	(\$1,190,776,748)	(\$54,026,424)	\$486,647,841	\$432,621,417	(\$758,155,331)	
Service cost	(25,943,140)		(25,943,140)					25,943,140
Interest on total pension liability	(26,113,781)		(26,113,781)					26,113,781
Effect of plan changes	0		0					0
Effect of liability gains or losses	37,487,055		37,487,055	(37,487,055)		(37,487,055)		
Effect of methodology and assumption changes or inputs	588,365,270		588,365,270	(588,365,270)		(588,365,270)		
Benefit payments	15,580,357	(15,580,357)	0					
Administrative expenses		(8,200)	(8,200)					8,200
Member contributions	0	0	0	0	0	0	0	0
Expected investment income (net of inv expenses)		0	0					0
Investment gains or losses		0	0			0		
Employer contributions		15,588,557	15,588,557				15,588,557	
Recognition of liability gains or losses				2,129,946	(7,840,195)	(5,710,249)		5,710,249
Recognition of methodology and assumption changes or inputs				41,741,603	(53,608,097)	(11,866,494)		11,866,494
Recognition of investment gains or losses						0		0
Annual expense							(69,641,864)	69,641,864
<b>Balances as of June 30, 2022</b>	(601,400,987)	0	(601,400,987)	(636,007,200)	425,199,549	(210,807,651)	(812,208,638)	



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### 3. Summary of Benefits

#### Eligibility

Normal (Unreduced) Retirement:

- Age 62 and 30+ years of Florida National Guard service

Early (Reduced) Retirement:

- Age 60 and 30+ years of Florida National Guard service

Vested Deferred Retirement:

- Below age 60 and 30+ years of Florida National Guard service

Service is earned while serving in the Florida National Guard as an officer or enlisted person subject to the following:

- a) Service in federal military forces during a period of war or upon order of the President, in any military duty, shall be included provided the employee was inducted into such federal service from the Florida National Guard, and further provided that service performed after July 1, 1955 shall be included only if the service was federally recognized.
- b) Service in federal military forces during any of the following periods shall be included at double the time of actual service if the employee was inducted into such federal service from the Florida National Guard:
  - (i) August 27, 1940 to December 31, 1946,
  - (ii) June 29, 1950 to January 31, 1955,
  - (iii) August 5, 1964 to May 7, 1975, or
  - (iv) August 1, 1990 to September 1, 1991.
- c) Time served on the inactive or retired lists is excluded.

#### Monthly Benefit

The monthly benefit is the excess of (a) over (b) where:

- a) 50% of the base monthly military salary for the highest rank attained
- b) The monthly federal retirement benefit paid by the Federal Government derived from the member's military service.

Early Retirement Factors applicable to (a) above for retirement before age 62 are 0.85013 and 0.92081 for ages 60 and 61, respectively.

For any member the offset benefit reflected in (b) is the defined benefit provided under the legacy federal military retirement program or the defined benefit component provided under the BRS, which was implemented January 1, 2018.

Annually, the benefit amount is adjusted to reflect the current year's military salary tables and cost-of-living increases in the member's federal retirement benefits.

#### Form of Payment

Life annuity to the retiree; no benefit is provided to survivors of deceased covered retirees.

## 4. Summary of Data

### Demographic Data

We received demographic data from the Division of Retirement as of June 30, 2022. We understand that the listings of active and terminated vested members came from the Office of Military Affairs. Additionally, the Division provided census data for current retirees receiving the National Guard Benefit.

#### **Active Members**

The active data includes 12,222 members serving in the Florida National Guard. These members may qualify for the National Guard Benefit when they retire. This census data included gender, date of birth, date of hire in the Florida National Guard, military branch, and current rank. For active members who were also included in the 2020 valuation, we also relied on the 2020 census information to determine the member's years of total military service. For active members who were not included in the 2020 valuation, we assumed years of total military service based on the member's paygrade.

#### **Retirees**

The retiree data includes 736 retirees currently receiving the National Guard Benefit. Census provided by the Division of Retirement included gender, date of birth, date of retirement, and monthly benefit amount. We also received a listing showing the gross benefits (50% of salary) and offset benefits (federal military pension) by retiree, both before and after reflection of the calendar year 2022 increase to the federal military salary tables and increase to federal military pensions.

#### **Terminated Vested Members**

The valuation includes 470 terminated vested members who meet the service requirement for the National Guard Benefit, and either do not yet meet the age requirement, or have not yet commenced receiving benefits. This population was constructed based on a listing of terminated vested members provided by the Office of Military Affairs, plus 33 records for terminated active members included in the prior valuation who met the service requirement to be eligible for the Florida National Guard benefit at retirement. We estimated the National Guard Benefit amounts for these members based on their highest military rank attained.

### Active Members

Branch & Classification	Count	Average Age	Average Florida NG Service	Average Total Military Service
Officers - Army	1,146	36.2	6.9	13.5
Officers - Air Force	297	42.3	7.8	18.9
Enlisted - Army	8,772	29.8	5.5	8.4
Enlisted - Air Force	1,769	34.7	7.2	12.6
Warrant Officers - Army	238	43.1	7.9	21.7
Total	12,222	31.6	6.0	10.0

**Active Members by Age and Service**

Year of Service	Current Age of Member									Total
	Under 30	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	
Under 5	5,106	1,134	702	302	142	75	38	3	0	<b>7,502</b>
5 – 9	794	535	408	227	99	50	26	1	1	<b>2,141</b>
10 – 14	66	408	354	224	119	83	21	2	1	<b>1,278</b>
15 – 19	0	93	237	179	99	80	27	1	1	<b>717</b>
20 – 24	0	0	71	135	65	62	33	1	0	<b>367</b>
25 – 29	0	0	0	13	47	41	19	2	0	<b>122</b>
30 – 34	0	0	0	0	10	31	25	0	0	<b>66</b>
35+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>15</u>	<u>1</u>	<u>0</u>	<b><u>29</u></b>
<b>Total</b>	<b>5,966</b>	<b>2,170</b>	<b>1,772</b>	<b>1,080</b>	<b>581</b>	<b>435</b>	<b>204</b>	<b>11</b>	<b>3</b>	<b>12,222</b>

**Inactive Members**

Status	Count	Average Age	Average Annual Net Florida NG Benefit
Retirees	736	76.0	\$21,270
Terminated Vested Members	<u>470</u>	<u>58.9</u>	<u>19,208</u>
<b>Total</b>	<b>1,206</b>	<b>69.3</b>	<b>20,466</b>

## 5. Actuarial Assumptions and Methods

The actuarial assumptions are intended to estimate the future experience of service members who are either currently receiving, or are potentially eligible in the future for, the National Guard Benefit. Any variations in future experience from that assumed will result in corresponding changes in the costs of the National Guard Benefits estimated in this valuation.

### Data

As discussed in the preceding section, the analysis in this study was based on data as of June 30, 2022, as provided by the Division of Retirement. The data used in this valuation consist of records of age, service, and military rank/pay of active members, annuitants, and other inactive members with a vested entitlement to future benefits. The Division of Retirement is solely responsible for the validity, accuracy, and comprehensiveness of this information; the results of our analysis can be expected to differ and may need to be revised if the underlying data supplied is incomplete or inaccurate.

This valuation models all new entrants hired on or after January 1, 2018 as participants of the Uniform Services Blended Retirement System (BRS). Existing service members hired between January 1, 2006 and December 31, 2017 were given the opportunity to elect into the BRS during an election window that closed December 31, 2018. The demographic census data provided to us for this valuation does not identify whether a member opted into the BRS or elected to stay in the legacy federal military retirement system. For purposes of this actuarial valuation, we have assumed that all members hired between January 1, 2006 and December 31, 2017 elected to stay in the legacy federal military retirement system. As such, only new entrants hired on or after January 1, 2018 were valued as participating in the BRS.

### Methods and Procedures

**Actuarial cost method:** Consistent with the relevant GASB financial reporting standards, the actuarial valuation is prepared using the individual entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual’s projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost.

The normal cost for the valuation year was calculated separately for each individual, based on his or her age at entry into the Florida National Guard. The individual normal costs were then aggregated to determine the total normal cost.

**Valuation of Assets:** Not applicable

### Economic and Federal Military Benefit Assumptions

Assumption	
Federal Military Defined Benefit for Future Retirees	Legacy System: 27% of pay for applicable rank and service BRS: 21.6% of pay for applicable rank and service
Annual Increase for Net Florida National Guard Supplemental Benefit	2.80%
Discount Rate	Bond Buyer General Obligation 20-Bond Municipal Bond Index: June 30, 2021 2.16% June 30, 2022 3.54%

The assumed annual increase on the net Florida National Guard benefit was maintained at 2.80% to be consistent with observed recent actual increases in the Florida National Guard benefit. Rather than being directly determined by a single measure such as CPI, the net Florida National Guard benefit's increase is affected by differing levels of increase between military pay tables and federal military defined benefits for retired members.

The assumed level of federal military benefits in the legacy system is based on a review of retirees from the past eight years, and is unchanged from the prior valuation. The assumed level of federal military benefits in the BRS was set to be 80% of the legacy system based on the relationship of the BRS defined benefit multiplier (2%) to the defined benefit multiplier of the legacy federal system (2.5%).

## Demographic Assumptions

### Mortality

Consistent with the mortality assumptions used by the Florida Retirement System Pension Plan for members other than Special Risk or K-12 School Instructional Personnel

PUB-2010 base tables listed below, generational mortality using gender-specific MP-2018 mortality improvement scale

Healthy Inactive Mortality (Post-Employment)

- Female: Headcount weighted general below median healthy retiree female table
- Male: Headcount weighted general below median healthy retiree male table, set back 1 year

Healthy Active Mortality (During Employment)

- Female: Headcount weighted general below median healthy employee female table
- Male: Headcount weighted general below median healthy employee male table, set back 1 year

### Service Retirement

Members are assumed to take unreduced retirement at the rates shown in the following tables. These rates represent the probability of retiring in the year they complete the specified years of Florida National Guard service.

All members who have attained age 70 in active service are assumed to retire immediately.

Complete data to calculate the federal military benefits was not available for current active and deferred vested members. Based on statistics taken from the population of current retirees, we assumed the unreduced Florida National Guard benefit for members participating in the legacy federal military benefit system who have not yet retired will equal 23%<sup>1</sup> of the member's salary at the highest rank attained. For members who participate in the Uniform Services Blended Retirement System (BRS), we assumed the unreduced Florida National Guard benefit at retirement for members not yet retired will equal 28.4%<sup>2</sup> of the member's salary at the highest rank attained.

<sup>1</sup> 50% base monthly salary less 27% assumed attributable to the legacy federal military defined benefit program.

<sup>2</sup> 50% base monthly salary less 21.6% assumed attributable to defined benefit component of the BRS federal military benefit.

Annual Rates of Retirement

	Years of Florida NG Service	All Members
	30 - 33	25%
	34 - 36	30%
	37+	45%

Withdrawal

Terminations of Employment Annual Rates

Years of Total Military Service	Army		Air Force	
	Officers <sup>1</sup>	Enlisted	Officers	Enlisted
0	2.0%	11.0%	3.0%	6.0%
1	2.0%	11.0%	3.0%	6.0%
2	3.0%	11.0%	3.0%	6.0%
3	3.0%	11.0%	3.0%	6.0%
4	4.0%	11.0%	3.0%	6.0%
5	6.0%	35.0%	3.0%	24.0%
6	8.0%	20.0%	3.0%	14.0%
7	8.0%	20.0%	3.0%	9.0%
8	8.0%	17.0%	3.0%	8.0%
9	7.0%	13.0%	3.0%	8.0%
10	7.0%	12.0%	3.0%	7.0%
11	6.0%	12.0%	3.0%	7.0%
12	5.0%	12.0%	3.0%	7.0%
13	5.0%	12.0%	3.0%	7.0%
14	4.0%	12.0%	3.0%	7.0%
15	4.0%	9.0%	3.0%	7.0%
16	4.0%	9.0%	3.0%	7.0%
17	3.0%	9.0%	3.0%	7.0%
18	3.0%	9.0%	3.0%	7.0%
19	3.0%	9.0%	3.0%	7.0%
20+	7.2%	12.0%	12.0%	10.5%

<sup>1</sup> Includes Warrant Officers

Withdrawal assumptions were established based on a review of the Fiscal Year 2014 *Official Guard and Reserve Manpower Strengths and Statistics* report published by the Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs). Rates for years of service 0-19 were based on the last six years of observed turnover nationally, while rates for years 20+ were modified from federally observed rates due to anticipated differences between Florida and national turnover due to the 30-year vesting requirement of Florida benefits. The rates for years 20+ were updated as of July 1, 2022 based on recent observed experience specific to the Florida National Guard program.

**Individual Member Annual Salary Increase Assumption**

The increase was developed based on a review of the anticipated service and promotion progression of members through the federal military pay tables over time, including the economic assumption regarding average future annual long-term increases in the amounts in the federal military pay tables.

Identical rates apply to Army National Guard and Air National Guard service members

Years of Total Military Service	Officers
0 - 3	16.3%
4 - 21	5.5%
22 - 29	2.8%
30 +	2.4%

Years of Total Military Service	Enlisted
0 - 3	14.2%
4 - 15	6.1%
16 - 23	4.8%
24 +	3.3%

Years of Total Military Service	Warrant Officers
0 - 1	13.2%
2 - 19	5.6%
20 +	3.3%

**Assumed Total Military Service**

For active members in the 2022 census who were not active in the 2020 valuation, we assumed total military service based on the member’s paygrade, as specified below. The table below shows the average total military service by paygrade for actives in the 2020 valuation (which is the census for which we received date entered military separate from date entered Florida National Guard). On an individual basis, we further restricted total military service to be not less than total Florida National Guard service, and the age at which the member entered the military to be not less than 18.

Officers	Total Military Service
O-1	6.09
O-2	8.27
O-3	14.29
O-4	19.42
O-5	24.06
O-6	28.21
O-7	31.17
O-8	37.50
O-9	37.50
O-10	37.50

Enlisted	Total Military Service
E-1	0.41
E-2	0.98
E-3	2.06
E-4	5.59
E-5	10.44
E-6	15.41
E-7	21.19
E-8	25.11
E-9	30.37

Warrant Officers	Total Military Service
W-1	13.26
W-2	19.41
W-3	23.23
W-4	30.51
W-5	37.00

### Changes to the Actuarial Assumption and Methods

The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

The withdrawal rates for years 20+ were updated based on recent observed experience specific to the Florida National Guard program.

This valuation introduces methodology that reflects a distinction between years of service in the Florida National Guard and years of total military service. Additionally, an assumption was added for years of total military service for those actives for whom we are not given a date entered the military.

## 6. Glossary of Terms

<b>Deferred Inflows/Outflows of Resources</b>	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
<b>Discount Rate</b>	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: <ol style="list-style-type: none"><li>1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.</li><li>2. The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.</li></ol>
<b>Fiduciary Net Position</b>	Equal to market value of assets.
<b>Municipal Bond Rate</b>	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
<b>Net Pension Liability</b>	Total Pension Liability minus the Plan's Fiduciary Net Position.
<b>Projected Benefit Payments</b>	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
<b>Service Cost</b>	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b>Total Pension Liability</b>	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.



Peacock Springs in Live Oak, Florida

# Statistical Section

## MEMBERSHIP AND PAYROLL

As of June 30

### TOTAL FRS MEMBERSHIP

	2021 <sup>1</sup>	2022 <sup>1</sup>	% Change
Members	635,266	629,073	(0.97)
Annual Payroll <sup>2</sup>	\$ 35,133,996,743	\$ 36,196,252,275	3.02
Average Annual Salary	\$ 50,395	\$ 52,412	4.00

### FRS INVESTMENT PLAN MEMBERSHIP

	2021 <sup>1</sup>	2022 <sup>1</sup>	% Change
Members	176,577	184,923	4.73
Annual Payroll <sup>2</sup>	\$ 10,396,227,631	\$ 11,162,690,298	7.37
Average Annual Salary	\$45,372	\$46,824	3.20

### FRS PENSION PLAN MEMBERSHIP

	2021 <sup>1</sup>	2022 <sup>1</sup>	% Change
Members	458,689	444,150	(3.17)
Annual Payroll <sup>2</sup>	\$ 24,737,769,112	\$ 25,033,561,976	1.20
Average Annual Salary	\$52,328	\$54,739	4.60

## 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.

	2021 <sup>1</sup>	2022 <sup>1</sup>	% Change
Annuitants	440,307	448,846	1.94
Benefit Payments (Annualized)	\$ 10,732,490,040	\$ 11,226,457,708	4.60
Average Benefits (Annualized)	\$24,375	\$25,012	2.61

### DISABILITIES

	2021 <sup>1</sup>	2022 <sup>1</sup>	% Change
Disabled Retirees	15,138	14,858	(1.85)
Benefit Payments (Annualized)	\$ 261,140,959	\$ 265,058,001	1.50
Average Benefits (Annualized)	\$17,251	\$17,839	3.41

### DROP PARTICIPANTS

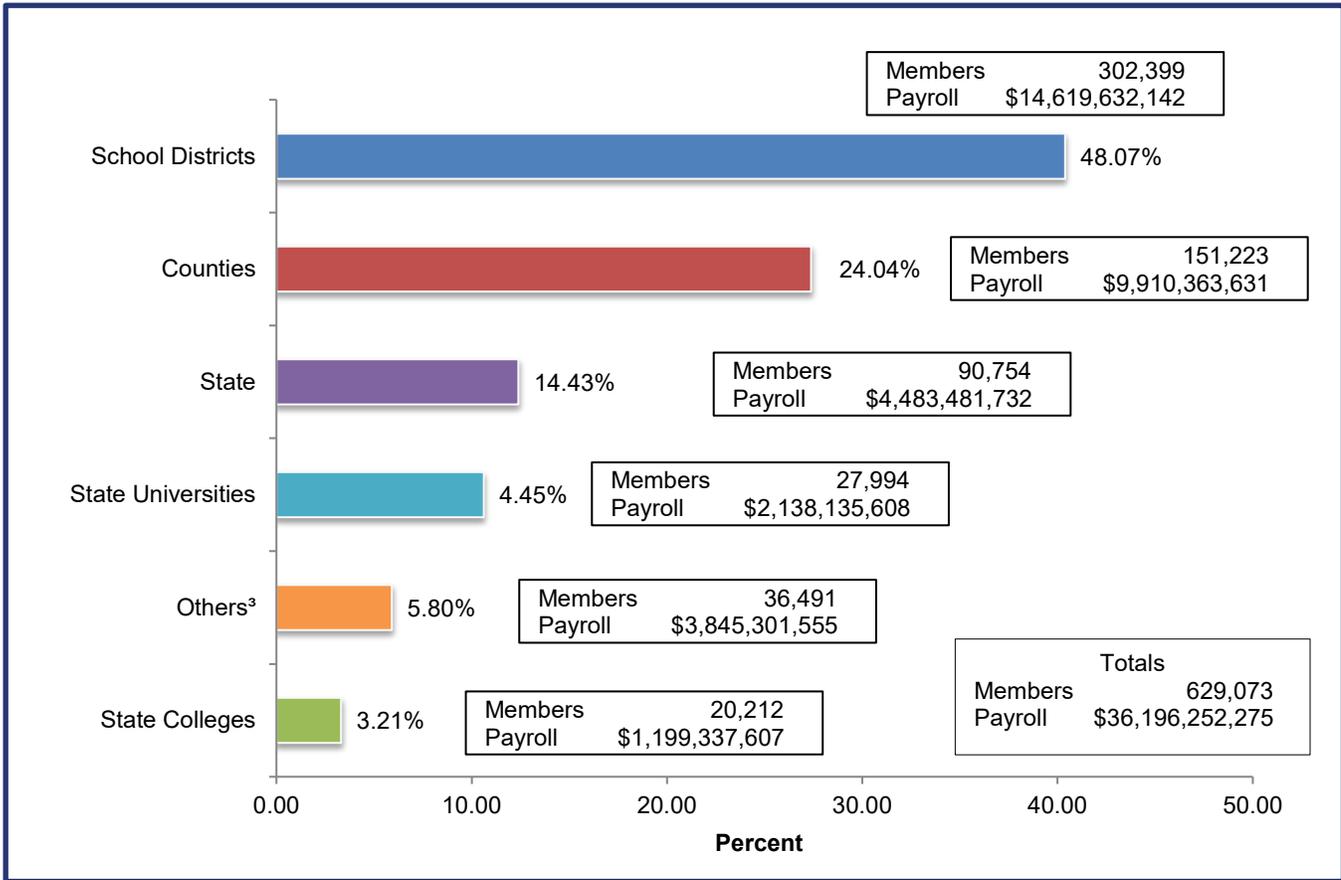
	2021	2022	% Change
DROP Participants	31,655	28,827	(8.93)
Annual Payroll	\$ 2,057,860,910	\$ 2,015,167,601	(2.07)
DROP Accrued Liability	\$ 2,414,990,055	\$ 2,414,504,188	(0.02)

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

<sup>2</sup> Totals include non-member funding payroll.

# SOURCE OF FRS MEMBERSHIP<sup>1</sup> AND COVERED PAYROLL<sup>2</sup> FOR FISCAL YEAR 2021-22<sup>1</sup>

% = Percent of Total Active Members



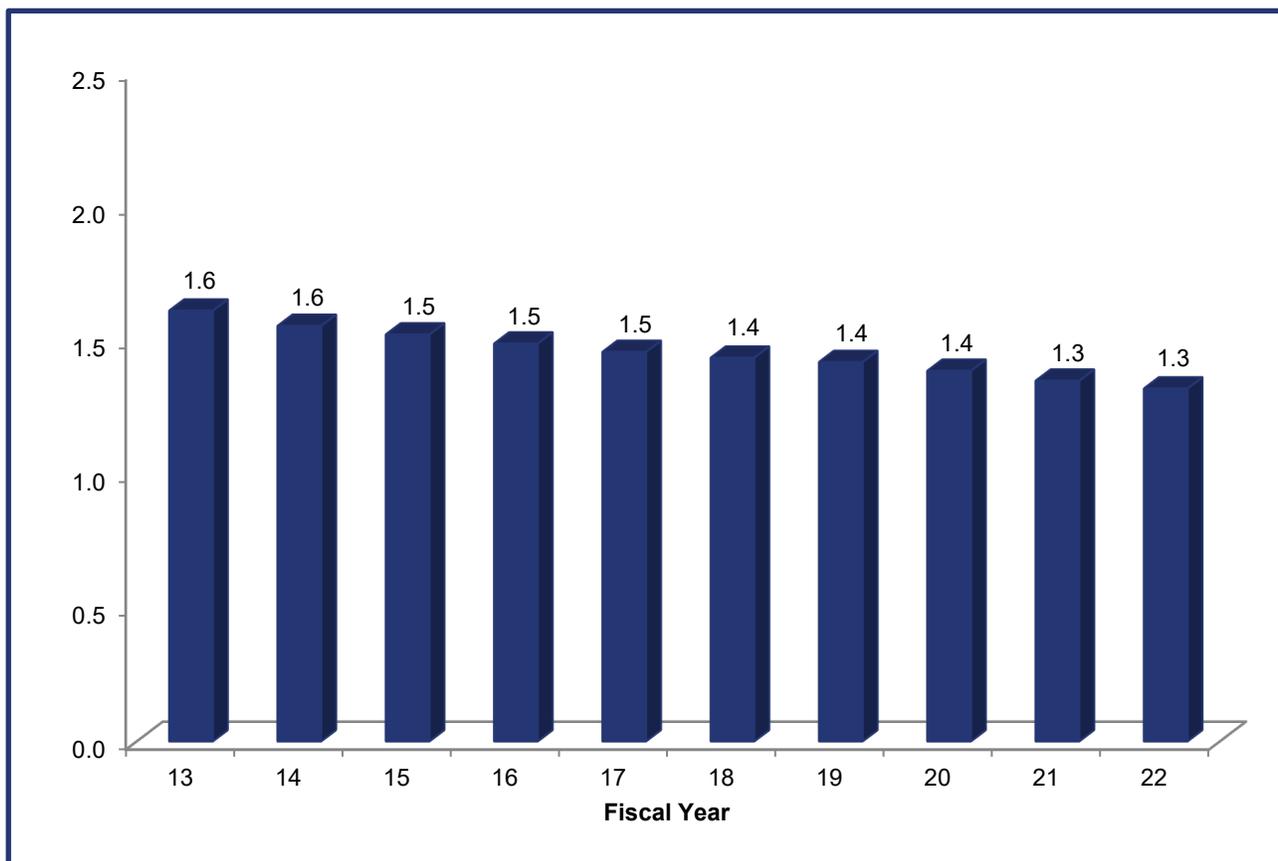
<sup>1</sup> Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

<sup>2</sup> Includes non-member funding payroll.

<sup>3</sup> Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

# RATIO OF FRS ACTIVE MEMBERS TO RETIREES<sup>1</sup>

2013-2022



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

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

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Regular	551,997	554,631	550,053	541,698	537,128
FRS Senior Management Service	7,881	7,767	7,771	7,875	7,610
FRS Special Risk	72,642	74,274	75,161	74,355	72,925
FRS Special Risk Adm. Sup.	87	100	107	98	104
FRS Elected Officers'	2,050	2,088	2,040	2,095	2,075
Renewed Membership					
Regular	7,349	7,629	7,691	7,645	7,806
Senior Management Service	207	214	209	220	210
Special Risk	976	1,112	1,182	1,163	1,100
Special Risk Adm. Sup.	0	1	1	1	1
Elected Officers'	120	112	113	110	109
<b>Subtotal</b>	<b>643,309</b>	<b>647,928</b>	<b>644,328</b>	<b>635,260</b>	<b>629,068</b>
TRS	10	9	8	5	4
IFAS	14	5	2	1	1
<b>Subtotal</b>	<b>24</b>	<b>14</b>	<b>10</b>	<b>16</b>	<b>5</b>
<b>Grand Total</b>	<b>643,333</b>	<b>647,942</b>	<b>644,338</b>	<b>635,266</b>	<b>629,073</b>

## ANNUAL FRS PAYROLL BY SYSTEM/CLASS<sup>1,2</sup>

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Regular	\$26,373,088,200	\$26,909,126,076	\$27,905,141,463	\$28,325,850,890	\$ 29,126,383,663
FRS Senior Management Service	737,271,805	751,396,287	772,870,192	803,329,129	824,335,420
FRS Special Risk	4,644,123,864	4,863,620,171	5,040,982,910	5,278,947,000	5,451,709,307
FRS Special Risk Adm. Sup.	4,220,102	4,637,891	5,302,775	5,408,200	5,381,322
FRS Elected Officers'	192,140,256	196,819,213	196,978,069	203,963,996	211,724,251
Renewed Membership					
Regular	353,465,237	372,634,716	399,720,462	412,394,739	437,565,988
Senior Management Service	23,027,893	22,952,898	23,412,748	24,059,273	24,318,099
Special Risk	47,504,228	57,278,419	64,739,131	69,947,086	104,628,642
Special Risk Adm. Sup.	-	29,208	13,253	42,666	42,745
Elected Officers'	7,795,841	7,950,186	8,685,376	9,351,824	9,548,193
<b>Subtotal</b>	<b>32,382,637,456</b>	<b>33,186,445,065</b>	<b>34,417,846,379</b>	<b>35,133,294,804</b>	<b>36,195,637,631</b>
TRS	1,288,129	1,123,473	810,322	521,214	470,955
IFAS	1,588,476	1,322,166	414,829	180,724	143,689
<b>Subtotal</b>	<b>2,876,605</b>	<b>2,445,639</b>	<b>1,225,151</b>	<b>701,938</b>	<b>614,644</b>
<b>Grand Total</b>	<b>\$32,385,514,061</b>	<b>\$33,188,890,704</b>	<b>\$34,419,071,531</b>	<b>\$35,133,996,743</b>	<b>\$ 36,196,252,275</b>
<b>Average</b>	<b>\$ 46,164</b>	<b>\$ 46,870</b>	<b>\$ 48,784</b>	<b>\$ 50,395</b>	<b>\$ 52,412</b>

## MEMBERS' REQUIRED CONTRIBUTIONS BY SYSTEM/CLASS<sup>1,2</sup>

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Regular	\$ 782,237,354	\$ 797,769,738	\$ 827,310,597	\$ 840,074,711	\$ 863,713,215
FRS Senior Management Service	21,373,486	21,709,274	22,315,205	23,130,184	23,780,431
FRS Special Risk	138,589,989	145,024,158	150,272,170	157,086,156	163,284,693
FRS Special Risk Adm. Sup.	126,644	139,182	9,603	162,246	161,439
FRS Elected Officers'	5,610,995	5,737,120	5,727,263	5,907,094	6,114,157
Renewed Membership					
Regular	10,518,985	11,089,573	11,900,608	12,280,15	13,027,885
Senior Management Service	648,943	654,519	668,835	701,846	720,177
Special Risk	1,424,825	1,718,222	1,941,278	2,096,091	2,186,125
Special Risk Adm. Sup.	-	878	398	1,280	1,282
Elected Officers'	231,442	238,352	260,560	280,554	286,445
<b>Subtotal</b>	<b>960,762,663</b>	<b>984,081,016</b>	<b>1,020,406,516</b>	<b>1,041,720,178</b>	<b>1,073,275,850</b>
TRS	80,508	70,216	50,645	32,576	29,435
IFAS	-	-	-	-	-
<b>Subtotal</b>	<b>80,508</b>	<b>70,216</b>	<b>50,645</b>	<b>32,576</b>	<b>29,435</b>
<b>Grand Total</b>	<b>\$ 960,843,171</b>	<b>\$ 984,151,232</b>	<b>\$ 1,020,457,161</b>	<b>\$ 1,041,752,754</b>	<b>\$ 1,073,305,285</b>

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

<sup>2</sup> Totals include non-member funding payroll.

•• Numbers may not foot due to rounding..

## PROFILE OF ACTIVE FRS MEMBERS

As of June 30, 2022

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	30,290	20,717	51,007	8,397	6,181	14,578	38,023	16,527	54,550
1 - 5	118,024	72,870	190,894	12,875	9,208	22,083	72,058	61,318	133,376
6 - 9	64,485	39,793	104,278	12,946	8,105	21,051	91,203	33,804	125,007
10 - 19	107,798	62,382	170,180	13,991	8,597	22,588	98,210	53,528	151,738
20 - 29	64,216	33,032	97,248	5,486	3,860	9,346	36,802	28,037	64,839
30 or More Years	9,898	5,568	15,466	531	577	1,108	4,189	4,620	8,809
<b>Total</b>	<b>394,711</b>	<b>234,362</b>	<b>629,073</b>	<b>54,226</b>	<b>36,528</b>	<b>90,754</b>	<b>340,485</b>	<b>197,834</b>	<b>538,319</b>

Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	46,420	31,999	78,419	8,397	6,181	14,578	38,023	25,818	63,841
30 - 39	84,933	54,145	139,078	12,875	9,208	22,083	72,058	44,937	116,995
40 - 49	104,149	56,472	160,621	12,946	8,105	21,051	91,203	48,367	139,570
50 - 59	112,201	59,851	172,052	13,991	8,597	22,588	98,210	51,254	149,464
60 - 69	42,288	26,902	69,190	5,486	3,860	9,346	36,802	23,042	59,844
70 and Over	4,720	4,993	9,713	531	577	1,108	4,189	4,416	8,605
<b>Total</b>	<b>394,711</b>	<b>234,362</b>	<b>629,073</b>	<b>54,226</b>	<b>36,528</b>	<b>90,754</b>	<b>340,485</b>	<b>197,834</b>	<b>538,319</b>

Average Age	45.26	44.88	45.12	43.83	43.45	43.68	45.48	45.15	45.36
Average Years of Service	11.15	10.59	10.94	10.21	10.21	10.21	11.30	10.66	11.07
Average Annual Salary	\$48,146	\$59,598	\$52,412	\$44,381	\$51,732	\$47,340	\$48,746	\$61,050	\$53,268
Percentage Entitled to a Benefit if Terminated June 30, 2022	73.6%	67.9%	71.5%	69.6%	67.0%	68.5%	74.3%	68.1%	72.0%

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

## PROFILE OF ACTIVE FRS INVESTMENT PLAN MEMBERS

As of June 30, 2022

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	8,889	5,136	14,025	1,738	1,016	2,754	7,151	4,120	11,271
1 - 5	67,955	34,571	102,526	8,873	4,998	13,871	59,082	29,573	88,655
6 - 9	14,097	7,598	21,695	1,822	1,300	3,122	12,275	6,298	18,573
10 - 19	22,052	11,957	34,009	2,765	1,917	4,682	19,287	10,040	29,327
20 - 29	5,763	3,952	9,715	976	786	1,762	4,787	3,166	7,953
30 or More Years	1,663	1,290	2,953	259	230	489	1,404	1,060	2,464
<b>Total</b>	<b>120,419</b>	<b>64,504</b>	<b>184,923</b>	<b>16,433</b>	<b>10,247</b>	<b>26,680</b>	<b>103,986</b>	<b>54,257</b>	<b>158,243</b>

Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	23,782	11,189	34,971	3,556	1,848	5,404	20,226	9,341	29,567
30 - 39	28,221	14,417	42,638	4,276	2,679	6,955	23,945	11,738	35,683
40 - 49	27,892	13,341	41,233	3,540	2,122	5,662	24,352	11,219	35,571
50 - 59	25,287	14,066	39,353	3,183	2,131	5,314	22,104	11,935	34,039
60 - 69	13,007	9,014	22,021	1,669	1,220	2,889	11,338	7,794	19,132
70 and Over	2,230	2,477	4,707	209	247	456	2,021	2,230	4,251
<b>Total</b>	<b>120,419</b>	<b>64,504</b>	<b>184,923</b>	<b>16,433</b>	<b>10,247</b>	<b>26,680</b>	<b>103,986</b>	<b>54,257</b>	<b>158,243</b>

Average Age	42.97	44.89	43.64	41.90	46.46	42.50	43.14	45.16	43.83
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Average Years of Service	6.91	7.48	7.11	7.01	8.00	7.39	6.90	7.39	7.07
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Average Annual Salary	\$43,469	\$53,089	\$46,824	\$43,172	\$50,796	\$46,100	\$43,516	\$53,522	\$46,947
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Percentage Entitled to a Benefit if Terminated June 30, 2022	92.6%	92.0%	92.4%	89.4%	90.1%	89.7%	93.1%	92.4%	92.9%
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<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

## PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS

As of June 30, 2022

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	21,401	15,581	36,982	4,898	3,174	8,072	16,503	12,407	28,910
1 - 5	50,069	38,299	88,368	8,219	6,554	14,773	41,850	31,745	73,595
6 - 9	50,388	32,195	82,583	6,645	4,689	11,334	43,743	27,506	71,249
10 - 19	85,746	50,425	136,171	10,156	6,937	17,093	75,590	43,488	119,078
20 - 29	58,453	29,080	87,533	6,704	4,209	10,913	51,749	24,871	76,620
30 or More Years	8,235	4,278	12,513	1,171	718	1,889	7,064	3,560	10,624
<b>Total</b>	<b>274,292</b>	<b>169,858</b>	<b>444,150</b>	<b>37,793</b>	<b>26,281</b>	<b>64,074</b>	<b>236,499</b>	<b>143,577</b>	<b>380,076</b>

Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	22,638	20,810	43,448	4,841	4,333	9,174	17,797	16,477	34,274
30 - 39	56,712	39,728	96,440	8,599	6,529	15,128	48,113	33,199	81,312
40 - 49	76,257	43,131	119,388	9,406	5,983	15,389	66,851	37,148	103,999
50 - 59	86,914	45,785	132,699	10,808	6,466	17,274	76,106	39,319	115,425
60 - 69	29,281	17,888	47,169	3,817	2,640	6,457	25,464	15,248	40,712
70 and Over	2,490	2,516	5,006	322	330	652	2,168	2,186	4,354
<b>Total</b>	<b>274,292</b>	<b>169,858</b>	<b>444,150</b>	<b>37,793</b>	<b>26,281</b>	<b>64,074</b>	<b>236,499</b>	<b>143,577</b>	<b>380,076</b>

Average Age	46.26	44.88	45.73	44.67	43.45	44.17	46.51	45.14	45.99
Average Years of Service	13.01	11.77	12.54	11.60	11.07	11.35	13.24	11.90	12.73
Average Annual Salary	\$50,199	\$62,070	\$54,739	\$44,907	\$52,097	\$47,856	\$51,045	\$63,895	\$55,899
Percentage Entitled to a Benefit if Terminated June 30, 2022	66.7%	59.4%	63.9%	59.4%	56.3%	58.1%	67.8%	59.9%	64.9%

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

**PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS  
INITIALLY ENROLLED BEFORE JULY 1, 2011**

As of June 30, 2022

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	227	150	377	56	18	74	171	132	303
1 - 5	4,312	2,062	6,374	752	343	1,095	3,560	1,719	5,279
6 - 9	8,436	3,689	12,125	1,183	645	1,828	7,253	3,044	10,297
10 - 19	78,578	45,905	124,483	9,404	6,443	15,847	69,174	39,462	108,636
20 - 29	58,450	29,073	87,523	6,704	4,209	10,913	51,746	24,864	76,610
30 or More Years	8,235	4,278	12,513	1,171	718	1,889	7,064	3,560	10,624
<b>Total</b>	<b>158,238</b>	<b>85,157</b>	<b>243,395</b>	<b>19,270</b>	<b>12,376</b>	<b>31,646</b>	<b>138,968</b>	<b>72,781</b>	<b>211,749</b>

Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	39	28	67	1	1	2	38	27	65
30 - 39	16,260	10,587	26,847	2,019	1,610	3,629	14,241	8,977	23,218
40 - 49	50,796	28,046	78,842	5,901	3,792	9,693	44,895	24,254	69,149
50 - 59	66,641	32,383	99,024	8,185	4,713	12,898	58,456	27,670	86,126
60 - 69	22,514	12,339	34,853	2,880	1,991	4,871	19,634	10,348	29,982
70 and Over	1,988	1,774	3,762	284	269	553	1,704	1,505	3,209
<b>Total</b>	<b>158,238</b>	<b>85,157</b>	<b>243,395</b>	<b>19,270</b>	<b>12,376</b>	<b>31,646</b>	<b>138,968</b>	<b>72,781</b>	<b>211,749</b>

Average Age	50.85	50.55	50.74	51.08	50.87	51.00	50.82	50.50	50.71
Average Years of Service	18.92	18.73	18.86	18.65	18.70	18.67	18.96	18.73	18.88
Average Annual Salary	\$56,492	\$72,632	\$62,138	\$50,389	\$60,188	\$54,221	\$57,338	\$74,748	\$63,322
Percentage Entitled to a Benefit if Terminated June 30, 2022	97.1%	97.4%	97.2%	95.8%	97.1%	96.3%	97.3%	97.5%	97.4%

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

**PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS  
INITIALLY ENROLLED ON OR AFTER JULY 1, 2011**

As of June 30, 2022

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	21,174	15,431	36,605	4,842	3,156	7,998	16,332	12,275	28,607
1 - 3	23,047	19,760	42,807	4,047	3,614	7,661	19,000	16,146	35,146
4 - 7	47,333	33,138	80,471	6,682	4,944	11,626	40,651	28,194	68,845
8 - 19	24,497	16,365	40,862	2,952	2,191	5,143	21,545	14,174	35,719
20 - 32	3	7	10	0	0	0	3	7	10
33 or More Years	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>116,054</b>	<b>84,701</b>	<b>200,755</b>	<b>18,523</b>	<b>13,905</b>	<b>32,428</b>	<b>97,531</b>	<b>70,796</b>	<b>168,327</b>

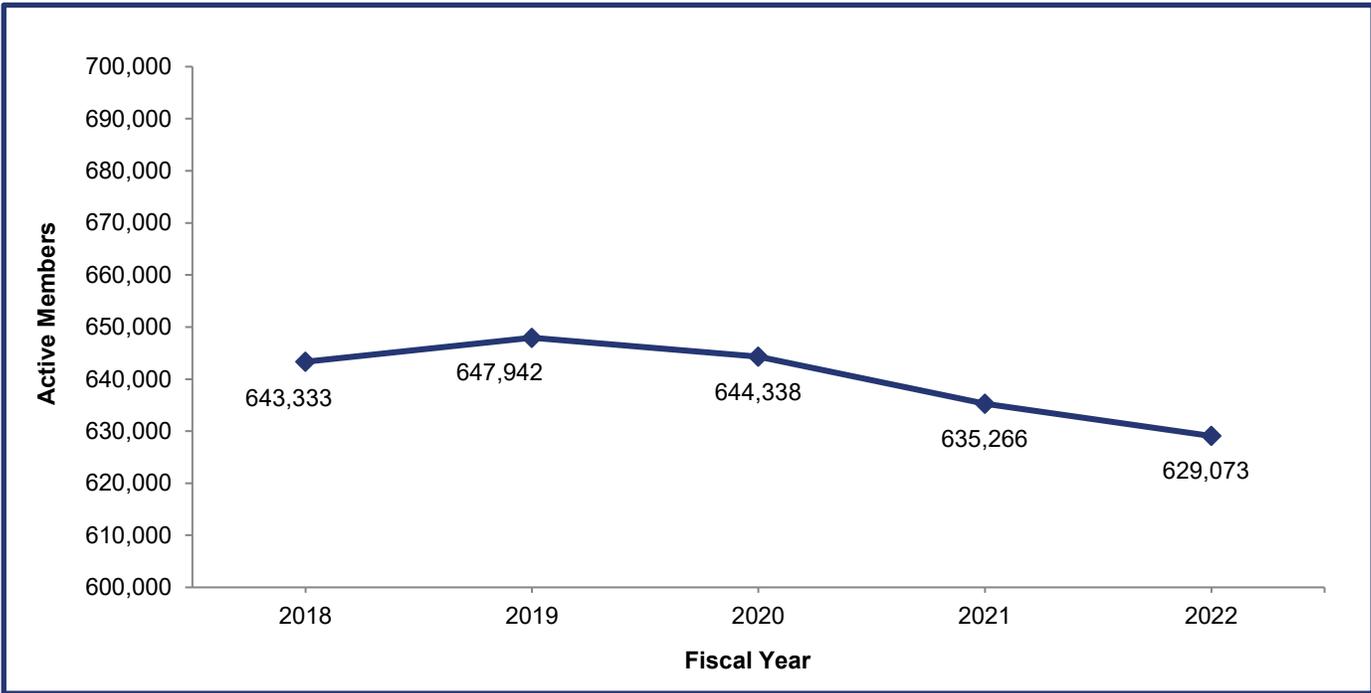
Age Range	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	22,599	20,782	43,381	4,840	4,332	9,172	17,759	16,450	34,209
30 - 39	40,452	29,141	69,593	6,580	4,919	11,499	33,872	24,222	58,094
40 - 49	25,461	15,085	40,546	3,505	2,191	5,696	21,956	12,894	34,850
50 - 59	20,273	13,402	33,675	2,623	1,753	4,376	17,650	11,649	29,299
60 - 69	6,767	5,549	12,316	937	649	1,586	5,830	4,900	10,730
70 and Over	502	742	1,244	38	61	99	464	681	1,145
<b>Total</b>	<b>116,054</b>	<b>84,701</b>	<b>200,755</b>	<b>18,523</b>	<b>13,905</b>	<b>32,428</b>	<b>97,531</b>	<b>70,796</b>	<b>168,327</b>

Average Age	40.00	39.18	39.65	38.00	36.85	37.51	40.38	39.63	40.07
Average Years of Service	4.95	4.78	4.88	4.26	4.29	4.27	5.08	4.87	4.99
Average Annual Salary	\$41,620	\$51,451	\$45,768	\$39,205	\$44,896	\$41,645	\$42,079	\$52,738	\$46,562
Percentage Entitled to a Benefit if Terminated June 30, 2022	21.1%	19.3%	20.4%	15.9%	15.8%	15.9%	22.1%	20.0%	21.2%

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

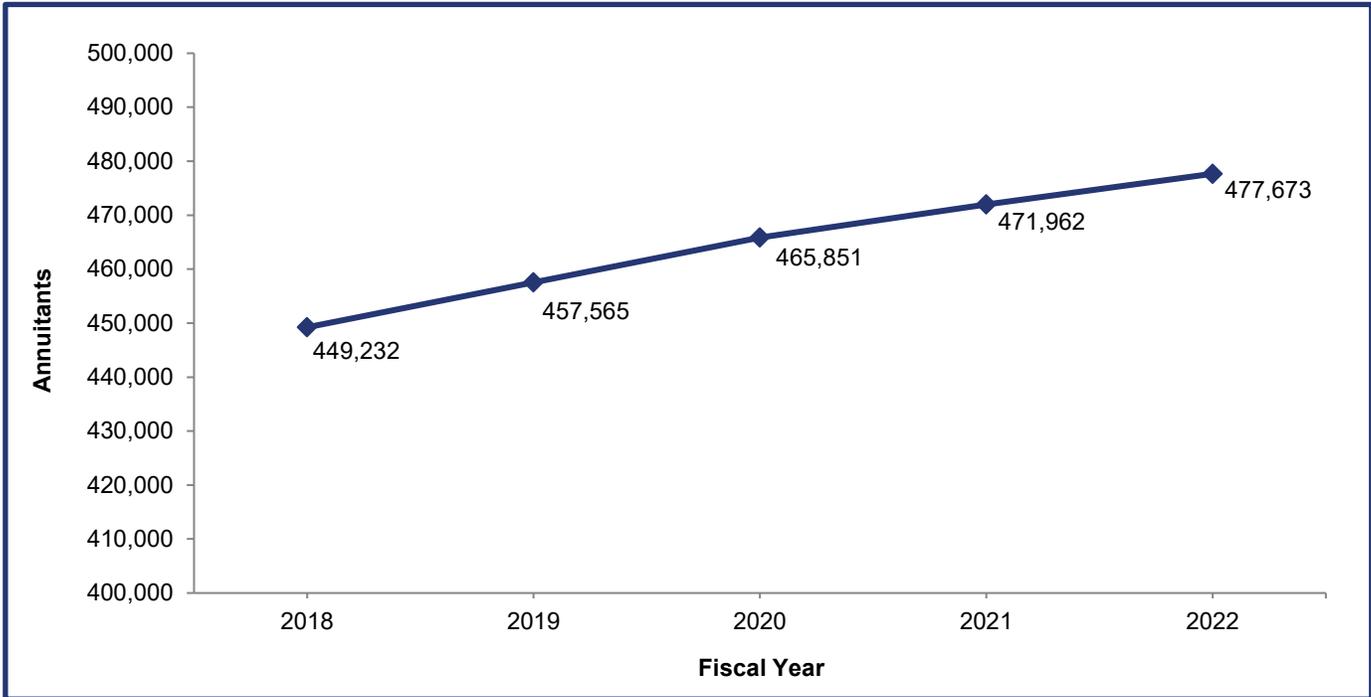
### ACTIVE FRS MEMBERS 2018-2022 <sup>1</sup>

as of June 30



### GROWTH OF FRS ANNUITANTS — ALL SYSTEMS 2018-2022 <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.

## FRS PENSION PLAN REFUND PAYMENTS BY TYPE

As of June 30

Type of Refund	2018	2019	2020	2021	2022
Separated Members	5,674	5,305	5,161	5,081	6,003
Surviving Beneficiaries	275	306	183	409	418
Other	64	38	73	53	59
<b>Total</b>	<b>6,013</b>	<b>5,649</b>	<b>5,417</b>	<b>5,543</b>	<b>6,480</b>

## FRS PENSION PLAN TOTAL REFUND PAYMENTS BY TYPE

As of June 30

Type of Refund	2018	2019	2020	2021	2022
Separated Members	\$ 17,948,761	\$ 16,840,353	\$ 17,831,645	\$ 18,937,392	\$25,456,839
Surviving Beneficiaries	1,092,468	1,273,703	759,778	2,246,371	2,493,663
Other	257,842	142,292	203,115	105,874	188,389
<b>Total</b>	<b>\$ 19,299,071</b>	<b>\$ 18,256,348</b>	<b>\$ 18,794,538</b>	<b>\$ 21,289,637</b>	<b>\$28,138,891</b>

## ACTIVE FRS PENSION PLAN DROP PARTICIPANTS BY SYSTEM/CLASS

As of June 30, 2022

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Regular	24,741	26.76	\$ 59,066	\$ 25,356	\$ 27,910
FRS Senior Management Service	522	28.91	114,970	56,451	62,184
FRS Special Risk	3,309	25.24	98,749	69,348	75,924
FRS Special Risk Adm. Sup.	7	26.59	52,262	31,355	34,278
FRS Elected Officers	248	26.65	132,734	84,732	93,394
<b>Total/Average</b>	<b>28,827</b>	<b>26.62</b>	<b>\$ 65,266</b>	<b>\$ 31,481</b>	<b>\$ 34,607</b>

## PROFILE OF ACTIVE FRS PENSION PLAN DROP PARTICIPANTS

As of June 30, 2022

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$250	90	9.47	\$ 16,093	\$ 2,224	\$ 2,299
\$250 – \$499	682	13.68	23,388	4,530	4,767
\$500 – \$999	2,756	18.30	32,939	8,623	9,247
\$1,000 – \$1,999	7,857	24.76	45,512	16,573	18,083
\$2,000 – \$2,999	6,968	28.96	61,168	27,126	29,869
\$3,000 – \$3,999	4,878	30.48	75,652	37,381	41,325
\$4,000 – \$4,999	2,166	30.48	92,132	48,282	53,279
\$5,000 or More	3,430	27.92	122,695	79,970	87,897
<b>Total/Average</b>	<b>28,827</b>	<b>26.62</b>	<b>\$ 65,266</b>	<b>\$ 31,481</b>	<b>\$ 34,607</b>

By Option Selection <sup>1</sup>					
Lifetime Benefit (1)	14,699	26.41	\$ 62,755	\$ 30,892	\$ 33,958
Benefit with a Guarantee (2)	4,163	26.48	60,277	29,341	32,249
Member with a Joint Annuitant (3)	9,283	27.01	70,235	32,551	35,788
Reduced Benefit on 1st Death (4)	682	26.62	82,196	42,698	46,933
<b>Total/Average</b>	<b>28,827</b>	<b>26.62</b>	<b>\$ 65,266</b>	<b>\$ 31,481</b>	<b>\$ 34,607</b>

By Employer Group					
State	4,881	27.33	\$ 56,746	\$ 28,021	\$ 30,793
State Universities	978	26.24	62,253	26,838	29,462
Counties	7,253	26.05	82,954	45,744	50,139
School Boards	13,714	26.76	57,911	25,282	27,886
State Colleges	737	25.24	67,071	27,231	29,833
Others <sup>2</sup>	1,264	26.80	77,747	36,341	39,892
<b>Total/Average</b>	<b>28,827</b>	<b>26.62</b>	<b>\$ 65,266</b>	<b>\$ 31,481</b>	<b>\$ 34,607</b>

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

<sup>2</sup> Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

## PROFILE OF ACTIVE FRS PENSION PLAN DROP PARTICIPANTS

As of June 30, 2022

Years of Service	Total Membership			State Membership			Non-State Membership <sup>1</sup>		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
6 – 9	142	102	244	41	14	55	101	88	189
10 – 14	939	585	1,524	157	75	232	782	510	1,292
15 – 19	2,097	1,136	3,233	256	133	389	1,841	1,003	2,844
20 – 24	2,646	1,363	4,009	356	201	557	2,290	1,162	3,452
25 – 29	2,722	2,776	5,498	458	473	931	2,264	2,303	4,567
30 – 34	8,852	4,233	13,085	1,707	804	2,511	7,145	3,429	10,574
35 or More Years	887	347	1,234	166	40	206	721	307	1,028
<b>Total</b>	<b>18,285</b>	<b>10,542</b>	<b>28,827</b>	<b>3,141</b>	<b>1,740</b>	<b>4,881</b>	<b>15,144</b>	<b>8,802</b>	<b>23,946</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	56	240	296	16	32	48	40	208	248
50 – 54	912	1,282	2,194	172	169	341	740	1,113	1,853
55 – 59	4,464	3,086	7,550	938	504	1,442	3,526	2,582	6,108
60 – 64	9,143	4,252	13,395	1,489	732	2,221	7,654	3,520	11,174
65 – 69	3,572	1,607	5,179	518	291	809	3,054	1,316	4,370
70 – 74	128	61	189	8	12	20	120	49	169
75 – 79	10	13	23	0	0	0	10	13	23
80 and Over	0	1	1	0	0	0	0	1	1
<b>Total</b>	<b>18,285</b>	<b>10,542</b>	<b>28,827</b>	<b>3,141</b>	<b>1,740</b>	<b>4,881</b>	<b>15,144</b>	<b>8,802</b>	<b>23,946</b>

Average Age	61.38	59.00	60.84	60.79	60.24	60.59	61.50	60.24	60.59
Average Years of Service	26.84	26.24	26.62	27.50	27.01	27.33	26.71	26.08	26.48
Average AFC	\$ 58,069	\$ 77,748	\$ 65,266	\$ 51,102	\$ 66,936	\$ 56,746	\$ 59,514	\$ 79,886	\$ 67,002
Average Annual Initial Benefit	\$ 26,477	\$ 40,161	\$ 31,481	\$ 24,281	\$ 34,772	\$ 28,021	\$ 26,933	\$ 41,226	\$ 32,187
Average Annual Current Benefit	\$ 29,147	\$ 44,078	\$ 34,607	\$ 26,694	\$ 38,193	\$ 30,793	\$ 29,656	\$ 45,241	\$ 35,385

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

• Numbers may not foot due to rounding.

## FRS PENSION PLAN DROP ACCRUED BENEFITS AND INTEREST BY SYSTEM/CLASS

As of June 30, 2022

System/Class	Total Membership		Total
	Females	Males	
FRS Regular	\$ 1,119,457,206	\$ 558,495,001	\$ 1,678,163,052
FRS Senior Management Service	37,708,610	38,200,168	75,908,777
FRS Special Risk	99,363,355	483,534,037	582,686,546
FRS Special Risk Adm. Sup.	192,590	417,759	610,350
FRS Elected Officers	31,673,002	45,462,461	77,135,463
<b>Total</b>	<b>\$ 1,288,394,763</b>	<b>\$ 1,126,109,425</b>	<b>\$ 2,414,504,188</b>

System/Class	State Membership		Total
	Females	Males	
FRS Regular	\$ 157,725,991	\$ 73,411,724	\$ 231,137,715
FRS Senior Management Service	13,194,182	13,000,935	26,195,116
FRS Special Risk	18,542,749	44,091,488	62,634,237
FRS Special Risk Adm. Sup.	192,590	151,497	344,087
FRS Elected Officers	20,687,822	36,967,892	57,655,715
<b>Total</b>	<b>\$ 210,343,334</b>	<b>\$ 167,623,536</b>	<b>\$ 377,966,870</b>

System/Class	Non-State Membership <sup>1</sup>		Total
	Females	Males	
FRS Regular	\$ 961,942,061	\$ 485,083,276	\$ 1,447,025,337
FRS Senior Management Service	24,514,428	25,199,233	49,713,661
FRS Special Risk	80,609,760	439,442,549	520,052,309
FRS Special Risk Adm. Sup.	-	266,263	266,263
FRS Elected Officers	10,985,180	8,494,568	19,479,748
<b>Total</b>	<b>\$ 1,078,051,429</b>	<b>\$ 958,485,889</b>	<b>\$ 2,036,537,318</b>

<sup>1</sup> Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

• Numbers may not foot due to rounding.

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

From July 1, 2021 – June 30, 2022

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Regular	8,524	25.82	\$56,395	\$23,331	\$25,308
FRS Senior Management Service	202	27.78	111,842	52,795	57,060
FRS Special Risk	1,002	25.02	87,591	61,215	66,008
FRS Elected Officers	12	24.22	137,386	85,755	93,063
FRS Special Risk Admin Support	2	25.00	45,256	28,453	30,212
<b>Total/Average</b>	<b>9,742</b>	<b>25.77</b>	<b>\$60,851</b>	<b>\$27,917</b>	<b>\$30,237</b>

## PROFILE OF TERMINATED FRS PENSION PLAN DROP PARTICIPANTS<sup>1</sup>

From July 1, 2021 – June 30, 2022

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$250	71	9.43	\$16,401	\$2,232	\$2,306
\$250 – \$499	315	12.81	24,632	4,456	4,664
\$500 – \$999	1,144	18.29	33,693	8,796	9,334
\$1,000 – \$1,999	2,922	24.56	45,800	16,634	17,854
\$2,000 – \$2,999	2,441	28.63	62,154	27,474	29,695
\$3,000 – \$3,999	1,446	30.17	77,256	37,706	41,238
\$4,000 – \$4,999	617	29.75	90,998	48,805	53,349
\$5,000 or More	786	27.76	116,965	76,385	82,769
<b>Total/Average</b>	<b>9,742</b>	<b>25.77</b>	<b>\$60,851</b>	<b>\$27,917</b>	<b>\$30,237</b>

### By Option Selection<sup>2</sup>

Lifetime Benefit (1)	4,913	25.56	\$58,403	\$27,516	\$29,802
Benefit with a Guarantee (2)	1,441	25.50	57,032	26,466	28,660
Member with a Joint Annuitant (3)	3,173	26.21	65,416	28,648	31,037
Reduced Benefit on 1st Death (4)	215	26.16	74,990	36,002	38,940
<b>Total/Average</b>	<b>9,742</b>	<b>25.77</b>	<b>\$60,851</b>	<b>\$27,917</b>	<b>\$30,237</b>

### By Employer Group

State	1,636	26.62	\$52,138	\$24,296	\$26,357
State Universities	306	25.00	59,284	23,749	25,760
Counties	2,327	25.29	74,386	39,473	42,628
School Boards	4,771	25.87	56,163	23,573	25,579
State Colleges	293	24.26	62,590	24,685	26,880
Others <sup>3</sup>	409	25.72	73,298	32,760	35,344
<b>Total/Average</b>	<b>9,742</b>	<b>25.77</b>	<b>\$60,854</b>	<b>\$27,917</b>	<b>\$30,237</b>

### By Gender

Female	6,227	25.84	\$55,302	\$24,141	\$26,152
Male	3,515	25.66	70,681	34,605	37,474
<b>Total/Average</b>	<b>9,742</b>	<b>25.42</b>	<b>\$60,851</b>	<b>\$27,917</b>	<b>\$30,237</b>

<sup>1</sup> Terminated DROP participants are also included with the statistics of all annuitants on pages 276- 283.

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

<sup>3</sup> Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

• Numbers may not foot due to rounding.

## PROFILE OF TERMINATED FRS PENSION PLAN DROP PARTICIPANTS<sup>1</sup>

From July 1, 2021 – June 30, 2022

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
6 – 9	161	8.21	\$34,885	\$4,744	\$4,910
10 – 14	644	12.91	43,278	9,321	9,807
15 – 19	1,200	17.59	50,488	14,921	15,870
20 – 24	1,441	22.45	55,420	21,275	22,763
25 – 29	1,966	27.04	69,322	38,494	41,493
30 – 34	4,081	30.81	65,189	32,154	35,110
35 or More Years	249	36.52	66,465	39,107	43,200
<b>Total/Average</b>	<b><u>9,742</u></b>	<b><u>25.77</u></b>	<b><u>\$60,851</u></b>	<b><u>\$27,917</u></b>	<b><u>\$30,237</u></b>

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less than 50	49	25.74	\$85,669	\$64,869	\$66,283
50 – 54	437	27.48	82,891	55,804	59,287
55 – 59	1,497	29.07	71,940	40,972	44,237
60 – 64	3,552	28.15	62,183	28,686	31,128
65 – 69	4,052	22.48	52,988	19,236	20,985
70 – 74	140	21.01	57,582	21,132	23,576
75 – 79	14	19.17	57,247	18,441	20,018
80 and Over	1	13.30	51,185	11,435	12,428
<b>Total/Average</b>	<b><u>9,742</u></b>	<b><u>25.77</u></b>	<b><u>\$60,851</u></b>	<b><u>\$27,917</u></b>	<b><u>\$30,237</u></b>

By Cause of Termination	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Deceased	90	25.39	\$56,261	\$24,783	\$25,990
Termination	9,652	25.78	60,893	27,946	30,277
<b>Total/Average</b>	<b><u>9,742</u></b>	<b><u>25.77</u></b>	<b><u>\$60,851</u></b>	<b><u>\$27,917</u></b>	<b><u>\$30,237</u></b>

Average length of participation – 3.05 years

<sup>1</sup> Terminated DROP participants are also included with the statistics of all annuitants on pages 276- 283.  
 • Numbers may not foot due to rounding.

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

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Pension Plan					
Regular	365,219	372,909	379,017	385,567	392,785
Senior Management Service	4,759	5,043	5,294	5,628	5,943
Special Risk	38,320	39,649	40,897	42,220	43,523
Special Risk Adm. Sup.	172	166	170	168	165
Elected Officers'	2,515	2,590	2,576	2,692	2,655
<b>Subtotal</b>	<b>410,985</b>	<b>420,357</b>	<b>427,954</b>	<b>436,275</b>	<b>445,071</b>
TRRS	3,233	3,035	2,869	2,663	2,468
TRRS-SB	317	283	260	238	214
SCOERS	296	259	223	199	170
Highway Patrol	21	17	15	14	14
JRS	3	2	2	2	2
IFAS	165	172	175	175	168
<b>Subtotal</b>	<b>4,035</b>	<b>3,768</b>	<b>3,544</b>	<b>3,291</b>	<b>3,036</b>
<b>Total</b>	<b>415,020</b>	<b>424,125</b>	<b>431,498</b>	<b>439,566</b>	<b>448,107</b>
<b>General Revenue</b>					
Noncontributory (s. 112.05, F.S.)	8	6	4	2	1
National Guard	761	753	745	728	727
Judicial Retirement	11	11	11	11	11
<b>Total</b>	<b>780</b>	<b>770</b>	<b>760</b>	<b>741</b>	<b>739</b>
<b>Grand Total</b>	<b>415,800</b>	<b>424,895</b>	<b>432,258</b>	<b>440,307</b>	<b>448,846</b>

## AVERAGE BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Pension Plan					
Regular	\$ 19,466	\$ 19,968	\$ 20,473	\$ 20,972	\$ 21,465
Senior Management Service	50,627	51,871	52,903	53,888	55,134
Special Risk	43,518	44,861	46,369	47,879	49,381
Special Risk Adm. Sup.	40,324	41,609	41,873	43,365	44,148
Elected Officers'	54,862	56,737	58,522	60,401	61,933
TRRS	42,355	44,276	46,056	48,155	50,181
TRRS-SB	1,882	1,885	1,884	1,887	1,886
SCOERS	14,582	15,389	16,196	16,570	17,997
Highway Patrol	16,198	17,058	17,764	18,779	19,343
JRS	15,315	17,118	17,631	18,160	18,705
IFAS	13,153	13,709	14,609	14,997	15,347
<b>Average</b>	<b>\$ 22,426</b>	<b>\$ 23,064</b>	<b>\$ 23,715</b>	<b>\$ 24,378</b>	<b>\$ 24,894</b>
<b>General Revenue</b>					
Noncontributory (s. 112.05, F.S.)	\$ 17,118	\$ 18,830	\$ 20,571	\$ 23,696	\$ 19,641
National Guard	19,533	19,855	20,557	21,471	21,089
Judicial Retirement	92,143	94,623	97,173	99,794	102,488
<b>Average</b>	<b>\$ 20,532</b>	<b>\$ 20,915</b>	<b>\$ 21,666</b>	<b>\$ 22,640</b>	<b>\$ 22,299</b>
<b>Average All Annuitants</b>	<b>\$ 22,423</b>	<b>\$ 23,060</b>	<b>\$ 23,712</b>	<b>\$ 24,375</b>	<b>\$ 25,012</b>

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

• Numbers may not foot due to rounding.

## TOTAL ANNUAL BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	2018	2019	2020	2021	2022
FRS Pension Plan					
Regular	\$ 7,109,410,224	\$ 7,446,408,210	\$ 7,759,693,724	\$ 8,086,200,027	\$ 8,431,219,359
Senior Management Service	240,932,313	261,584,594	280,067,481	303,282,228	327,659,694
Special Risk	1,667,627,626	1,778,711,538	1,896,349,013	2,021,441,341	2,139,187,633
Special Risk Adm. Sup.	6,935,702	6,907,046	7,118,422	7,285,259	7,284,354
Elected Officers'	137,978,766	146,947,993	150,751,499	162,598,826	164,431,365
<b>Subtotal</b>	<b>9,162,884,631</b>	<b>9,640,559,381</b>	<b>10,093,980,139</b>	<b>10,580,807,681</b>	<b>\$11,079,782,405</b>
TRS	136,933,678	134,378,452	132,133,455	128,236,137	123,846,966
TRS-SB	596,462	533,354	489,854	449,040	403,620
SCOERS	4,316,278	3,985,678	3,611,762	3,297,501	3,059,450
Highway Patrol	340,168	289,979	266,464	262,912	270,799
JRS	45,946	34,235	35,262	36,320	37,410
IFAS	2,170,259	2,357,944	2,556,609	2,624,412	2,578,341
<b>Subtotal</b>	<b>144,402,791</b>	<b>141,579,642</b>	<b>139,093,406</b>	<b>134,906,322</b>	<b>130,196,585</b>
<b>Total</b>	<b>\$ 9,307,287,422</b>	<b>\$ 9,782,139,023</b>	<b>\$10,233,073,545</b>	<b>\$10,715,714,003</b>	<b>\$11,209,978,991</b>
<b>General Revenue</b>					
Noncontributory (s. 112.05), F.S.	\$136,940	\$112,981	\$82,285	\$47,392	\$19,641
National Guard	14,864,354	14,950,802	15,315,335	15,630,910	15,331,708
Judicial Retirement	1,013,569	1,040,857	1,068,905	1,097,735	1,127,368
<b>Total</b>	<b>16,014,863</b>	<b>16,104,640</b>	<b>16,466,525</b>	<b>16,776,037</b>	<b>16,478,717</b>
<b>Grand Total</b>	<b>\$ 9,323,302,285</b>	<b>\$9,798,243,663</b>	<b>\$10,249,540,070</b>	<b>\$10,732,490,040</b>	<b>\$11,226,457,708</b>
<b>Average All Annuitants</b>	<b>\$ 22,423</b>	<b>\$ 23,060</b>	<b>\$ 23,712</b>	<b>\$ 24,375</b>	<b>\$ 25,012</b>

## TOTAL DISABILITY BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	Number of Retirees		Total Annual Benefits		Average Annual Benefits	
	2021	2022	2021	2022	2021	2022
FRS Pension Plan						
Regular	12,866	12,551	\$ 190,517,853	\$ 191,018,512	\$ 14,808	\$ 15,219
Senior Management Service	44	44	1,533,612	1,557,382	34,855	35,395
Special Risk	1,563	1,576	52,476,180	54,674,340	33,574	34,692
Special Risk Adm. Sup.	2	2	56,627	58,326	28,314	29,163
Elected Officers'	8	8	374,544	383,072	46,818	47,884
FRS Investment Plan						
Regular	441	460	7,123,296	7,655,033	16,153	16,641
Senior Management Service	2	2	57,859	59,144	28,930	29,572
Special Risk	149	160	6,919,107	7,651,218	46,437	47,820
Special Risk Adm. Sup.	1	1	55,743	57,415	55,743	57,415
TRS	43	37	828,930	735,719	19,277	19,884
SCOERS	8	6	99,472	80,471	12,434	13,412
General Revenue	11	11	1,097,735	1,127,368	99,794	102,488
<b>Total/Average</b>	<b>15,138</b>	<b>14,858</b>	<b>\$ 261,140,959</b>	<b>\$ 265,058,001</b>	<b>\$ 17,251</b>	<b>\$ 17,839</b>

• Numbers may not foot due to rounding.

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

As of June 30, 2022

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Pension Plan					
Regular	392,319	21.14	\$ 42,352	\$ 14,777	\$ 21,141
Senior Management Service	5,941	24.41	100,697	40,763	55,142
Special Risk	43,333	21.12	58,681	35,657	49,385
Special Risk Adm. Sup.	164	24.96	49,501	25,979	44,067
Elected Officers'	2,654	20.17	78,525	43,399	61,933
FRS Investment Plan <sup>2</sup>					
Regular	466	16.54	44,229	13,919	16,671
Senior Management Service	2	14.12	93,247	25,176	29,572
Special Risk	190	17.90	61,682	40,629	48,356
Special Risk Adm. Sup.	1	32.91	49,487	39,288	57,415
Elected Officers'	1	17.75	143,640	48,645	61,610
TRS	2,468	30.35	42,430	26,396	50,181
TRS-SB	214	0.00	-	2,497	1,886
Judicial Retirement System	2	11.28	20,906	11,618	18,705
Highway Patrol	14	23.83	15,085	12,159	19,343
SCOERS	170	25.05	17,190	8,905	17,997
IFAS	168	0.00	0.00	11,057	15,347
General Revenue	739	32.79	1,849	14,093	22,299
<b>Total/Average</b>	<b>448,846</b>	<b>21.23</b>	<b>\$ 44,911</b>	<b>\$ 17,374</b>	<b>\$ 25,012</b>

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

As of June 30, 2022

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
40 or More Years	1,491	42.59	\$ 66,154	\$ 45,212	\$ 63,709
35 – 39	7,648	36.66	56,355	34,140	54,218
30 – 34	103,955	30.84	55,763	27,769	42,139
25 – 29	56,594	26.91	57,053	29,618	41,145
20 – 24	58,314	22.31	46,070	16,423	23,066
15 – 19	66,615	17.36	39,882	10,900	15,192
10 – 14	83,442	12.24	32,644	6,384	8,997
5 – 9	37,000	7.86	32,082	4,243	5,656
Less Than 5 Years	300	1.90	11,820	10,995	17,247
<b>Total/Average</b>	<b>415,360</b>	<b>21.29</b>	<b>\$ 45,294</b>	<b>\$ 17,499</b>	<b>\$ 25,378</b>

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Under 40	1,120	17.95	\$ 44,807	\$ 9,475	\$10,858
40 – 44	579	17.19	42,575	13,068	14,568
45 – 49	1,446	17.92	51,440	21,395	21,246
50 – 54	5,699	20.69	58,823	29,617	31,365
55 – 59	19,539	22.03	56,646	27,462	31,335
60 – 64	53,394	21.86	50,578	21,041	25,365
65 – 69	98,023	21.53	48,259	18,423	23,799
70 – 74	106,949	21.21	46,450	17,074	25,056
75 – 79	79,208	20.87	42,453	15,421	25,357
80 – 84	44,413	20.49	36,796	13,373	24,065
85 and Older	37,523	21.06	31,177	12,311	24,601
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

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

<sup>2</sup> FRS Investment Plan disability retirees.

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

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

As of June 30, 2022

By Option Selection <sup>2</sup>	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Lifetime Benefit (1)	257,773	20.59	\$ 42,738	\$ 16,530	\$ 23,960
Benefit with a Guarantee (2)	69,405	21.92	43,776	17,491	26,205
Member with a Joint Annuitant (3)	104,662	22.09	50,050	18,593	26,094
Reduced Benefit on First Death (4)	16,053	22.59	53,783	22,825	30,130
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$250	22,490	10.13	\$ 15,822	\$ 1,824	\$ 2,064
\$250 – \$499	52,710	12.02	23,313	3,628	4,520
\$500 – \$999	86,582	15.40	32,081	6,772	8,814
\$1,000 – \$1,999	107,362	21.09	41,902	12,912	17,453
\$2,000 – \$2,999	68,320	26.34	51,899	21,148	29,688
\$3,000 – \$3,999	51,031	29.01	59,427	27,875	41,453
\$4,000 – \$4,999	26,683	29.91	67,950	34,729	53,316
\$5,000 or More	32,715	29.51	88,779	54,664	83,194
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

By Benefit Recipient	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Member Deceased	32,533	20.27	\$ 41,302	\$ 15,953	\$ 20,547
Member Living	415,360	21.29	45,294	17,499	25,378
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

By Retirement Date	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Before 12/1970	20	19.67	\$ 7,138	\$ 3,731	\$ 8,068
12/1970 – 6/2000	68,426	23.26	35,026	15,002	29,981
7/2000 – 6/2005	73,272	22.01	41,214	16,436	28,280
7/2005 – 6/2010	89,417	21.37	46,616	18,147	26,998
7/2010 – 6/2015	106,827	20.57	48,947	18,555	23,917
7/2015 – 6/2016	21,106	20.75	49,271	18,755	21,638
7/2016 – 6/2017	21,994	20.87	49,466	19,030	21,349
7/2017 – 6/2018	16,284	20.00	48,112	17,500	19,205
7/2018 – 6/2019	14,214	19.69	48,359	17,239	18,299
7/2019 – 6/2020	11,961	19.33	48,334	17,126	17,826
7/2020 – 6/2021	12,565	18.92	47,836	16,803	17,023
7/2021 – 6/2022	11,807	18.44	47,869	16,188	16,131
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

By Employer	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
State	86,737	21.01	\$ 41,191	\$ 15,895	\$ 23,123
State Universities	20,666	22.00	49,715	18,517	26,786
Counties	101,913	20.13	52,295	22,220	30,523
School Boards	208,612	21.89	41,682	15,406	22,910
State Colleges	14,374	20.71	49,055	17,237	25,284
Others <sup>3</sup>	15,591	19.84	53,018	19,225	25,467
<b>Total/Average</b>	<b>447,893</b>	<b>21.22</b>	<b>\$ 45,004</b>	<b>\$ 17,386</b>	<b>\$ 25,027</b>

<sup>1</sup> FRS 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 are different.

<sup>3</sup> Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

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

As of June 30, 2022

By Gender	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Female	291,164	21.28	\$ 41,209	\$ 15,469	\$ 21,935
Male	156,729	21.10	52,052	20,948	30,773
<b>Total/Average</b>	<b><u>447,893</u></b>	<b><u>21.22</u></b>	<b><u>\$ 45,004</u></b>	<b><u>\$ 17,386</u></b>	<b><u>\$ 25,027</u></b>

By Type of Retirement					
Line of Duty Death	667	13.10	\$ 46,096	\$ 22,044	\$ 35,001
Not Line of Duty Death	9,130	17.55	38,681	8,050	12,759
Line of Duty Disability	3,201	15.01	34,445	16,748	25,877
Not Line of Duty Disability	11,647	17.61	35,027	10,790	15,554
Early	105,443	16.83	37,372	10,171	14,672
Normal	317,805	22.99	48,187	20,287	29,133
<b>Total/Average</b>	<b><u>447,893</u></b>	<b><u>21.22</u></b>	<b><u>\$ 45,004</u></b>	<b><u>\$ 17,386</u></b>	<b><u>\$ 25,027</u></b>

By Duration of Benefit Payments to Date					
Less Than 5 years	66,831	19.33	\$ 48,109	\$ 17,015	\$ 17,812
5 – 9	103,704	20.38	48,800	18,366	21,894
10 – 14	103,603	21.34	48,816	19,076	26,860
15 – 19	77,827	21.75	42,873	16,757	27,335
20 – 24	63,041	23.10	39,477	16,657	31,110
25 – 29	21,189	22.60	33,387	13,792	28,220
30 – 34	7,853	22.43	27,611	11,565	25,658
35 – 39	2,877	21.84	20,921	9,161	21,866
40 or More Years	968	19.45	14,079	5,758	15,531
<b>Total/Average</b>	<b><u>447,893</u></b>	<b><u>21.22</u></b>	<b><u>\$ 45,004</u></b>	<b><u>\$ 17,386</u></b>	<b><u>\$ 25,027</u></b>

Average duration of benefit payments in years – 12.83 years

By Duration of Benefit Payments - Deaths in Current Year					
Less Than 1 year	227	18.99	\$ 53,260	\$ 16,046	\$ 16,147
1 – 2	130	21.13	47,318	15,653	15,949
2 – 3	104	18.82	41,873	11,866	12,010
3 – 4	178	20.35	48,867	15,200	15,669
4 – 5	132	21.82	46,915	18,123	19,062
5 – 9	909	19.81	44,823	14,988	16,304
10 – 14	668	20.42	49,330	18,733	21,832
15 – 19	667	21.41	46,241	21,046	26,079
20 – 24	769	23.98	43,962	23,743	30,809
25 – 29	293	23.05	40,785	22,372	31,239
30 – 34	109	26.44	37,895	25,164	36,476
35 – 39	33	25.22	25,726	19,613	28,239
40 or More Years	5	30.39	18,384	16,798	30,729
<b>Total/Average</b>	<b><u>4,224</u></b>	<b><u>21.43</u></b>	<b><u>\$ 45,657</u></b>	<b><u>\$ 19,051</u></b>	<b><u>\$ 22,964</u></b>

Average duration of benefit payments in years – 13.42 years

<sup>1</sup> FRS 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, 2022

<b>By Retirement Age</b>	<b>Retirees</b>	<b>Retirees' Total Annual Benefits</b>	<b>Beneficiaries</b>	<b>Beneficiaries' Total Annual Benefits</b>
Under 40	863	\$ 14,463,785	306	\$ 6,239,079
40 – 44	2,801	65,846,387	789	10,882,287
45 – 49	17,758	688,547,977	2,440	42,331,001
50 – 54	69,691	2,529,965,455	5,622	128,752,527
55 – 59	102,188	2,952,545,054	7,717	178,769,536
60 – 64	173,668	3,516,195,576	10,597	212,605,584
65 – 69	36,686	601,362,429	3,428	64,521,279
70 – 74	8,571	129,977,091	1,083	18,109,848
75 – 79	2,401	32,938,684	394	4,630,214
80 – 84	590	7,718,563	107	1,129,457
85 and Older	143	1,544,238	50	499,318
<b>Total</b>	<b>415,360</b>	<b>\$ 10,541,105,240</b>	<b>32,533</b>	<b>\$ 668,470,131</b>

**FRS RETIREES AND BENEFICIARIES<sup>1</sup>  
BY YEARS OF SERVICE AT RETIREMENT**

As of June 30, 2022

<b>By Years of Service</b>	<b>Retirees</b>	<b>Retirees' Total Annual Benefits</b>	<b>Beneficiaries</b>	<b>Beneficiaries' Total Annual Benefits</b>
Less Than 5 Years	300	\$ 5,173,992	179	\$ 3,747,642
5 – 9	37,000	209,271,871	2,789	16,472,435
10 – 14	83,442	750,718,096	7,770	62,834,418
15 – 19	66,615	1,012,033,399	6,037	82,537,221
20 – 24	58,315	1,345,071,394	5,247	106,698,110
25 – 29	56,594	2,328,578,060	4,214	135,544,118
30 – 34	103,955	4,380,609,727	4,977	192,565,152
35 – 39	7,648	414,658,769	1,022	51,022,630
40 or More Years	1,491	94,989,932	298	17,048,406
<b>Total</b>	<b>415,360</b>	<b>\$ 10,541,105,240</b>	<b>32,533</b>	<b>\$ 668,490,131</b>

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

• Numbers may not foot due to rounding.

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

As of June 30

Type of Retirement	2018	2019	2020	2021	2022
Line of Duty Death	539	567	581	613	667
Not Line of Duty Death	9,182	9,145	9,129	9,142	9,130
Line of Duty Disability	3,443	3,394	3,327	3,247	3,201
Not Line of Duty	12,579	12,379	12,175	11,881	11,647
Early	103,916	104,784	105,251	105,179	105,443
Normal	285,044	293,573	300,775	309,266	317,805
<b>Total</b>	<b>414,703</b>	<b>423,842</b>	<b>431,238</b>	<b>439,328</b>	<b>447,893</b>

## TOTAL FRS ANNUAL BENEFITS BY TYPE OF RETIREMENT

As of June 30

Type of Retirement	2018	2019	2020	2021	2022
Line of Duty Death	\$ 17,189,084	\$ 18,388,498	\$ 19,244,463	\$ 21,171,469	\$ 23,345,846
Not Line of Duty Death	106,882,817	108,923,959	111,383,970	113,463,462	116,487,172
Line of Duty Disability	76,737,141	78,297,575	79,919,929	80,611,798	82,833,578
Not Line of Duty	176,151,167	177,713,523	179,118,908	179,491,440	181,158,664
Early	1,352,625,844	1,404,653,598	1,454,808,160	1,498,403,150	1,547,019,792
Normal	7,577,104,906	7,993,628,517	8,388,108,261	8,822,123,643	9,258,730,318
<b>Total</b>	<b>\$ 9,306,690,959</b>	<b>\$ 9,781,605,670</b>	<b>\$ 10,232,583,691</b>	<b>\$ 10,715,264,962</b>	<b>\$ 11,209,575,370</b>

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

As of June 30

Type of Retirement	2018	2019	2020	2021	2022
Line of Duty Death	22	6	12	33	45
Not Line of Duty Death	319	107	126	169	300
Line of Duty Disability	73	31	36	29	45
Not Line of Duty	545	319	261	270	336
Early	4,514	2,905	2,528	2,628	2,748
Normal	8,422	6,960	6,589	7,994	9,091
<b>Total</b>	<b>13,895</b>	<b>10,328</b>	<b>9,552</b>	<b>11,123</b>	<b>12,565</b>

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

As of June 30

Type of Retirement	2018	2019	2020	2021	2022
Line of Duty Death	\$ 900,675	\$ 177,514	\$ 435,209	\$ 1,288,066	\$ 1,767,697
Not Line of Duty Death	3,855,692	1,295,236	1,574,235	2,306,903	3,742,855
Line of Duty Disability	1,984,029	1,081,317	1,368,929	1,000,380	1,528,774
Not Line of Duty	7,847,917	4,092,355	3,735,893	3,876,802	4,891,297
Early	44,541,748	32,232,487	28,076,626	31,664,901	34,117,231
Normal	140,931,143	115,120,186	111,290,731	137,727,014	167,849,882
<b>Total</b>	<b>\$ 200,061,204</b>	<b>\$ 153,999,095</b>	<b>\$ 146,481,623</b>	<b>\$ 177,864,066</b>	<b>\$ 213,897,736</b>

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

## SCHEDULE OF AVERAGE FRS BENEFITS

As of June 30

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
2022	Average Annual Benefit	\$ 18,626	\$ 5,674	\$ 8,919	\$15,066	\$22,840	\$40,523	\$41,982	\$53,712	\$62,626
	Average AFC	\$ 15,030	\$32,144	\$32,597	\$39,823	\$45,905	\$56,553	\$55,525	\$55,677	\$65,047
	Count	479	39,789	91,202	72,652	63,562	60,808	108,932	8,670	1,789
2021	Average Annual Benefit	\$ 18,148	\$ 5,573	\$ 8,697	\$14,688	\$22,324	\$39,532	\$41,129	\$53,045	\$61,924
	Average AFC	\$ 14,315	\$31,870	\$32,031	\$39,019	\$45,090	\$55,672	\$54,786	\$54,380	\$63,056
	Count	489	39,053	90,821	71,282	62,205	59,014	106,022	8,656	1,786
2020	Average Annual Benefit	\$ 17,549	\$ 5,461	\$ 8,458	\$14,305	\$21,765	\$ 38,465	\$ 40,246	\$52,123	\$ 60,726
	Average AFC	\$ 14,118	\$31,596	\$31,417	\$38,252	\$44,303	\$ 54,664	\$ 54,030	\$53,238	\$ 60,272
	Count	498	38,394	90,454	69,890	60,957	57,225	103,267	8,770	1,783
2019	Average Annual Benefit	\$ 16,820	\$ 5,341	\$ 8,244	\$13,930	\$21,231	\$ 37,322	\$ 39,326	\$51,025	\$ 59,415
	Average AFC	\$ 14,135	\$31,301	\$30,914	\$37,588	\$43,668	\$ 53,717	\$ 53,372	\$52,234	\$ 58,061
	Count	504	37,764	89,730	68,830	59,959	55,411	100,872	8,942	1,830
2018	Average Annual Benefit	\$ 16,277	\$ 5,206	\$ 8,002	\$13,573	\$20,640	\$ 36,202	\$ 38,415	\$49,761	\$ 58,959
	Average AFC	\$ 14,228	\$30,995	\$30,320	\$36,897	\$42,938	\$ 52,669	\$ 52,753	\$51,109	\$ 56,975
	Count	499	36,917	88,587	67,323	58,716	53,459	98,257	9,069	1,876
2017	Average Annual Benefit	\$ 16,128	\$ 5,083	\$ 7,783	\$13,222	\$20,079	\$ 35,082	\$ 37,495	\$48,661	\$ 57,845
	Average AFC	\$ 13,165	\$30,632	\$29,749	\$36,235	\$42,148	\$ 51,621	\$ 52,163	\$50,409	\$ 54,884
	Count	490	35,728	87,232	65,683	57,418	51,412	96,115	9,234	1,901
2016	Average Annual Benefit	\$ 14,774	\$ 4,945	\$ 7,564	\$12,863	\$19,434	\$ 33,969	\$ 36,542	\$47,369	\$ 56,026
	Average AFC	\$ 12,727	\$30,220	\$29,154	\$35,581	\$41,247	\$ 50,472	\$ 51,474	\$49,560	\$ 52,909
	Count	502	33,930	85,384	64,010	55,737	49,272	93,540	9,407	1,934
2015	Average Annual Benefit	\$ 14,218	\$4,823	\$ 7,343	\$12,488	\$18,811	\$ 32,547	\$ 35,681	\$46,398	\$ 54,628
	Average AFC	\$ 12,578	\$29,757	\$28,543	\$34,845	\$40,311	\$ 48,944	\$ 50,424	\$48,289	\$ 51,246
	Count	503	31,954	83,281	62,096	53,896	46,449	87,114	9,173	1,973
2014	Average Annual Benefit	\$ 13,921	\$4,686	\$ 7,118	\$12,113	\$18,198	\$ 31,189	\$ 34,775	\$45,352	\$ 53,674
	Average AFC	\$ 12,645	\$29,192	\$27,891	\$34,071	\$39,326	\$ 47,453	\$ 49,466	\$46,921	\$ 50,414
	Count	506	29,973	81,618	60,299	51,985	43,894	82,454	9,005	2,041
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

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



# FRS RETIREES OUTSIDE FLORIDA

As of June 30, 2022



Argentina (4)	Cayman Islands (1)	Greece (4)	Netherlands (3)	Sweden (1)
Armed Forces (34)	Chile (3)	Guam (5)	New Zealand (10)	Switzerland (4)
Australia (23)	Colombia (17)	Honduras (1)	Nicaragua (4)	Taiwan (3)
Austria (1)	Costa Rica (12)	Hungary (5)	Panama (4)	Thailand (18)
Bahamas (1)	Croatia (1)	India (1)	Peru (5)	Trinidad & Tobago (3)
Barbados (4)	Czech Republic (1)	Ireland (7)	Philippines (3)	United Kingdom (40)
Belgium (1)	Dominican Republic (2)	Israel (13)	Poland (7)	Uruguay (2)
Belize (1)	Ecuador (2)	Italy (7)	Portugal (5)	Venezuela (1)
Bermuda (1)	Egypt (1)	Jamaica (11)	Puerto Rico (284)	Vietnam (1)
Bosnia-Herzegovina (1)	El Salvador (1)	Japan (5)	Romania (1)	Virgin Islands (26)
Brazil (3)	France (16)	Lebanon (1)	Slovakia (1)	West Indies (8)
Bulgaria (2)	Germany (26)	Malta (1)	Spain (27)	
Canada (142)	Ghana (1)	Mexico (4)	Suriname (1)	

**REEMPLOYED RETIREES NOT ELIGIBLE  
FOR RENEWED MEMBERSHIP BY SYSTEM/CLASS**

As of June 30

<b>System/Class</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
FRS Regular	5,329	5,766	5,677	5,558	5,894
FRS Senior Management Service	122	130	144	134	144
FRS Special Risk	441	518	541	553	557
FRS Elected Officers'	108	119	123	144	137
<b>Total</b>	<b>6,000</b>	<b>6,533</b>	<b>6,485</b>	<b>6,389</b>	<b>6,732</b>

**PROFILE OF REEMPLOYED RETIREES NOT ELIGIBLE  
FOR RENEWED MEMBERSHIP**

As of June 30, 2022

<b>By Employer Group</b>	<b>Count</b>	<b>Average Length of Employment</b>	<b>Average Salary</b>
State	1,282	3.92	\$ 44,784
State Universities	199	4.95	60,737
School Boards	3,277	3.83	33,267
Counties	1,415	3.84	44,051
State Colleges	223	4.60	41,123
Others <sup>1</sup>	336	3.58	38,238
<b>Total/Average</b>	<b>6,732</b>	<b>3.89</b>	<b>\$ 39,048</b>

<b>By Age Range</b>	<b>Count</b>	<b>Average Length of Employment</b>	<b>Average Salary</b>
Under 30	0	0.00	\$0
30 – 39	0	0.00	0
40 – 49	11	1.14	29,694
50 – 59	1,035	2.56	39,457
60 – 69	3,724	3.74	40,939
70 and Over	1,962	4.90	35,295
<b>Total/Average</b>	<b>6,732</b>	<b>3.89</b>	<b>\$ 39,048</b>

<b>By Gender</b>	<b>Count</b>	<b>Average Length of Employment</b>	<b>Average Salary</b>
Female	3,853	3.91	\$ 34,934
Male	2,879	3.87	44,553
<b>Total/Average</b>	<b>6,732</b>	<b>3.89</b>	<b>\$ 39,048</b>

<sup>1</sup> Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.



Silver Springs in Ocala, Florida

# System Summary Section

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# CHRONOLOGICAL HIGHLIGHTS OF STATE-ADMINISTERED RETIREMENT AND PENSION SYSTEMS SINCE 2000

- 2000** — The Public Employee Optional Retirement Program (also referred to as the Investment Plan) was established to be implemented in 2002.
- Special risk annual retirement credit was upgraded to 3 percent for all years between October 1, 1978, and January 1, 1993, for members retiring on and after July 1, 2000.
- Minimum special risk in-line-of-duty disability benefits were increased from 42 percent to 65 percent, effective July 1, 2000.
- The vesting requirement was reduced to six years for all FRS membership classes, beginning July 1, 2001.
- The vesting requirement for regular disability retirement was reduced to eight years, beginning July 1, 2001.
- 2001** — A one-time special 12 percent benefit increase was provided, effective January 1, 2002, for FRS retirees with special risk service between October 1, 1978, and December 31, 1992, for members retiring before July 1, 2000.
- 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.
- 2002** — A uniform employer contribution rate structure was created effective July 1, 2002, for members of the Pension Plan and members of the Investment Plan.
- 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.
- 2003** — Participants of the State Community College Optional Retirement Program were provided a one-time opportunity to transfer to the FRS.
- 2005** — Local government service managers who withdrew from the FRS were given a one-time opportunity to transfer to the FRS between January 1, 2006, and June 30, 2006.
- 2007** — Participants of the State University System Optional Retirement Program were provided a one-time opportunity to transfer to the FRS between January 1, 2008, and December 31, 2008.
- 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.
- 2009** — 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.
- 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.
- 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 whose 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.
- 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.
- 2010** — 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 August 1, 2008, for as long as employed by the same employer at the time of injury.
- 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.

Changed the cost-of-living adjustment formula for FRS Pension Plan retirements effective on or after August 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.

**2016** — Created enhanced survivor benefits for Special Risk Class members who are killed in the line of duty on or after July 1, 2013, for benefit payments on or after July 1, 2016, with the following stipulations:

- The benefit payable to the surviving spouse or on behalf of an eligible dependent child or children of a Pension Plan Special Risk Class member is increased from 50 percent to 100 percent of the member's base monthly salary at the time of death.
- A new benefit for the surviving spouse or on behalf of an eligible dependent child or children of an Investment Plan Special Risk Class member is created, with the benefit payable equal to 100 percent of the member's base monthly salary at the time of death. The member's Investment Plan account balance must be transferred to the Survivor Benefit Account of the FRS Trust Fund if the in-line-of-duty death benefit is approved.
- If there is no surviving spouse, the eligible child or children will receive benefits until the youngest unmarried child reaches age 18. The benefits may be extended up to age 25 if the eligible surviving child is unmarried and enrolled as a full-time student.

**2017** — Created defined contribution plan renewed membership for state administered defined contribution plan retirees initially reemployed in a regularly established position on or after July 1, 2010, but initially enrolled in the FRS Investment Plan, the State University System Optional Retirement Program, or the State Community College System Optional Retirement Program on or after July 1, 2017. Membership in the FRS is available in all classes including the Special Risk Class for this tier of renewed membership. Pension Plan retirees remain ineligible for renewed membership.

Created in-line-of-duty (ILOD) death benefits for members of the Investment Plan in all classes except the Special Risk Class with eligibility retroactive to July 1, 2002, for benefit payments on or after July 1, 2017.

Extended retroactive eligibility for the existing in-line-of-duty death benefits for Special Risk Class members from July 1, 2013, to July 1, 2002, for eligible survivors of Pension Plan or Investment Plan members.

Changed the default membership for FRS members initially enrolled on or after January 1, 2018, from the Pension Plan to the Investment Plan for all members except those in a Special Risk Class position at the time of default and extended the initial membership election period from five calendar months to eight calendar months after the month of hire effective January 1, 2018.

Closed the Senior Management Service Optional Annuity Program to new members effective July 1, 2017. Existing members can continue to participate.

**2018** — Created an exception to reemployment restrictions to allow law enforcement officers who retired from the FRS or other state-administered retirement system to be reemployed as a school resource officer by an FRS participating employer FRS during the seventh through twelfth calendar months after their retirement date or their DROP termination date without requiring them to suspend their retirement benefit.

Requires specified K-12 instructional personnel participating in the DROP who are authorized to extend their DROP participation beyond the initial 60-calendar month period to have their DROP termination date be the end of the month of the last month of the school year. Administrative personnel in grades K-12 participating in DROP who have a DROP termination date on or after July 1, 2018, may be authorized to extend their DROP participation beyond the initial 60 calendar month period if their termination date is before the end of the school year.

Removed the requirement that a law enforcement officer, firefighter, emergency medical technician, or paramedic employed by a public agency who suffers a mental or nervous injury must also have an accompanying physical injury to be eligible for workers' compensation benefits.

**2019** — Established a presumption of in-line-of-duty causation for firefighters who die or are totally and permanently disabled due to one of a specified 21 types of cancers or due to circumstances arising out of the treatment of one of these cancers. The firefighter must be employed full-time within a fire department or public safety department of an employer whose primary responsibilities are the prevention and extinguishing of fires; the protection of life and property; and the enforcement of municipal, county, and state fire prevention codes and laws pertaining to the prevention and control of fires.

**2022** – Created an exception for law enforcement officers in DROP to extend their participation for up to an additional 36-calendar months beyond their initial 60-month period if the law enforcement officer enters DROP on or before June 30, 2028.

Expanded the definition of “firefighter” in section 112.1816, Florida Statutes, to include full time, Florida-certified fire investigators in the in-line-of-duty presumption for specified cancers.

Expanded the in-line-of-duty presumption for post-traumatic stress disorder (PTSD) to include correctional officers with specified criteria.

## PARTICIPATING EMPLOYERS

As of June 30, 2022

### STATE AGENCIES –

#### EXECUTIVE BRANCH

Agency for Health Care Administration  
Agency for Persons with Disabilities  
Department of Agriculture and Consumer Services  
Department of Business and Professional Regulation  
Department of Children and Families  
Department of Citrus  
Department of Corrections  
Department of Economic Opportunity  
Department of Education  
Department of Elder Affairs  
Department of Environmental Protection  
Department of Financial Services  
Department of Health  
Department of Highway Safety and Motor Vehicles  
Department of Juvenile Justice  
Department of Law Enforcement  
Department of Legal Affairs  
Department of Lottery  
Department of Management Services  
Department of Military Affairs  
Department of Revenue  
Department of State  
Department of Transportation  
Department of Veterans' Affairs  
Executive Office of the Governor  
Fish and Wildlife Conservation Commission  
Florida Commission on Offender Review  
Florida Gaming Control Commission  
Justice Administrative Commission  
State Board of Administration  
Vending Facilities Operators  
Volunteer Florida

#### LEGISLATIVE BRANCH

Auditor General  
Commission on Ethics  
The Legislature  
Public Service Commission

#### JUDICIAL BRANCH

Capital Collateral Regional Counsels  
Florida Board of Bar Examiners  
Guardian Ad Litem  
Public Defenders  
State Attorneys  
State Courts - Circuit Courts  
State Courts - County Courts  
State Courts - District Courts of Appeal  
State Courts - Supreme Court

### STATE UNIVERSITIES –

Florida A&M University  
Florida Atlantic University  
Florida Gulf Coast University  
Florida International University  
Florida Polytechnic University  
Florida State University  
New College  
University of Central Florida  
University of Florida  
University of North Florida  
University of South Florida  
University of West Florida

#### STATE COLLEGES –

Broward College  
Chipola College  
College of Central Florida  
Daytona State College  
Eastern Florida State College  
Florida Gateway College  
Florida SouthWestern State College  
Florida State College at Jacksonville  
Gulf Coast State College  
Hillsborough Community College  
Indian River State College  
Lake-Sumter State College  
Miami Dade College  
North Florida College  
Northwest Florida State College  
Palm Beach State College  
Pasco-Hernando State College  
Pensacola State College  
Polk State College  
Saint Johns River State College  
Saint Petersburg College  
Santa Fe College  
Seminole State College of Florida  
South Florida State College  
State College of Florida, Manatee-Sarasota  
Tallahassee Community College  
The College of the Florida Keys  
Valencia College

### LOCAL AGENCIES –

#### ALACHUA COUNTY

Alachua County Library District  
Alachua MYcroSchool of Integrated Academics and Technologies  
Board of County Commissioners  
*Caring and Sharing Learning School*  
*Children's Trust of Alachua County*  
*City of Alachua*<sup>1,4</sup>  
City of Archer<sup>4</sup>  
City of Gainesville<sup>3</sup>  
City of High Springs<sup>1,2,4</sup>  
City of Newberry<sup>2,4</sup>  
Clerk of Circuit Court  
Genesis Preparatory School of Gainesville, Inc.  
Micanopy Middle School, Inc.  
Property Appraiser  
School Board  
Sheriff  
SIATech Gainesville  
Supervisor of Elections  
Tax Collector

#### BAKER COUNTY

Board of County Commissioners  
City of MacClenny<sup>2,3,4</sup>  
Clerk of Circuit Court  
New River Solid Waste Association  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Glen St Mary<sup>3,4</sup>

Note: Italicized agencies report FRS employees due to a merger, transfer, or consolidation of governmental services.

<sup>1</sup> This agency participates in the FRS for its police employees.

<sup>2</sup> This agency participates in the FRS for its fire employees.

<sup>3</sup> This agency participates in the FRS for its elected officials.

<sup>4</sup> This agency participates in the FRS for its general employees.

**BAY COUNTY**

Bay Haven Charter Academy Elementary School  
 Bay Haven Charter Academy Middle School  
 Beach Mosquito Control District  
 Board of County Commissioners  
 Central High School  
 Chautauqua Learn and Serve Charter School  
 City of Callaway <sup>2,3,4</sup>  
 City of Mexico Beach <sup>1,2,4</sup>  
 City of Parker  
 City of Springfield  
 Clerk of Circuit Court  
 North Bay Haven Charter Career School  
 North Bay Haven Charter Elementary School  
 North Bay Haven Charter Middle School  
 Palm Bay Elementary School  
 Palm Bay Preparatory Academy  
 Panama City Port Authority  
 Property Appraiser  
 Rising Leader Academy, Inc.  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 University Academy, Inc.

**BRADFORD COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**BREVARD COUNTY**

Board of County Commissioners  
 City of Cocoa <sup>4</sup>  
 City of Indian Harbour Beach <sup>4</sup>  
 City of Melbourne <sup>1,3,4</sup>  
 City of Palm Bay <sup>3</sup>  
 City of West Melbourne <sup>4</sup>  
 Clerk of Circuit Court  
 Indian River Lagoon Council  
 Merritt Island Public Library Tax District  
 Property Appraiser  
 School Board  
 Sebastian Inlet District  
 Sheriff  
 Space Coast Transportation Planning Organization  
 Supervisor of Elections  
 Tax Collector  
 Town of Malabar  
 Town of Melbourne Beach <sup>4</sup>

**BROWARD COUNTY**

Board of County Commissioners  
 Broward County Housing Authority  
 Broward Metropolitan Planning Organization  
 Central Broward Water Control District  
 Central Charter School  
 Charter School of Excellence Davie 1 Campus

Charter School of Excellence Fort Lauderdale 1 Campus  
 Children's Services Council of Broward  
 City of Coconut Creek  
 City of Cooper City <sup>4</sup>  
 City of Dania Beach <sup>3,4</sup>  
 City of Deerfield Beach <sup>3</sup>  
 City of Fort Lauderdale <sup>3,4</sup>  
 City of Hallandale Beach <sup>4</sup>  
 City of Hollywood <sup>3</sup>  
 City of Lighthouse Point <sup>1,4</sup>  
 City of Margate  
 City of Miramar <sup>3</sup>  
 City of North Lauderdale <sup>2</sup>  
 City of Oakland Park <sup>2,4</sup>  
 City of Pembroke Pines Charter Elementary School  
 City of Pembroke Pines Charter High School  
 City of Pembroke Pines Charter Middle School  
 City of Pembroke Pines FSU Charter School  
 City of Pompano Beach <sup>3</sup>  
 City of Weston <sup>3</sup>  
*City of West Park <sup>3,4</sup>*  
*City of Wilton Manors <sup>1,3,4</sup>*  
*Clerk of Circuit and County Courts Hillsborough Inlet Improvement and Maintenance*  
 North Springs Improvement District  
 Old Plantation Water Control District  
 Plantation Acres Improvement District  
 Property Appraiser  
 School Board  
 Sheriff  
 South Broward Drainage District  
 South Florida Regional Planning Council  
 Supervisor of Elections  
 Tax Collector  
 Town of Hillsboro Beach <sup>1,4</sup>  
 Town of Lauderdale-by-the-Sea <sup>3,4</sup>  
 Town of Pembroke Park <sup>1,4</sup>  
 Tri-County Commuter Rail

**CALHOUN COUNTY**

Apalachee Regional Planning Council  
 Board of County Commissioners  
 City of Blountstown <sup>1,2,4</sup>  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Altha <sup>1,4</sup>

**CHARLOTTE COUNTY**

Board of County Commissioners  
 Charlotte County Airport Authority  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections

Tax Collector

**CITRUS COUNTY**

Board of County Commissioners  
 Citrus County Mosquito Control District  
 Citrus MYcroSchool of Integrated Academics and Technologies, Inc.  
 City of Crystal River  
 City of Inverness <sup>2,3,4</sup>  
 Clerk of Circuit Court  
 Homosassa Special Water District  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**CLAY COUNTY**

Board of County Commissioners  
*City of Green Cove Springs <sup>3,4</sup>*  
 Clerk of Circuit Court  
 First Coast Workforce Consortium  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**COLLIER COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Collier County Soil and Water Conservation District  
 Collier Mosquito Control District  
 Greater Naples Fire Rescue District  
 Immokalee Fire Control District  
 Marco Island Academy  
 Marco Island Charter Middle School  
 North Collier Fire Rescue District  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**COLUMBIA COUNTY**

Board of County Commissioners  
 City of Lake City <sup>3,4</sup>  
 Clerk of Circuit Court  
 Lake Shore Hospital Authority  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**DADE COUNTY**

See Miami-Dade County

**DE SOTO COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

<sup>1</sup> This agency participates in the FRS for its police employees.

<sup>2</sup> This agency participates in the FRS for its fire employees.

<sup>3</sup> This agency participates in the FRS for its elected officials.

<sup>4</sup> This agency participates in the FRS for its general employees.

**DIXIE COUNTY**

Board of County Commissioners  
Board of Circuit Court  
Kinder Cub School, Inc.  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Suwannee Water and Sewer District  
Tax Collector  
Three Rivers Regional Library System  
Town of Cross City

**DUVAL COUNTY**

Biscayne High School  
Duval MYcroSchool of Integrated Academics  
and Technologies  
Jacksonville Aviation Authority  
Jacksonville Seaport Authority  
Jacksonville Transportation Authority  
Lone Star High School  
Northeast Florida Regional Planning Council  
North Florida Transportation Planning  
Organization  
River City Science Academy  
River City Science Academy Elementary  
River City Science Academy Innovation  
River City Science Academy Intracoastal  
River City Science Academy at Mandarin  
School Board  
SIATech Jacksonville

**ESCAMBIA COUNTY**

Board of County Commissioners  
Byrnesville Elementary School, Inc.  
Clerk of Circuit and County Courts  
*City of Pensacola* <sup>1,3,4</sup>  
*Emerald Coast Utility Authority*  
Pensacola Beach Elementary School  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
*Tax Collector*  
West Florida Regional Planning Council

**FLAGLER COUNTY**

Board of County Commissioners  
City of Bunnell  
Clerk of Circuit Court  
East Flagler Mosquito Control District  
Flagler County Housing Authority  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**FRANKLIN COUNTY**

Apalachicola Housing Authority  
Board of County Commissioners  
City of Apalachicola <sup>1,4</sup>  
City of Carrabelle <sup>1,3,4</sup>  
Clerk of Circuit Court  
Eastpoint Water and Sewer District  
Property Appraiser

School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
**GADSDEN COUNTY**  
Board of County Commissioners  
City of Chattahoochee <sup>1,3,4</sup>  
City of Gretna  
City of Midway <sup>1,3,4</sup>  
Clerk of Circuit Court  
Northwest Florida Water Management  
District

Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Greensboro <sup>1,4</sup>  
Town of Havana <sup>1,4</sup>

**GILCHRIST COUNTY**

Board of County Commissioners  
City of Trenton <sup>1,3,4</sup>  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**GLADES COUNTY**

Board of County Commissioners  
City of Moore Haven <sup>4</sup>  
Clerk of Circuit Court  
Moore Haven Mosquito Control District  
Pemayetv Emahakv, Inc.  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**GULF COUNTY**

Board of County Commissioners  
City of Port Saint Joe  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**HAMILTON COUNTY**

Board of County Commissioners  
City of Jasper  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Jennings <sup>1,2,4</sup>

**HARDEE COUNTY**

Board of County Commissioners  
Clerk of Circuit Court

Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**HENDRY COUNTY**

Barron Water Control District  
Board of County Commissioners  
Central County Water Control District  
City of Clewiston <sup>1</sup>  
City of La Belle <sup>3,4</sup>  
Clerk of Circuit Court  
Hendry Soil and Water Conservation  
District  
Port La Belle Community Development  
District  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**HERNANDO COUNTY**

Board of County Commissioners  
City of Brooksville <sup>3,4</sup>  
Clerk of Circuit Court  
Hernando County Housing Authority  
Property Appraiser  
School Board  
Sheriff  
Southwest Florida Water Management  
District  
Supervisor of Elections  
Tax Collector

**HIGHLANDS COUNTY**

Board of County Commissioners  
City of Avon Park <sup>3,4</sup>  
City of Sebring <sup>1,2,4</sup>  
Clerk of Circuit Court  
Highlands Soil and Water Conservation  
District  
Property Appraiser  
School Board  
Sebring Airport Authority  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Lake Placid <sup>1,3,4</sup>

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<sup>2</sup> This agency participates in the FRS for its fire employees.

<sup>3</sup> This agency participates in the FRS for its elected officials.

<sup>4</sup> This agency participates in the FRS for its general employees.

**HILLSBOROUGH COUNTY**

Board of County Commissioners  
 Children's Board of Hillsborough County  
 Clerk of Circuit Court  
 Hillsborough Area Regional Transit  
 Hillsborough County Aviation Authority  
 Hillsborough County Civil Service Board  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tampa Bay Area Regional Transit Authority  
 Tampa Bay Estuary Program  
 Tampa-Hillsborough County Expressway  
 Authority  
 Tampa Port Authority  
 Tampa Sports Authority  
 Tax Collector

**HOLMES COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Holmes County Housing Authority  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**INDIAN RIVER COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Fellsmere Water Control District  
 Indian River Farms Water Control District  
 Indian River Mosquito Control District  
 Property Appraiser  
 Saint Johns Water Control District  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**JACKSON COUNTY**

Board of County Commissioners  
 City of Graceville <sup>1,4</sup>  
 City of Marianna <sup>4</sup>  
 Clerk of Circuit Court  
 Jackson Soil and Water Conservation  
 District  
 Northwest Florida Regional Housing  
 Authority  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Alford <sup>4</sup>  
 Town of Grand Ridge <sup>4</sup>  
 Town of Sneads <sup>1,4</sup>

**JEFFERSON COUNTY**

Board of County Commissioners  
 City of Monticello <sup>4</sup>  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board

Sheriff  
 Supervisor of Elections  
 Tax Collector

**LAFAYETTE COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Mayo <sup>3,4</sup>

**LAKE COUNTY**

Board of County Commissioners  
 City of Fruitland Park <sup>1,4</sup>  
 City of Minneola <sup>2,4</sup>  
 City of Tavares <sup>1, 2,4</sup>  
 City of Umatilla <sup>4</sup>  
 Clerk of Circuit Court  
 Mascotte Charter School, Inc.  
 Lake County Water Authority  
 Property Appraiser  
 School Board  
 Sheriff  
 Spring Creek Charter School  
 Supervisor of Elections  
 Tax Collector  
 Town of Astatula  
 Town of Montverde <sup>4</sup>

**LEE COUNTY**

Alva Fire and Rescue Service District  
 Bayshore Fire Protection and Rescue  
 Service District  
 Board of County Commissioners  
 Bonita Springs Fire and Rescue  
 Cape Coral Charter School  
 Captiva Fire Control District  
 City of Bonita Springs  
 Clerk of Circuit Court  
 Fort Myers Beach Fire Control District  
 Fort Myers Beach Library District  
 Fort Myers Beach Mosquito Control  
 Fort Myers Shores Fire Department  
 Hyacinth Control District  
 Iona McGregor Fire Protection and  
 Rescue Service  
 Lee County Metropolitan Planning  
 Organization  
 Lee County Mosquito Control District  
 Lehigh Acres Fire Control and Rescue  
 District  
 Lehigh Acres Municipal Services  
 Improvement District  
 Matlacha-Pine Fire District  
 North Fort Myers Fire Control District  
 Property Appraiser  
 Public Risk Management of Florida  
 San Carlos Fire Protection and Rescue  
 District  
 Sanibel Fire Control District  
 School Board  
 Sheriff

South Trail Protection and Rescue  
 Service District  
 Southwest Florida Regional Planning  
 Council  
 Supervisor of Elections  
 Tax Collector  
 Tice Fire and Rescue District

**LEON COUNTY**

Board of County Commissioners  
 Children's Services Council of Leon  
 County <sup>4</sup>  
 Clerk of Circuit Court  
 Florida Clerk of Court Operations  
 Corporation  
 Property Appraiser  
 The School of Arts and Sciences  
 Foundation, Inc.  
 School Board  
 Sheriff  
 Stars Middle School  
 Supervisor of Elections  
 Tallahassee Housing Authority  
 Tax Collector

**LEVY COUNTY**

Board of County Commissioners  
 City of Cedar Key <sup>1</sup>  
 City of Chiefland  
 City of Fanning Springs  
 City of Williston <sup>2</sup>  
 Clerk of Circuit Court  
 Levy County Housing Authority  
 Nature Coast Middle School  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Inglis <sup>1,4</sup>  
 Town of Yankeetown <sup>4</sup>  
 Whispering Winds Charter School

**LIBERTY COUNTY**

Board of County Commissioners  
 City of Bristol <sup>4</sup>  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**MADISON COUNTY**

Aucilla Area Solid Waste Administration  
 Board of County Commissioners  
 Clerk of Circuit Court  
 James Madison Preparatory High  
 School  
 Madison Creative Arts Academy, Inc.  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Greenville <sup>4</sup>

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<sup>4</sup> This agency participates in the FRS for its general employees.

**MANATEE COUNTY**

Board of County Commissioners  
 Braden River Fire Control and Rescue  
 Cedar Hammock Fire Control District  
 City of Anna Maria  
 City of Bradenton <sup>3,4</sup>  
 City of Holmes Beach <sup>4</sup>  
 Clerk of Circuit Court  
 Lincoln Memorial Academy  
 Manatee County Housing Authority  
 Manatee County Mosquito Control District  
 Palmetto Charter School, Inc.  
 Parrish Fire Control District  
 Peace River/Manasota Regional Water  
 Supply Authority  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Longboat Key <sup>2</sup>  
 William Monroe Rowlett Academy for the  
 Arts and Communication  
 William Monroe Rowlett Middle Academy

**MARION COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Francis Marion Military Academy  
 Marion Charter School  
 Property Appraiser  
 Rainbow Lakes Municipal Service  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**MARTIN COUNTY**

Board of County Commissioners  
 City of Stuart  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Village of Indiantown <sup>3,4</sup>

**MIAMI - DADE COUNTY**

Bal Harbour Village <sup>1</sup>  
 The Children's Trust  
 City of Coral Gables <sup>3</sup>  
 City of Doral <sup>1</sup>  
 City of Florida City <sup>1,4</sup>  
 City of Miami Gardens <sup>1,3,4</sup>  
 City of North Bay Village <sup>1,4</sup>  
 City of North Miami <sup>1,3,4</sup>  
 City of North Miami Beach <sup>3</sup>  
 City of Opa-Locka <sup>1,4</sup>  
 City of Sunny Isles Beach  
 City of West Miami <sup>1,4</sup>  
 Clerk of Circuit Court  
 Coral Reef Montessori Charter School  
 Dade County Industrial Development  
 Authority  
 Miami Beach Housing Authority

Note: Italicized agencies report FRS employees due to a merger, transfer, or consolidation of governmental services.

Miami-Dade County  
 Miami-Dade County Expressway  
 Authority  
 Property Appraiser  
 School Board  
 Supervisor of Elections  
 Tax Collector  
 Town of Cutler Bay  
 Town of Miami Lakes <sup>1,3,4</sup>  
 Village of Biscayne Park <sup>1,4</sup>  
 Village of El Portal <sup>1,4</sup>  
 Village of Pinecrest <sup>1</sup>

**MONROE COUNTY**

Board of County Commissioners  
 City of Key Colony Beach <sup>1,4</sup>  
 City of Marathon <sup>3</sup>  
 Clerk of Circuit Court  
 Florida Keys Aqueduct Authority  
 Florida Keys Mosquito Control District  
 Islamorada, Village of Islands  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**NASSAU COUNTY**

Amelia Island Mosquito Control  
 Board of County Commissioners  
 City of Fernandina Beach <sup>3</sup>  
 Clerk of Circuit Court  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector  
 Town of Callahan <sup>3,4</sup>  
 Town of Hilliard <sup>3,4</sup>

**OKALOOSA COUNTY**

Board of County Commissioners  
*City of Niceville* <sup>1,2,4</sup>  
 Clerk of Circuit Court  
 Liza Jackson Preparatory School  
*Property Appraiser*  
 School Board  
 Sheriff  
 Supervisor of Elections  
*Tax Collector*

**OKEECHOBEE COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 Coquina Water Control District  
 Okeechobee Soil and Water  
 Conservation District  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**ORANGE COUNTY**

Board of County Commissioners  
 Central Florida Expressway Authority  
 City of Edgewood  
 Clerk of Circuit Court  
 Florida Virtual High School  
 Greater Orlando Aviation Authority <sup>2</sup>  
 Lake Apopka Natural Gas District  
 Nap Ford Community School  
 Office of the Comptroller  
 Orlando Science Elementary School  
 Orlando Science Middle/High School  
 Property Appraiser  
 Reedy Creek Improvement District  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

**OSCEOLA COUNTY**

Board of County Commissioners  
 Clerk of Circuit Court  
 New Dimensions High School  
 Property Appraiser  
 School Board  
 Sheriff  
 Supervisor of Elections  
 Tax Collector

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## **PALM BEACH COUNTY**

Board of County Commissioners  
City of Atlantis <sup>1,4</sup>  
City of Boca Raton <sup>3</sup>  
City of Boynton Beach <sup>3</sup>  
City of Palm Beach Gardens <sup>3,4</sup>  
City of Riviera Beach  
City of South Bay <sup>3</sup>  
Clerk of Circuit Court  
Florida Inland Navigation District  
G-STAR School of the Arts for Motion  
Pictures and Television  
Gulf Stream Goodwill Academies, Inc.  
Indian Trail Improvement District  
Inlet Grove Community High School, Inc.  
Lake Worth Drainage District  
Loxahatchee Groves Water Control District  
Palm Beach County Solid Waste Authority  
Palm Beach Metropolitan Planning  
Organization  
Palm Beach Soil and Water Conservation  
Palm Beach Workforce Development  
Consortium  
Port of Palm Beach  
Property Appraiser  
School Board  
Shawano Drainage District  
Sheriff  
South Florida Conservancy  
South Florida Water Management District  
South Tech Charter Academy, Inc.  
Supervisor of Elections  
*Tax Collector*  
*Town of Haverhill* <sup>4</sup>  
*Town of Highland Beach* <sup>1,3,4</sup>  
*Town of Juno Beach* <sup>1,4</sup>  
Town of Jupiter <sup>3,4</sup>  
Town of Loxahatchee Groves <sup>4</sup>  
Town of Mangonia Park <sup>4</sup>  
Town of Ocean Ridge <sup>1,3,4</sup>  
*Town of Palm Beach Shores* <sup>1,2,4</sup>  
*Town of South Palm Beach* <sup>1,4</sup>  
Village of Palm Springs <sup>1,3,4</sup>  
Village of Royal Palm Beach <sup>3,4</sup>  
Village of Wellington <sup>3,4</sup>  
Western Academy Charter School

## **PASCO COUNTY**

Board of County Commissioners  
*City of New Port Richey* <sup>4</sup>  
City of Port Richey  
City of San Antonio <sup>4</sup>  
City of Zephyrhills <sup>1,2,4</sup>  
Clerk of Circuit Court  
*Learning Lodge Academy, Inc.*  
Pasco County Mosquito Control District  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

## **PINELLAS COUNTY**

Board of County Commissioners  
*City of Madeira Beach* <sup>2,4</sup>

*City of Oldsmar* <sup>2</sup>  
City of Seminole <sup>3,4</sup>  
*City of South Pasadena* <sup>4</sup>  
City of Treasure Island <sup>1,2</sup>  
Clerk of Court  
Juvenile Welfare Board  
Lealman Special Fire Control District  
Palm Harbor Special Fire Control  
District  
Pinellas County Planning Council  
Pinellas Housing Authority  
Pinellas MYcroSchool of Integrated  
Academics and Technologies  
Pinellas Park Water Management  
District  
Pinellas Suncoast Fire and Rescue  
District  
Pinellas-Suncoast Transit Authority  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tampa Bay Regional Planning Council  
Tampa Bay Water  
Tax Collector  
Town of Indian Shores <sup>3</sup>  
Town of Kenneth City <sup>1</sup>  
*Town of North Redington Beach* <sup>4</sup>  
Town of Redington Shores <sup>3,4</sup>

## **POLK COUNTY**

Berkley Accelerated Middle School  
Berkley Charter School  
Board of County Commissioners  
Clerk of Circuit Court  
Compass Charter Middle School  
Dale R. Fair Babson Park Elementary  
School  
Discovery Academy of Lake Alfred  
Edward W. Bok Academy, Inc.  
Edward W. Bok Academy North  
Hillcrest Elementary School  
Janie Howard Wilson Elementary  
School  
Lakeland Area Mass Transit District  
Lake Wales Charter School, Inc.  
Lake Wales Senior High School  
Language and Literacy Academy of  
Learning, Inc.  
New Beginnings High School, Inc.  
Our Children's Academy  
Polk Avenue Elementary School  
Property Appraiser  
Ridgeview Global Studies Academy  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
The Schools of McKeel Academy  
Town of Polk City <sup>4</sup>  
Village of Highland Park <sup>4</sup>

## **PUTNAM COUNTY**

Board of County Commissioners  
Clerk of Circuit Court  
Property Appraiser  
Putnam Academy of Arts and Sciences  
Putnam Edge High School  
Saint Johns River Water Management  
District  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

## **SAINT JOHNS COUNTY**

Anastasia Mosquito Control District  
Board of County Commissioners  
City of Saint Augustine Beach  
Clerk of Circuit Court  
Property Appraiser  
Saint Augustine-Saint Johns County  
Airport Authority  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

## **SAINT LUCIE COUNTY**

Board of County Commissioners  
Children's Service Council of Saint  
Lucie  
City of Port Saint Lucie <sup>3</sup>  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

## **SANTA ROSA COUNTY**

Avalon Fire Rescue District  
Board of County Commissioners  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Jay <sup>3,4</sup>

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**SARASOTA COUNTY**

Board of County Commissioners  
*City of North Port* <sup>3,4</sup>  
*City of Sarasota* <sup>3,4</sup>  
City of Venice  
Clerk of Circuit Court  
Englewood Area Fire Control District  
Englewood Water District  
Florida PACE Funding Agency  
Property Appraiser  
Sarasota Bay Estuary Program  
Sarasota-Manatee Metropolitan Planning Organization  
Sarasota Military Academy  
Sarasota Military Academy Prep  
Sarasota Suncoast Academy  
School Board  
Sheriff  
Student Leadership Academy of Venice, Inc.  
Supervisor of Elections  
Tax Collector  
West Coast Inland Navigation District

**SEMINOLE COUNTY**

Board of County Commissioners  
City of Sanford  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Seminole Science Charter School  
*Sheriff*  
Supervisor of Elections  
Tax Collector

**SUMTER COUNTY**

Board of County Commissioners  
*City of Center Hill* <sup>1,4</sup>  
*City of Coleman* <sup>1,3,4</sup>  
*City of Webster* <sup>1,3,4</sup>  
City of Wildwood  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector

**SUWANNEE COUNTY**

Board of County Commissioners  
City of Live Oak  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Suwannee River Water Management District  
Suwannee Valley Transit Authority  
Tax Collector

**TAYLOR COUNTY**

Big Bend Water Authority  
Board of County Commissioners  
*City of Perry* <sup>3,4</sup>  
Clerk of Circuit Court  
Property Appraiser

School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Taylor Coastal Water and Sewer District  
Taylor County Development Authority

**UNION COUNTY**

Board of County Commissioners  
*City of Lake Butler* <sup>3,4</sup>  
Clerk of Circuit Court  
New River Library Cooperative  
PAL Public Library Cooperative  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Union County Housing Authority

**VOLUSIA COUNTY**

Board of County Commissioners  
*City of Daytona Beach* <sup>3,4</sup>  
*City of Daytona Beach Shores* <sup>1,2,4</sup>  
City of Deltona <sup>4</sup>  
City of Holly Hill <sup>4</sup>  
City of Lake Helen  
*City of New Smyrna Beach* <sup>3</sup>  
City of Oak Hill <sup>1,4</sup>  
City of Orange City  
City of South Daytona <sup>1,2,4</sup>  
Clerk of Circuit Court  
Property Appraiser  
River to Sea Transportation Planning Organization  
School Board  
Sheriff  
Southeast Volusia Hospital District  
Supervisor of Elections  
Tax Collector  
Town of Pierson <sup>4</sup>  
Town of Ponce Inlet <sup>1,2,4</sup>  
Volusia County Law Library

**WAKULLA COUNTY**

Board of County Commissioners  
*City of Sopchoppy* <sup>4</sup>  
Clerk of Circuit Court  
Property Appraiser  
School Board

Sheriff  
Supervisor of Elections  
Tax Collector  
Wilderness Coast Libraries

**WALTON COUNTY**

Board of County Commissioners  
City of DeFuniak Springs  
*City of Freeport* <sup>2,3,4</sup>  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Seaside Neighborhood Charter School  
Sheriff  
South Walton Mosquito Control District  
Supervisor of Elections  
Tax Collector

Walton Academy

**WASHINGTON COUNTY**

Board of County Commissioners  
City of Chipley  
City of Vernon <sup>3,4</sup>  
Clerk of Circuit Court  
Property Appraiser  
School Board  
Sheriff  
Supervisor of Elections  
Tax Collector  
Town of Wausau <sup>3,4</sup>

**SUMMARY**

State Agencies	45
State Universities	12
State Colleges	28
County Agencies	396
School Boards	67
Cities	180
Independent Hospitals	2
Special Districts	153
Charter Schools	93
Housing Authorities	12
Total	988

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Non-Participating Employers

The following list of 44 employers report existing FRS members only; new employees are not eligible to participate in the FRS.

Bay County – City of Panama City  
Brevard County – Canaveral Port Authority  
*Broward County – City of Lauderdale Lakes*  
*Broward County – Fort Lauderdale Downtown Development Authority*  
*Broward County – Memorial Healthcare District*  
*Broward County – North Broward Hospital District*  
Citrus County – Citrus County Hospital Board  
Clay County – *Clay County Utility Authority*  
Collier County – City of Marco Island  
DeSoto County – Joshua Water Control District  
Flagler County – *City of Palm Coast*  
Hendry County – Hendry County Hospital Authority  
Hillsborough County – City of Temple Terrace  
Jackson County – Jackson Hospital  
*Lake County – City of Eustis*  
Leon County – City of Tallahassee  
Manatee County – *West Manatee Fire and Rescue District*  
Marion County – City of Dunnellon  
Miami-Dade County – Public Health Trust Jackson Memorial  
Okaloosa County – City of Valparaiso  
*Okaloosa County – Okaloosa County Gas District*  
*Okaloosa County – Town of Shalimar*  
Orange County – City of Maitland  
Orange County – Orange-Seminole-Osceola Transit Authority  
Palm Beach County – Acme Improvement District  
*Palm Beach County – City of Greenacres*  
*Palm Beach County – City of Pahokee*  
Palm Beach County – Palm Beach County Health Care District  
Palm Beach County – South Indian River Water Control District  
*Palm Beach County – Village of Tequesta*  
Pasco County – *City of Dade City*  
*Pinellas County – City of Belleair Beach*  
*Pinellas County – City of Dunedin*  
*Pinellas County – City of Indian Rocks Beach*  
*Pinellas County – City of Safety Harbor*  
*Pinellas County – Town of Redington Beach*  
Saint Lucie County – North Saint Lucie River Water Management District  
Santa Rosa County – City of Gulf Breeze  
*Seminole County – City of Altamonte Springs*  
*Seminole County – City of Casselberry*  
*Seminole County – City of Longwood*  
*Seminole County – South Seminole-North Orange Wastewater Authority*  
*Sumter County – City of Bushnell*  
*Volusia County – New Smyrna Beach Utilities Commission*

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## 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 for firefighters' and police officers' plans, respectively.

For participating plans, the statutes require defined benefit plans for police officers and firefighters and establish the minimum benefits and standards that must be provided. There are two types of plans that 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 are subject to regulatory oversight by the Division of Retirement.

Participating cities and special fire control districts are eligible to receive annual distributions of state insurance 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 collects 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 monitors all local government sponsored pension plans for compliance with Part VII of Chapter 112, Florida Statutes. This Part ensures that all locally sponsored defined benefit pension plans are being funded on an actuarially sound basis and receive timely actuarial services which meet specified standards in their preparation. This review function covers general employee and other employee group plans, in addition to the police and fire plans monitored under Chapters 175 and 185, Florida Statutes. The Division also provides a local government annual report to the Legislature which details the division's activities, findings and recommendations concerning all local government sponsored retirement systems.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, governmental fund, and fiduciary funds of the Florida Retirement System Pension Plan and Other State-Administered Systems (System) administered by the Florida Department of Management Services (Department), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 22, 2022, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the Florida Retirement System Trust Fund maintained by the State Board of Administration to account for assets and investment income (loss) of the Florida Retirement System Defined Benefit Pension Plan, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and

corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
December 22, 2022  
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