

City of Fort Lauderdale



Police & Firefighters' Retirement System Annual Report 2013

== Chairman's Report ==

I am pleased once again to report to you on the financial position of your pension plan. On behalf of the seven member Board of Trustees, it is my privilege to announce to the active and retired police officers and fire fighters their pension plan's funding is safe and sound, and capable of paying the guaranteed benefits now and into the future.

We continue to hear news reports about pension plans being underfunded or employers not making their contributions. That is not true about your plan – it is not underfunded and the employer (City of Fort Lauderdale) makes its annual required contribution each year.

This year has been a short year. The trustees approved a change in the fiscal year starting on October 1 through September 30 to coincide with the city. Therefore, for just this year, our annual report embodies just nine months (January 1-September 30, 2013). During this period, the plan's investments earned 10.19% (continuing the year through December 31, the yield would have been 15.1% and market value of \$771 million). This yield exceeds the plan's assumed rate of return of 7.5%. Over the past 23 years, the plan's return on investment is 9.07%.

With these excellent investment returns, the plan continues to validate the city's decision to issue pension obligation bonds to fund 75 percent of the plan's unfunded liabilities. The trustees made a change in the salary increase assumptions, based on a recommendation from the actuary, lowering the plan's costs. An infrastructure manager was added, and one terminated in a move to enhance the plan's returns without increasing risk.



Once again we hosted a Pre-Retirement Seminar for members and spouses, aiding those wanting retirement information. Our trustees had a one-day meeting with our money managers, reviewing their strategies for the coming year with regard to the plan's investments. Our pension plan website online access for members is now fully operational and many members have taken advantage of this retirement tool to do pension and Social Security estimates. If you have not registered for an online account, contact the pension office for more information. Retirees now have access to this online resource. Our administrative staff is prepared to assist all members and survivors with their retirement questions, including any issues regarding a benefit or payment.

Your trustees are the fiduciaries of the plan. Their job is to hire professional performance and money managers to invest the funds and hire a professional attorney, auditor and actuary. The trustees must ensure that all receipts are accounted for and deposited, and the correct benefits are paid upon retirement. These trustees also must decide whether or not a disability retirement benefit is granted. To do their job requires continuing education through attending schools, seminars and conferences, self-education, and attendance at the monthly pension board meetings.

We are prepared and proud of the job we are doing for the sworn public safety officers of Fort Lauderdale.

Michael Dew
Chairman

2013 Retirement Plan Highlights

The Fort Lauderdale Police and Firefighters' Retirement System provides retirement, disability, and survivor benefits to police officers and firefighters of the City of Fort Lauderdale. The retirement system was established January 1, 1973 by city ordinance and is administered by the board of trustees according to this ordinance and Florida state statutes.

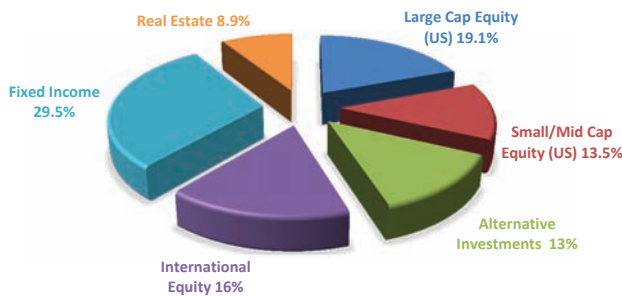
Active Members = 780	Market Value of Plan Assets = \$719 million
Retirees/Beneficiaries = 883	Benefits Paid = \$44 million
Disability Members = 24	Member Contributions = \$4.1 million
DROP Members = 81	City Contributions = \$11.2 million
Terminated Vested = 20	State Contributions = \$6 million
Total Plan Participants = 1,788	Dividends and Interest = \$10.7 million
New Entrants = 19	Gains on Investments = \$61.9 million

Overview of Your Plan's Finances

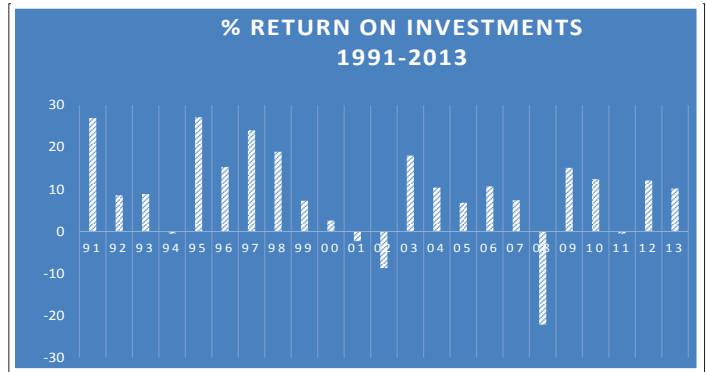
The four charts provide an overview of your retirement plan. The plan's assets have grown over the past 13 years from \$380 million to \$719 million (a growth of 89%). Over the past 23 years, the average return on investments is 9.07%, compared to the assumed 7.5% return. Positive returns were earned in 18 of those years. The trustees invest the assets into a diversified portfolio of stocks and bonds

to obtain superior returns on investments. The funds are invested into six major categories, with additional diversification within each. The plan's membership continues to increase and mature – with the gap between retired plan members and active plan members widening. The DROP program continues to decrease the number of new hires.

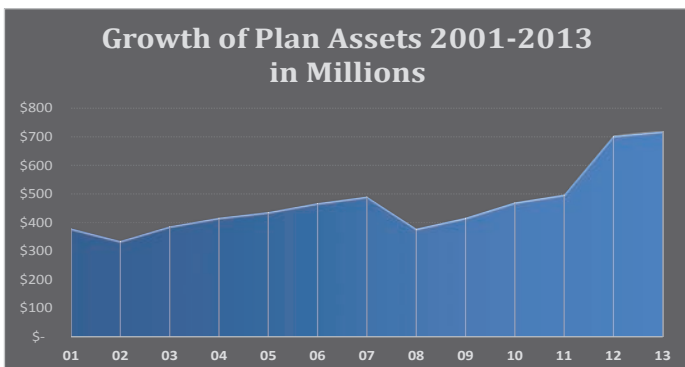
HOW PLAN ASSETS ARE INVESTED



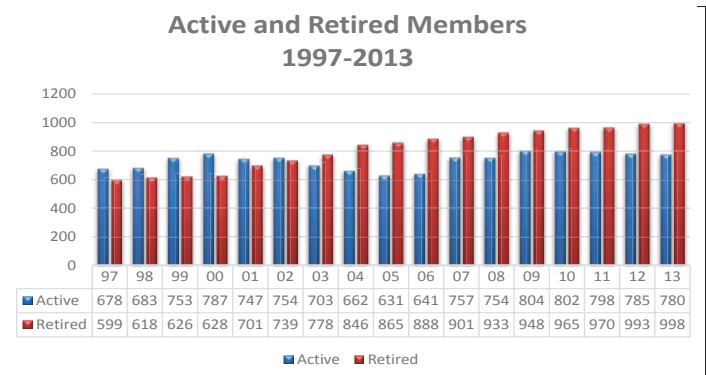
% RETURN ON INVESTMENTS 1991-2013



Growth of Plan Assets 2001-2013 in Millions



Active and Retired Members 1997-2013



Board of Trustees

Michael Dew (Police)
Chairman

J. Scott Bayne (Fire)

Kenneth Rudominer (Fire)
Vice Chairman

Dennis Hole (Consensus)

Jim Naugle (Appointed)

Richard Fortunato (Police)
Secretary

Jeffrey Cameron (Appointed)



Seated (l to r) Trustees Dennis Hole; Kenneth Rudominer, Vice Chairman; Jeffrey Cameron; Standing (l to r) Trustees Jim Naugle; Michael Dew, Chairman; Richard Fortunato, Secretary; and J. Scott Bayne

Why Your Pensions Are So Important

The public pension plan “problems” are state specific and not systemic in nature. The vast majority of plans are on solid financial ground – and the few that aren’t are in jurisdictions whose legislatures or employers have consistently failed to make some or all of the actuarially required contributions to those plans, even in boom economic times. Listed below are some findings from a 2013 study of people’s concerns about retirement:

- 19% aged 65-74 expect inflation to be their top concern during retirement;
- 20% plan on never retiring;
- 31% aged 45-54 have not started saving for retirement;
- 44% aged 25-34 have not started saving for retirement;
- 40% aged 18-24 expect running out of money to be their top concern during retirement;
- 56% of those with 6-10 years until retirement have \$100,000 or less saved for retirement;
- 62% have \$50,000 or less saved for retirement; and
- 67% with 11-15 years until retirement are most concerned about paying for healthcare in retirement.

Your Pension Staff



Pictured (l to r) Lynn Wenguer, Plan Administrator; Laurie DeZayas, Pension Secretary; and Amanda Cintron, Assistant Plan Administrator. The pension office is located at 888 S. Andrews Avenue, Suite 202 in Fort Lauderdale, FL 33316 or call 954-828-5595. Information about your retirement plan is available on the website at www.ftlaudpfpension.com.

We’re On Line

The trustees are excited to announce the completion of the retirement website for the Fort Lauderdale Police and Firefighters’ Retirement System. This website provides active and retired members with the ability to view their information and download forms/documents applicable to the plan. We will be posting all DROP statements on-line 45 days after the end of the quarter to reflect the plan rate of return. A shortcut to Member Log-in is available on the plan website www.ftlaudpfpension.com. At this time, the site is only available to active and retired members. If there is enough interest, we can look into expanding the availability to survivors and beneficiaries of the plan.

What you need to do next:

1) To access the website go to www.ftlaudpfpension.com and register for an account. You will then be able to create a User Name and password of your choosing. Registration will not be complete until an email address is confirmed.

2) Confirm your current contact information is correct. During the transition, some recent address changes may not have transferred into the new system.

3) Confirm your beneficiary. If you are retired and need to update your beneficiary, please contact the pension office.

All changes to your record need to be requested in writing. If you need to update any of your information, please download and complete the appropriate forms from the “Documents” tab of the Retirement Planner under “Plan Documents.” The original signed copy of any form needs to be returned to the pension office.

We hope you find this new website to be a useful tool and valuable resource. We encourage you to explore the site. If you have any questions about the terms used on a page or how to work within the sites many features, a Help for this page link is available on the upper right corner of all pages. As always, the pension office is available to help with any questions you may have.

Police and Firefighters' Retirement System
888 S. Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

First Class Mail

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
FORTLAUDERDALE FL
PERMIT NO 401

The City of Fort Lauderdale Police and Firefighters' Retirement Board efficiently provides the highest quality of administrative services, within the applicable laws, professional and ethical standards, so that each member has the opportunity for a successful retirement.

Changing Pensions

In 1983, among all workers, 62% had a defined benefit plan (guaranteed pension income for life) and just 12% had a defined contribution account. By 2010, these had flipped: 69% had only a defined contribution account and 19% had only a traditional defined benefit account. Nowadays, traditional defined benefit plans are restricted to the public sector employees and many of these are being scaled back and continually under attack. It is possible in the next generation that Social Security will provide the only defined benefit revenue stream for a majority of Americans.

A 401(k) account of \$100,000 will provide \$575 monthly – when converted into a standard joint-and- survivor annuity today.

Retirement Plan Acknowledged

For the fourth consecutive year, the Fort Lauderdale Police and Firefighters' Retirement System has received the Public Pension Coordinating Council's (PPCC) award for plan funding and administration of its retirement system. The award recognizes the professional standards for retirement plan funding and administration as set forth in the Public Pension Standards. Approximately 200 retirement systems received this recognition in 2013 out of over 2,500 public pension plans.

**Save
the Date**

2014 Police and Firefighter Retirement Planning Seminar

When: Full Day Event - Wednesday September 17th

Where: City Hall Commission Chambers
100 N Andrews Ave, Fort Lauderdale

It's never too early or too late to plan for your retirement