

City of Fort Lauderdale



Police & Firefighters' Retirement System Annual Report 2011

Chairman's Report

As Chairman of the Board of Trustees, it is my pleasure to report to you on behalf of all seven trustees on the fiscal conditions of your pension plan during 2011.

We began the year with our new performance manager CapTrust. Based on their recommendations, the trustees made several changes in money managers responsible for investing the plan's assets. The trustees terminated two money managers, who accounted for a significant percentage of the plan's absolute and relative underperformance. The plan continues to reduce risk and diversify investment exposure to enhance investment return and make adjustments in the allocation of the assets to enhance the financial solvency of the plan.

The plan's annual total investment return was negative 0.5%. Over the past 21 years, the plan's average investment return was 8.79%, with only five negative years out of 21. Our plan is well positioned for improved long-term performance.

The trustees worked to ensure transparency of our actions and official documents through open meetings and information available on the plan's website. Many organizations—both pension and media representatives—cite our website as an example of what all plan websites should resemble. We plan to continue this policy of transparency and openness.

Due diligence has been performed by the trustees to achieve plan savings through renegotiations and reductions of fees of money managers. The total dollar savings was presented to the City Commission and City Manager, along with a presentation on the fundamentals of the city's pension plan.

Our legal counsel completed a review of the history of city ordinances and the retiree COLA. The COLA ordinance sunset on July 15, 2008. At the request of the retirees, we added to the study a review of the smoothing of investment returns to see what effect it potentially could have on the COLA. Copies of this review have been shared with our retirees' organization.



We conducted a retirement planning seminar in September for those nearing retirement. It was successful and we will conduct another seminar in 2012 on September 27-28. I invite you to attend and learn more about your retirement plan. Our semi-annual survey of members was completed—in this newsletter, we report on some of the findings. Overall, plan members are satisfied with their plan and the dissemination of information.

The Police and Firefighters' Board of Trustees is committed to working with the city commission and city management to reduce the plan's costs, promote retirement security for our members, and attain fiscal soundness for our retirement system. The trustees do not make retirement law—our function is to administer the plan according to Florida law and city ordinances.

Please be involved in your retirement and utilize our pension office as a resource for all your pension questions and issues.

Michael Dew
Chairman

2011 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= 798

Retirees/Beneficiaries = 847

Disability Members = 22

DROP Members = 83

Terminated Vested = 18

Total Plan Participants = 1768

New Entrants = 28

Market Value of Plan Assets = \$498.3 million

Benefits Paid = \$39.1 million

Member Contributions = \$5.2 million

City Contributions = \$30.7 million

State Contributions = \$4.7 million

Dividends and Interest = \$10.4 million

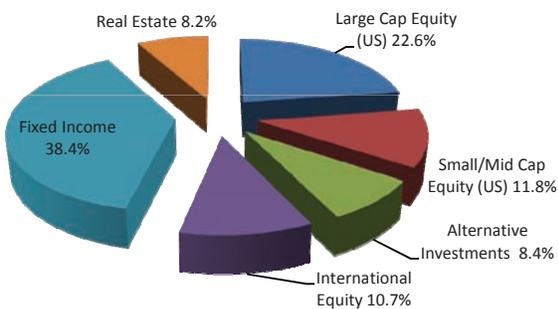
Gains on Investments = (\$1.4 million)

Understanding Your Plan's Finances

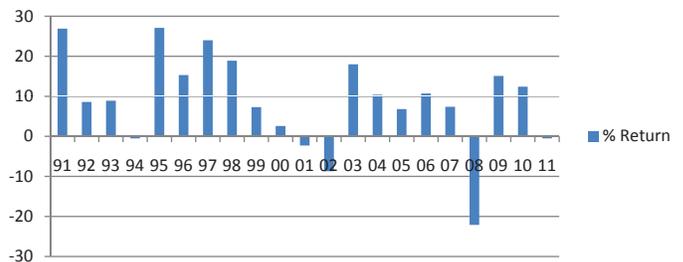
The charts below provide a quick overview of your retirement plan. The trustees invest the assets into a diversified portfolio of stocks and bonds to obtain superior returns on investment for the plan. The overall return on the plan's investments continues to be positive: over the past 21 years, the average total return equals 8.79%. 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 – keeping police officers and firefighters on the job longer. It is beneficial to both the plan and the city, as the city does not make a pension contribution for those members who retire under DROP but continue working for up to eight years. The stock market losses of 2008 have been slow to recover – given the volatility in today's markets and the never-before-seen low interest returns on bonds, both corporate and government bonds.

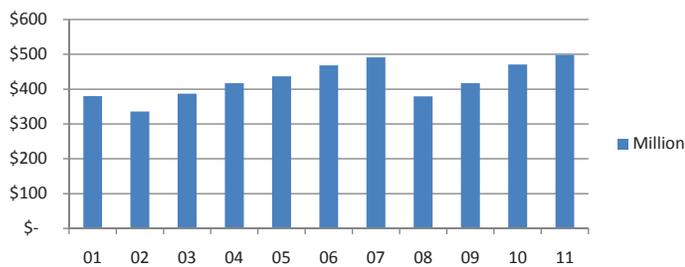
How Plan Assets are Invested



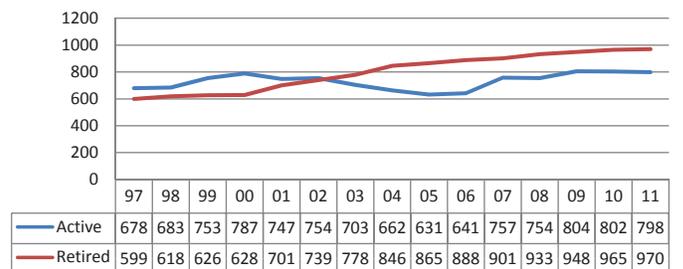
**% Return on Investments
1991-2011**



**Growth of Plan Assets
2001-2011**



**Active and Retired Members
1997-2011**



Your Pension Staff



The pension office is located at 888 S. Andrews Avenue, Suite 202 in Fort Lauderdale, FL 33316 or call 954-828-5595. The day-to-day operation of the pension plan is administered by the full-time professional staff in the office,

which is available to answer your questions or meet with you regarding any pension question or issue. Please feel free to call them with your questions or concerns. Pictured (l to r) Lynn Wenguer, Plan Administrator; Laurie DeZayas, Pension Secretary; and Amanda Cintron, Assistant Plan Administrator. A great amount of information about your retirement plan is available on the website at www.ftlaudpfpension.com.

How Much Do Retirees Receive?

You've read the headlines about the retired government worker who receives a pension of over \$100,000 per year and retired at an early age. Editorials proclaim that pension checks are bloated and loaded with retirees making six-figure pensions.

In 2011, retirement benefits paid by the plan totaled \$39.1 million – an average benefit of \$41,070 per year or \$3,422 per month, according to the *2012 Actuarial Report*. This average includes retired members of the plan, survivors, and those on disability. That's a long way from \$100,000!

Let's check the facts more carefully:

- Less than 1% of retirees receive a benefit exceeding \$100,000
- 25% of retirees have a benefit of \$3,000 per month or less
- 61% of retirees have a benefit of \$4,000 per month or less
- 93% of the survivors have a benefit of \$3,000 per month or less
- 72% of the survivors have a benefit of \$2,000 per month or less.

The retirement checks are fully taxable, and retirees after age 65 receive no subsidy from the city to pay for health benefit premiums.

Basic Facts About Your Plan

The pension board is administered by 7 trustees: 4 elected (2 police and 2 fire), 2 appointed, and 1 selected by the other trustees. Meetings are typically held the second Wednesday of the month at the pension office, located at 888 S Andrews Avenue, Fort Lauderdale, FL. We encourage and welcome plan members to attend the board meetings.

Meeting minutes provide a summary of the information discussed and decisions made at meetings. Minutes are posted to the plan website after approval by the trustees at

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

the following board meeting, therefore posting of meeting minutes will be on a one month delay.

An educational Retirement Planning Seminar is held annually in City Hall, and is open to all active and retired plan members. Typical subject areas include pension updates, deferred compensation, estate planning, Medicare and Social Security. This year's seminar will be held September 27-28.

If you are interested in getting involved with a retiree organization, below are a few that work in support of police, firefighters, pensions, or retiree areas:

- Fort Lauderdale Police & Fire Retiree Association: can be contacted at 954-476-3053 or retireesasn@aol.com
- FPPTA (Florida Public Pension Trustee Association) has a newly formed retiree organization called Florida Public Retirees Organization: 1-800-842-6042 or at www.flpro.org.
- Active Members' Unions of the IAFF and FOP (iafflocal765.org or fop31.org)

The pension board works with these organizations but does not negotiate benefits for active or retired members. The board's responsibility is to administer the plan according to state and local laws.

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

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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.

Plan Goes Online

As technology changes so too have the needs of the pension office. Some exciting changes are on the horizon. MARC (Milliman Actuarial Retirement Calculator) will replace the plan's current computer system. This new system will improve the efficiency of the office, from day to day member requests such as address changes and benefit estimates to larger projects such as annual reports and valuations.

As an additional benefit, active members will notice some new features including electronic benefit statements and annual statements, online access from a link on the plan website to view DROP and SHARE accounts. Active members can expect communications regarding this functionality in 2013.

As the online system evolves, the member portal may

be modified to allow retiree access to view items such as contact information and benefit verification letters. The plan's website (www.ftlaudpfpension.com) provides valuable information, including commonly used forms, fund performance reports, two-page summary of meeting agenda, meeting minutes (delayed by one month), links of interest and trustee contact information.

Retirement Plan Receives Award

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

Save the Date

2012 Police and Firefighter Retirement Planning Seminar

When: Thursday September 27th and
Friday September 28th

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

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

RSVP by September 14th to 954-828-5595 or acintron@fortlauderdale.gov