

# RETIREMENT SYSTEM AT A GLANCE

Overview of the key elements in the retirement system's design, its financial health, and the share of teachers, state workers, university staff, and municipal employees receiving pension benefits.

As of June 30, 2020

## Features of the Retirement System

What retirement savings options are available?	Guaranteed Income Plan <b>OR</b> FRS Investment Plan (Defined Contribution)
How long does an FRS member have to work before they are eligible for retirement benefits?	Guaranteed Income Plan: 8 Years FRS Investment Plan: 1 Year
Does an FRS member's service transfer with them to a new plan if they move to another state?	Guaranteed Income Plan: No FRS Investment Plan: Yes
Are FRS members enrolled in social security?	Yes
How long before the value of an FRS member's Guaranteed Income plan is worth more than just what they have paid into the plan? <sup>1</sup>	24 years
What percentage of public sector employees remain in the plan long enough for their Guaranteed Income plan benefits to be worth more than they put in? <sup>2</sup>	25%
What percentage of new public sector employees will receive a full pension from their Guaranteed Income plan? <sup>3</sup>	7%
What percentage of public sector employees will receive no benefit from their Guaranteed Income plan? <sup>4</sup>	58%

## Breakdown of Pension Contributions for Regular Risk Benefits in Fiscal 2021<sup>5</sup>

Pension fund costs, as shown below, are typically determined as a percentage of the total salary paid to workers in the retirement system.

### Guaranteed Income Plan

Employees' contributions into the fund	3.0%
+ Employer contributions for pension benefits earned this year	2.2%
<b>= Total amount required for pension benefits earned this year</b>	<b>5.2%</b>
+ Employer contributions for paying down pension debt	4.3%

### FRS Investment Plan

Employees' contributions into their retirement investment accounts	3.0%
+ Employer contributions into member retirement investment accounts	3.6%
<b>= Total amount paid into member retirement investment accounts</b>	<b>6.6%</b>

## Financial Status for Florida Retirement System

Promised pension benefits	\$204.9B
- Assets for paying promised benefits	\$161.6B
<b>= Shortfall in assets that should already be saved and invested to pay future benefits</b>	<b>\$43.3B</b>
Number of years until the asset shortfall is paid off (estimated by FRS) <sup>6</sup>	26

## FRS Member Retention and Estimated Guaranteed Income Plan Benefits

Roughly 70% of new public sector employees will not vest in FRS and 89% are not expected to work a full career.





## FLORIDA

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### Source of Information

All pension finance data and benefit information is drawn from retirement system actuarial valuation reports.

Because of variance in how states report their data, the contribution rates shown may be the determined rate for the following fiscal year or two years in advance. Employer contribution rate shown reflects any non-member contributions, i.e. combined state and/or school district or school specific contributions. Breakeven points and teacher retention rates were created by Bellwether Education Partners and published in EducationNext.

### FRS Member Retention and Benefit Figure – Notes

Source: Equable analysis of average salaries, service, and benefits using June 2020 actuarial valuation report.

- Estimated benefits presented here reflect only the Guaranteed Income plan. Benefits from the FRS Investment plan will vary by employee contributions and market performance.
- FRS member retention rates are projected as part of FRS's annual actuarial valuation report. Percentages reported assume a 25-year-old female teacher.
- Estimated benefits are based on figures reported in the June 2020 actuarial valuation report (distribution of active members by age and years of service table).
- Benefit estimates are calculated using average salary for service cohorts.
- To calculate estimated benefits average salaries for service cohorts are assumed as the final average salary. The 1.6% multiplier is applied to the years of service, multiplied by average salary figures for each cohort, and then divided by 12 to calculate the estimated benefit.
- For the purpose of these estimates, the multiplier is for a Regular Class member enrolled after 7/1/2011 who retires at age 65 with 8 years of creditable service (or 33 years of creditable service).

### Notes

- 1 Based upon a typical, 25-year-old female entrant, assuming today's contributions and discount rate.
- 2 This value reflects the retention for regular K-12 School Instructional members. Other membership groups are comparable.
- 3 Based on teacher retention assumptions provided by the retirement system. This percentage assumes a 25-year-old, new, female teacher and reports the share that will reach normal retirement.
- 4 Based on teacher retention assumptions provided by the retirement system. This percentage assumes a 25-year-old, new, female teacher and reports the share that are expected to withdraw before reaching the vesting point.
- 5 Contributions paid reflect "Regular Risk" class contributions that factor in teachers and other general state employees. Firefighters, police, elected officials, administrative staff, and senior management all are designated in different categories and have different contribution rates. Rates reflect the enacted rates designated in the 2020 valuation report on page B-3.
- 6 The amortization period reflects only that for the "Regular Risk" portion of the plan. Amortization periods for other portions of the plan are listed in the 2020 valuation report on page D-3.

### For More Information

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