

PENSION BOARD CONSULTANTS, INC.  
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January 20, 2017

Douglas Beckendorf, A.S.A., E.A.  
Bureau of Local Retirement Systems  
Florida Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000

Jacksonville Police and Fire Pension Fund

Dear Doug:

The Trustees have adopted my suggestion they lower the payroll growth assumption over several years.

1. History of Reducing the Payroll Growth Assumption

<u>Valuation Report</u>	<u>Annual Non DROP Payroll Growth</u>	
	<u>Past 10 Years</u>	<u>Assumption</u>
10/1/2008	6.38%	5.25%
NA		
NA		
10/1/2011	4.47%	4.50%
10/1/2012	2.77%	3.25%
10/1/2013	1.79%	3.25%
10/1/2014	1.28%	3.25%
10/1/2015	0.18%	3.25%

Continuing a step down pattern would support consistency in the above trend.

10/1/2016	0.067%	2.50%
10/1/2017		1.75%
10/1/2018		1.00%
10/1/2019		0.00%

2. Your office monitors whether the annual required contribution is paid as mandated by State law. Jacksonville has scheduled supplemental contributions above the annual required contribution as follows:

<u>Fiscal Year</u>	<u>CITY</u>	<u>UALPA</u>
2016	\$5,000,000	\$5,000,000
2017	\$10,000,000	\$10,000,000
2018	\$15,000,000	\$15,000,000
2019-2028	<u>\$32,000,000</u>	<u>\$8,000,000</u>
TOTAL	\$350,000,000	\$110,000,000

Thus, even with this suggested City funding schedule, the annual required contribution will be more than fully funded by the City.

3. I might also note payroll increases are expected to occur due to more hiring, less DROPs and heavy scheduled raises being currently negotiated.

Jacksonville is in a unique position on this issue in the State. Please let us know if this proposed approach has State approval for current planning purposes.

Thank you.

Cordially yours,



Jarmon Welch, ASA  
Consulting Actuary

cc: Mr. Tim Johnson  
Lt. Richard Tuten III