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laura and john arnold foundation™

*Preliminary Findings on the
Jacksonville Police and Fire Pension Fund*

Jacksonville, Florida
October 29, 2013



Funding Level of the Jacksonville Police and Fire Pension Fund

The Jacksonville Police and Fire Fund is just 39 percent funded, with a \$1.68 billion pension debt.

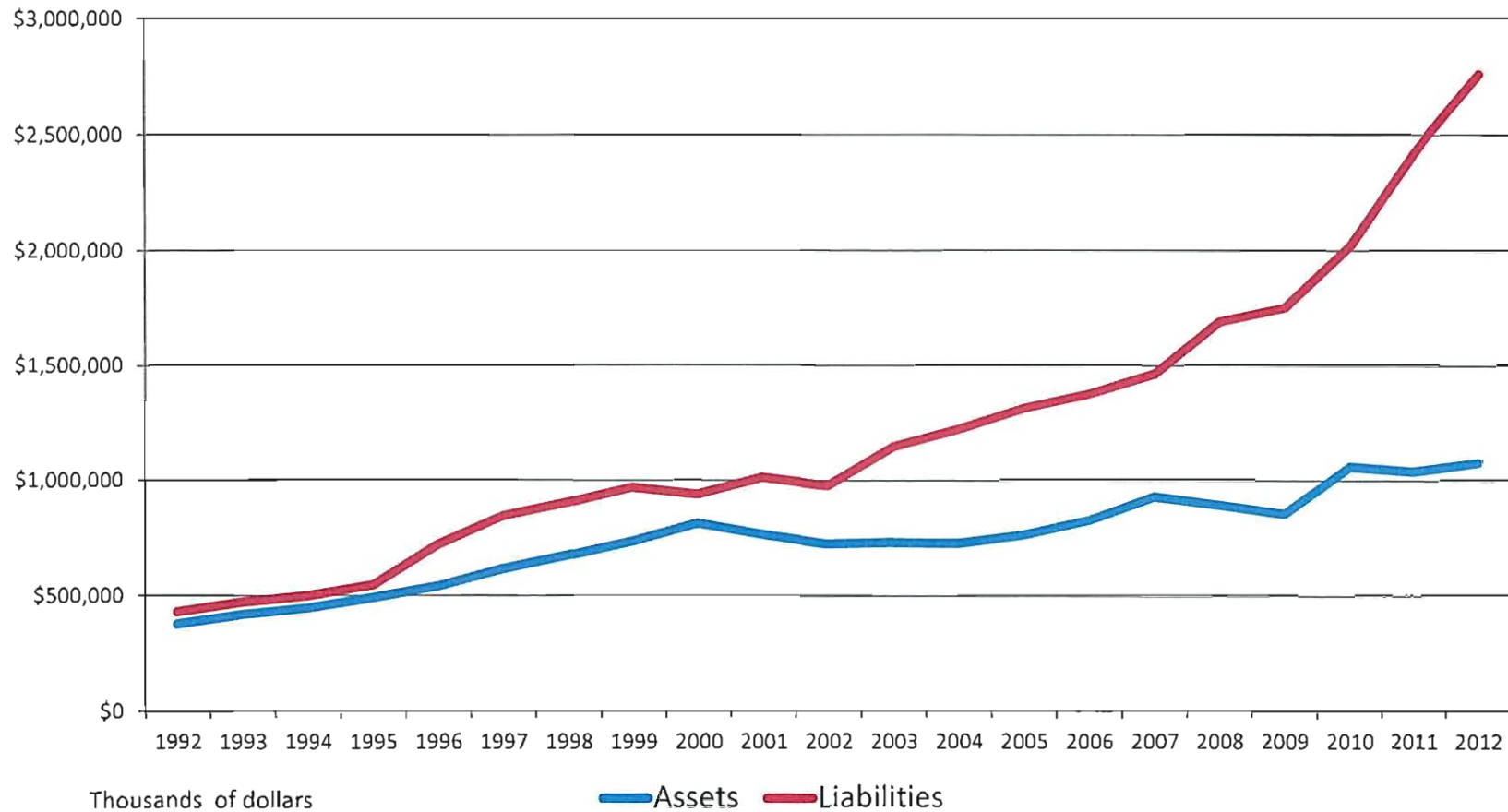
	2012	2008	2004	2000
Assets	\$1,078,907	\$894,903	\$727,955	\$814,889
Liabilities	\$2,762,977	\$1,692,975	\$1,222,355	\$939,802
UAAL	\$1,684,070	\$798,071	\$494,400	\$124,913
Percent Funded	39%	53%	60%	87%
ARC	\$90,278	\$65,398	\$39,295	\$32,146
Employer Actual	\$79,073	\$54,738	\$30,521	\$24,161
Employee Actual	\$11,204	\$10,651	\$8,775	\$7,985

All dollar figures in thousands

Source: Actuarial Valuations of the Jacksonville Police and Fire Pension Fund

Jacksonville Police and Fire Pension Fund— Funding Over Time

From 1992 to 2012, assets have grown 185 percent while liabilities have grown 542 percent.



Source: Actuarial Valuations of the Jacksonville Police and Fire Pension Fund

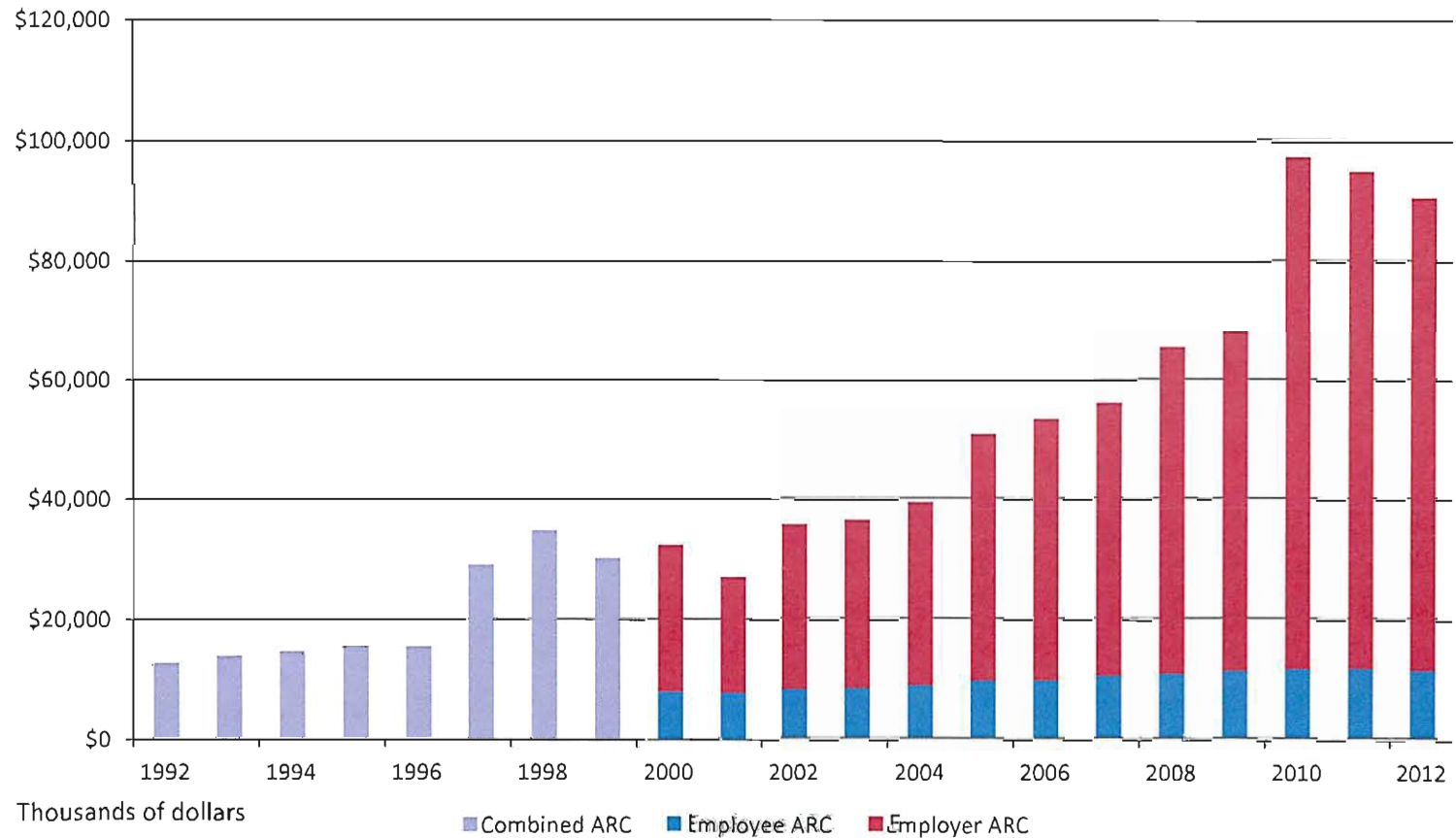


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Jacksonville Police and Fire Pension Fund—Annual Required Contributions

Recommended contributions grew 263 percent from 2000 to 2012, actual contributions did not keep pace



Source: Actuarial Valuations of the Jacksonville Police and Fire Pension Fund



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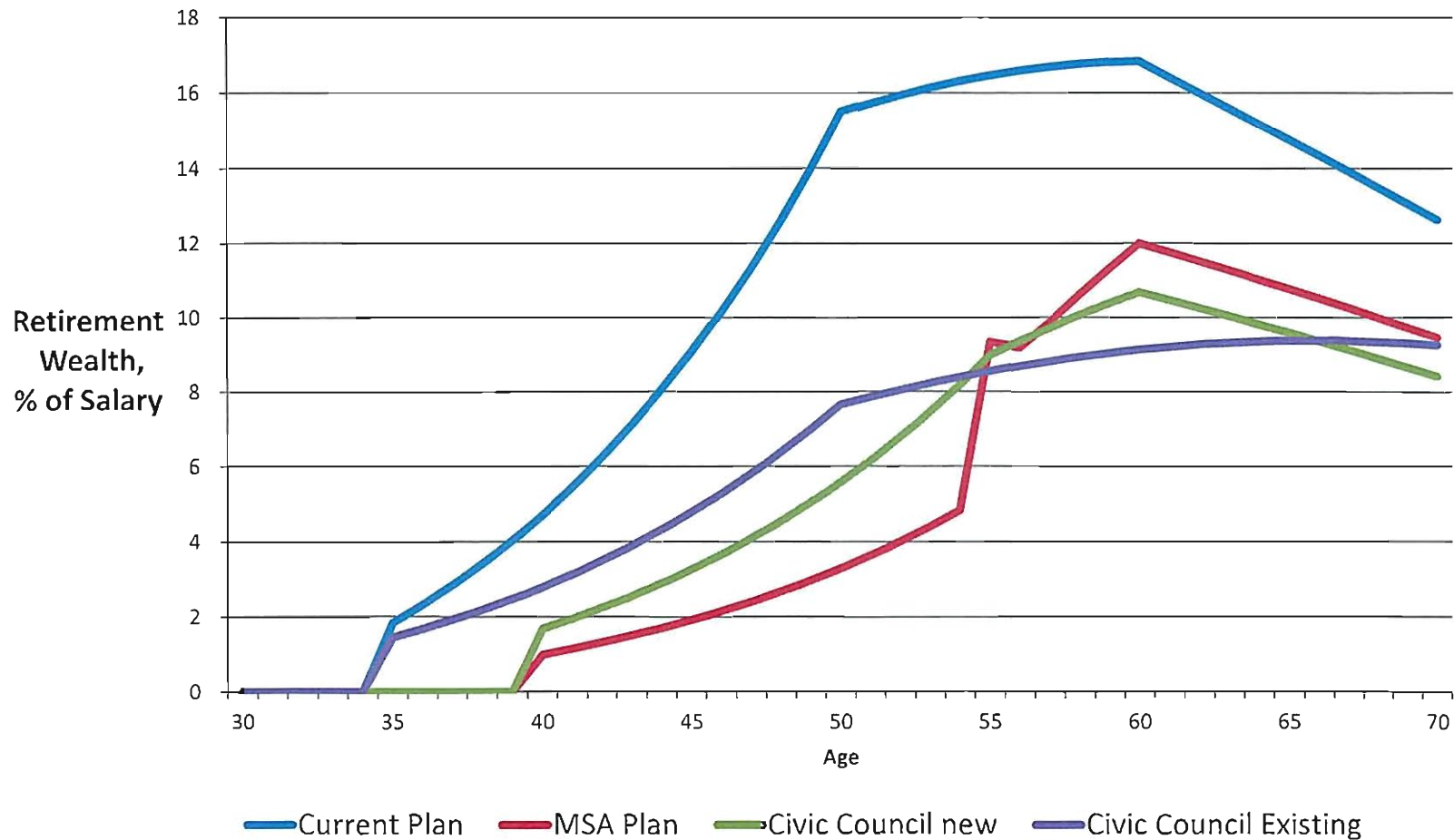
Benefit Provisions in Jacksonville Police and Fire Pension Fund and the Florida Retirement System

	JPPPF	FRS Prior Tier	FRS New Tier
Multiplier	3% first 20 years, 2% next 10	3%	3%
Retirement Age	20 Years of Service	25 years of service or age 55	30 Years of Service or Age 60
Salary Calculation	2 year average of final salary	5 year average of final salary 3% for years of service before 2011	8 year average of final salary
COLA	3%		No
Employee Contribution	7%	0%	3%
Vesting	5 Years	6 Years	8 Years



How will workers earn benefits?

Retirement wealth accrual over a career under current and proposed plans



Source: The Terry Group, 2013



Jacksonville policy makers need to accomplish three main tasks:

1. Create a credible plan to reduce the funding gap over time in a fair way
2. Adopt a reformed retirement system that is affordable, secure, and sustainable
3. Ensure that the compensation being offered help the city recruit and retain a talented public safety workforce

Different cities and states are pursuing very different solutions in an attempt to get to the same place: a fiscally-responsible, sustainable pension plan that can still help recruit and retain a talented workforce.



Preliminary Recommendations on Disclosure and Transparency

- The most important recommendation is to switch to annual actuarial valuations so policymakers can have up-to-date information on pension funding and can track changes over time.
- Additional steps can help improve on this by providing consistent, accurate information to the public and stakeholders.
 - Actuarial methods should stay consistent over time.
 - Valuations should include a breakdown of actuarial gains and losses from the prior year.
 - Valuations should include forward-looking projections.
 - Current and past data should be easily available on the Fund website.



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