

**Jacksonville Retirement
Reform Task Force**

**Mayor's Comprehensive
Retirement Reform Proposal**

January 21, 2014

Financial Highlights

- **Saves general fund \$2.75 billion over 35 years**
- **Reduces City's general fund pension payments by \$130 million over next 5 years**
- **Achieves 80% funded status by FY 2028**

New Employee Pension Design

Retirement Benefit	Current System	New Proposal
Benefit Accrual Rate	3% for 20 years, then 2% for a maximum of 80%	2.5% to a maximum of 75%
Benefit Cap	None	\$99,999 (indexed to inflation with 1.5% cap)
COLA	3% starting as early as 3 months after retirement	Capped at 1.5% starting third Jan. after retirement
DROP	Maintained	Abolished (provides Back-Drop option)
Employee Contribution	7%	10%
Final Average Compensation	Based on last 24 months of employment	Based on last 60 months of employment
Retirement Age	20 years of service	30 years of service (may retire at 25 years w/penalty)
Vesting	5 years	10 years

More Significant Reforms than FRS

- **65 of 67 counties have their public safety employees in the Florida Retirement System**
- **This plan will be as or more aggressive than FRS on the following benefits:**

Retirement Benefit	Fla. Retirement System	City of Jacksonville
Vesting	8 years	10 years
Years to Retirement	30 years	30 years
Benefit Accrual Rate	3%	2.5%
Employee Contribution	3%	10%
DROP	Maintained	Abolished
Social Security	Provides	Does Not Provide

Current Employee Pension Design

Retirement Benefit	Current System	New Proposal
Benefit Accrual Rate	3% for 20 years, then 2% for a maximum of 80%	Same
Benefit Cap	None	Same
COLA	3% starting as early as 3 months after retirement	Capped at 1.5% and tied to Social Security COLA
DROP	Maintained with guaranteed 8.4% rate	Maintained with actual rate of return (Rate floor of 0% and rate cap of 10%)
Employee Contribution	7%	10% (8% now, 10% when cuts restored)
Final Average Compensation	Based on last 24 months of employment	Same
Retirement Age	20 years of service	Same
Vesting	5 years	Same

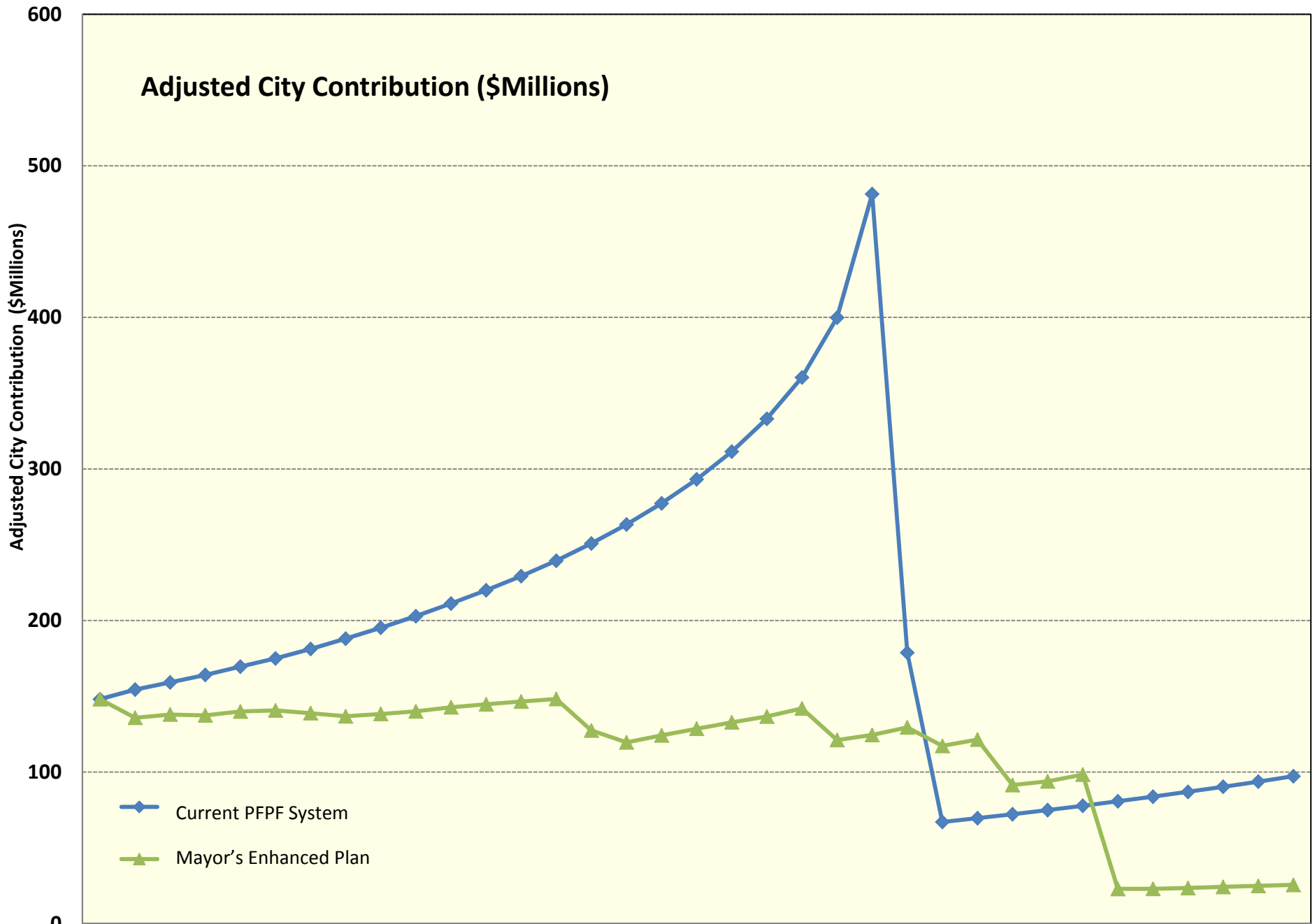
Payment of Unfunded Liability

- **Portion of Annual Required Contribution (ARC)**
- **Supplemental Payment from Jacksonville Electrical Authority (JEA) until PFPF reaches 80% funded status**
- **Dedication of half of Chapter 175/185 funds until PFPF reaches 80% funded status**

Key Actuarial Points

- **Assumes 7.0% rate of return**
- **Uses same “uncombined” amortization approach as Florida Retirement System and majority of Florida municipalities**
- **Applies \$24 million in Enhanced Benefit Account to Annual Required Contribution (\$8M in FY15, \$7M in FY 16, \$7M in FY17, \$2M in FY18)**

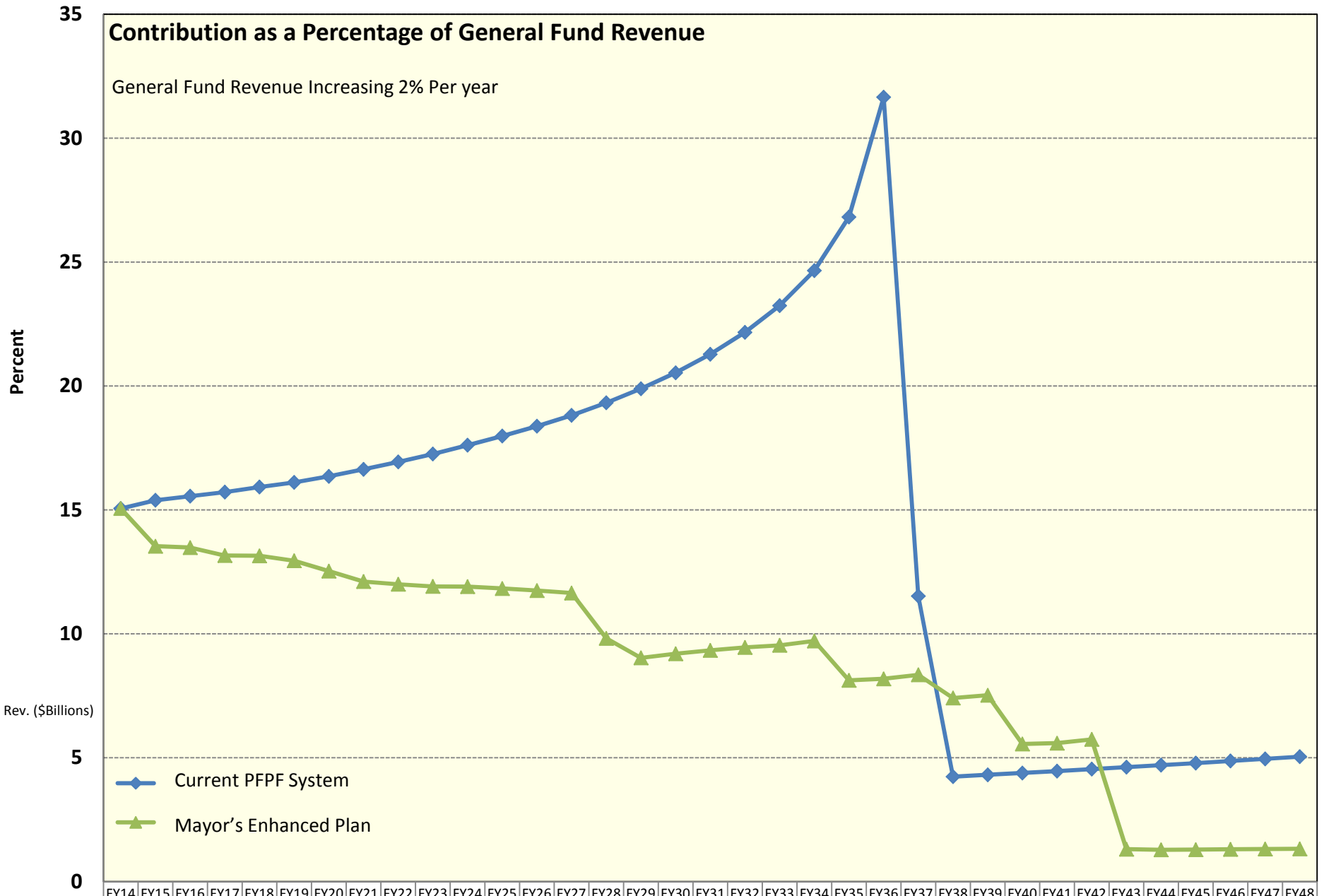
Adjusted City Contribution (\$Millions)



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48
Current PFPF System	148	154	159	164	170	175	181	188	195	203	211	220	229	239	251	263	277	293	311	333	360	400	481	179	67	70	72	75	78	81	84	87	90	94	97
Mayor's Enhanced Plan	148	136	138	137	140	141	139	137	138	140	143	145	147	148	127	120	124	129	133	137	142	121	124	129	117	121	91	94	98	23	23	23	24	25	26

Contribution as a Percentage of General Fund Revenue

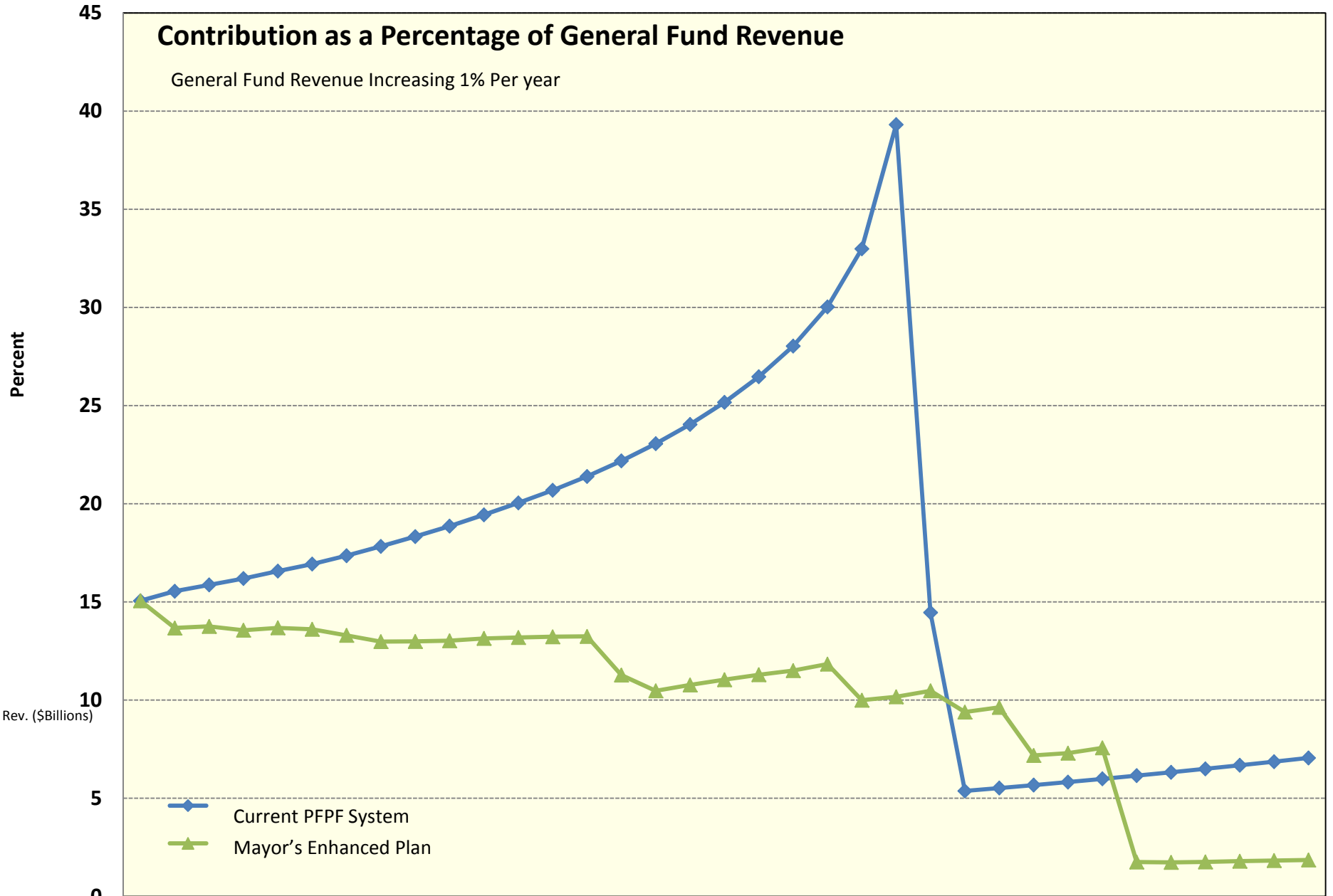
General Fund Revenue Increasing 2% Per year



Current PFPF System	15	15	16	16	16	16	17	17	17	18	18	18	19	19	20	21	21	22	23	25	27	32	12	4	4	4	4	5	5	5	5	5	5	5	5	5	
Mayor's Enhanced Plan	15	14	13	13	13	13	12	12	12	12	12	12	12	12	10	9	9	9	9	10	10	8	8	8	7	8	6	6	6	1	1	1	1	1	1	1	1
Rev. (\$Billions)	0.98	1.00	1.02	1.04	1.06	1.09	1.11	1.13	1.15	1.18	1.20	1.22	1.25	1.27	1.30	1.32	1.35	1.38	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	1.65	1.68	1.71	1.75	1.78	1.82	1.85	1.89	1.93		

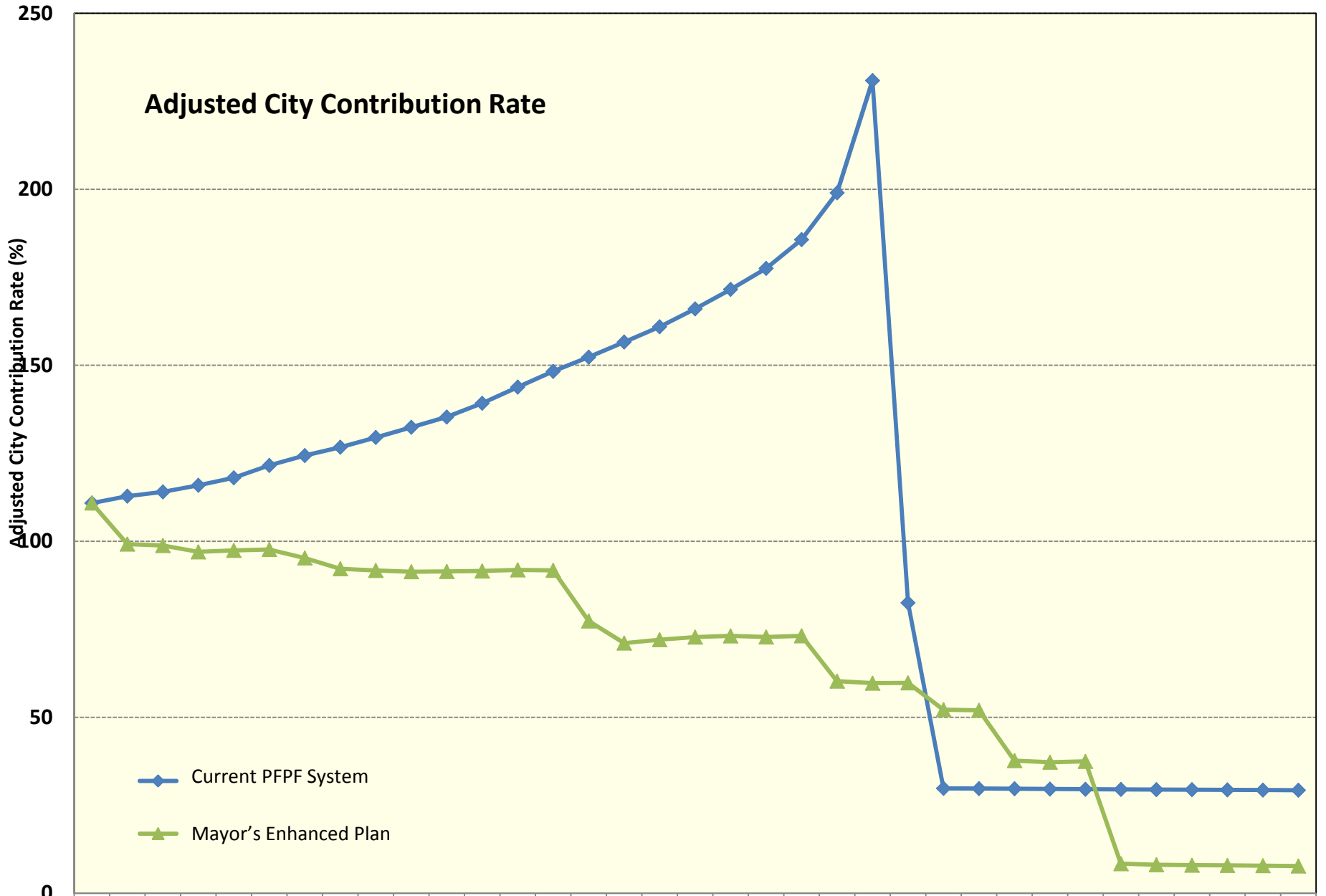
Contribution as a Percentage of General Fund Revenue

General Fund Revenue Increasing 1% Per year

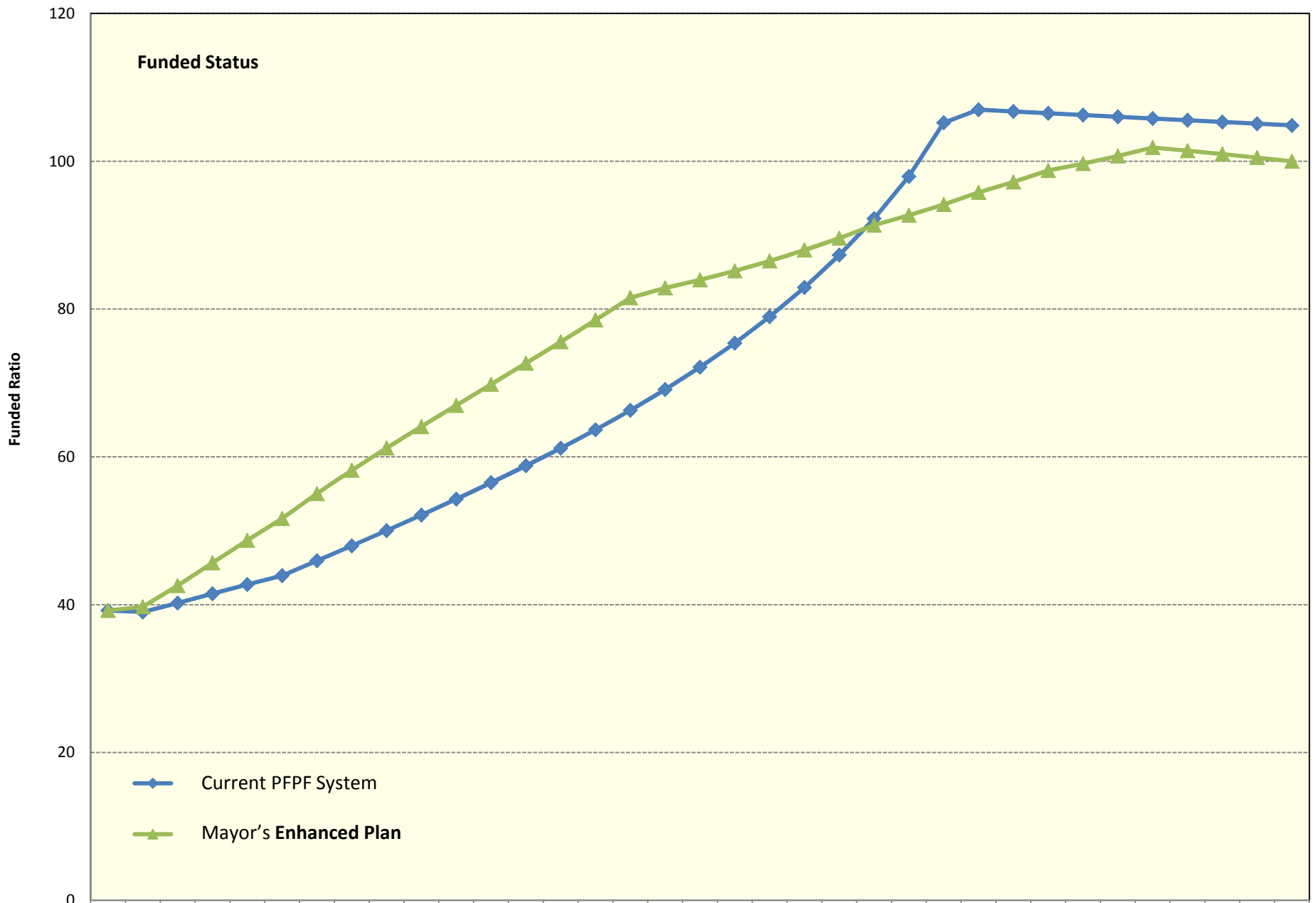


	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	
◆	15	16	16	16	17	17	17	18	18	19	19	20	21	21	22	23	24	25	26	28	30	33	39	14	5	6	6	6	6	6	6	6	6	7	7	7
▲	15	14	14	14	14	14	13	13	13	13	13	13	13	13	11	10	11	11	11	11	12	12	10	10	10	9	10	7	7	8	2	2	2	2	2	2
	0.98	0.99	1.00	1.01	1.02	1.03	1.04	1.05	1.07	1.08	1.09	1.10	1.11	1.12	1.13	1.14	1.15	1.17	1.18	1.19	1.20	1.21	1.22	1.24	1.25	1.26	1.27	1.29	1.30	1.31	1.33	1.34	1.35	1.37	1.38	

Adjusted City Contribution Rate



◆	111	113	114	116	118	122	124	127	130	132	135	139	144	148	152	157	161	166	172	178	186	199	231	83	30	30	30	30	30	29	29	29	29	29	
▲	111	99	99	97	97	98	95	92	92	91	91	92	92	92	77	71	72	73	73	73	73	73	60	60	60	52	52	38	37	37	8	8	8	8	8



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	
◆	39	39	40	41	43	44	46	48	50	52	54	57	59	61	64	66	69	72	75	79	83	87	92	98	105	107	107	106	106	106	106	106	106	105	105	105
▲	39	40	43	46	49	52	55	58	61	64	67	70	73	76	79	82	83	84	85	87	88	90	91	93	94	96	97	99	100	101	102	101	101	101	100	100

