



Contact: Josh Anijar  
Florida AFL-CIO  
Phone 850-224-6926  
Cell 850-228-9841

135 South Monroe Street  
Tallahassee, FL 32301  
Mike Williams, President

Florida AFL-CIO

# Press Release

## And Now, The Real Story: Independent Actuarial, CEO of the Florida Public Pension Trustees Association Dispel Myths about Florida's Public Pension System

Two of Florida's leading experts on Florida's Pension Systems explain how Florida's public sector pensions are well-funded, sustainable, help local communities and do not represent a burden to taxpayers.

**Tallahassee** – Legislative leaders in Florida have made no secret of the fact that they are considering radical changes to Florida's public pensions system. While no legislation has been formally introduced, committee chairmen in both chambers have already conducted public hearings and made comments to the press regarding their desire to dramatically alter public sector pensions, bringing great uncertainty to thousands of public sector workers and their families about the future of what has been one of the most successful retirement systems in the country. Unfortunately, much of the public debate thus far has been characterized by inaccurate information and faulty assumptions about the relative strength of both Florida's Retirement System (FRS) and public pensions in general. In order to "clear the air" and begin this critical public discussion on a foundation of the best possible information available, the Florida AFL-CIO invited two leading experts on public sector pensions in Florida to dispel many of the myths currently circulating about the system.

Rich Templin, the Legislative and Political Director for the Florida AFL-CIO, convened the press conference. He said, "We are charged with representing almost 600 local unions comprised of almost 500,000 workers, retirees and their families. They are watching these conversations in Tallahassee and are afraid of seeing the retirement security of hundreds of thousands of Florida's public servants thrown into jeopardy based on a debate characterized by bad information and in some cases deliberate falsehoods about the FRS and other public sector pension systems. We have invited these independent experts here today to dispel the many myths circulating in the halls of the Capitol and in the press to help ensure that as this debate moves forward, it does so based on sound information."

Chad Little, A.S.A, E.A., a partner with Freiman and Little Actuaries and Ray Edmondsdon, CPPT, CEO of the Florida Public Pension Trustees Association addressed four of the dominant myths circulating about Florida's Public Pension systems. **Specifically, they addressed the following myths:**

- **Myth:** Florida's public pensions are underfunded and unsustainable. **Fact:** Florida's pensions are some of the strongest in the nation, almost all are well funded and sustainable.
- **Myth:** Tax dollars used for public pensions are too high and hurting state and local governments. **Fact:** Tax dollar contributions are very low and in general represent a small fraction of operating budgets.
- **Myth:** Public sector workers have lavish pensions that far exceed those in the public sector. **Fact:** Public pensioners receive benefits either on par or below those in the private sector.
- **Myth:** Public pensions hurt local economies. **Fact:** Pensions dollars are investments in communities and actually strengthen local economies by providing retirees with stable income and increased purchasing power.

Chad Little, an independent Actuary spoke about the relative strength of sustainability of both the FRS and local plans. He said, "The funded percentage of a pension plan is an indicator of how a plan is doing in relationship to its goals. The Wall Street Journal reported at the end of 2009 that the U.S. stock market is wrapping up what is likely to be its worst decade

For Release January 10, 2011

ever. In nearly 200 years of recorded stock-market history, no calendar decade has seen such a dismal performance as the 2000s. Yet, according to the 30th Annual Report on Florida's Local Government Retirement Systems, the 353 local plans in Florida that reported a funded percentage as of September 30, 2009 or October 1, 2009 had an average funded percentage of 76%. The Florida Retirement System reported a funded percentage of 87% as of July 1, 2009. He also addressed the myth that taxpayer contributions are burdensome and are hurting state and local governments. He continued, "According a report by the National Association of State Retirement Administrators the taxpayer contributions to retirement plans in Florida as a percentage of all state and local government spending as of 2008 was only 2.37%. The national average was only 2.89%." The point here is clear, that even during this period of market volatility and underperformance and with government contributions less than 3%, almost all of Florida's public pension programs are well funded to meet their obligations with surprisingly little impact on the tax payers. As the market begins return to normal or even lower than normal levels, Florida's pensions remain sustainable for the foreseeable future.

Ray Edmondson, CPPT, serves as the CEO of the Florida Public Pension Trustees Association, a non-profit educational foundation designed to educate and support trustees of public pensions across the state. Edmondson discussed the fact that while there have been claims that public sector workers receive higher pay and better pensions than the private sector, the opposite is actually true. He said, "The Florida Public Pensions are the most funded, most regulated in the country with the best educated trustees. Florida's workers do not receive any type of lavish benefits. Recent studies indicate the average pensioner in FRS receives only \$16,845 and the average pensioner in municipal systems only receives \$23,854. This is not lavish and does not represent any type of sweetheart deal. Especially considering that most public sector workers earn less on average than their counterparts in the private sector."

He also discussed the benefits that these safe and secure plans provide local communities. He said, "There are 1.3 million public sector workers in the state. Seventy-seven percent of those workers stay in the state. Every dollar of these pensions generates \$1.41 in economic activity. What other type of investment can communities make that generate over a 40% return?" He concluded, "Based on my 30-years of experience with Florida's public pension systems I have to ask the question...why anyone would anyone look to radically change a critical part of our economy that is functioning as well as our retirement system for the public sector. If it ain't broke, don't fix it."

The debate over the FRS and other public sector pensions promises to dominate the upcoming legislative session. Unfortunately, many of the assumptions being made by lawmakers looking to radically change a well-performing system with numerous benefits to the state are based on faulty information. As this debate moves forward, the Florida AFL-CIO will continue to provide lawmakers, the press and the public at large with the best possible information to ensure that any changes are made because they are needed and will provide a benefit the people of Florida. This is an issue that must be addressed carefully, deliberately and with solid factual information. Political rhetoric, blanket ideological statements and questionable data should have no place in policy making that has such wide-reaching and potentially disastrous consequences.

***Numerous studies were employed by the experts in preparing their remarks. They can be accessed online here:***

<http://www.nasra.org/resources/ERContributions.pdf>

[http://www.publicfundsurvey.org/publicfundsurvey/pdfs/Summary\\_of\\_Findings\\_FY08.pdf](http://www.publicfundsurvey.org/publicfundsurvey/pdfs/Summary_of_Findings_FY08.pdf)

[http://dms.myflorida.com/human\\_resource\\_support/retirement/municipal\\_police\\_and\\_fire/acts\\_and\\_figures/local\\_government\\_annual\\_reports](http://dms.myflorida.com/human_resource_support/retirement/municipal_police_and_fire/acts_and_figures/local_government_annual_reports)

<http://online.wsj.com/article/SB10001424052748704786204574607993448916718.html>

###