

10 days ago, we sent a status report concerning the passage of Senate Bill 1128 which affected local retirement plans, including Tallahassee's plan. While we still do not have final direction regarding implementation of the bill, we want you to know that we are working diligently to address the concerns that have been directed to us. We have fielded a series of questions from employees and have provided answers on the Retirement Services web page at <http://www.talgov.com/retirement/>. Those that are legal in nature will require direction from the Office of the City Attorney and/or an outside attorney. Those that concern implementation will require direction from the Florida Division of Retirement. In short, all of the answers are preliminary, and we will continue to provide more information as it becomes available. We expect guidance from the State, but they cannot issue official guidance until the bill actually becomes law (at this time, it has not been signed by the governor). Because several matters are subject to more than one interpretation, no official City reaction to the bill can be developed until final interpretation is provided.

An example of this difficulty is provided by the applicability of the bill to our police and fire personnel. Initially, we and our pension attorney interpreted the legislation to exempt police and fire from the imposed leave limitations by SB1128. We have recently learned that the State may determine that police and fire are subject to the leave limitation provisions. If police and fire are, in fact, subject to SB1128, the deadline for accruing annual leave to be included in pension calculations will be 9/30/11 for fire and 9/30/13 for police as these dates represent the end of their most recent collective bargaining agreements.

In addition to the Q&A regarding impact of the bill on employees, there are a few other changes in the bill that are summarized below:

1. Actuarial reports must disclose the present value of a defined benefit plan's accrued vested, non-vested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return (currently 7.75 percent), with the intent to allow for the public to compare actuarial data of local plans. *No impact for Tallahassee as we currently use the 7.75% rate of return required by the bill.*
2. Eliminates the requirement in both Ch. 175 (fire) and 185 (police) that pension benefits be increased whenever member contributions are increased. *Member contributions for police and fire will continue to be part of the collective bargaining process.*
3. Allows a city with a local law plan in existence on June 30, 1986, to change the city's representation on the pension board, only if the change does not reduce the membership percentage of firefighters and police officers on the board. *Tallahassee's police and fire are local law plans; bill does not require a change, but provides guidelines should a change occur.*
4. Revises the "deemed in compliance" grandfather date in Chapters 175 and 185 for plans established pursuant to special act, from May 23, 1939 to May 27, 1939. *N/A to Tallahassee.*
5. The bill directs the Department of Management Services (DMS) to provide a fact sheet on each local government defined benefit pension plan summarizing the plan's actuarial status. This fact sheet is to contain a summary of the plan's most recent actuarial data, minimum funding requirements as a percentage of pay, and a five-year history of funded ratios. This is to be posted on the department's website, and plan sponsors that have websites are required to provide a link. *Tallahassee will provide the required link after DMS creates the fact sheet.*
6. Directs DMS to develop a standardized rating system for local government defined benefit pension plans. *No action required by Tallahassee.*
7. Lastly, the bill creates a Task Force on Public Employee Disability Presumptions to be made up of management and union/employee representatives appointed by the Senate President and House Speaker, DMS employees and

the Chief Financial Officer. This task force is to report recommendations to the Legislature by January 1, 2012.
No action required by Tallahassee.

We will continue to update the retirement services page as new information becomes available. In the meantime, please direct questions to the Retirement Division staff at 891-8343. While we will provide periodic updates over the coming weeks, Retirement Division staff will always have the most up-to-date information.