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July 1, 2011

Via Overnight Delivery

Ms. Sarabeth Snuggs
State Retirement Director
Division of Retirement
1317 Winewood Boulevard, Building 8
Tallahassee, FL 32399

Re: Study Reflecting the Impact to the Florida Retirement System of Senate Bill #2100, 3rd Engrossed, Enrolled

Dear Sarabeth:

As you requested, we have studied the fiscal impact to the Florida Retirement System of plan provision changes adopted by the 2011 Legislature.

Senate Bill #2100, 3rd Engrossed, Enrolled makes the following changes:

1. Requires **employee contributions** equal to 3% of pay, effective July 1, 2011
   a. Contributions are not required once a member enters DROP
   b. Total contribution rates made to the accounts of Investment Plan members will be unchanged, but 3% will come from the employee and the remainder will come from the employer.

2. Reduces the annual **DROP interest rate** from 6.5% to 1.3% for all members with DROP effective begin dates on or after July 1, 2011

3. Eliminates the **Cost of Living Adjustment** (COLA) on service earned on and after July 1, 2011
   a. New proportional COLA formula will be 3% multiplied by a factor (i/ii):
      i. Total service credit before July 1, 2011
      ii. Total service credit at retirement

4. Redefines the following for active members initially enrolled on or after July 1, 2011:
   a. **Vesting** = 8 years of service
   b. **Average Final Compensation** = 8 year average
   c. **Normal Retirement Date** becomes:
      i. Special Risk and Special Risk Administrative Support[1)] Classes
         1. Age 60 and vested; or
         2. 30 years of creditable service before age 60
      ii. All other Membership Classes
         1. Age 65 and vested; or
         2. 33 years of creditable service before age 65
      iii. Escalating service accrual rates of 1.60%-1.68% will be based on the new definitions of Normal Retirement Date
      iv. Early retirement reductions of 5/12% per month will be based on the ages specified in the new definitions of Normal Retirement Date

5. Amends the language regarding the calculation of the early retirement factor applied to death benefits
   a. Prior statutes allowed the reduction from the age the member would have had 30 years of service, provided the member had 20 years of service at death.
   b. The legislation requires the member be within 10 years of retirement eligibility based on 30 years of service (33 years of service for members initially enrolled on or after July 1, 2011.)

Background and Assumptions

Employee Contributions

Currently, FRS is an employee non-contributory plan and does not allow additional member contributions as a percent of compensation. Members of the Teachers' Retirement System (TRS), State and County Officers and Employees' Retirement System (SCOERS), and Institute of Food and Agricultural Services Supplemental Retirement Program (IFAS) are closed systems which make employee contributions at established rates. As such, they will not be subject to the 3% employee contribution provided by the Bill.

The employee contribution provision will affect all FRS pension plan and investment plan members who are actively employed, and earning creditable service, with an FRS employer on or after July 1, 2011. The total contribution rates made to the accounts of investment plan members will be unchanged, but 3% will come from the employee and the

1) Service must include at least eight years of Special Risk Service.

remainder will come from the employer. Under the legislation, any participants in DROP on and after July 1, 2011 will not be required to make the 3% employee contributions on pay earned while in DROP. Therefore, we re-ran the July 1, 2010 valuation for active members with the proposed employee contribution of 3% of payroll.

In addition, we have also included as a benefit for active members the refund of any employee contributions made by the member who terminates employment but is not eligible to retire, to receive a vested retirement allowance, or to receive a disability pension. Similarly, we have included as a benefit the refund of a deceased member's employee contributions which would be refunded to the beneficiary of a member who passed away before satisfying the eligibility for a pre-retirement death benefit. The refund does not include any interest accruals.

For purposes of this study we have made several assumptions:

- Introduction of the 3% employee contribution rate will not affect any member decisions regarding when to terminate, retire, participate in DROP, etc.
- Members who terminate after becoming vested will leave their accumulated contributions in the FRS and ultimately receive an annuity.
- The current funding technique in which the Normal Cost of each Class is based on payrolls until a member retires, terminates, begins DROP participation, etc, continues.
- Introduction of the 3% employee contribution will have no impact on PEORP elections, second elections, etc.

Note, members may be incented to enter DROP so as to avoid paying the 3% employee contribution. Such increased DROP elections were not analyzed in this study.

<u>DROP Interest Rate</u>

Currently, DROP allows members of all classes to elect to retire and have FRS benefits accumulate in the FRS Trust Fund, earning interest at an annual rate of 6.5%, while the member continues to work for an FRS employer for a period up to 60 months.[2] The member's election to participate in the DROP must be made at the beginning of the DROP period; therefore the legislated reduction in the DROP interest rate from 6.5% to 1.3% only affects members initially enrolling in DROP on or after July 1, 2011. At the end of the

2) Certain Instructional Personnel may be extended for up to 36 additional months.

DROP period, the member finalizes his retirement from FRS, receives the accumulated balance of his/her DROP account and starts his/her monthly normal retirement benefit.

The DROP interest rate provision will affect DROP members entering DROP on or after July 1, 2011. Therefore, we limited our analysis of this provision to the impact on current active members. Members currently in the DROP are considered retirees for the purposes of this analysis, and hence are not impacted by this provision.

To model the impact of this provision, we re-ran the July 1, 2010 valuation for hypothetical active members by each age and class replacing the 6.5% DROP accumulation interest rate assumption with the legislated 1.3% DROP accumulation interest rate. We analyzed the change in the DROP account balance from an accumulation of 6.5% versus 1.3% while the member is in DROP. We determined the impact of the decrease in the value of the member's DROP account balance for those who will elect to participate in DROP in the future.

We have assumed no change in the valuation retirement rates solely due to the reduction in the DROP interest rate since we believe DROP will still be attractive, especially since DROP participants are not required to pay the 3% employee contributions, and that the change to the DROP interest rate specifically will not affect the incidence of DROP elections.

COLA

Currently, the FRS provides an annual COLA equal to 3% each July 1. The COLA provision in the legislation eliminates future COLA increases on service earned after June 30, 2011. The COLA for members retiring on or after July 1, 2011 will be calculated as 3% prorated by the proportion of service earned before July 1, 2011 to total service. This proration applies to members entering DROP on or after July 1, 2011 based on service accrued up until the date the member enters DROP. Current retirees will continue to receive 3% COLA increases on their benefits. Similarly, the benefits of current Terminated Vested members and members currently in DROP on June 30, 2011 will be unaffected since their entire service was accrued before July 1, 2011. Members who are initially enrolled after June 30, 2011 will receive no COLA increases on their retirement benefits.

The Bill allows for the resumption of the annual 3% COLA as of July 1, 2016, and each July thereafter, provided the Legislature enacts, "sufficient employer contributions specifically for the purpose of funding the expiration" of the COLA provision. Since such a future expiry is not required by the legislation but would require Legislative action and funding, for purposes of this study, we have assumed that future COLAs will not be provided.

To model the impact of this provision, we re-ran the July 1, 2010 valuation for active members with additional coding that applies the COLA in proportion to service earned through June 30, 2011. For purposes of this study, we assumed that all service used in the July 1, 2010 valuation, including assumed military and other purchased service, was eligible for COLA. In future year valuations, this provision will require similar additional coding for DROP members, Terminated Vested members and Retirees.

In addition, we assumed that the change in the annual COLA would not impact a future member's decision as to when to terminate, postpone retirement, or retire with or without DROP participation, although you might expect some members to retire at later ages due to decreased benefits.

Members Initially Enrolled on and after July 1, 2011

Currently, the FRS defined benefit plan provides vesting after 6 years of service, uses Average Final Compensation based on a 5 year average, and provides an unreduced benefit payable to members at age 55 if vested or with 25 years of service for the Special Risk Class, and at age 62 if vested or with 30 years of service for all other classes. Furthermore, the service accrual rates applicable to Regular Class members and Special Risk Administrative Support Class members increase from 1.60% to 1.68% between age 62 or 30 years of service (age 55 or 25 years of service for Special Risk Administrative Support Class members) to age 65 or 33 years of service (age 58 or 28 years of service for Special Risk Administrative Class members.) The legislation modifies the definitions of Vesting, Average Final Compensation, the age and years of service requirements for unreduced retirement benefits, and the corresponding shift to the increase in service accrual rates as shown as shown below for members initially enrolled on or after July 1, 2011:

Vesting Eligibility:
1. 8 years of creditable service for all classes of membership

Average Final Compensation:
1. Average of the highest 8 plan years of compensation

Unreduced Retirement Eligibility:
1. Regular Class, Elected Officers' Classes, and Senior Management Service Class:
   a. Age 65 and vested, or
   b. 33 Years of Creditable service before age 65
2. Special Risk Class and Special Risk Administrative Support Class
   a. Age 60 and vested or
   b. 30 Years of Creditable service before age 60

Service Accrual Rates:

Regular Class	Special Risk Administrative Support Class	Rate
Age 65 with 6 years of creditable service, or 33 years of creditable service	Age 60 with 6 years of creditable service, or 30 years of creditable service	1.60%
Age 66 with 6 years of creditable service, or 34 years of creditable service	Age 61 with 6 years of creditable service, or 31 years of creditable service	1.63%
Age 67 with 6 years of creditable service, or 35 years of creditable service	Age 62 with 6 years of creditable service, or 32 years of creditable service	1.65%
Age 68 with 6 years of creditable service, or 36 years of creditable service	Age 63 with 6 years of creditable service, or 33 years of creditable service	1.68%

Currently vested FRS defined benefit plan members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation is allowed if the eligible participant has completed 30 years of service (or 25 years for Special Risk Class members). The participant can defer participation in DROP until he reaches age 57 (or age 52 for Special Risk Class members). Instructional Personnel in grades K-12 may defer DROP participation to any age.

Under the legislative provisions, the deferral of DROP participation for members hired on or after July 1, 2011 will be allowed if the eligible participant has completed 33 years of service (or 30 years for Special Risk Class members) and has not reached age 60 (or age 55 for Special Risk Class members). The participant can defer participation in DROP until he reaches age 60 (or age 55 for Special Risk Class members), except for Instructional Personnel in grades K-12 who may still defer DROP participation to any age.

Currently, if a member terminates employment after eligibility for immediate reduced benefits but prior to eligibility for unreduced retirement, the reduction factor is based on the number of months preceding age 62 for non-Special Risk class members.[3)] The legislated provisions change that calculation to base the reductions on the number of months prior to age 65 for non-Special Risk class members.[4)] The reduction factor remains at 5% per year.

The vesting, average final compensation and unreduced retirement eligibility provisions will affect all future active members initially enrolled in the FRS on or after July 1, 2011. Increasing the normal retirement age for future enrollees will provide a savings to the FRS

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3) The current reduction for Special Risk class members is based on the number of months preceding the minimum of age 55 and the age at which the member would complete 25 years of creditable service, not less than age 52.

4) The reduction for Special Risk class members hired on or after July 1, 2011 will be based on the number of months preceding the minimum of age 60 and the age at which the member would complete 30 years of creditable service, not less than 57.

since members will not be eligible for unreduced retirement until later ages, and therefore have shorter assumed lifetimes drawing benefits, in addition to more years to contribute toward the funding of the benefit before retirement. Similarly, increasing the vesting period from 6 years to 8 years of creditable service for future enrollees will provide a savings to the FRS since fewer members would either ultimately become vested in the plan, or eligible for a pre-retirement death benefit. In addition, eligibility for retirement may be delayed for up to two years for Special Risk members initially enrolled after age 52 and non-Special Risk members hired after age 57.

Increasing the final average compensation averaging period from 5 years to 8 years will also provide a savings to the FRS since retirement, death and disability benefits will be calculated based on a lower final average compensation. In addition, special adjustments made to compensation amounts in the final year before retirement, such as annual leave credit, can also disproportionately increase a member's average final compensation amount. The longer averaging period will reduce the impact of any special adjustments made to final average compensation. Under current law, the additional compensation such as that attributable to annual leave credits, is averaged over five years, which means average final compensation is increased by 20% of the additional pay. Under the new provisions affecting future enrollees, the additional compensation would increase average final compensation by 12.50% of the additional pay rather than 20%. The cost estimates presented in this special study assume that there will not be any extraordinary pay increases nor will there be any variations in the special adjustments.

To model the impact of the vesting, average final compensation and unreduced retirement eligibility provisions, we re-ran the July 1, 2010 valuation for active members changing the provisions to those that will apply to members initially enrolled on or after July 1, 2011. In addition, we assumed that the increase in the Normal Retirement Age criteria would impact a future member's decision as to when to retire, or participate in DROP, since the member will be eligible for benefits at a later age. The valuation retirement rates include probabilities of a member retiring or entering DROP at each age. Furthermore, the valuation rates are also split into a one year select and ultimate table which represents the probability of a member retiring or entering DROP in the year he first becomes eligible, and the probability of retirement in all years thereafter. Therefore, we only adjusted retirement rate assumptions when the member first becomes eligible to retire or enter DROP, since the provision change only affects initial eligibility for retirement benefits.

- We primarily reduced the age 57 (age 52 for Special Risk Members) probability of electing DROP and correspondingly increased the age 60 probability of electing to participate in DROP (age 55 for Special Risk Members).

- For non-Special Risk members, we increased the probability of a participant retiring with unreduced benefits at age 65.

- We assume a relatively modest number of non-Special Risk members will retire with reduced benefits at ages 62, 63 and 64.

Please note that the cost impact of the proposed changes may be higher or lower than the study estimates depending upon rates of retirement actually experienced in FRS. A realistic estimate of retirement rates is critical to determining the actual impact on plan costs. It is possible that a greater percentage of future hires might initially elect DC Plan participation at hire, unless there is a corresponding decrease in DC plan contribution rates. This study does not address the potential impact of reducing future enrollment in the DB Plan. This change will impact the present calculation of transfers between the DC Plan and the DB Plan.

Reduction Factor Applied to Death Benefits

Currently the reduction factor applied to death benefits is the same as the reduction factor applied to early retirement benefits. However, if a member has 20 or more years of service at death, the benefit is reduced 5/12% per month prior to the lesser of age 62 and the age the member would have completed 30 years of service. The legislation adds a parallel provision for members initially enrolled on or after July 1, 2011. Thus, if a member initially enrolled on or after July 1, 2011 has 23 or more years of service at death, the benefit is reduced 5/12% per month prior to the lesser of age 65 and the age the member would have competed 33 years of service. The 30 and 33 years of service are consistent with the service-based eligibility requirements for non-Special Risk class members to receive unreduced benefits.

Modeling this provision change required slight changes to our valuation coding for active members.

Methodology and Analysis

Similar to other studies that have analyzed prospective changes affecting members hired on or after a future valuation date, we have run all actives as though each of the legislated provisions applies (to emulate the costs for members initially enrolled on or after July 1, 2011.) This run determined the Entry Age Normal Cost of the modified benefit provisions. We also re-ran the July 1, 2010 valuation of the actives changing the parameters that affect members enrolled before July 1, 2011 (3% employee contributions, DROP interest rate of 1.3% and COLA changes). This run determined the present value of future benefits for current actives.

The interplay between the different provision changes makes the savings to the FRS less than the summation of the savings presented in each of the special studies that analyzed a component provision change on an individual basis. For example, eliminating future COLA and increasing the normal retirement age for future members both produce savings to the System. However, increasing the normal retirement age reduces the proportional cost savings attributable to eliminating COLA because members will retire at later ages and have shorter assumed lifetimes drawing benefits. Thus, the period over which COLA will be compounded is reduced. Similarly, savings attributable to reducing the DROP interest rate from 6.5% to 1.3% is mitigated by the assumption that fewer people will elect DROP., or that they will elect DROP at later ages, due to the increase in the normal retirement age. Thus, the contribution rates determined by this study are higher than the rates included in the legislation for each membership class.

The legislated benefit changes reduce the Normal Cost, Present Value of Future Normal Cost (PVFNC) and the Present Value of Benefits (PVB) for current and future active members. The actuarial accrued liability is defined as PVB less PVFNC. For some membership classes the percentage decrease in the PVFNC is larger than the percentage decrease in the PVB, resulting in an increase in actuarial liability. For the remaining membership classes, the percentage decrease in the PVFNC is smaller than the percentage decrease in the PVB, resulting in a decrease in the actuarial liability. The variation is due to the different demographics, benefit multipliers and unique interrelation of the modified benefit provisions of each membership class. The PVB will decrease in future valuations as current active members are replaced by new members impacted by the change in benefits.

FRS funds the cost of DROP through a separate contribution rate paid on the salaries of current DROP participants. For purpose of this study this method was assumed to continue to apply to the adjusted rates used in analyzing the legislation. A more traditional funding of DROP would require a different method of analyzing the legislation. Note that because of the current method of funding DROP (i.e. through one separate contribution rate that applies to any DROP participant), any change in the normal cost or liabilities of any class of membership impacts the DROP contribution rate.

All current members will continue to earn benefits at levels greater than those annually earned by members initially enrolled on or after July 1, 2011. When this impact is combined with amortizing the change in the unfunded liability due to this proposal over 30 years, the funding of current member's actual normal costs will extend beyond working lifetime into retirement. Under the percent of pay amortization method used in the valuation, payment of the actual excess normal costs will effectively not occur until the last 10 years of the 30 year amortization period. Under a level percent of pay amortization, initial payments are less than interest on the unfunded liability, resulting in the unfunded liability increasing over time. After approximately 20 years, the unfunded liability will be approximately at the same level as the initial amount. By deferring to the later years of the 30-year amortization period, the funded ratio of the plan is expected to gradually decline for the next 20 years, which could compound the impact of any future adverse experience. This result is somewhat mitigated by the decrease in the accrued liability due to the elimination of the COLA for future service for all members.

Results

The results for this study are shown in Table I as described below. The table details the results by class. The contribution rates are presented by class of membership and in aggregate, and reflect the increase/(decrease) in the contribution rate.

Section A of Table I includes the normal cost as of July 1, 2010, and the impact of the legislation. In addition, the change in liability attributable to the proposal was amortized over 30 years with the payments assumed to remain relatively stable when expressed as a percentage of payroll. Section B of the table shows the change in the unfunded actuarial liability, while Section C of the table translates the estimated change in contribution rates to a reduction in dollars to be paid by employers.

As shown in Table I, the projected impact of the legislation results in a net savings to the System. The projected decrease in actuarial liabilities is $1.1 billion. The legislated changes result in a decrease in the composite Normal Cost rate of 7.17% and a decrease in the composite UAL rate of 0.23%, and therefore, an overall decrease in the composite contribution rate of 7.40%, for the System. This translates into an estimated overall employer contribution savings of $2.0 billion for Fiscal Year 2011-2012.

The calculations are based on data and other information provided to us by the Division of Retirement for the July 1, 2010 actuarial valuation and supplemented for purposes of this study. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

This analysis is based on methods and assumptions used in the July 1, 2010 actuarial valuation, and the additional assumptions discussed earlier in this letter. The data was based on the July 1, 2010 FRS actuarial valuation database. The results of our study depend on future experience conforming to those actuarial assumptions. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent future experience deviates from those assumptions, the results of this analysis could vary from the results presented here.

Milliman's work product was prepared exclusively for the internal business use of Florida Department of Management Services, Division of Retirement for a specific and limited purpose. It is a complex technical analysis that assumes a high level of knowledge concerning the Florida Retirement System's operations, and uses Division data, which Milliman has not audited. To the extent that Milliman's work product is not subject to disclosure under applicable public record laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) The Division of Retirement may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The Division of Retirement may provide a copy of Milliman's work, in its entirety, to other Governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. We have not explored any legal issues with respect to the proposed plan changes. We are not attorneys and cannot give legal advice on such issues. We suggest that you review this proposal with counsel.

I, Robert Dezube, am a consulting actuary for Milliman, Inc. I am also a member of the American Academy of Actuaries, and meet their Qualification Standards to render the actuarial opinion contained herein.

Please call if you would like to further discuss this project.

Sincerely,

Milliman, Inc.

Robert

Robert S. Dezube, FSA
Consulting Actuary

Enclosures

RSD/KH/ST/GIB20
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Appendix A
Adjusted Retirement Rates for Members Hired on or after July 1, 2011

REGULAR

Age	Male: Retirement at First Eligibility	Male: Retirement Beyond First Eligibility	Female: Retirement at First Eligibility	Female: Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	11.4%	3.0%	13.1%	1.7%
50	25.1%	9.5%	21.9%	6.2%
55	31.3%	9.1%	26.7%	7.6%
60	39.4%	10.4%	35.5%	14.6%
65	32.6%	11.0%	38.3%	19.0%

ELECTED OFFICERS' GROUPS: ECO

Age	Male: Retirement at First Eligibility	Male: Retirement Beyond First Eligibility	Female: Retirement at First Eligibility	Female: Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	8.0%	0.0%	7.8%	1.2%
50	9.6%	0.7%	12.8%	1.2%
55	14.3%	1.5%	17.0%	4.0%
60	19.3%	4.9%	13.8%	7.2%
65	29.8%	9.6%	25.4%	10.7%

ELECTED OFFICERS' GROUPS: ESO

Age	Male: Retirement at First Eligibility	Male: Retirement Beyond First Eligibility	Female: Retirement at First Eligibility	Female: Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	8.0%	0.0%	7.8%	1.2%
50	9.6%	0.7%	12.8%	1.2%
55	14.3%	1.5%	17.0%	4.0%
60	19.3%	4.9%	13.8%	7.2%
65	29.8%	9.6%	25.4%	10.7%

Appendix A (cont.)
Adjusted Retirement Rates
Members Hired on or after July 1, 2011

ELECTED OFFICERS' GROUPS: JUDICIAL

	Male		Female	
Age	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	8.0%	0.0%	7.8%	1.2%
50	9.6%	0.7%	12.8%	1.2%
55	12.0%	1.5%	17.0%	4.0%
60	12.1%	4.9%	18.4%	7.2%
65	28.0%	9.6%	26.2%	10.7%

SENIOR MANAGEMENT SERVICE

	Male		Female	
Age	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	10.3%	2.1%	12.1%	0.4%
50	24.2%	11.1%	20.9%	5.9%
55	29.1%	10.2%	25.3%	6.6%
60	37.2%	14.9%	40.0%	12.8%
65	40.3%	21.5%	43.8%	21.4%

SPECIAL RISK

	Male		Female	
Age	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	2.4%	0.9%	2.4%	0.9%
45	7.6%	0.9%	4.1%	4.7%
50	20.9%	4.5%	14.6%	4.4%
55	24.8%	4.7%	19.7%	4.8%
60	12.1%	4.9%	17.0%	7.9%
65	39.8%	14.5%	31.7%	10.6%

Appendix A (cont.)
Adjusted Retirement Rates
Members Hired on or after July 1, 2011

SPECIAL RISK ADMINISTRATIVE SUPPORT

	Male		Female	
Age	Retirement at First Eligibility	Retirement Beyond First Eligibility	Retirement at First Eligibility	Retirement Beyond First Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	11.3%	0.0%	11.3%	0.0%
50	18.0%	4.5%	18.0%	4.5%
55	33.0%	5.8%	56.5%	5.8%
60	24.8%	11.6%	42.6%	11.6%
65	69.2%	56.0%	69.5%	56.0%

FLORIDA RETIREMENT SYSTEM

FISCAL IMPACT ANALYSIS

Impact of Benefit Provision Changes
Legislated by Senate Bill #2100, 3rd Engrossed, Enrolled

	FRS Regular	-----Special Risk----- Regular	Administration	------Elected Officers' Class---- Judicial	Leg-Atty-Cab	County	Senior Management	Composite (excluding DROP)	DROP	Composite
A. Contribution Rates										
1. Present System Employer Costs (as reported the July 1, 2010 valuation - Table IV-4)										
a. Normal Cost	9.84%	22.34%	11.26%	19.42%	14.74%	16.79%	11.84%	11.81%	13.79%	11.96%
b. UAL Cost	2.23%	6.72%	25.84%	11.90%	26.72%	26.90%	12.54%	3.16%	5.78%	3.35%
c. Total Cost - FY 2012	12.07%	29.06%	37.10%	31.32%	41.46%	43.69%	24.38%	14.97%	19.57%	15.31%
2. Change in Contribution Rates due to Legislation Effective FY 2012 if Paid by Employer										
a. Normal Cost	-6.29%	-11.58%	-7.32%	-9.42%	-8.16%	-8.56%	-7.04%	-7.12%	-7.87%	-7.17%
b. Amortization of UAL Cost	-0.38%	0.64%	-1.08%	0.15%	0.09%	0.03%	-0.85%	-0.24%	0.00%	-0.23%
c. Total Change in Cost	-6.67%	-10.94%	-8.40%	-9.27%	-8.07%	-8.53%	-7.89%	-7.36%	-7.87%	-7.40%
B. Additional/(Reduced) Unfunded Liability due to Proposal (000 omitted)	($1,421,889)	$397,642	($467)	$2,747	$113	$260	($78,990)	($1,100,584)	$0	($1,100,584)
C. Additional/(Reduced) Dollars (Normal Cost and Amortization of UAL Cost) Due to Proposal to be paid by Employer for FY 2012 (000 omitted)										
1. State	($181,951)	($95,903)	($189)	($10,106)	($528)	$0	($17,806)	($306,483)	($30,634)	($337,117)
2. School Boards	($733,647)	($2,181)	$0	$0	$0	($783)	($4,397)	($741,008)	($73,069)	($814,077)
3. State Universities	($64,972)	($2,251)	$0	$0	$0	$0	($644)	($67,867)	($8,036)	($75,903)
4. Community Colleges	($44,961)	($185)	$0	$0	$0	$0	($1,956)	($47,102)	($5,751)	($52,853)
5. Counties	($265,973)	($281,417)	($20)	$0	$0	($2,741)	($11,673)	($561,824)	($38,153)	($599,977)
6. Other	($72,148)	($22,777)	($7)	$0	$0	($413)	($4,796)	($100,141)	($6,769)	($106,910)
7. Total	($1,363,652)	($404,714)	($216)	($10,106)	($528)	($3,937)	($41,272)	($1,824,425)	($162,412)	($1,986,837)