



# Fraternal Order of Police

## FLORIDA STATE LODGE



### FOR IMMEDIATE RELEASE

#### Florida State Lodge Fraternal Order of Police Opposes House Bill 7011

March 20, 2013

Florida House of Representatives  
402 South Monroe Street  
Tallahassee, Florida 32399

Dear Representative:

The Florida Fraternal Order of Police is comprised of 20,000 active and retired professional law enforcement officers from across the State of Florida. As President of the organization I am notifying you on behalf of our membership of our opposition to HB 7011.

HB 7011 amends the Florida Retirement System by closing the plan to all new employees on January 1, 2014. The bill provides that new members of the FRS, who initially enroll on or after this date, will no longer receive the current death benefit. The bill limits line of duty deaths to only those who are "killed" in the line of duty and would exclude some of the "line of duty" deaths of Florida law enforcement officers. This would create a second class line of duty death which means some families of fallen officers could receive no pension or survivor benefit for their spouse or children. The bill has been amended to provide for 240 monthly payments of 50% of the officers salary through an insurance policy and then terminates all benefits.

Currently spouses and children are provided a lifetime survivor benefit. In addition, this limited death benefit proposal is not part of the pension plan and will require every Public employer to purchase life insurance in the amount of 10 times the employee's annual salary, every year, on every employee to provide this benefit. This cost is above and beyond the employers FRS contribution. Law Enforcement Officers are engaged in a dangerous, strenuous and extremely hazardous job protecting the communities they serve. It is unbelievable that the Florida Legislature would consider eliminating benefits to surviving spouses and children of law enforcement officers who give their lives in the line of duty.

Many other states have expressed a desire to make draconian changes to their defined benefit pension plan or close their plans completely, and they have rejected the idea. Florida has previously analyzed closing the plan to new employees, which showed a dramatic increase in the costs to the State of Florida and local governments over the next 29 years. The studies indicated contribution rates will increase annually from 14% to 45% for the next 29 years.

Recent studies have shown that 57% of Americans with a 401K style investment have on average \$25,000 in their plan at the time they are ready to retire. They have borrowed against their savings and will outlive their investments. 28% of Americans have no confidence they will ever be able to retire or depend on Social Security. They fear having to live on public assistance or entitlement programs. Forcing our hard working middle class Florida law enforcement officers into such a system is unconscionable.

The current actuarial liability of the Florida Retirement System is \$147.2 billion and an Actuarial value of assets are reported at \$132 billion, which equates to a funding ratio Of 89.6% as of July 1, 2012. The most recent report has the plan's market value of assets At \$134.2 billion, a twelve billion dollar increase in just the past 8 months in spite of the fact the state has failed to make their entire UAL payments in the last 3 years.

The Florida Retirement System is sound and has maintained a funding benchmark of at least 86% for the last 20 years, exceeding 100% funding for 11 of the last 15 years. The Governor's Budget proposal recommends fully funding the \$1.1 billion contribution to the Unfunded Actuarial Liability (UAL) based on the independent actuary and proposes to include an additional \$52 million to fully fund the state's portion. Again, the state has failed to pay their full employer contribution of the UAL for the last 3 years while the local governments have been required to pay theirs.

The Governor's recent budget message stated; "Florida's Pension Plan is on a sound actuarial basis and one of the best managed plans in the country." HB 7011 will be detrimental to the financial stability of the state, county and municipalities that are, by statute, mandated to participate in the Florida Retirement System.

With real estate values increasing and tax revenues returning to pre-recession levels, it would seem this battle is not financial, but ideological. Instead of partisan rhetoric, pension plans should administer their programs based on known facts and sound actuarial assumptions.

It's possible that this bill could be the largest unfunded mandate ever passed by the Florida Legislature. Such a mandate will force local governments to raise taxes and reduce Services. There are no indicators to suggest the FRS is on a downward path. Forcing employees into a 401K style system will only increase current obligations. There is no savings to the state.

I ask you to consider the tough and difficult job of Florida's public safety officers. Leaving them without death and disability benefits is clearly out of the question.

Thank you for your service to our state and for your favorable consideration of our position against HB 7011.

Sincerely,

*James W. Preston*

James W. Preston, President  
Florida State Lodge  
Fraternal Order of Police