



# Florida

**FLORIDA IS A NATIONAL LEADER** in saving enough to cover its pension bill—but it hasn't yet put any money aside for future retiree health benefit costs. On the pension side, Florida is one of just five states that had a fully funded pension in 2006. It has been fiscally responsible, generally paying the full or close to the full amount of the annual required contribution to its pension system every year. Florida offers employees the choice of a defined contribution plan as an alternative to the more traditional defined benefit plan. It provides relatively modest retiree health and other non-pension benefits, paying \$57 million for current retirees in 2006. The state would need to make an annual contribution of about three and a half times that amount to move toward full funding of its non-pension benefits.

## PENSIONS

TOTAL BILL COMING DUE: **\$111 billion<sup>1</sup>**

FUNDS SET ASIDE: **\$117 billion**

PORTION UNFUNDED: **\$0**

PERCENT FUNDED: **106 as of 2006<sup>2</sup>**

TEN YEAR FUNDING HIGH: **118% in 2000**

TEN YEAR FUNDING LOW: **91% in 1997**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

**ASSUMPTIONS:** Florida's 7.75% assumed rate of return on its investments is slightly under the 50-state median of 8%. The state uses a five-year smoothing period to calculate the actuarial value of assets, similar to the majority of states. Its amortization period conforms to accounting standards.

1 A unified state employee retirement fund.

2 50-state mean was 82%.

## OTHER BENEFITS

TOTAL BILL COMING DUE: **\$3.6 billion**

FUNDS SET ASIDE: **\$0**

PORTION UNFUNDED: **\$3.6 billion<sup>1</sup>**

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

1 65% of covered payroll, compared to a national median for the states of 135%.

**REFORMS:** Florida has not made major reforms to its retirement system in recent years, although the legislature has adjusted contribution rates on an ongoing basis. In 2000, the state started offering a defined contribution plan as an option to the traditional defined benefit plan. In 2006, 21% of new employees elected to participate in the defined contribution plan rather than the defined benefit plan, according to Mark Olleman, a consulting actuary for Milliman Inc. Overall, about 91% of Florida retirement system members are in its defined benefit plan and 9% have chosen the defined contribution plan.

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).



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