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## PUBLIC SECTOR QUARTERLY NEWSLETTER

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### FRS had surplus for Fiscal Year 08

The Florida State Board of Administration (SBA) FRS Pension Plan is estimated to be in a surplus situation as of July 1, 2008; i.e., the FRS Pension Plan has assets exceeding future benefit payments by about 106% or \$6.9 billion. This represents a decrease from 107% or \$8.2 billion on July 1, 2007.

Given the current state of the U.S. and world economy and the substantial losses in the financial markets during 2008, the FRS Pension Plan remains financially sound.

Under the SBA's stewardship, the FRS is one of only a handful of public pension systems to maintain full funding. Additionally, under Florida law, accrued FRS Pension Plan Benefits are guaranteed to be paid regardless of investment performance.

### FRS and Local Government Retiree Health Insurance Subsidy

The FRS Retiree Health Insurance Subsidy (HIS) is additional money provided to FRS retirees with eligible Health insurance coverage to help offset some of the cost of their health insurance premium. It is not health insurance coverage; it is not a guaranteed payment and could be eliminated by the Florida legislature in the future.

If eligible, the current amount of the HIS payment would range from \$30 to \$150 a month and is determined by multiplying your total years of creditable service at retirement (up to a maximum of 30 years) by \$5.

Also, you should consider any other health insurance subsidy that may be provided by your former employer; for example: Currently, if eligible, Polk County Government (BOCC) may pay up to a maximum of 75% (25 years of service x 3%), of the retiree's portion of the Polk County Government (BOCC) retiree group health insurance

premium. This particular health insurance subsidy is not guaranteed and could possibly change in the future. You are encouraged to contact your employer HRD/Benefits Office, to clarify and determine your specific health insurance benefits that you may be eligible to receive upon retirement.

Additionally, it is of critical importance to consider your total health insurance costs (medical, dental, vision and prescription), when developing your “retirement income plan”. This will ensure that you will have sufficient retirement income to pay for your health insurance costs in the event these retiree benefits are reduced and /or eliminated all together.

Taking the time to invest in your future cost you nothing but your time. Ensuring that you have peace of mind during your retirement years is “priceless”.

You should take the time to contact your trusted financial advisor and discuss these important issues.

## Conservative Investment Strategy

CPS Investment Advisors continues to manage portfolios primarily utilizing low cost index stock and bond funds. The current academic research strongly supports the benefit of this long term conservative strategy.

## Financial Glossary: Index Fund

A portfolio of investments that closely reflects the composition of a financial market index in order to mirror its performance.

### Quote of the Quarter:

*“A big part of financial freedom is having your heart and mind free from worry about the what-ifs of life”,*

**-Suze Orman**

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Sources: [dennis.mackee@abafila.com](mailto:dennis.mackee@abafila.com);  
indexfunds.com; investopedia.com;  
finance.yahoo.com; Barron's Directory of Business  
Terms; Polk County Government/Risk Management  
Office

