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ATTORNEYS AT LAW

MEMORANDUM

TO: All Florida Defined Benefit Plans

FROM: Klausner Kaufman Jensen & Levinson

RE: Pending FRS mortality table

DATE: November 23, 2016

The Florida Retirement System (“FRS”) Actuarial Assumption Conference recently voted to revise its mortality assumptions for active employees. As set forth below, the new pending FRS mortality table merits discussion with your actuary. As a result of this change, your Board may have the option of immediately adopting the pending FRS table in your next valuation, or continuing to use the current FRS mortality table for another year. Interestingly, rather than assuming that employees would live longer, the new FRS mortality table for active employees seemingly contemplates less improvement in mortality.

Additionally, the FRS will be lowering its investment return assumption by 5 basis points from 7.65% to 7.6%. The FRS actuary recommended lowering the investment return assumption to 7%, however, FRS is taking an incremental approach, targeting 7.5% as the longer term objective.

Here is a link to the executive summary of the FRS actuarial estimating conference:
<http://edr.state.fl.us/Content/conferences/actuarial/FRSexecutivesumm.pdf>

This process fits precisely with the trend of what many municipal plans have been doing for the past several years, incrementally lowering their investment return assumption after consultation with their investment consultant and actuary.

Our office is available to answer any questions.

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