

Level Dollar Amortization at 7.00% Return

Preliminary 2022-23 Valuation ¹ at 7.00%:	Blended PP/IP Employer Rate	Employer Contribution
Level % of pay – 25-year amortization on new bases	11.32%	\$4.25 B
Level \$ – 25-year amortization on new bases	10.94%	\$4.10 B
Level \$ - maximum 25-year amortization on all bases	13.09%	\$4.95 B
Level \$ – 20-year amortization on new bases	10.79%	\$4.04B
Level \$ - maximum 20-year amortization on all bases	13.31%	\$5.04 B

¹ Reflecting current demographic assumptions and individual entry age normal cost method, and based on projected 2022-23 PP/IP payroll of \$39.8 billion (including payroll subject only to UAL contributions)

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Level Dollar Amortization at 6.90% Return

Preliminary 2022-23 Valuation ¹ at 6.90%:	Blended PP/IP Employer Rate	Employer Contribution
Level % of pay – 25-year amortization on new bases	11.87%	\$4.46 B
Level \$ – 25-year amortization on new bases	11.61%	\$4.36 B
Level \$ - maximum 25-year amortization on all bases	13.76%	\$5.21 B
Level \$ – 20-year amortization on new bases	11.53%	\$4.33 B
Level \$ - maximum 20-year amortization on all bases	14.03%	\$5.32 B

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Level Dollar Amortization at 6.80% Return

Preliminary 2022-23 Valuation ¹ at 6.80%:	Blended PP/IP Employer Rate	Employer Contribution
Level % of pay – 25-year amortization on new bases	12.42%	\$4.67 B
Level \$ – 25-year amortization on new bases	12.31%	\$4.63 B
Level \$ - maximum 25-year amortization on all bases	14.45%	\$5.48 B
Level \$ – 20-year amortization on new bases	12.27%	\$4.61 B
Level \$ - maximum 20-year amortization on all bases	14.77%	\$5.61 B

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Disclaimer

At your request, we have provided these draft results prior to completion of the July 1, 2021 Actuarial Valuation Report. Because these are draft results, Milliman does not make any representation or warranty regarding the contents of the presentation. Milliman advises any reader not to take any action in reliance on anything contained in this presentation. All results from this presentation are subject to revision or correction prior to the release of the final July 1, 2021 Actuarial Valuation Report, and such changes or corrections may be material.

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Certification

This presentation summarizes key preliminary results of an actuarial valuation of the Florida Retirement System (“FRS” or “the System”) as of July 1, 2021. The valuation, when finalized, will develop actuarially calculated contribution rates for the Plan Year ending June 30, 2023. The results in this presentation are preliminary in nature and may not be relied upon to, for example, prepare the System’s Annual Consolidated Financial Report. The reliance document will be the formal July 1, 2021 Actuarial Valuation Report.

In preparing this presentation, we relied, without audit, on information (some oral and some in writing) supplied by Division of Retirement (“Division”) staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

Preliminary results have been determined on the basis of actuarial assumptions and methods as most recently adopted by the 2020 FRS Actuarial Assumption Conference. At the time of their review and adoption, in our professional opinion those assumptions were individually reasonable (taking into account the experience of the System and reasonable expectations); and offered a reasonable estimate of anticipated future experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The FRS Actuarial Assumption Conference has the final decision regarding the selection of assumptions for System funding calculations.

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Certification

Computations presented in this presentation are for purposes of preliminarily estimating the actuarially calculated contribution rates for funding the System. Computations prepared for other purposes may differ. The calculations in the presentation have been made on a basis consistent with our understanding of the System's funding requirements and goals. The calculations in this presentation have been made on a basis consistent with our understanding of the plan provisions described in the appendix of our formal actuarial valuation report as of July 1, 2020. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this presentation. Accordingly, additional determinations may be needed for other purposes.

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The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The presenting actuaries are independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this presentation has been prepared in accordance with generally recognized and accepted actuarial principles and practices. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

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Actuarial Basis

Data

We have based our calculations on demographic member census data as of July 1, 2021 as supplied by the Division of Retirement (“Division”). That data will be summarized in our formal actuarial valuation report for funding purposes as of July 1, 2021, which will be published in the 4th quarter of this year. Assets as of June 30, 2021, were based on values provided by the Division.

Methods / Policies

Actuarial Cost Method: Individual Entry Age Normal, as initially adopted by the 2019 FRS Actuarial Assumption Conference and most recently adopted by the 2020 FRS Actuarial Assumption Conference

UAL Amortization: Newly arising UAL each plan year is amortized as a level percentage of projected payroll over a closed 25-year period, except where explicitly modeled as a policy alternative in the body of the presentation.

Actuarial Value of Assets: A smoothed asset value specified by Florida Statutes that annually recognizes 20% of deviations in investment performance from the long-term assumption systematically over time. The statutory calculation approach includes a “corridor” to ensure smoothed assets vary no more than 20% from fair market value.

Assumptions

Assumptions for preliminary 2021 valuation calculations use assumptions as detailed July 1, 2020 Actuarial Valuation Report for funding purposes

Provisions

Provisions valued are as summarized in the July 1, 2020 Actuarial Valuation Report for system funding purposes

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