

Health Insurance Subsidy & Florida National Guard Benefits Actuarial Assumption Estimating Conference Executive Summary

The Florida Retirement System Actuarial Assumption Conference met on October 23, 2023, to adopt assumptions to be used in the valuations of the Retiree Health Insurance Subsidy (HIS) and National Guard Benefits programs. These programs are intended to be funded on a “pay-as-you-go” basis and are subject to legislative authorization.

The HIS valuation relies primarily on the related FRS assumptions since all retired members and beneficiaries in pay status are part of the FRS valuation. The principals of this Conference previously adopted the use of the Bond-Buyer General Obligation 20-bond Municipal Bond Index as an appropriate discount rate for the required GASB calculations for both programs. This index includes 20 general obligation bonds with 20-year maturities that have an average rating of AA. According to the state’s actuary (Milliman), it has been used by all public systems for pay-as-you-go programs subject to GASB financial reporting. The Conference affirmed that this practice was appropriate to continue.

This index currently stands at 3.65%, an increase from 3.54% in 2022. This upward movement in the index is estimated to decrease the Florida Health Insurance Subsidy liability by approximately \$146 million, and the Florida National Guard benefits program liability by roughly \$12 million.

In addition to agreeing to the continued use of the Bond Buyer Obligation 20-Bond Municipal Bond Index, the Conference reaffirmed the demographic assumptions used in the previous valuations.