

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

The Florida Retirement System Actuarial Assumption Conference met on October 17, 2024, to adopt assumptions to be used in the valuations of the Retiree Health Insurance Subsidy (HIS) and Florida 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 typically uses the same demographic assumptions as the Florida Retirement System. The Florida National Guard valuation normally uses the FRS mortality assumption specific to non-Special Risk members who are not K-12 Instructional. In addition, the principals of this Conference previously adopted the use of the Bond-Buyer General Obligation 20-bond Municipal Bond Index as the discount rate for both the HIS and National Guard GASB calculations. This index includes 20 general obligation bonds with 20-year maturities with an average rating of AA. According to the state’s actuary (Milliman), this index has been used by all public systems for pay-as-you-go programs subject to GASB financial reporting.

The Conference affirmed that these practices were appropriate to continue. The Bond Index currently stands at 3.93%, an increase from 3.65% in 2023. This upward movement in the index is estimated to decrease the Florida Health Insurance Subsidy liability by approximately \$541 million, and the Florida National Guard benefits program liability by roughly \$29 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 valuation.