

**REPORT ON THE DECEMBER 3RD MEETING  
Of the  
INVESTMENT ADVISORY COUNCIL**

The Council met at the State Board of Administration (SBA) building in Tallahassee from 9:00 AM until 12:30 PM on the 3rd. A highlight of the meeting was a presentation by Chief Financial Officer Alex Sink on her suggestions for making changes in the governance structure of the SBA. There was much discussion between members of the IAC and Ms. Sink, and further deliberations among members after she departed. There seemed to be agreement among members that Ms. Sink's suggestion for more meetings between the IAC and the Trustees would be beneficial.

Executive Director Williams reported that the market value of the FRS Trust Fund has passed the \$113 B mark at this time.

On another item, a new major study of the actuarial liability of the FRS is in the works. This actuarial liability is defined as being the amount needed to pay all benefits to all members that have been earned if we stopped the growing process right now. It is computed by actuaries who use various assumptions about length of life, future raises of employees and many more. In 1994 when I first attended the IAC meeting, this liability was reported to be \$52 B; by July, 2008, it had risen to \$122 B; an average of just under \$3.6 B per year. With the new major study initiative, changes in the assumptions are being considered which would result in jumping the liability figure from \$122 B to \$134 B in one year. This is important because the funded status of FRS is reported to the Legislature each year by comparing this liability figure to the market adjusted value of the assets in the FRS Trust Fund. With a \$12 B liability jump this year, the funded status would drop below the 100% level. We will watch for something official and report back to you as soon as we have something.

Larry Carmichael, Executive Director  
FASA