YOUR PENSION MATTERS
09/30/11
End of FY – 2010 - 2011

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Board Chairperson
11/16/11

"Failing to plan is planning to fail."
Coach John Wooden, UCLA

Planning for Retirement: In a recent Consumer Reports Money Advisor (August 2011), it was reported that the majority of Americans have less than $25,000 saved for retirement. That does not bode well for our future as more and more people will have to work longer or, in the alternative, rely on family or government to sustain themselves going forward into old age.

How are you doing? You are fortunate enough to have in place a defined benefit plan that will pay you, upon your retirement, a set amount every month for the rest of your life. Will it be enough to sustain you going forward? That depends on many things including, but not limited to, lifestyle, debt that you carry into retirement and personal health. In this Money Advisor issue, CFP Robert Wander states, "what will ultimately determine your success is much less about the rate of return on your money and much more about how much you put aside in the first place." What he means is simply this; are you saving enough to supplement your monthly pension check and sustain the lifestyle you want to live during your years of retirement? This article goes on to suggest some ideas on how to better plan for retirement by saving more.

Are you enrolled in a 457 Plan or some other automated savings plan (pre-tax IRA/ Roth IRA or an after tax account such as a savings account)? Automated savings makes it easier because you never "touch the money" thus you are not tempted to spend the money. Pre-tax savings might work best because it can lower your current taxable wages and postpone into the future any taxes on those earnings.

Working longer is another option (which, in these turbulent times, may be more of a requirement than an option). Each of you has special skills you are using now (firefighter or police officer). Are you planning and preparing a new skill to apply to a new job when you leave your current employer? For many of us, retirement will not be an option because of our respective financial or family situation. Thus, we must plan now and prepare now those new skills which will make us more marketable in a very challenging job market.

We cannot control many factors such as the coming changes to Social Security (yes, changes are coming), the rate of inflation (yes, inflation is in our future), the rise or fall of the stock market (we point to the last few months as an excellent example of the market's volatility) or the cost of medical care. We can control, through proper planning, some things such as personal wellness, skills development for a new job and saving more money. If you fail to plan for your future you are planning to fail. (Thank you Coach Wooden!!)

THE MARKET: What a quarter we saw (July 1 - September 30)! To say the least, it was ugly. Just as we, as a Plan, were approaching our high water mark (2008 we hit $194 million); the bottom fell out again as fears of a double dip recession, fears of European banking collapse and fears of Congressional Gridlock took a stranglehold on the markets. We saw losses across the board. Regardless of how conservative or aggressive you invested, regardless of how diversified you were, or even if you kept your money in a bank (loss due to inflation v. no interest on your savings), you experienced investment losses.

However, because our Fund was diversified and because of the way we invested our funds, our losses were minimized. Our investment loss for the quarter was set at -9.51%, which was significantly lower than the losses suffered by the S&P 500 (-13.9%), the Dow Jones Industrial Average (-11.5%) or the Russell 3000 Index (-15.3%). We refer you to the attached report from our consultant which details the investments results from the last quarter. The silver lining in the consultant's report is that since October 1st and going forward the markets have rebounded nicely and that rebound continues at the writing of this newsletter. However, the fears noted above are still in place and our hope is that world leaders will come together to resolve the many economic issues that we face.

Our eyes should now turn to Washington and the work of the Super Committee. Will this Committee see beyond politics and make the tough choices that need to be made? In our last newsletter to you (August 19, 2011), we wrote about the courage that will be needed to make tough choices by putting country above politics and people before party. We can only hope that the members of this Committee find the courage to make the tough choices which will include a balanced approach to getting this country back on the right track. No doubt, compromise will be necessary. Do they have the courage to compromise?

In the meantime, on behalf of the entire Board of Trustees and our Office Staff, we extend to you best wishes for a happy and healthy holiday season.

Next issue: we will write to you about the different kinds of risk that comes with life and investments.

Until then, stay safe and stay in touch!

SUMMARY OF RELEVANT FACTS
Pompano Beach Police & Firefighters' Retirement System
As of September 30, 2011

Distribution of Assets:		
Equity		
-Large Cap. Value	$23,624,806	
-Large Cap. Growth	$20,664,126	
-Large Cap. Core	$17,327,726	
-Mid Cap. Value	$8,236,828	
-Small/Mid Cap. Growth	$8,539,781	
-International Value	$7,566,761	
-International Growth	$8,216,486	
Total Equity		$94,176,514
Fixed Income		$47,787,232
Real Estate (REIT)		$4,114,455
Private Real Estate		$7,706,003
Fund of Hedge Funds		$16,598,368
Private Equity		$1,419,394
Cash (Non-Managed Account)		$1,508,692
Total Portfolio		$173,310,658

Distribution by Percentages:	Policy	Current
Equity Breakdown		
-Large Cap. Value	15.00%	13.63%
-Large Cap. Growth	10.00%	11.92%
-Large Cap. Core	10.00%	10.00%
-Mid Cap. Value	5.00%	4.75%
-Small/Mid Cap. Growth	5.00%	4.93%
-International Value	5.00%	4.37%
-International Growth	5.00%	4.74%
Total Equity	55.00%	54.34%
Fixed Income	25.00%	27.57%
Real Estate (REIT)	2.50%	2.37%
Private Real Estate	5.00%	4.45%
Fund of Hedge Funds	10.00%	9.58%
Private Equity	2.50%	0.82%
Cash (Non-Managed Account)	0.00%	0.87%
Total Portfolio	100.00%	100.00%

UBP Fund of Hedge Fund		
Fund of Hedge Fund	100.00%	$5,295,140
Gain or (Loss)		($205,078)
Ironwood Fund of Hedge Fund		
Fund of Hedge Fund	100.00%	$5,188,594
Gain or (Loss)		($170,223)
Pine Grove Fund of Hedge Fund		
Fund of Hedge Fund	100.00%	$6,114,634
Gain or (Loss)		($232,246)
INVESCO (REIT)		
REIT	100.00%	$4,114,455
Fees		($8,614)
Gain or (Loss)		($710,710)
INVESCO (Private Real Estate)		
Private Real Estate	100.00%	$4,706,003
Fees		($12,826)
Gain or (Loss)		$100,919
MAIN ACCOUNT (NON-MANAGED)		
Cash	100.00%	$1,508,692
Gain or (Loss)		$118
OFFICE BUILDING		
Total Assets	100.00%	$3,000,000
Fees		$0
Gain or (Loss)		($14,806)
NB Crossroads (Private Equity)		
Total Assets	100.00%	$1,419,394
Fees		$0
Gain or (Loss)		($79,159)

Other Important Facts:

Total Portfolio		$173,310,658
Total Gain or (Loss) - Gross of Fees		($18,209,896)
LORD ABBETT		
Total Assets	100.00%	$23,624,806
Equity	97.38%	$23,005,716
Cash	2.62%	$619,090
Fees		($42,984)
Gain or (Loss)		($4,845,036)
SANDS CAPITAL MANAGEMENT		
Total Assets	100.00%	$20,664,126
Equity	98.31%	$20,315,863
Cash	1.69%	$348,262
Fees		($36,110)
Gain or (Loss)		($2,914,914)
CORNERSTONE		
Total Assets	100.00%	$17,327,726
Equity	95.50%	$16,547,144
Cash	4.50%	$780,582
Fees		($32,180)
Gain or (Loss)		($2,084,627)
RBC GLOBAL		
Total Assets	100.00%	$8,236,828
Equity	99.72%	$8,213,724
Cash	0.28%	$23,105
Fees		($19,155)
Gain or (Loss)		($2,464,130)
WELLS		
Total Assets	100.00%	$8,539,781
Equity	95.56%	$8,160,348
Cash	4.44%	$379,433
Fees		($24,816)
Gain or (Loss)		($2,136,008)
INVESCO (International Value)		
Total Assets	100.00%	$7,566,761
Equity	98.42%	$7,447,204
Cash	1.58%	$119,557
Fees		($15,313)
Gain or (Loss)		($1,853,419)
RENAISSANCE (International Growth)		
Total Assets	100.00%	$8,216,486
Equity	97.11%	$7,978,735
Cash	2.89%	$237,751
Fees		($16,830)
Gain or (Loss)		($2,160,680)
STANDISH MELLON		
Total Assets	100.00%	$22,893,719
Fixed	98.73%	$22,603,508
Cash	1.27%	$290,210
Fees		($16,484)
Gain or (Loss)		$895,156
MUNDER CAPITAL MANAGEMENT		
Total Assets	100.00%	$22,405,162
Fixed	73.04%	$16,364,530
Cash	26.96%	$6,040,632
Fees		($14,577)
Gain or (Loss)		$618,678
MUNDER - OTHER ASSETS		
Total Assets	100.00%	$2,488,352
Fixed	71.77%	$1,786,004
Cash	28.23%	$702,348
Fees		$0
Gain or (Loss)		$46,269

BREAKDOWN OF RETURNS
Pompano Beach Police & Firefighters' Retirement System
As of September 30, 2011

TRADITIONAL INVESTMENTS

	Your Returns				
LORD ABBETT					
Large Cap. Value	**Gross**	**Net**	**Russ 1000 Value**	**PSN Money Mgrs.**	**S&P 500**
Quarter	(17.00)	(17.13)	(16.20)	(14.70)	(13.87)
1 year	(3.29)	(3.87)	(1.90)	0.20	1.14
3 year	(0.89)	(1.50)	(1.52)	0.95	1.23
5 year	(2.99)	(3.57)	(3.54)	(1.13)	(1.18)
Since 10/31/2004	0.99	0.42	1.37	NA	2.09
Lord Abbett/Boston - Since 9/30/2002	5.19		5.89	6.58	5.79
Lord Abbett/Boston - Since 6/30/1995	6.22		7.20	7.77	6.52
SANDS CAPITAL					
Large Cap. Growth			**Russ 1000 Growth**	**PSN Money Mgrs.**	
Quarter	(12.38)	(12.51)	(13.13)	(14.85)	
1 year	9.48	8.83	3.78	1.03	
3 year	13.84	13.17	4.69	2.70	
5 year	6.22	5.61	1.62	0.80	
Since 5/31/2003	8.49	7.89	4.58	NA	
CORNERSTONE					
Large Cap. Core			**S&P 500**	**PSN Money Mgrs.**	
Quarter	(10.74)	(10.89)	(13.87)	(14.36)	
1 year	2.82	2.17	1.14	0.90	
Since 1/31/2009	13.96	13.28	14.98	NA	
RBC GLOBAL					
Mid Cap. Value			**Russ Mid Value**	**PSN Money Mgrs.**	
Quarter	(23.03)	(23.18)	(18.47)	(15.82)	
1 year	(4.60)	(5.26)	(2.35)	0.42	
Since 1/31/2009	15.41	14.68	19.96	NA	
WELLS					
Small/Mid Cap. Growth			**Russ 2500 Growth**	**PSN Money Mgrs.**	
Quarter	(19.99)	(20.20)	(21.35)	(22.34)	
1 year	2.72	1.83	0.58	(1.23)	
Since 1/31/2009	23.86	22.87	21.58	NA	
INVESCO					
International Value			**MSCI EAFE Net**		
Quarter	(19.67)	(19.83)	(19.01)		
1 year	(13.75)	(14.33)	(9.34)		
3 year	(2.99)	(3.67)	(1.14)		
5 year	(4.10)	(4.76)	(3.46)		
Since 1/31/2004	3.04	2.39	3.40		
RENAISSANCE					
International Growth			**MSCI AC Wrld x US**		
Quarter	(20.82)	(20.95)	(19.85)		
1 year	(7.58)	(8.17)	(10.81)		
Since 1/31/2009	12.54	11.90	14.51		
STANDISH MELLON					
Fixed Income			**BC Aggregate**	**BC Int. Aggregate**	**BC Int. Gov/Credit**
Quarter	4.07	3.99	3.82	2.30	2.39
1 year	5.48	5.16	5.26	4.22	3.40
3 year	8.80	8.48	7.97	7.12	7.02
5 year	6.51	6.20	6.52	6.16	5.92
Since 4/30/2003	5.15	4.80	5.07	4.84	4.45
MUNDER CAPITAL					
Fixed Income			**BC Aggregate**	**BC Int. Aggregate**	**BC Int. Gov/Credit**
Quarter	2.84	2.77	3.82	2.30	2.39
1 year	4.51	4.23	5.26	4.22	3.40
3 year	8.08	7.80	7.97	7.12	7.02
5 year	6.79	6.52	6.52	6.16	5.92
Since 9/30/2002	5.50	5.23	5.34	5.01	4.80

ALTERNATIVE INVESTMENTS

INVESCO *REIT*	Gross	Net	NAREIT
Quarter	(14.72)	(14.88)	(15.07)
1 year	0.15	(0.41)	0.92
3 year	(0.06)	(0.68)	(1.99)
5 year	(1.02)	(1.68)	(2.44)
Since 6/30/2006	0.58	(0.10)	(0.66)

INVESCO *Private Real Estate*			NCREIF Property	NCREIF ODCE
Quarter	2.19	1.91	3.30	3.58
1 year	17.39	16.43	16.11	18.34
3 year	(7.18)	(7.59)	(1.44)	(6.39)
5 year	(1.01)	(1.27)	3.41	0.01
Since 7/31/2006	(0.73)	(0.98)	3.99	NA

OFFICE BUILDING *Private Real Estate*			BC Aggregate	90-Day T-Bill
Quarter	(0.49)	(0.49)	3.82	0.01
1 year	(2.19)	(2.19)	5.26	0.08
3 year	(12.06)	(12.28)	7.97	0.13
Since 3/31/2007	(6.58)	(6.73)	6.63	1.04

UBP *Fund of Hedge Funds*			HFRI FOF Cons
Quarter	(3.73)	(3.73)	(3.73)
1 year	(0.23)	(0.23)	(0.92)
3 year	(1.00)	(1.00)	(0.51)
Since 4/30/2008	(2.38)	(2.38)	(2.64)

Ironwood *Fund of Hedge Funds*			HFRI FOF Cons
Quarter	(3.18)	(3.18)	(3.73)
1 year	5.90	5.90	(0.92)
3 year	1.44	1.44	(0.51)
Since 7/31/2008	(1.82)	(1.82)	(2.62)

Pine Grove *Fund of Hedge Funds*			HFRI FOF Cons
Quarter	(3.66)	(3.66)	(3.73)
1 year	(0.07)	(0.07)	(0.92)
3 year	3.59	3.59	(0.51)
Since 9/30/2008	3.59	3.59	(0.51)

Neuberger Berman *Private Equity*			S&P 500
Quarter	(6.75)	(6.75)	(13.87)
1 year	3.96	3.96	1.14
Since 3/31/2010	(16.21)	(16.21)	(0.20)

TOTAL FUND *Time-Weighted Return (TWR)*			Policy Index	Composite Index
Quarter	(9.51)	(9.64)	(9.20)	(9.28)
1 year	1.98	1.47	1.12	1.50
3 year	5.09	4.59	3.82	4.63
5 year	2.50	2.03	1.82	2.34
Since 9/30/2002	6.23	5.76	6.22	6.52
Since 6/30/1995	6.22			

TOTAL FUND *Dollar-Weighted Net Return (IRR)*			Actuarial Rate	CPI +3
Quarter		(9.56)	1.97	2.05
1 year		1.68	8.10	6.97
3 year		4.58	8.10	4.19
5 year		1.97	8.10	5.29
Since 9/30/2002		5.89	8.10	5.61

Note

Per the Board's request, all performance results (including but not limited to rates of return, risk, measures, unit values, and dollar values) prior to September 30, 2002, were provided by GRS Asset Consulting Group, who was the previous consultant. The performance data is believed to be accurate, but there is no assurance. Graystone Consulting has not calculated or independently verified the accuracy of the returns or market values and is not responsible or liable for any mistake or miscalculations. Effective September 30, 2002, all valuations and rates of return are calculated by Graystone Consulting.

Policy Index Composition

For periods since 12/31/2009: 16.25% Russell 1000 Value/ 16.25% Russell 1000 Growth/ 5% S&P 500/5% MSCI EAFE Net/5% MSCI AC Wrld x US/ 27.5% BC Aggregate/ 2.5% NAREIT/ 2.5% NCREIF/ 10% HFRI FOF Conservative

For periods since 4/30/2008: 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 6.5% S&P 500/8% MSCI EAFE Net/ 22.5% BC Aggregate/ 10% BC Int. Aggregete/ 2.5% NAREIT/ 2.5% NCREIF/ 3% HFRI FOF Conservative

For periods 4/30/2006 to 4/30/2008: 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 9.5% S&P 500/ 8% MSCI EAFE Net/ 22.5% BC Aggregate/ 10% BC Int. Aggregate/ 2.5% NAREIT/ 2.5% NCREIF

For periods 1/31/2004 to 4/30/2006: 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 12% Dynamic Index/ 8% MSCI EAFE Net/ 23% BC Aggregate/ 12% BC Int. Aggregate

For periods prior to 1/31/2004: 25% Russell 1000 Value/ 25% Russell 1000 Growth/ 15% Dynamic Index/ 23% LB Aggregate/ 12% BC Int. Aggregate