

FOR CONSIDERATION By the Committee on Community Affairs

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1                                   A bill to be entitled  
2       An act relating to the Florida Retirement System;  
3       providing a directive to the Division of Law Revision  
4       and Information; creating s. 121.601, F.S.; providing  
5       definitions; creating s. 121.602, F.S.; requiring the  
6       Trustees of the State Board of Administration to  
7       establish the Florida Retirement System Cash Balance  
8       Plan; requiring employees and employers to make  
9       contributions for funding the plan; providing that the  
10      plan provide a lump-sum or annuity benefit; providing  
11      procedures for employees who are members of the  
12      pension plan or investment plan before a certain date  
13      to transfer to the cash balance plan; providing  
14      procedures for employees employed after a certain date  
15      to be enrolled in the investment plan or cash balance  
16      plan; providing for the distribution of employee and  
17      employer contributions and credits to the cash balance  
18      plan; providing for the establishment of employee  
19      annuity savings accounts and employer retirement  
20      annuity accounts; providing vesting requirements;  
21      providing for the payment of benefits, including  
22      disability and death benefits, and the designation of  
23      a beneficiary; providing for the purchase of  
24      creditable service; providing eligibility for the  
25      retiree health insurance subsidy and social security  
26      coverage; providing for the education of members about  
27      the cash balance plan and requiring the state board to  
28      provide certain information to members on a quarterly  
29      basis; requiring the plan to conform to Internal

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30 Revenue Code requirements; authorizing the state board  
31 to adopt rules relating to maintaining federal status;  
32 providing for plan administration and imposing  
33 fiduciary standards on such management; requiring an  
34 annual actuarial analysis of the plan; directing the  
35 Investment Advisory Council to make recommendations to  
36 the board of directors; requiring the development and  
37 adoption of an Investment Policy Statement; amending  
38 s. 112.363, F.S., relating to the retiree health  
39 insurance subsidy; conforming provisions to changes  
40 made by the act; amending ss. 121.011 and 121.012,  
41 F.S.; conforming cross-references; amending s.  
42 121.021, F.S.; revising the definition of "Florida  
43 Retirement System" to conform to changes made by the  
44 act; amending s. 121.051, F.S.; prohibiting employees  
45 from enrolling in the pension plan after a certain  
46 date; providing exceptions; amending s. 121.052, F.S.;  
47 prohibiting elected officials from joining the Senior  
48 Management Service Class after a specified date;  
49 amending s. 121.055, F.S.; prohibiting an elected  
50 official eligible for membership in the Elected  
51 Officers' Class from enrolling in Senior Management  
52 Service Class or Senior Management Service Optional  
53 Annuity Program; closing the Senior Management Service  
54 Optional Annuity Program to new members after a  
55 specified date; amending s. 121.091, F.S., relating to  
56 benefits payable under the Florida Retirement System;  
57 conforming provisions to changes made by the act;  
58 amending s. 121.151, F.S., relating to the investment

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59 of retirement funds; conforming provisions to changes  
60 made by the act; amending s. 121.35, F.S.; authorizing  
61 participants in the optional retirement program for  
62 the State University System to enroll in the cash  
63 balance plan as of a specified date; amending s.  
64 121.4501, F.S., relating to the Florida Retirement  
65 System Investment Plan; limiting the ability of  
66 members to enroll in the pension plan after a  
67 specified date; consolidating provisions relating to  
68 past plan elections; providing for certain employees  
69 enrolled in the pension or investment plan to transfer  
70 to the cash balance plan; providing for the  
71 administration of the cash balance plan; revising the  
72 education component to include the cash balance plan;  
73 making conforming changes; amending s. 121.70, F.S.,  
74 relating to legislative purposes for funding  
75 retirement benefits; conforming provisions to changes  
76 made by the act; amending s. 121.71, F.S., relating to  
77 the calculation of contribution rates; conforming  
78 provisions to changes made by the act; creating s.  
79 121.721, F.S.; establishing contribution rates for the  
80 cash balance plan; specifying how interest credit  
81 rates are to be calculated; amending s. 121.73, F.S.;  
82 expanding the section relating to allocations for  
83 disability coverage to also include coverage for  
84 members killed in the line of duty; conforming  
85 provisions to changes made by the act; amending s.  
86 121.74, F.S.; conforming provisions to changes made by  
87 the act; amending s. 121.76, F.S.; conforming a

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88 reference; amending s. 121.78, F.S.; revising  
89 provisions relating to the payment and distribution of  
90 contributions to accommodate members of the cash  
91 balance plan; amending s. 213.136, F.S.; conforming  
92 provisions to changes made by the act; amending ss.  
93 238.072, and 413.051, F.S.; conforming cross-  
94 references; providing that the act fulfils an  
95 important state interest; adjusting the required  
96 employer contribution rates for the unfunded actuarial  
97 liability of the Florida Retirement System for select  
98 classes; providing a directive to the Division of Law  
99 Revision and Information; requiring the state board to  
100 request a determination letter from the Internal  
101 Revenue Service; providing an effective date.

102  
103 Be It Enacted by the Legislature of the State of Florida:

104  
105 Section 1. The Division of Law Revision and Information is  
106 directed to redesignate present part III of chapter 121, Florida  
107 Statutes, consisting of ss. 121.70-121.78, Florida Statutes, as  
108 part IV, and to create a new part III of chapter 121, Florida  
109 Statutes, consisting of ss. 121.601 and 121.602, Florida  
110 Statutes, to be entitled "Florida Retirement System Cash Balance  
111 Plan."

112 Section 2. Section 121.601, Florida Statutes, is created to  
113 read:

114 121.601 Definitions.—As used in this part, the term:

115 (1) "Active member" means a member who is actively employed  
116 by a participating employer.

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117       (2) "Annuity savings account" means the account maintained  
118 for member contributions.

119       (3) "Approved provider" means a private sector company that  
120 is selected and approved by the state board to offer annuity  
121 products to the cash balance plan.

122       (4) "Cash balance plan" means the Florida Retirement System  
123 Cash Balance Plan created under this part.

124       (5) "Covered employment" means employment in a regularly  
125 established position as defined in s. 121.021(52).

126       (6) "Covered position" means a position with a covered  
127 employer that is eligible for membership in the Florida  
128 Retirement System.

129       (7) "De minimis account" means an account containing  
130 employer and employee contributions of up to \$5,000 made under  
131 this chapter.

132       (8) "Electronic means" means telephone transmission if the  
133 required information is received on a recorded line, or the  
134 Internet if the required information is captured online.

135       (9) "Eligible employee" means an officer or employee, as  
136 defined in s. 121.021(11), who:

137       (a) Is a member of, or is eligible for membership in, the  
138 Florida Retirement System, including a renewed member of the  
139 Florida Retirement System initially enrolled before July 1,  
140 2010; or

141       (b) Participates in, or is eligible to participate in, the  
142 Senior Management Service Optional Annuity Program established  
143 under s. 121.055(6), the State Community College System Optional  
144 Retirement Program established under s. 121.051(2)(c), or the  
145 State University System Optional Retirement Program established

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146 under s. 121.35.

147  
148 The term does not include a member participating in the Deferred  
149 Retirement Option Program established under s. 121.091(13), a  
150 retiree of a state-administered retirement system initially  
151 reemployed in a regularly established position on or after July  
152 1, 2010, or a compulsory participant of the State University  
153 System Optional Retirement Program established under s. 121.35.

154 (10) "Member" or "employee" means an eligible employee who  
155 enrolls in the cash balance plan as provided in this section, or  
156 a beneficiary or alternate payee of a member or employee.

157 (11) "Member contributions" or "employee contributions"  
158 means the sum of all amounts deducted from the salary of a  
159 member by his or her employer in accordance with s. 121.71(3)  
160 and credited to his or her individual annuity savings account in  
161 the cash balance plan, plus any interest credits on such amounts  
162 and any contributions specified in s. 121.602(4), (5), and (6).

163 (12) "Normal retirement age" means the date a member  
164 attains his or her normal retirement date as provided in this  
165 section, or the date a member is vested, whichever is later.

166 (13) "Normal retirement date" means the date a member  
167 attains normal retirement age and is vested pursuant to this  
168 part.

169 (14) "Quarter" means the 3-month period ending on the last  
170 business day of September, December, March, and June of each  
171 fiscal year.

172 (15) "Retiree" means a former member of the cash balance  
173 plan who has terminated employment and taken a benefit as  
174 provided in s. 121.602(8), other than a mandatory distribution

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175 of a de minimis account authorized by the state board or a  
176 minimum required distribution provided pursuant to s. 401(a) of  
177 the Internal Revenue Code.

178 (16) "Retirement annuity account" means the account  
179 established for the employer credits of a member.

180 (17) "Terminated" or "termination" occurs when a member  
181 ceases all employment relationships with participating employers  
182 for 3 calendar months. However, if a member is employed by a  
183 participating employer within the next 6 calendar months,  
184 termination is deemed not to have occurred. A leave of absence  
185 constitutes a continuation of the employment relationship,  
186 except that a leave of absence without pay due to disability may  
187 constitute termination if such member applies for and is  
188 approved for disability retirement in accordance with s.  
189 121.602(9). The department or state board may require other  
190 evidence of termination as it deems necessary.

191 (18) "Vested" or "vesting" means the guarantee that a  
192 member is eligible to receive a future retirement benefit upon  
193 completion of the required years of service for the employee's  
194 class of membership even though the member may have terminated  
195 covered employment before reaching the normal or early  
196 retirement date. Under the cash balance plan, a member is deemed  
197 to be vested and to have met the required years of service after  
198 completing 5 years of creditable service.

199 Section 3. Section 121.602, Florida Statutes, is created to  
200 read:

201 121.602 Florida Retirement System Cash Balance Plan.-

202 (1) CREATION.-The Trustees of the State Board of  
203 Administration shall establish a cash balance program called the

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204 "Florida Retirement System Cash Balance Plan" for members of the  
205 Florida Retirement System under which retirement benefits will  
206 be provided for eligible employees who elect to participate in  
207 the plan.

208 (a) The plan must be a qualified governmental plan pursuant  
209 to ss. 401(a) and 414(d) of the Internal Revenue Code and  
210 related regulations. Assets of the plan shall be held in trust  
211 for the Florida Retirement System. The employer and employee  
212 shall make contributions, as provided in this section and ss.  
213 121.571 and 121.71, to the Florida Retirement System Cash  
214 Balance Trust Fund for funding the benefits of the plan.

215 (b) The state board shall establish a retirement annuity  
216 account for each member of the cash balance plan, which shall be  
217 credited with employer credits plus interest credits on the  
218 employer credits. The retirement annuity account shall be used  
219 to determine the amount of a lump-sum distribution or an annuity  
220 benefit for a vested member upon retirement as provided under  
221 this part.

222 (c) The state board shall establish an annuity savings  
223 account for each member of the plan, which shall be credited  
224 with employee contributions plus interest credits on the  
225 employee contributions. For a vested member, the annuity savings  
226 account shall be used to fund the member's lump-sum distribution  
227 or annuity benefits upon retirement.

228 (d) The design and administration of the plan must comply  
229 with all applicable provisions of the Internal Revenue Code. The  
230 Legislature may amend the plan to comply with applicable federal  
231 laws and regulations.

232 (2) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.-



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233       (a) A member of the pension plan or the investment plan who  
234 is employed in a regularly established position with a  
235 participating employer may elect to:

236       1. Retain membership in the pension plan or investment  
237 plan; or

238       2. Make a one-time transfer to the cash balance plan at any  
239 time during his or her active career under the Florida  
240 Retirement System in which he or she is earning service credit  
241 in an employer-employee relationship consistent with s.  
242 121.021(17)(b), excluding leaves of absence without pay. Such  
243 election is effective the first day of the month following the  
244 receipt of the election by the third-party administrator and is  
245 not subject to requirements regarding an employer-employee  
246 relationship or receipt of contributions for the eligible  
247 employee in the effective month except when the election is  
248 received by the administrator. This one-time career transfer is  
249 irrevocable, and no other subsequent transfer is allowed.

250       (b) A member who uses the one-time transfer under  
251 subparagraph (a)2. to enroll in the cash balance plan may elect  
252 to:

253       1. Retain all service credit earned under the pension plan  
254 or the investment plan as credited under the Florida Retirement  
255 System and is entitled to a deferred benefit upon termination  
256 from the pension plan or investment plan. However, the election  
257 to enroll in the cash balance plan terminates the active  
258 membership of the member in the pension plan or investment plan,  
259 and the service of a member who has transferred to the cash  
260 balance plan is creditable for purposes of vesting only, and not  
261 creditable for purposes of benefit accrual under the pension

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262 plan or the investment plan; or

263 2. Elect to transfer a sum representing the present value  
264 of the member's accumulated benefit obligation under the pension  
265 plan or the value of the member's investment plan account to the  
266 cash balance plan. Such election is effective the first day of  
267 the month following receipt of the election by the third-party  
268 administrator. Upon transfer, all service credit earned under  
269 the pension plan or investment plan is nullified for purposes of  
270 entitlement to a future benefit under the pension plan or  
271 investment plan. Any amount transferred, regardless of the  
272 original source of the contributions, shall be deemed to be  
273 employer credits in the cash balance plan.

274 (c) If the eligible employee elects to transfer his or her  
275 accumulated benefit obligation to the cash balance plan under  
276 subparagraph (b)2., and:

277 1. The employee is a member of the pension plan, the  
278 employee must transfer the present value of the accumulated  
279 benefit obligation under the pension plan.

280 a. For purposes of this paragraph, the present value of the  
281 member's accumulated benefit obligation is based upon the  
282 member's estimated creditable service and estimated average  
283 final compensation under the pension plan, subject to  
284 recalculation under sub-subparagraph b. The actuarial present  
285 value of the member's accumulated benefit obligation is based on  
286 the following:

287 (I) The discount rate and other relevant actuarial  
288 assumptions used to value the Florida Retirement System Trust  
289 Fund at the time the amount to be transferred is determined,  
290 consistent with sub-sub-subparagraph (II).

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291 (II) The member's benefit commencement age, based on the  
292 member's estimated creditable service as of the estimate date.

293 (A) Except as provided under sub-sub-sub-subparagraph (B),  
294 the benefit commencement age is the younger of the following,  
295 which may not be younger than the member's age as of the  
296 estimate date:

297 i. For a member initially enrolled before July 1, 2011, age  
298 62 or the age the member would attain if the member completed 30  
299 years of service with an employer, assuming that the member  
300 worked continuously from the estimate date, and disregarding any  
301 vesting requirement that would otherwise apply under the pension  
302 plan.

303 ii. For a member enrolled on or after July 1, 2011, age 65  
304 or the age the member would attain if the member completed 33  
305 years of service with an employer, assuming that the member  
306 worked continuously from the estimate date, and disregarding any  
307 vesting requirement that would otherwise apply under the pension  
308 plan.

309 (B) The benefit commencement age for members of the Special  
310 Risk Class and for members of the Special Risk Administrative  
311 Support Class entitled to retain the special risk normal  
312 retirement date is the younger of the following, which may not  
313 be younger than the member's age as of the estimate date:

314 i. For a member initially enrolled before July 1, 2011, age  
315 55 or the age the member would attain if the member completed 25  
316 years of service with an employer, assuming that the member  
317 worked continuously from the estimate date, and disregarding any  
318 vesting requirement that would otherwise apply under the pension  
319 plan.

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320 ii. For a member enrolled on or after July 1, 2011, age 60  
321 or the age the member would attain if the member completed 30  
322 years of service with an employer, assuming that the member  
323 worked continuously from the estimate date, and disregarding any  
324 vesting requirement that would otherwise apply under the pension  
325 plan.

326 (III) The calculation disregards vesting requirements and  
327 early retirement reduction factors that would otherwise apply  
328 under the pension plan.

329 b. The division shall recalculate the amount transferred  
330 under sub-subparagraph a. within 60 days after the actual  
331 transfer of funds based upon the member's actual creditable  
332 service and actual final average compensation as of the initial  
333 date of participation in the cash balance plan. If the  
334 recalculated amount differs from the amount transferred by \$10  
335 or more, the division shall:

336 (I) Transfer from the Florida Retirement System Trust Fund  
337 to the member's account the excess, if any, of the recalculated  
338 amount over the previously transferred amount plus any interest  
339 from the initial date of transfer to the date of transfer under  
340 this subparagraph, based upon the effective annual interest rate  
341 equal to the assumed return on the actuarial investment which  
342 was used in the most recent actuarial valuation of the system,  
343 compounded annually.

344 (II) Transfer, or cause to be transferred, from the  
345 member's account to the Florida Retirement System Trust Fund the  
346 excess, if any, of the previously transferred amount over the  
347 recalculated amount, plus any interest from the initial date of  
348 transfer to the date of transfer under this subparagraph, based

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349 upon a 6 percent effective annual interest rate, compounded  
350 annually, pro rata based on the member's allocation under the  
351 cash balance plan.

352 c. If contribution adjustments are made due to any employer  
353 errors or corrections, including plan corrections, following  
354 recalculation of the amount transferred under this subparagraph,  
355 the member is entitled to the additional contributions or is  
356 responsible for returning any excess contributions resulting  
357 from the correction. A return of such erroneous excess pretax  
358 contribution by the plan must be made within the period allowed  
359 by the Internal Revenue Service. The present value of the  
360 member's accumulated benefit obligation may not be recalculated.

361 2. The employee is a member of the investment plan, the  
362 employee must transfer the sum representing the account balance  
363 of the investment plan as of the transfer date.

364 a. Upon receipt of the employee contributions from the  
365 member's investment plan account, the contributions shall be  
366 credited to the annuity savings account of the member.

367 b. Upon receipt of the employer contributions from the  
368 member's investment plan account, the contributions shall be  
369 credited to the retirement annuity account of the member.

370 c. Within 60 days after the transfer date, the third-party  
371 administrator shall transfer any residual contributions due to  
372 the member of the cash balance plan for the benefit of the  
373 member and credited to the retirement annuity account or the  
374 annuity savings account of the member, as applicable.

375 d. If contribution adjustments are made due to employer  
376 errors or corrections, including plan corrections, following  
377 calculation of the amount transferred under this subparagraph,

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378 the member is entitled to the additional contributions or shall  
379 return any excess contributions resulting from the correction. A  
380 return of such erroneous excess pretax contribution by the plan  
381 must be made within the period allowed by the Internal Revenue  
382 Service.

383 3. As directed by the member, the state board shall  
384 transfer the appropriate amounts to the cash balance plan within  
385 30 days after the effective date of the member's participation  
386 in the cash balance plan, unless the major financial markets for  
387 securities available for a transfer are seriously disrupted by  
388 an unforeseen event that causes the suspension of trading on the  
389 national securities exchange in the country where the securities  
390 were issued. In that event, the 30-day period may be extended by  
391 a resolution of the board. Transfers are not commissionable or  
392 subject to other fees and may be in the form of securities or  
393 cash, as determined by the board. Such securities are valued as  
394 of the date of receipt in the member's account.

395 4. If the state board receives notification from the  
396 Internal Revenue Service that this paragraph or any portion of  
397 this paragraph will cause the Florida Retirement System, or a  
398 portion thereof, to be disqualified for tax purposes under the  
399 Internal Revenue Code, the portion that will cause the  
400 disqualification does not apply. Upon such notice, the board or  
401 the division shall notify the presiding officers of the  
402 Legislature.

403 (3) PARTICIPATION; ENROLLMENT.—

404 (a) An eligible employee who is initially employed on or  
405 after July 1, 2015, in a covered position eligible to  
406 participate in the Special Risk Class and who is earning service

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407 credit in an employer-employee relationship that is consistent  
408 with s. 121.021(17)(b), excluding leaves of absence without pay,  
409 shall be enrolled in the cash balance plan at the commencement  
410 of employment.

411 1. The employee must elect to participate in the pension  
412 plan, cash balance plan, or investment plan by the last business  
413 day of the 8th month following the employee's month of hire. The  
414 employee's election must be in writing or by electronic means  
415 and filed with the third-party administrator.

416 2. If the employee files such election within the  
417 prescribed time period, enrollment in the pension plan, cash  
418 balance plan, or the investment plan is effective on the 1st day  
419 of employment. The retirement contributions paid through the  
420 month of the employee plan change shall be transferred to the  
421 pension plan, cash balance plan, or investment plan, and,  
422 effective the 1st day of the next month, the employer and  
423 employee shall pay the applicable contributions based on the  
424 employee membership class in the plan.

425 3. If the employee fails to make an election of the cash  
426 balance plan or investment plan by the last business day of the  
427 8th month following the employee's month of hire, the employee  
428 is deemed to have elected the investment plan and will be  
429 defaulted into the investment plan retroactively to the  
430 employee's date of employment.

431 4. The amount of the employee and employer contributions  
432 paid before the default to the investment plan shall be  
433 transferred to the investment plan and placed in a default fund  
434 as designated by the state board. The employee may move the  
435 contributions once an account is activated in the investment

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436 plan.

437 (b) An eligible employee who is initially employed on or  
438 after July 1, 2015, in a covered position eligible to  
439 participate in a class other than the Special Risk Class and who  
440 is earning service credit in an employer-employee relationship  
441 that is consistent with s. 121.021(17) (b), excluding leaves of  
442 absence without pay, shall be enrolled in the cash balance plan  
443 at the commencement of employment.

444 1. The employee must elect to participate in the cash  
445 balance plan or the investment plan by the last business day of  
446 the 8th month following the employee's month of hire. The  
447 employee's election must be in writing or by electronic means  
448 and filed with the third-party administrator.

449 2. If the employee files such election within the  
450 prescribed time period, enrollment in the cash balance plan or  
451 the investment plan is effective on the 1st day of employment.  
452 The retirement contributions paid through the month of the  
453 employee plan change shall be transferred to the cash balance  
454 plan or the investment plan, and, effective the 1st day of the  
455 next month, the employer and employee shall pay the applicable  
456 contributions based on the employee membership class in the  
457 plan.

458 3. If the employee fails to make an election of the cash  
459 balance plan or investment plan by the last business day of the  
460 8th month following the employee's month of hire, the employee  
461 is deemed to have elected the investment plan and will be  
462 defaulted into the investment plan retroactively to the  
463 employee's date of employment.

464 4. The amount of the employee and employer contributions



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465 paid before the default to the investment plan shall be  
466 transferred to the investment plan and placed in a default fund  
467 as designated by the state board. The employee may move the  
468 contributions once an account is activated in the investment  
469 plan.

470 (c) An employee who becomes eligible to participate in the  
471 cash balance plan pursuant to s. 121.051(2)(c)3. or s.  
472 121.35(3)(i) may elect to participate in the cash balance plan  
473 in lieu of retaining his or her membership in the State  
474 Community College System Optional Retirement Program or the  
475 State University System Optional Retirement Program.

476 1. The election must be made in writing or by electronic  
477 means and filed with the third-party administrator.

478 2. Upon making such election, the employee shall be  
479 enrolled as a member of the cash balance plan, the employee's  
480 membership in the Florida Retirement System shall be governed by  
481 this part, and the employee's participation in the State  
482 Community College System Optional Retirement Program or the  
483 State University System Optional Retirement Program terminates.

484 3. The employee's enrollment in the cash balance plan is  
485 effective on the first day of the month for which a full month's  
486 employer and employee contribution is made to the cash balance  
487 plan.

488 (d) A retiree who is initially reemployed in a regularly  
489 established position on or after July 1, 2010, is not eligible  
490 to be enrolled in renewed membership in the Florida Retirement  
491 System except as provided in s. 121.122.

492 (4) CONTRIBUTIONS AND CREDITS.—

493 (a) The employee and employer shall make the required

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494 contributions to the cash balance plan based on a percentage of  
495 the employee's gross monthly compensation, as provided in s.  
496 121.71.

497 (b) Employee contributions shall be deposited into the  
498 annuity savings account of the member pursuant to s. 121.721,  
499 and employer contributions shall be deposited into the  
500 retirement savings account pursuant to s. 121.721.

501 (c) A member may not make voluntary contributions to the  
502 cash balance plan.

503 (d) The state board, acting as a fiduciary to the cash  
504 balance plan, must ensure that all plan assets are held in a  
505 trust pursuant to s. 401 of the Internal Revenue Code. The  
506 fiduciary must ensure that such contributions are allocated as  
507 follows:

508 1. The employer and employee contribution portions  
509 earmarked for member retirement annuity and annuity savings  
510 accounts shall be credited to the appropriate account.

511 2. The employer contribution portion earmarked for  
512 administrative and educational expenses shall be transferred to  
513 the Florida Retirement System Cash Balance Plan Trust Fund.

514 3. The employer contribution portion earmarked for  
515 disability benefits shall be transferred to the Florida  
516 Retirement System Trust Fund.

517 4. The employer contribution portions earmarked for  
518 amortization of the unfunded actuarial liability of the pension  
519 plan and the cash balance plan shall be transferred to the  
520 Florida Retirement System Trust Fund.

521 (e) The third-party administrator shall monitor and notify  
522 employers of the maximum contribution levels allowed for members

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523 under the Internal Revenue Code. If a member contributes to any  
524 other tax-deferred plan, the member must ensure that total  
525 contributions made to the cash balance plan and to any other  
526 such plan do not exceed the federally allowed maximum.

527 (5) ANNUITY SAVINGS ACCOUNT CREDITS.—A member's annuity  
528 savings account is the sum of the member's mandatory credits  
529 plus the interest credits on those credits.

530 (a) The service credits shall be credited as provided in s.  
531 121.71 on a monthly basis.

532 (b) The interest credits shall be credited as provided in  
533 s. 121.721. The Legislature reserves the right to prospectively  
534 change the interest credits.

535 (c) The member's annuity savings account is vested from the  
536 date the employee becomes a member of the cash balance plan.

537 (6) EMPLOYER RETIREMENT ANNUITY CREDITS.—A member's  
538 retirement annuity account is the sum of all employer credits to  
539 the account plus the interest credits on those credits.

540 (a) The service credits shall be credited on a monthly  
541 basis as provided in s. 121.71.

542 (b) The interest credits shall be credited as provided in  
543 s. 121.721. The Legislature expressly reserves the right to  
544 prospectively change the interest credits.

545 (7) VESTING REQUIREMENTS.—

546 (a) A member is fully and immediately vested in all  
547 employee credits plus interest credits paid to an annuity  
548 savings account as provided in subsection (5).

549 (b) A member is vested in all employer credits plus  
550 interest credits paid to the retirement annuity account on  
551 behalf of the member as provided in subsection (6), upon

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552 completion of 5 years of creditable service.

553 1. If a member has not vested in the member's retirement  
554 annuity account at termination, has not withdrawn such member's  
555 annuity savings account, and is reemployed as an eligible  
556 employee within 15 years after the member's most recent  
557 termination, such member's prior years of service, employer  
558 credits, and interest credits are restored upon reemployment.

559 2. If a member has not vested in the member's retirement  
560 annuity account at termination and has not withdrawn such  
561 member's annuity savings account, but is not reemployed as an  
562 eligible employee within 15 years after the member's most recent  
563 termination, any nonvested employer credits and interest  
564 credits, including accompanying service credit, are forfeited.

565 (c) A member is vested in any benefits transferred from the  
566 pension plan or investment plan to the cash balance plan upon  
567 meeting the vesting requirements of the member's membership  
568 class set forth in s. 121.021(45) or s. 121.4501(6), as  
569 applicable. The third-party administrator shall notify the  
570 member when the member has satisfied the vesting period.

571 1. If a member has not vested in the benefit transferred  
572 from the pension plan or investment plan at termination of  
573 employment, has not withdrawn such member's annuity savings  
574 account, and is reemployed as an eligible employee within 15  
575 years after such member's most recent termination, the member's  
576 prior years of service, employer credits, and interest credits  
577 are restored upon reemployment.

578 2. If a member is not vested in the benefit transferred  
579 from the pension plan or investment plan at termination of  
580 employment, has not withdrawn such member's annuity savings

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581 account, and is not reemployed as an eligible employee within 15  
582 years after such member's most recent termination, such member's  
583 prior years of service, employer credits, and interest credits  
584 shall be forfeited.

585 (d) If the member elects to receive any of his or her  
586 vested annuity savings account upon termination of employment as  
587 provided in s. 121.021(39)(a), except for a mandatory  
588 distribution of a de minimis account authorized by the state  
589 board or a minimum required distribution provided under s.  
590 401(a)(9) of the Internal Revenue Code, the member shall forfeit  
591 all nonvested retirement annuity credits, interest credits, and  
592 accompanying service credit paid on behalf of the member to the  
593 cash balance plan.

594 (8) BENEFITS PAYMENTS.-

595 (a) Benefits may not be paid under the cash balance plan  
596 unless the member has terminated employment or is deceased and a  
597 proper application prescribed by the state board has been filed  
598 by the member or beneficiary.

599 (b) If a member elects to receive his or her benefits upon  
600 termination of employment, the member must submit a written  
601 application or an application by electronic means to the third-  
602 party administrator indicating his or her preferred benefit  
603 payment date and selecting an authorized method of benefit  
604 payment as provided in paragraph (d). The member may defer  
605 receipt of benefits until he or she chooses to make such  
606 application, subject to federal requirements.

607 (c) The state board may cancel an application for  
608 retirement benefits if the member or beneficiary fails to timely  
609 provide the information and documents required by this chapter

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610 and the rules of the board. The state board shall adopt rules  
611 establishing procedures for the application for retirement  
612 benefits and for the cancellation of such application if the  
613 required information or documents are not received.

614 (d) Upon receipt by the third-party administrator of a  
615 properly executed application for benefit payments, the total  
616 accumulated benefit is payable to the member pro rata across all  
617 Florida Retirement System benefit sources as:

- 618 1. A lump-sum or partial benefit payment to the member;  
619 2. A lump-sum direct rollover benefit payment whereby all  
620 accrued benefits, plus interest credits, are paid from the  
621 member's account directly to the custodian of an eligible  
622 retirement plan, as defined in s. 402(c)(8)(B) of the Internal  
623 Revenue Code, on behalf of the member;  
624 3. An annuity with a guaranteed benefit under any one of  
625 the options offered under the investment plan; or  
626 4. A combination of 1.-3.

627 (e) The benefit payment method selected by the member or  
628 beneficiary, and the retirement of the member, are final and  
629 irrevocable at the time a benefit payment is cashed, deposited,  
630 or transferred to another financial institution. Any additional  
631 service that remains unclaimed at retirement may not be claimed  
632 or purchased, and the type of retirement may not be changed,  
633 except that if a member recovers from a disability, the member  
634 may subsequently request benefits under subsection (9).

635 (f) Benefits in the form of vested accumulations as  
636 described in subsection (7) are payable in accordance with all  
637 of the following terms and conditions:

- 638 1. Benefits are payable only to a member, an alternate

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639 payee of a qualified domestic relations order, or a beneficiary.

640 2. Benefits shall be paid by the third-party administrator  
641 or designated approved providers in accordance with the law, the  
642 contracts, and any applicable state board rule or policy.

643 3. The member must be terminated from all employment as  
644 provided in s. 121.021(39).

645 4. Benefit payments may not be made until the member has  
646 been terminated for 3 calendar months.

647 5. If a member or former member of the Florida Retirement  
648 System receives an invalid benefit payment, such person must  
649 repay the full amount within 90 days after receipt of final  
650 notification by the state board or the third-party administrator  
651 that the benefit payment was invalid, or, in lieu of repayment,  
652 the member must terminate employment from all participating  
653 employers.

654 a. If the member or former member fails to repay the full  
655 invalid benefit payment within 90 days after receipt of final  
656 notification, the person may be deemed retired from the cash  
657 balance plan by the board and is subject to s. 121.122. If such  
658 person is deemed retired, any joint and several liability set  
659 out in s. 121.091(9)(d)2. is void, and the board, the  
660 department, or the employing agency is not liable for interest  
661 credits on contributions that have not been deposited into the  
662 person's cash balance account in the cash balance plan, pending  
663 resolution of the invalid benefit payment.

664 b. The member or former member who has been deemed retired  
665 or who has been determined by the board to have taken an invalid  
666 benefit payment may appeal the agency decision through the  
667 complaint process under s. 121.4501(8)(g). As used in this

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668 subparagraph, the term "invalid benefit payment" means any  
669 payment from an account in the cash balance plan which is taken  
670 in violation of this section or s. 121.091(9).

671 (g) Benefits, including the annuity savings account, are  
672 not payable under the cash balance plan for employee hardships,  
673 unforeseeable emergencies, loans, medical expenses, educational  
674 expenses, purchase of a principal residence, payments necessary  
675 to prevent eviction from or foreclosure on an employee's  
676 principal residence, or any other reason except a requested  
677 distribution for retirement, a mandatory de minimis account  
678 distribution authorized by the third-party administrator, or a  
679 required minimum distribution provided pursuant to the Internal  
680 Revenue Code.

681 (h) The state board may cash out a de minimis account of a  
682 member who has been terminated from Florida Retirement System  
683 employment for a minimum of 6 calendar months. Such cash-out  
684 must be a complete lump-sum liquidation of the vested account  
685 balance, subject to the Internal Revenue Code, or a lump-sum  
686 direct rollover distribution paid directly to the custodian of  
687 an eligible retirement plan, as defined by the code, on behalf  
688 of the member.

689 (i) If any instrument issued for the payment of retirement  
690 benefits under this section is not presented for payment within  
691 180 days after the last day of the month in which it was  
692 originally issued, the third-party administrator or other  
693 authorized agent of the state board shall cancel the instrument  
694 and credit the amount of the instrument to the Florida  
695 Retirement System Cash Balance Plan Trust Fund. Any amounts so  
696 credited to the trust fund, not including earnings thereon, are



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697 payable upon proper application as provided in this section  
698 within 10 years after the last day of the month in which the  
699 financial instrument was originally issued, after which time  
700 such amounts and any earnings attributable to employer  
701 retirement annuity credits are forfeited. Any forfeited amounts  
702 are assets of the trust fund and not subject to chapter 717.

703 (j) A member may not receive a distribution of employee  
704 contributions if a pending qualified domestic relations order is  
705 filed against the member's cash balance plan account.

706 (k) The benefits payable to any person under the cash  
707 balance plan, and any contributions and credits accumulated  
708 under the plan, are not subject to assignment, execution,  
709 attachment, or any legal process, except for qualified domestic  
710 relations orders, income deduction orders as provided in s.  
711 61.1301, and federal income tax levies.

712 (9) DISABILITY BENEFITS.—

713 (a) For any member of the cash balance plan who becomes  
714 totally and permanently disabled, benefits must be paid in  
715 accordance with the following:

716 1. The member may elect to receive benefits pursuant to s.  
717 121.591(2); or

718 2. The member may elect to receive the vested balance of  
719 his or her cash balance annuity savings account and the vested  
720 balance of his or her retirement annuity account.

721 (b) Pursuant to s. 121.73, an employer shall contribute a  
722 percentage of gross monthly compensation to provide disability  
723 coverage for active members in the cash balance plan.

724 (10) DEATH BENEFITS.—Under the cash balance plan:

725 (a) Survivor benefits of a deceased member are payable in

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726 accordance with the following terms and conditions:

727 1. To the extent vested, benefits are payable only to a  
728 member's beneficiary or beneficiaries as designated by the  
729 member as provided in subsection (11).

730 2. Benefits shall be paid by the third-party administrator  
731 or designated approved providers in accordance with the law, the  
732 contracts, and any applicable rule or policy of the state board.

733 (b) In the event of a member's death, all vested  
734 accumulations as described in subsections (5) and (6), less  
735 withholding taxes remitted to the Internal Revenue Service,  
736 shall be distributed as provided in paragraph (c) or as  
737 described in subsection (8) as if the member retired on the date  
738 of death. No other death benefits are available for survivors of  
739 members, except for benefits, or coverage for benefits, as are  
740 otherwise provided by law or separately provided by the  
741 employer, at the employer's discretion.

742 (c) Upon receipt by the third-party administrator of a  
743 properly executed application for the distribution of benefits,  
744 the total accumulated benefit is payable by the administrator to  
745 the member's surviving beneficiary or beneficiaries as:

746 1. A lump-sum distribution payable to the beneficiary or  
747 beneficiaries as provided in subsection (11);

748 2. An eligible rollover distribution, if allowed, on behalf  
749 of the surviving beneficiary of a deceased member, whereby all  
750 accrued benefits, plus interest credits, are paid from the  
751 deceased member's account directly to the custodian of an  
752 eligible retirement plan, as described in s. 402(c)(8)(B) of the  
753 Internal Revenue Code, on behalf of the surviving beneficiary;

754 3. An annuity with a guaranteed benefit under any one of

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755 the options offered under the investment plan; or

756 4. A combination of 1.-3.

757 (d) Notwithstanding any other provision of this chapter:

758 1. The surviving spouse of any member killed in the line of  
759 duty may receive a monthly benefit equal to one-half of the  
760 monthly salary that was received by the member at the time of  
761 death for the rest of the surviving spouse's lifetime if all  
762 service and interest credits that have accumulated in the  
763 member's accounts are transferred to the pension plan; or, if  
764 the member had vested, the surviving spouse may elect to receive  
765 a benefit as provided in paragraph (c). Benefits provided by  
766 this paragraph supersede any other distribution that may have  
767 been provided by the member's designation of beneficiary.

768 2. If the surviving spouse of a member killed in the line  
769 of duty dies, the monthly payments that would have been payable  
770 to the surviving spouse had the surviving spouse lived shall be  
771 paid for the use and benefit of the member's child or children  
772 younger than 18 years of age and unmarried until the 18th  
773 birthday of the member's youngest child.

774 3. If a member killed in the line of duty leaves no  
775 surviving spouse but is survived by a child or children younger  
776 than 18 years of age, the benefits normally payable to a  
777 surviving spouse under subparagraph 1. shall be paid for the use  
778 and benefit of the member's child or children younger than 18  
779 years of age and unmarried until the 18th birthday of the  
780 member's youngest child.

781  
782 This paragraph does not abrogate other applicable provisions of  
783 state or federal law providing for payment of death benefits.

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784       (11) DESIGNATION OF BENEFICIARIES.—Section 121.4501(20)  
785 governs the designation of beneficiaries for the cash balance  
786 plan.

787       (12) PURCHASE OF CREDITABLE SERVICE.—  
788       (a) Creditable service of a member includes military  
789 service in the Armed Forces of the United States as provided  
790 under s. 121.111(1).

791       (b) A member may purchase creditable service for up to 2  
792 work years of authorized leaves of absence, including any leaves  
793 of absence covered under the Family Medical Leave Act as  
794 provided under s. 121.121.

795       (c) Except as provided in this subsection, no other service  
796 for periods of employment may be purchased by or on behalf of a  
797 member.

798       (13) RETIREE HEALTH INSURANCE SUBSIDY.—All eligible  
799 employees who are members of the cash balance plan are eligible  
800 to receive the retiree health insurance subsidy, subject to s.  
801 112.363.

802       (14) SOCIAL SECURITY COVERAGE.—Social security coverage  
803 shall be provided for all eligible employees who become members  
804 of the cash balance plan. Any modification of the present  
805 agreement with the Social Security Administration, or referendum  
806 required under the Social Security Act, for the purpose of  
807 providing social security coverage for a member shall be  
808 requested by the state agency in compliance with the applicable  
809 provisions of the Social Security Act. However, retroactive  
810 social security coverage for service with the employer before  
811 December 1, 1970, may not be provided for a member who was not  
812 covered under the agreement as of November 30, 1970.

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813       (15) CASH BALANCE PLAN EDUCATION.—Section 121.4501(10)  
814 governs the education of members who are in the cash balance  
815 plan.

816       (16) MEMBER INFORMATION REQUIREMENTS.—Each quarter the  
817 state board shall provide each member of the cash balance plan a  
818 quarterly statement of benefits which provides the member with  
819 basic data about the member's retirement account. At a minimum,  
820 the statement must include:

821           (a) The member's accrued service credit;

822           (b) The member's balance of the retirement annuity account  
823 and the annuity savings account at the close of the current  
824 quarter and previous quarter;

825           (c) Itemized account contributions for the quarter;

826           (d) Any posted interest credits earned on the account;

827           (e) The amount of the account in which the member is fully  
828 vested; and

829           (f) The amount of the account in which the member is not  
830 fully vested.

831       (17) FEDERAL REQUIREMENTS.—

832           (a) This section shall be construed, and the cash balance  
833 plan shall be administered, so as to comply with the Internal  
834 Revenue Code and specifically with plan qualification  
835 requirements imposed on governmental plans under 26 U.S.C. s.  
836 401(a) of the code. The state board may adopt rules reasonably  
837 necessary to establish or maintain the qualified status of the  
838 cash balance plan under the Internal Revenue Code and to  
839 implement and administer the plan in compliance with the code  
840 and as designated under this part; however, the state board may  
841 not adopt any rule that makes a substantive change to the cash

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842 balance plan as designed under this part.

843 (b) Any provision of this chapter which is susceptible to  
844 more than one construction shall be interpreted in favor of the  
845 construction most likely to satisfy requirements imposed by s.  
846 401(a) of the Internal Revenue Code.

847 (c) Credits payable under this section for any limitation  
848 year may not exceed the maximum amount allowable for qualified  
849 cash balance plans under applicable provisions of the Internal  
850 Revenue Code. If an employee who is enrolled in the cash balance  
851 plan participates in any other plan that is maintained by the  
852 participating employer, benefits that accrue under the cash  
853 balance plan are considered primary for any aggregate limitation  
854 applicable under s. 415 of the code.

855 (18) CASH BALANCE PLAN ADMINISTRATION.—Section 121.4501(8)  
856 also governs the administration of the cash balance plan.

857 (19) STATEMENT OF FIDUCIARY STANDARDS AND  
858 RESPONSIBILITIES.—Investment of cash balance plan assets shall  
859 be made for the sole interest and exclusive purpose of providing  
860 benefits to members and beneficiaries and defraying reasonable  
861 expenses of administering the plan. The plan's assets shall be  
862 invested on behalf of the plan members with the care, skill, and  
863 diligence that a prudent person acting in a like manner would  
864 undertake. The performance of the investment duties specified in  
865 this subsection must comply with the fiduciary standards set  
866 forth in the Employee Retirement Income Security Act of 1974 at  
867 29 U.S.C. s. 1104(a) (1) (A)-(C). In case of conflict with other  
868 provisions of law authorizing investments, the investment and  
869 fiduciary standards specified in this subsection prevail.

870 (20) ACTUARIAL STUDY.—Pursuant to s. 121.031, an annual

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871 actuarial valuation and appraisal of the liability of the cash  
872 balance plan shall be conducted, and the required credits  
873 necessary to discharge any liability and maintain the plan on an  
874 actuarial reserve basis shall be provided to the Legislature by  
875 December 31 before the next legislative session. Such study  
876 shall be conducted by a qualified actuary employed or retained  
877 by the state board.

878 (21) INVESTMENT ADVISORY COUNCIL.—The Investment Advisory  
879 Council, created pursuant to s. 215.444, shall make  
880 recommendations to the board regarding investment policy,  
881 strategy, and procedures for the cash balance plan.

882 (22) INVESTMENT POLICY STATEMENT.—In making investments for  
883 the cash balance plan pursuant to ss. 215.44-215.53, the board  
884 may not make investments that are not in conformance with the  
885 Florida Retirement System Cash Balance Plan Investment Policy  
886 Statement (IPS) as developed by the executive director and  
887 approved by the board. The IPS must, at a minimum, include the  
888 investment objectives of the Cash Balance Plan Trust Fund, types  
889 of securities in which the board may invest, and evaluation  
890 criteria for measuring the investment performance of the fund.

891 (a) The executive director of the board may present  
892 recommended changes to the IPS, as necessary, for the board's  
893 approval.

894 (b) The executive director shall first present the proposed  
895 IPS and any subsequent recommended changes to the approved IPS  
896 to the Investment Advisory Council for review. The council shall  
897 present the results of its review to the board before the  
898 board's final approval of the IPS or changes in the IPS.

899 Section 4. Paragraph (b) of subsection (2) of section

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900 112.363, Florida Statutes, is amended to read:

901 112.363 Retiree health insurance subsidy.—

902 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE SUBSIDY.—

903 (b) For purposes of this section, a person is deemed  
904 retired from a state-administered retirement system when he or  
905 she terminates employment with all employers participating in  
906 the Florida Retirement System as described in s. 121.021(39)  
907 and:

908 1. For a member of the investment plan established under  
909 part II of chapter 121, the member ~~participant~~ meets the age or  
910 service requirements to qualify for normal retirement as set  
911 forth in s. 121.021(29) and meets the definition of retiree in  
912 s. 121.4501(2).

913 2. For a member of the ~~Florida Retirement System~~ pension  
914 plan established under part I of chapter 121, or an any employee  
915 who maintains creditable service under both the pension plan and  
916 the investment plan or under both the pension plan and the cash  
917 balance plan, the member begins drawing retirement benefits from  
918 the pension plan.

919 3. For a member of the cash balance plan established under  
920 part III of chapter 121, the member meets the age or service  
921 requirements to qualify for normal retirement as set forth in s.  
922 121.021(29) and meets the definition of retiree in s. 121.601.

923 4. For a member of both the investment plan and the cash  
924 balance plan, the member meets the definition of retiree in s.  
925 121.601 and begins drawing benefits from the cash balance plan.

926 Section 5. Paragraph (h) of subsection (3) of section  
927 121.011, Florida Statutes, is amended to read:

928 121.011 Florida Retirement System.—



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929 (3) PRESERVATION OF RIGHTS.—

930 (h) Effective July 1, 2011, the retirement system shall  
931 require employer and employee contributions as provided in s.  
932 121.071 and part IV ~~III~~ of this chapter.

933 Section 6. Section 121.012, Florida Statutes, is amended to  
934 read:

935 121.012 Inclusive provisions.—The provisions of part I of  
936 this chapter apply ~~shall be applicable~~ to parts II, and III, and  
937 IV to the extent such provisions are not inconsistent with, or  
938 duplicative of, the provisions of parts II, and III, and IV.

939 Section 7. Subsection (3) of section 121.021, Florida  
940 Statutes, is amended to read:

941 121.021 Definitions.—The following words and phrases as  
942 used in this chapter have the respective meanings set forth  
943 unless a different meaning is plainly required by the context:

944 (3) "Florida Retirement System" or "system" means the  
945 general retirement system established by this chapter,  
946 including, but not limited to: ~~;~~

947 (a) The defined benefit program administered under this  
948 part, referred to as the "Florida Retirement System Pension  
949 Plan" or "pension plan"; ~~;~~ and

950 (b) The defined contribution program administered under  
951 part II of this chapter, referred to as the "Florida Retirement  
952 System Investment Plan" or "investment plan"; and

953 (c) The cash balance program established under part III of  
954 this chapter, referred to as the "Florida Retirement System Cash  
955 Balance Plan" or "cash balance plan."

956 Section 8. Paragraph (c) of subsection (2) of section  
957 121.051, Florida Statutes, is amended, present subsections (3)

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958 through (9) of that section are redesignated as subsections (4)  
959 through (10), and a new subsection (3) is added to that section,  
960 to read:

961 121.051 Participation in the system.—

962 (2) OPTIONAL PARTICIPATION.—

963 (c) Employees of public community colleges or charter  
964 technical career centers sponsored by public community colleges,  
965 designated in s. 1000.21(3), who are members of the Regular  
966 Class of the Florida Retirement System and who comply with the  
967 criteria set forth in this paragraph and s. 1012.875 may, in  
968 lieu of participating in the Florida Retirement System, elect to  
969 withdraw from the system altogether and participate in the State  
970 Community College System Optional Retirement Program provided by  
971 the employing agency under s. 1012.875.

972 1.a. Through June 30, 2001, the cost to the employer for  
973 benefits under the optional retirement program equals the normal  
974 cost portion of the employer retirement contribution which would  
975 be required if the employee were a member of the pension plan's  
976 Regular Class, plus the portion of the contribution rate  
977 required by s. 112.363(8) which would otherwise be assigned to  
978 the Retiree Health Insurance Subsidy Trust Fund.

979 b. Effective July 1, 2001, through June 30, 2011, each  
980 employer shall contribute on behalf of each member of the  
981 optional program an amount equal to 10.43 percent of the  
982 employee's gross monthly compensation. The employer shall deduct  
983 an amount for the administration of the program.

984 c. Effective July 1, 2011, through June 30, 2012, each  
985 member shall contribute an amount equal to the employee  
986 contribution required under s. 121.71(3). The employer shall

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987 contribute on behalf of each program member an amount equal to  
988 the difference between 10.43 percent of the employee's gross  
989 monthly compensation and the employee's required contribution  
990 based on the employee's gross monthly compensation.

991 d. Effective July 1, 2012, each member shall contribute an  
992 amount equal to the employee contribution required under s.  
993 121.71(3). The employer shall contribute on behalf of each  
994 program member an amount equal to the difference between 8.15  
995 percent of the employee's gross monthly compensation and the  
996 employee's required contribution based on the employee's gross  
997 monthly compensation.

998 e. The employer shall contribute an additional amount to  
999 the Florida Retirement System Trust Fund equal to the unfunded  
1000 actuarial accrued liability portion of the Regular Class  
1001 contribution rate.

1002 2. The decision to participate in the optional retirement  
1003 program is irrevocable as long as the employee holds a position  
1004 eligible for participation, except as provided in subparagraph  
1005 3. Any service creditable under the Florida Retirement System is  
1006 retained after the member withdraws from the system; however,  
1007 additional service credit in the system may not be earned while  
1008 a member of the optional retirement program.

1009 3. Effective July 1, 2003, through June 30, 2015, an  
1010 employee who has elected to participate in the optional  
1011 retirement program shall have one opportunity, at the employee's  
1012 discretion, to transfer from the optional retirement program to  
1013 the pension plan under this part ~~of the Florida Retirement~~  
1014 ~~System~~ or to the investment plan established under part II of  
1015 this chapter, subject to the terms of the applicable optional

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1016 retirement program contracts. Except as provided in subsection  
1017 (3), an employee participating in the optional retirement  
1018 program on or after July 1, 2015, is not eligible to transfer to  
1019 the Florida Retirement System.

1020 a. If the employee chooses to move to the investment plan,  
1021 any contributions, interest, and earnings creditable to the  
1022 employee under the optional retirement program are retained by  
1023 the employee in the optional retirement program, and the  
1024 applicable provisions of s. 121.4501(4) govern the election.

1025 b. If the employee chooses to move to the pension plan ~~of~~  
1026 ~~the Florida Retirement System~~, the employee shall receive  
1027 service credit equal to his or her years of service under the  
1028 optional retirement program.

1029 (I) The cost for such credit is the amount representing the  
1030 present value of the employee's accumulated benefit obligation  
1031 for the affected period of service. The cost shall be calculated  
1032 as if the benefit commencement occurs on the first date the  
1033 employee becomes eligible for unreduced benefits, using the  
1034 discount rate and other relevant actuarial assumptions that were  
1035 used to value the Florida Retirement System Pension Plan  
1036 liabilities in the most recent actuarial valuation. The  
1037 calculation must include any service already maintained under  
1038 the pension plan in addition to the years under the optional  
1039 retirement program. The present value of any service already  
1040 maintained must be applied as a credit to total cost resulting  
1041 from the calculation. The division must ensure that the transfer  
1042 sum is prepared using a formula and methodology certified by an  
1043 enrolled actuary.

1044 (II) The employee shall ~~must~~ transfer from his or her

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1045 optional retirement program account and from other employee  
1046 moneys as necessary, a sum representing the present value of the  
1047 employee's accumulated benefit obligation immediately following  
1048 the time of such movement, determined assuming that attained  
1049 service equals the sum of service in the pension plan and  
1050 service in the optional retirement program.

1051 4. Participation in the optional retirement program is  
1052 limited to employees who satisfy the following eligibility  
1053 criteria:

1054 a. The employee is otherwise eligible for membership or  
1055 renewed membership in the Regular Class of the Florida  
1056 Retirement System, as provided in s. 121.021(11) and (12) or s.  
1057 121.122.

1058 b. The employee is employed in a full-time position  
1059 classified in the Accounting Manual for Florida's Public  
1060 Community Colleges as:

1061 (I) Instructional; or

1062 (II) Executive Management, Instructional Management, or  
1063 Institutional Management and the community college determines  
1064 that recruiting to fill a vacancy in the position is to be  
1065 conducted in the national or regional market, and the duties and  
1066 responsibilities of the position include the formulation,  
1067 interpretation, or implementation of policies, or the  
1068 performance of functions that are unique or specialized within  
1069 higher education and that frequently support the mission of the  
1070 community college.

1071 c. The employee is employed in a position not included in  
1072 the Senior Management Service Class of the Florida Retirement  
1073 System as described in s. 121.055.

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1074           5. Members of the program are subject to the same  
1075 reemployment limitations, renewed membership provisions, and  
1076 forfeiture provisions applicable to regular members of the  
1077 Florida Retirement System under ss. 121.091(9), 121.122, and  
1078 121.091(5), respectively. A member who receives a program  
1079 distribution funded by employer and required employee  
1080 contributions is deemed to be retired from a state-administered  
1081 retirement system if the member is subsequently employed with an  
1082 employer that participates in the Florida Retirement System.

1083           6. Eligible community college employees are compulsory  
1084 members of the Florida Retirement System until, pursuant to s.  
1085 1012.875, a written election to withdraw from the system and  
1086 participate in the optional retirement program is filed with the  
1087 program administrator and received by the division.

1088           a. A community college employee whose program eligibility  
1089 results from initial employment shall be enrolled in the  
1090 optional retirement program retroactive to the first day of  
1091 eligible employment. The employer and employee retirement  
1092 contributions paid through the month of the employee plan change  
1093 shall be transferred to the community college to the employee's  
1094 optional program account, and, effective the first day of the  
1095 next month, the employer shall pay the applicable contributions  
1096 based upon subparagraph 1.

1097           b. A community college employee whose program eligibility  
1098 is due to the subsequent designation of the employee's position  
1099 as one of those specified in subparagraph 4., or due to the  
1100 employee's appointment, promotion, transfer, or reclassification  
1101 to a position specified in subparagraph 4., must be enrolled in  
1102 the program on the first day of the first full calendar month

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1103 that such change in status becomes effective. The employer and  
1104 employee retirement contributions paid from the effective date  
1105 through the month of the employee plan change must be  
1106 transferred to the community college to the employee's optional  
1107 program account, and, effective the first day of the next month,  
1108 the employer shall pay the applicable contributions based upon  
1109 subparagraph 1.

1110 7. Effective July 1, 2003, through December 31, 2008, any  
1111 member of the optional retirement program who has service credit  
1112 in the pension plan ~~of the Florida Retirement System~~ for the  
1113 period between his or her first eligibility to transfer from the  
1114 pension plan to the optional retirement program and the actual  
1115 date of transfer may, during employment, transfer to the  
1116 optional retirement program a sum representing the present value  
1117 of the accumulated benefit obligation under the defined benefit  
1118 retirement program for the period of service credit. Upon  
1119 transfer, all service credit previously earned under the pension  
1120 plan during this period is nullified for purposes of entitlement  
1121 to a future benefit under the pension plan.

1122 (3) OPTIONAL PLAN MEMBERSHIP IN FLORIDA RETIREMENT SYSTEM.-

1123 (a) Effective July 1, 2015, all eligible employees, except  
1124 those eligible to withdraw from the Florida Retirement System  
1125 under s. 121.052(3)(d) or s. 121.055(1)(b)2. or those eligible  
1126 for optional retirement programs under s. 121.051(1)(a), s.  
1127 121.051(2)(c), or s. 121.35, who initially enrolled on or after  
1128 July 1, 2015, are not eligible to enroll in the pension plan.

1129 (b) Employees eligible to withdraw from the Florida  
1130 Retirement System under s. 121.052(3)(d) or s. 121.055(1)(b)2.  
1131 may withdraw from the system or participate in the investment

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1132 plan or the cash balance plan as provided under those sections.  
1133 Employees eligible for optional retirement programs under s.  
1134 121.051(2) (c) or s. 121.35 may participate in the optional  
1135 retirement program, the investment plan, or the cash balance  
1136 plan as provided under those sections. Eligible employees  
1137 required to participate in the optional retirement program under  
1138 s. 121.35 pursuant to s. 121.051(1) (a) must elect to participate  
1139 in the investment plan or the cash balance plan if employed in a  
1140 position not eligible for the optional retirement program.

1141 Section 9. Paragraph (c) of subsection (3) of section  
1142 121.052, Florida Statutes, is amended to read:

1143 121.052 Membership class of elected officers.—

1144 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective July  
1145 1, 1990, participation in the Elected Officers' Class shall be  
1146 compulsory for elected officers listed in paragraphs (2) (a)-(d)  
1147 and (f) assuming office on or after said date, unless the  
1148 elected officer elects membership in another class or withdraws  
1149 from the Florida Retirement System as provided in paragraphs  
1150 (3) (a)-(d):

1151 (c) Before July 1, 2015, an ~~any~~ elected officer may, within  
1152 6 months after assuming office, or within 6 months after this  
1153 act becomes a law for serving elected officers, elect membership  
1154 in the Senior Management Service Class as provided in s. 121.055  
1155 in lieu of membership in the Elected Officers' Class. ~~Any~~ Such  
1156 election does not affect ~~made by a county elected officer shall~~  
1157 ~~have no effect upon~~ the statutory limit on the number of  
1158 nonelective full-time positions that may be designated by a  
1159 local agency employer for inclusion in the Senior Management  
1160 Service Class under s. 121.055(1) (b)1.



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1161 Section 10. Paragraph (f) of subsection (1) and paragraph  
1162 (c) of subsection (6) of section 121.055, Florida Statutes, are  
1163 amended to read:

1164 121.055 Senior Management Service Class.—There is hereby  
1165 established a separate class of membership within the Florida  
1166 Retirement System to be known as the "Senior Management Service  
1167 Class," which shall become effective February 1, 1987.

1168 (1)

1169 (f) Effective July 1, 1997, through June 30, 2015:

1170 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and  
1171 4., an elected state officer eligible for membership in the  
1172 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who  
1173 elects membership in the Senior Management Service Class under  
1174 s. 121.052(3)(c) may, within 6 months after assuming office or  
1175 within 6 months after this act becomes a law for serving elected  
1176 state officers, elect to participate in the Senior Management  
1177 Service Optional Annuity Program, as provided in subsection (6),  
1178 in lieu of membership in the Senior Management Service Class.

1179 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and  
1180 4., an elected officer of a local agency employer eligible for  
1181 membership in the Elected Officers' Class under s. 121.052(2)(d)  
1182 who elects membership in the Senior Management Service Class  
1183 under s. 121.052(3)(c) may, within 6 months after assuming  
1184 office, or within 6 months after this act becomes a law for  
1185 serving elected officers of a local agency employer, elect to  
1186 withdraw from the Florida Retirement System, as provided in  
1187 subparagraph (b)2., in lieu of membership in the Senior  
1188 Management Service Class.

1189 3. A retiree of a state-administered retirement system who

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1190 is initially reemployed in a regularly established position on  
1191 or after July 1, 2010, as an elected official eligible for the  
1192 Elected Officers' Class may not be enrolled in renewed  
1193 membership in the Senior Management Service Class or in the  
1194 Senior Management Service Optional Annuity Program as provided  
1195 in subsection (6), and may not withdraw from the Florida  
1196 Retirement System as a renewed member as provided in  
1197 subparagraph (b)2., as applicable, in lieu of membership in the  
1198 Senior Management Service Class.

1199 4. On or after July 1, 2015, an elected officer eligible  
1200 for membership in the Elected Officers' Class may not be  
1201 enrolled in the Senior Management Service Class or in the Senior  
1202 Management Service Optional Annuity Program except as provided  
1203 in subsection (6).

1204 (6)

1205 (c) *Participation.*—

1206 1. An eligible employee who is employed on or before  
1207 February 1, 1987, may elect to participate in the optional  
1208 annuity program in lieu of participating in the Senior  
1209 Management Service Class. Such election must be made in writing  
1210 and filed with the department and the personnel officer of the  
1211 employer on or before May 1, 1987. An eligible employee who is  
1212 employed on or before February 1, 1987, and who fails to make an  
1213 election to participate in the optional annuity program by May  
1214 1, 1987, shall be deemed to have elected membership in the  
1215 Senior Management Service Class.

1216 2. Except as provided in subparagraph 6., an employee who  
1217 becomes eligible to participate in the optional annuity program  
1218 by reason of initial employment commencing after February 1,

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1219 1987, may, within 90 days after the date of commencing  
1220 employment, elect to participate in the optional annuity  
1221 program. Such election must be made in writing and filed with  
1222 the personnel officer of the employer. An eligible employee who  
1223 does not within 90 days after commencing employment elect to  
1224 participate in the optional annuity program shall be deemed to  
1225 have elected membership in the Senior Management Service Class.

1226 3. A person who is appointed to a position in the Senior  
1227 Management Service Class and who is a member of an existing  
1228 retirement system or the Special Risk or Special Risk  
1229 Administrative Support Classes of the Florida Retirement System  
1230 may elect to remain in such system or class in lieu of  
1231 participating in the Senior Management Service Class or optional  
1232 annuity program. Such election must be made in writing and filed  
1233 with the department and the personnel officer of the employer  
1234 within 90 days after such appointment. An eligible employee who  
1235 fails to make an election to participate in the existing system,  
1236 the Special Risk Class of the Florida Retirement System, the  
1237 Special Risk Administrative Support Class of the Florida  
1238 Retirement System, or the optional annuity program shall be  
1239 deemed to have elected membership in the Senior Management  
1240 Service Class.

1241 4. Except as provided in subparagraph 5., an employee's  
1242 election to participate in the optional annuity program is  
1243 irrevocable if the employee continues to be employed in an  
1244 eligible position and continues to meet the eligibility  
1245 requirements set forth in this paragraph.

1246 5. Effective from July 1, 2002, through September 30, 2002,  
1247 an active employee in a regularly established position who has

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1248 elected to participate in the Senior Management Service Optional  
1249 Annuity Program has one opportunity to choose to move from the  
1250 Senior Management Service Optional Annuity Program to the  
1251 Florida Retirement System Pension Plan.

1252 a. The election must be made in writing and must be filed  
1253 with the department and the personnel officer of the employer  
1254 before October 1, 2002, or, in the case of an active employee  
1255 who is on a leave of absence on July 1, 2002, within 90 days  
1256 after the conclusion of the leave of absence. This election is  
1257 irrevocable.

1258 b. The employee shall receive service credit under the  
1259 pension plan equal to his or her years of service under the  
1260 Senior Management Service Optional Annuity Program. The cost for  
1261 such credit is the amount representing the present value of that  
1262 employee's accumulated benefit obligation for the affected  
1263 period of service.

1264 c. The employee must transfer the total accumulated  
1265 employer contributions and earnings on deposit in his or her  
1266 Senior Management Service Optional Annuity Program account. If  
1267 the transferred amount is not sufficient to pay the amount due,  
1268 the employee must pay a sum representing the remainder of the  
1269 amount due. The employee may not retain ~~any~~ employer  
1270 contributions or earnings from the Senior Management Service  
1271 Optional Annuity Program account.

1272 6. A retiree of a state-administered retirement system who  
1273 is initially reemployed on or after July 1, 2010, may not renew  
1274 membership in the Senior Management Service Optional Annuity  
1275 Program.

1276 7. Effective July 1, 2015, the Senior Management Service

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1277 Optional Annuity Program is closed to new members. Members  
1278 enrolled in the program before July 1, 2015, may retain their  
1279 membership in the program.

1280 Section 11. Paragraph (d) of subsection (9) of section  
1281 121.091, Florida Statutes, is amended to read:

1282 121.091 Benefits payable under the system.—Benefits may not  
1283 be paid under this section unless the member has terminated  
1284 employment as provided in s. 121.021(39) (a) or begun  
1285 participation in the Deferred Retirement Option Program as  
1286 provided in subsection (13), and a proper application has been  
1287 filed in the manner prescribed by the department. The department  
1288 may cancel an application for retirement benefits when the  
1289 member or beneficiary fails to timely provide the information  
1290 and documents required by this chapter and the department's  
1291 rules. The department shall adopt rules establishing procedures  
1292 for application for retirement benefits and for the cancellation  
1293 of such application when the required information or documents  
1294 are not received.

1295 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.—

1296 (d) This subsection applies to a retiree ~~retirees~~, as  
1297 defined in s. 121.4501(2), of the Florida Retirement System  
1298 Investment Plan and s. 121.601 of the Florida Retirement System  
1299 Cash Balance Plan, subject to the following conditions:

1300 1. A retiree may not be reemployed with an employer  
1301 participating in the Florida Retirement System until such person  
1302 has been retired for 6 calendar months.

1303 2. A retiree employed in violation of this subsection and  
1304 an employer that employs or appoints such person are jointly and  
1305 severally liable for reimbursement of any benefits paid to the

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1306 retirement trust fund from which the benefits were paid. The  
1307 employer must have a written statement from the retiree that he  
1308 or she is not retired from a state-administered retirement  
1309 system.

1310 Section 12. Section 121.151, Florida Statutes, is amended  
1311 to read:

1312 121.151 Investments.—The Board of Administration, created  
1313 by authority of the State Constitution, shall invest and  
1314 reinvest available funds of the System Trust Fund and the  
1315 Florida Retirement System Cash Balance Plan Trust Fund in  
1316 accordance with ~~the provisions of~~ ss. 215.44-215.53.

1317 Section 13. Paragraph (c) of subsection (3) of section  
1318 121.35, Florida Statutes, is amended to read:

1319 121.35 Optional retirement program for the State University  
1320 System.—

1321 (3) ELECTION OF OPTIONAL PROGRAM.—

1322 (c) An ~~Any~~ employee who becomes eligible to participate in  
1323 the optional retirement program on or after January 1, 1993,  
1324 shall be a compulsory participant of the program unless such  
1325 employee elects membership in the Florida Retirement System.  
1326 Such election must ~~shall~~ be ~~made~~ in writing and filed with the  
1327 personnel officer of the employer. An ~~Any~~ eligible employee who  
1328 fails to make such election within the prescribed time period  
1329 shall be deemed to have elected to participate in the optional  
1330 retirement program.

1331 1. An ~~Any~~ employee whose optional retirement program  
1332 eligibility results from initial employment before July 1, 2015,  
1333 shall be enrolled in the program at the commencement of  
1334 employment. If, within 90 days after commencement of employment,

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1335 the employee elects membership in the Florida Retirement System,  
1336 such membership is ~~shall be~~ effective retroactive to the date of  
1337 commencement of employment as provided in s. 121.4501(4).

1338 2. An employee whose optional retirement program  
1339 eligibility results from initial employment on or after July 1,  
1340 2015, shall be enrolled in the program at the commencement of  
1341 employment. If, within 90 days after commencement of employment,  
1342 the employee elects membership in the Florida Retirement System,  
1343 such membership is effective retroactive to the date of  
1344 commencing employment as provided in s. 121.602(3).

1345 3.2. ~~An~~ Any employee whose optional retirement program  
1346 eligibility results from a change in status due to the  
1347 subsequent designation of the employee's position as one of  
1348 those specified in paragraph (2)(a) or due to the employee's  
1349 appointment, promotion, transfer, or reclassification to a  
1350 position specified in paragraph (2)(a) shall be enrolled in the  
1351 optional retirement program upon such change in status and ~~shall~~  
1352 ~~be~~ notified by the employer of such action. If, within 90 days  
1353 after the date of such notification, the employee elects to  
1354 retain membership in the Florida Retirement System, such  
1355 continuation of membership is ~~shall be~~ retroactive to the date  
1356 of the change in status.

1357 4.3. Notwithstanding subparagraphs 1., 2., and 3. ~~the~~  
1358 ~~provisions of this paragraph,~~ effective July 1, 1997, an ~~any~~  
1359 employee who is eligible to participate in the Optional  
1360 Retirement Program and who fails to execute a contract with one  
1361 of the approved companies and to notify the department in  
1362 writing as provided in subsection (4) within 90 days after the  
1363 date of eligibility shall be deemed to have elected membership

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1364 in the Florida Retirement System, except as provided in s.  
1365 121.051(1) (a). This provision ~~shall~~ also applies ~~apply~~ to an ~~any~~  
1366 employee who terminates employment in an eligible position  
1367 before executing the required investment ~~annuity~~ contract and  
1368 notifying the department. Such membership is ~~shall be~~  
1369 retroactive to the date of eligibility, and all appropriate  
1370 contributions shall be transferred to the Florida Retirement  
1371 System Trust Fund and the Health Insurance Subsidy Trust Fund.

1372 Section 14. Subsection (4), paragraph (a) of subsection  
1373 (5), paragraphs (c), (g), and (h) of subsection (10), and  
1374 paragraph (a) of subsection (15) of section 121.4501, Florida  
1375 Statutes, are amended to read:

1376 121.4501 Florida Retirement System Investment Plan.—

1377 (4) PARTICIPATION; ENROLLMENT.—

1378 (a)1. Effective June 1, 2002, through February 28, 2003, a  
1379 90-day election period was provided to each eligible employee  
1380 participating in the Florida Retirement System, preceded by a  
1381 90-day education period, allowing each eligible employee to  
1382 elect membership in the investment plan; an employee who failed  
1383 to elect the investment plan during the election period remained  
1384 in the pension plan. An eligible employee who was employed in a  
1385 regularly established position during the election period was  
1386 granted the option to make one subsequent election, as provided  
1387 in paragraph (e). With respect to an eligible employee who did  
1388 not participate in the initial election period or who is  
1389 employed initially in a regularly established position after the  
1390 close of the initial election period but before July 1, 2015, on  
1391 June 1, 2002, by a state employer:

1392 a. ~~Any such employee may elect to participate in the~~



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1393 ~~investment plan in lieu of retaining his or her membership in~~  
1394 ~~the pension plan. The election must be made in writing or by~~  
1395 ~~electronic means and must be filed with the third-party~~  
1396 ~~administrator by August 31, 2002, or, in the case of an active~~  
1397 ~~employee who is on a leave of absence on April 1, 2002, by the~~  
1398 ~~last business day of the 5th month following the month the leave~~  
1399 ~~of absence concludes. This election is irrevocable, except as~~  
1400 ~~provided in paragraph (g). Upon making such election, the~~  
1401 ~~employee shall be enrolled as a member of the investment plan,~~  
1402 ~~the employee's membership in the Florida Retirement System is~~  
1403 ~~governed by the provisions of this part, and the employee's~~  
1404 ~~membership in the pension plan terminates. The employee's~~  
1405 ~~enrollment in the investment plan is effective the first day of~~  
1406 ~~the month for which a full month's employer contribution is made~~  
1407 ~~to the investment plan.~~

1408 ~~b. Any such employee who fails to elect to participate in~~  
1409 ~~the investment plan within the prescribed time period is deemed~~  
1410 ~~to have elected to retain membership in the pension plan, and~~  
1411 ~~the employee's option to elect to participate in the investment~~  
1412 ~~plan is forfeited.~~

1413 ~~2. With respect to employees who become eligible to~~  
1414 ~~participate in the investment plan by reason of employment in a~~  
1415 ~~regularly established position with a state employer commencing~~  
1416 ~~after April 1, 2002:~~

1417 ~~a. Any such employee shall, by default, be enrolled in the~~  
1418 ~~pension plan at the commencement of employment, and may, by the~~  
1419 ~~last business day of the 5th month following the employee's~~  
1420 ~~month of hire, elect to participate in the investment plan. The~~  
1421 ~~employee's election must be made in writing or by electronic~~

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1422 means and ~~must be~~ filed with the third-party administrator. The  
1423 election to participate in the investment plan is irrevocable,  
1424 except as provided in paragraph (e) ~~(g)~~.

1425 a.b. If the employee files such election within the  
1426 prescribed time period, enrollment in the investment plan is  
1427 effective on the first day of employment. The retirement  
1428 contributions paid through the month of the employee plan change  
1429 shall be transferred to the investment program, and, effective  
1430 the first day of the next month, the employer and employee must  
1431 pay the applicable contributions based on the employee  
1432 membership class in the program.

1433 b.e. An employee who fails to elect to participate in the  
1434 investment plan within the prescribed time period is deemed to  
1435 have elected to retain membership in the pension plan, and the  
1436 employee's option to elect to participate in the investment plan  
1437 is forfeited.

1438 2.3. With respect to employees who become eligible to  
1439 participate in the investment plan pursuant to s.  
1440 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to  
1441 participate in the investment plan in lieu of retaining his or  
1442 her membership in the State Community College System Optional  
1443 Retirement Program or the State University System Optional  
1444 Retirement Program. The election must be ~~made~~ in writing or by  
1445 electronic means and ~~must be~~ filed with the third-party  
1446 administrator. This election is irrevocable, except as provided  
1447 in paragraph (g). Upon making such election, the employee shall  
1448 be enrolled as a member in the investment plan, the employee's  
1449 membership in the Florida Retirement System is governed by the  
1450 provisions of this part, and the employee's participation in the

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1451 State Community College System Optional Retirement Program or  
1452 the State University System Optional Retirement Program  
1453 terminates. The employee's enrollment in the investment plan is  
1454 effective on the first day of the month for which a full month's  
1455 employer and employee contribution is made to the investment  
1456 plan.

1457 ~~4. For purposes of this paragraph, "state employer" means~~  
1458 ~~any agency, board, branch, commission, community college,~~  
1459 ~~department, institution, institution of higher education, or~~  
1460 ~~water management district of the state, which participates in~~  
1461 ~~the Florida Retirement System for the benefit of certain~~  
1462 ~~employees.~~

1463 ~~(b)1. With respect to an eligible employee who is employed~~  
1464 ~~in a regularly established position on September 1, 2002, by a~~  
1465 ~~district school board employer:~~

1466 ~~a. Any such employee may elect to participate in the~~  
1467 ~~investment plan in lieu of retaining his or her membership in~~  
1468 ~~the pension plan. The election must be made in writing or by~~  
1469 ~~electronic means and must be filed with the third-party~~  
1470 ~~administrator by November 30, or, in the case of an active~~  
1471 ~~employee who is on a leave of absence on July 1, 2002, by the~~  
1472 ~~last business day of the 5th month following the month the leave~~  
1473 ~~of absence concludes. This election is irrevocable, except as~~  
1474 ~~provided in paragraph (g). Upon making such election, the~~  
1475 ~~employee shall be enrolled as a member of the investment plan,~~  
1476 ~~the employee's membership in the Florida Retirement System is~~  
1477 ~~governed by the provisions of this part, and the employee's~~  
1478 ~~membership in the pension plan terminates. The employee's~~  
1479 ~~enrollment in the investment plan is effective the first day of~~

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1480 ~~the month for which a full month's employer contribution is made~~  
1481 ~~to the investment program.~~

1482 ~~b. Any such employee who fails to elect to participate in~~  
1483 ~~the investment plan within the prescribed time period is deemed~~  
1484 ~~to have elected to retain membership in the pension plan, and~~  
1485 ~~the employee's option to elect to participate in the investment~~  
1486 ~~plan is forfeited.~~

1487 ~~2. With respect to employees who become eligible to~~  
1488 ~~participate in the investment plan by reason of employment in a~~  
1489 ~~regularly established position with a district school board~~  
1490 ~~employer commencing after July 1, 2002:~~

1491 ~~a. Any such employee shall, by default, be enrolled in the~~  
1492 ~~pension plan at the commencement of employment, and may, by the~~  
1493 ~~last business day of the 5th month following the employee's~~  
1494 ~~month of hire, elect to participate in the investment plan. The~~  
1495 ~~employee's election must be made in writing or by electronic~~  
1496 ~~means and must be filed with the third party administrator. The~~  
1497 ~~election to participate in the investment plan is irrevocable,~~  
1498 ~~except as provided in paragraph (g).~~

1499 ~~b. If the employee files such election within the~~  
1500 ~~prescribed time period, enrollment in the investment plan is~~  
1501 ~~effective on the first day of employment. The employer~~  
1502 ~~retirement contributions paid through the month of the employee~~  
1503 ~~plan change shall be transferred to the investment plan, and,~~  
1504 ~~effective the first day of the next month, the employer shall~~  
1505 ~~pay the applicable contributions based on the employee~~  
1506 ~~membership class in the investment plan.~~

1507 ~~e. Any such employee who fails to elect to participate in~~  
1508 ~~the investment plan within the prescribed time period is deemed~~

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1509 ~~to have elected to retain membership in the pension plan, and~~  
1510 ~~the employee's option to elect to participate in the investment~~  
1511 ~~plan is forfeited.~~

1512 ~~3. For purposes of this paragraph, "district school board~~  
1513 ~~employer" means any district school board that participates in~~  
1514 ~~the Florida Retirement System for the benefit of certain~~  
1515 ~~employees, or a charter school or charter technical career~~  
1516 ~~center that participates in the Florida Retirement System as~~  
1517 ~~provided in s. 121.051(2) (d).~~

1518 ~~(c)1. With respect to an eligible employee who is employed~~  
1519 ~~in a regularly established position on December 1, 2002, by a~~  
1520 ~~local employer:~~

1521 ~~a. Any such employee may elect to participate in the~~  
1522 ~~investment plan in lieu of retaining his or her membership in~~  
1523 ~~the pension plan. The election must be made in writing or by~~  
1524 ~~electronic means and must be filed with the third-party~~  
1525 ~~administrator by February 28, 2003, or, in the case of an active~~  
1526 ~~employee who is on a leave of absence on October 1, 2002, by the~~  
1527 ~~last business day of the 5th month following the month the leave~~  
1528 ~~of absence concludes. This election is irrevocable, except as~~  
1529 ~~provided in paragraph (g). Upon making such election, the~~  
1530 ~~employee shall be enrolled as a participant of the investment~~  
1531 ~~plan, the employee's membership in the Florida Retirement System~~  
1532 ~~is governed by the provisions of this part, and the employee's~~  
1533 ~~membership in the pension plan terminates. The employee's~~  
1534 ~~enrollment in the investment plan is effective the first day of~~  
1535 ~~the month for which a full month's employer contribution is made~~  
1536 ~~to the investment plan.~~

1537 ~~b. Any such employee who fails to elect to participate in~~

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1538 ~~the investment plan within the prescribed time period is deemed~~  
1539 ~~to have elected to retain membership in the pension plan, and~~  
1540 ~~the employee's option to elect to participate in the investment~~  
1541 ~~plan is forfeited.~~

1542 ~~2. With respect to employees who become eligible to~~  
1543 ~~participate in the investment plan by reason of employment in a~~  
1544 ~~regularly established position with a local employer commencing~~  
1545 ~~after October 1, 2002:~~

1546 ~~a. Any such employee shall, by default, be enrolled in the~~  
1547 ~~pension plan at the commencement of employment, and may, by the~~  
1548 ~~last business day of the 5th month following the employee's~~  
1549 ~~month of hire, elect to participate in the investment plan. The~~  
1550 ~~employee's election must be made in writing or by electronic~~  
1551 ~~means and must be filed with the third party administrator. The~~  
1552 ~~election to participate in the investment plan is irrevocable,~~  
1553 ~~except as provided in paragraph (g).~~

1554 ~~b. If the employee files such election within the~~  
1555 ~~prescribed time period, enrollment in the investment plan is~~  
1556 ~~effective on the first day of employment. The employer~~  
1557 ~~retirement contributions paid through the month of the employee~~  
1558 ~~plan change shall be transferred to the investment plan, and,~~  
1559 ~~effective the first day of the next month, the employer shall~~  
1560 ~~pay the applicable contributions based on the employee~~  
1561 ~~membership class in the investment plan.~~

1562 ~~c. Any such employee who fails to elect to participate in~~  
1563 ~~the investment plan within the prescribed time period is deemed~~  
1564 ~~to have elected to retain membership in the pension plan, and~~  
1565 ~~the employee's option to elect to participate in the investment~~  
1566 ~~plan is forfeited.~~

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1567 ~~3. For purposes of this paragraph, "local employer" means~~  
1568 ~~any employer not included in paragraph (a) or paragraph (b).~~

1569 (b)~~(d)~~ Contributions available for self-direction by a  
1570 member who has not selected one or more specific investment  
1571 products shall be allocated as prescribed by the state board.  
1572 The third-party administrator shall notify the member at least  
1573 quarterly that the member should take an affirmative action to  
1574 make an asset allocation among the investment products.

1575 (c)~~(e)~~ On or after July 1, 2011, a member of the pension  
1576 plan who obtains a refund of employee contributions retains his  
1577 or her prior plan choice upon return to employment in a  
1578 regularly established position with a participating employer.

1579 (d)~~(f)~~ A member of the investment plan who takes a  
1580 distribution of any contributions from his or her investment  
1581 plan account is considered a retiree. A retiree who is initially  
1582 reemployed in a regularly established position on or after July  
1583 1, 2010, is not eligible to be enrolled in renewed membership.

1584 (e)~~(g)~~ After the period during which an eligible employee,  
1585 who initially enrolled before July 1, 2015, had the choice to  
1586 elect the pension plan or the investment plan, or the month  
1587 following the receipt of the eligible employee's plan election,  
1588 if sooner, the employee shall have one opportunity, at the  
1589 employee's discretion, to ~~choose to~~ move from the pension plan  
1590 to the investment plan or from the investment plan to the  
1591 pension plan. Eligible employees may elect to move between plans  
1592 only if they are earning service credit in an employer-employee  
1593 relationship consistent with s. 121.021(17)(b), excluding leaves  
1594 of absence without pay. Effective July 1, 2005, such elections  
1595 are effective on the first day of the month following the

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1596 receipt of the election by the third-party administrator and are  
1597 not subject to the requirements regarding an employer-employee  
1598 relationship or receipt of contributions for the eligible  
1599 employee in the effective month, except when the election is  
1600 received by the ~~third-party~~ administrator. This paragraph is  
1601 contingent upon approval by the Internal Revenue Service.

1602 1. If the employee chooses to move to the investment plan,  
1603 the provisions of subsection (3) govern the transfer.

1604 2. If the employee chooses to move to the pension plan, the  
1605 employee must transfer from his or her investment plan account,  
1606 and from other employee moneys as necessary, ~~a sum representing~~  
1607 the present value of that employee's accumulated benefit  
1608 obligation immediately following the time of such movement,  
1609 determined assuming that attained service equals the sum of  
1610 service in the pension plan and service in the investment plan.  
1611 Benefit commencement occurs on the first date the employee is  
1612 eligible for unreduced benefits, using the discount rate and  
1613 other relevant actuarial assumptions that were used to value the  
1614 pension plan liabilities in the most recent actuarial valuation.  
1615 For an ~~any~~ employee who, at the time of the second election,  
1616 already maintains an accrued benefit amount in the pension plan,  
1617 the then-present value of the accrued benefit is deemed part of  
1618 the required transfer amount. The division must ensure that the  
1619 transfer sum is prepared using a formula and methodology  
1620 certified by an enrolled actuary. A refund of any employee  
1621 contributions or additional member payments made which exceed  
1622 the employee contributions that would have accrued had the  
1623 member remained in the pension plan and not transferred to the  
1624 investment plan is not permitted.



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1625           3. Notwithstanding subparagraph 2., an employee who chooses  
1626 to move to the pension plan and who became eligible to  
1627 participate in the investment plan by reason of employment in a  
1628 regularly established position with a state employer after June  
1629 1, 2002; a district school board employer after September 1,  
1630 2002; or a local employer after December 1, 2002, must transfer  
1631 from his or her investment plan account, and from other employee  
1632 moneys as necessary, a sum representing the employee's actuarial  
1633 accrued liability. A refund of ~~any~~ employee contributions or  
1634 additional member participant payments made which exceed the  
1635 employee contributions that would have accrued had the member  
1636 remained in the pension plan and not transferred to the  
1637 investment plan is not permitted.

1638           4. An employee's ability to transfer from the pension plan  
1639 to the investment plan pursuant to paragraph (a) and this  
1640 paragraph ~~paragraphs (a)-(d)~~, and the ability of a current  
1641 employee to have an option to later transfer back into the  
1642 pension plan under subparagraph 2., shall be deemed a  
1643 significant system amendment. Pursuant to s. 121.031(4), any  
1644 resulting unfunded liability arising from actual original  
1645 transfers from the pension plan to the investment plan must be  
1646 amortized within 30 plan years as a separate unfunded actuarial  
1647 base independent of the reserve stabilization mechanism defined  
1648 in s. 121.031(3)(f). For the first 25 years, a direct  
1649 amortization payment may not be calculated for this base. During  
1650 this 25-year period, the separate base shall be used to offset  
1651 the impact of employees exercising their second program election  
1652 under this paragraph. The actuarial funded status of the pension  
1653 plan is ~~will~~ not be affected by such second program elections in

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1654 any significant manner, after due recognition of the separate  
1655 unfunded actuarial base. Following the initial 25-year period,  
1656 any remaining balance of the original separate base shall be  
1657 amortized over the remaining 5 years of the required 30-year  
1658 amortization period.

1659 5. If the employee chooses to transfer from the investment  
1660 plan to the pension plan and retains an excess account balance  
1661 in the investment plan after satisfying the buy-in requirements  
1662 under this paragraph, the excess may not be distributed until  
1663 the member retires from the pension plan. The excess account  
1664 balance may be rolled over to the pension plan and used to  
1665 purchase service credit or upgrade creditable service in the  
1666 pension plan.

1667 (f) An employee initially enrolled before July 1, 2015,  
1668 shall have one opportunity in his or her working career, at the  
1669 employee's discretion, to transfer from the pension plan to the  
1670 cash balance plan or from the investment plan to the cash  
1671 balance plan as provided in s. 121.602(2). An eligible employee  
1672 may elect to transfer between plans only if he or she is earning  
1673 service credit in an employer-employee relationship consistent  
1674 with s. 121.021(17)(b), excluding leaves of absence without pay.  
1675 Such elections are effective on the first day of the month  
1676 following the receipt of the election by the third-party  
1677 administrator and are not subject to the requirements regarding  
1678 an employer-employee relationship or receipt of contributions  
1679 for the eligible employee in the effective month, except when  
1680 the election is received by the administrator. This one-time  
1681 career transfer is irrevocable, and no other transfer is  
1682 allowed. If the employee chooses to transfer from the investment

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1683 plan or from the pension plan to the cash balance plan, s.  
1684 121.602(2) governs the transfer.

1685 (g) An employee initially enrolled on or after July 1,  
1686 2015, is not eligible to enroll in the pension plan.

1687 (5) CONTRIBUTIONS.—

1688 (a) The employee and employer shall make the required  
1689 contributions to the investment plan based on a percentage of  
1690 the employee's gross monthly compensation, as provided in part  
1691 IV ~~III~~ of this chapter.

1692 (10) EDUCATION COMPONENT.—

1693 (c) The state board, in coordination with the department,  
1694 shall provide for an initial and ongoing transfer education  
1695 component to provide system members with information necessary  
1696 to make informed plan choice decisions. The transfer education  
1697 component must include, but is not limited to, information on:

1698 1. The amount of money available to a member for  
1699 transferring to the investment plan or the cash balance plan ~~to~~  
1700 ~~transfer to the defined contribution program.~~

1701 2. The features of and differences between the pension  
1702 plan, the investment plan, and the cash balance plan ~~and the~~  
1703 ~~defined contribution program~~, both generally and specifically,  
1704 as those differences may affect the member.

1705 3. The expected benefit available if the member were to  
1706 retire under each of the retirement plans ~~programs~~, based on  
1707 appropriate alternative sets of assumptions.

1708 4. The rate of return from investments in the investment  
1709 plan ~~defined contribution program~~ and the period of time over  
1710 which such rate of return must be achieved to equal or exceed  
1711 the expected monthly benefit payable to the member under the

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1712 pension plan or the benefit payable to the member under the cash  
1713 balance plan.

1714 5. The historical rates of return for the investment  
1715 alternatives available in the investment plan ~~defined~~  
1716 ~~contribution programs.~~

1717 6. The benefits and historical rates of return on  
1718 investments available in a typical deferred compensation plan or  
1719 a typical plan under s. 403(b) of the Internal Revenue Code for  
1720 which the employee may be eligible.

1721 7. The program choices available to employees of the State  
1722 University System and the comparative benefits of each available  
1723 program, if applicable.

1724 8. Payout options available in each of the retirement plans  
1725 ~~programs.~~

1726 (g) Funding for education of new employees may reflect  
1727 administrative costs to the investment plan and the cash balance  
1728 ~~pension~~ plan.

1729 (h) Pursuant to subsection (8), all Florida Retirement  
1730 System employers have an obligation to regularly communicate the  
1731 existence of the ~~two~~ Florida Retirement System plans and the  
1732 plan choice in the natural course of administering their  
1733 personnel functions, using the educational materials supplied by  
1734 the state board and the Department of Management Services.

1735 (15) STATEMENT OF FIDUCIARY STANDARDS AND  
1736 RESPONSIBILITIES.—

1737 (a) Investment of ~~defined contribution~~ plan assets shall be  
1738 made for the sole interest and exclusive purpose of providing  
1739 benefits to members and beneficiaries and defraying reasonable  
1740 expenses of administering the plan. The plan's ~~program's~~ assets

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1741 shall be invested on behalf of the ~~program~~ members with the  
1742 care, skill, and diligence that a prudent person acting in a  
1743 like manner would undertake. The performance of the investment  
1744 duties set forth in this paragraph must ~~shall~~ comply with the  
1745 fiduciary standards set forth in the Employee Retirement Income  
1746 Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C). In case  
1747 of conflict with other provisions of law authorizing  
1748 investments, the investment and fiduciary standards set forth in  
1749 this subsection ~~shall~~ prevail.

1750 Section 15. Section 121.70, Florida Statutes, is amended to  
1751 read:

1752 121.70 Legislative purpose and intent.—

1753 (1) This part provides for a uniform system for funding  
1754 benefits provided under the Florida Retirement System Pension  
1755 Plan established under part I of this chapter, ~~(referred to in~~  
1756 ~~this part as the pension plan)~~ and under the Florida Retirement  
1757 System Investment Plan established under part II of this  
1758 chapter, and under the Florida Retirement System Cash Balance  
1759 Plan established under part III of this chapter ~~(referred to in~~  
1760 ~~this part as the investment plan)~~. The Legislature recognizes  
1761 and declares that the Florida Retirement System is a single  
1762 retirement system, consisting of three ~~two~~ retirement plans and  
1763 other nonintegrated programs. Employees and employers  
1764 participating in the Florida Retirement System collectively  
1765 shall make ~~shall be responsible for making~~ contributions to  
1766 support the benefits provided under the three ~~both~~ plans. The  
1767 employees and employers shall make contributions based upon a  
1768 uniform or blended contribution rate system ~~rates~~ determined as  
1769 a percentage of the employee's gross monthly compensation for

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1770 the employee's class or subclass of Florida Retirement System  
1771 membership, irrespective of the retirement plan in which the  
1772 individual employee is enrolled. ~~This shall be known as a~~  
1773 ~~uniform or blended contribution rate system.~~

1774 (2) In establishing a uniform contribution rate system, it  
1775 is the intent of the Legislature to:

1776 (a) Provide greater stability and certainty in financial  
1777 planning and budgeting for Florida Retirement System employers  
1778 by eliminating the fiscal instability that would be caused by  
1779 multiple dual rates coupled with employee-selected plan  
1780 participation;

1781 (b) Provide greater fiscal equity and uniformity for system  
1782 employers by effectively distributing the financial burden and  
1783 benefit of short-term system deficits and surpluses,  
1784 respectively, in proportion to total system payroll; and

1785 (c) Allow employees to make their retirement plan selection  
1786 decisions free of circumstances that may cause employers to  
1787 favor one plan choice over another.

1788 Section 16. Subsections (1), (3), (4), and (5) of section  
1789 121.71, Florida Statutes, are amended to read:

1790 121.71 Uniform rates; process; calculations; levy.-

1791 (1) In conducting the system actuarial study required under  
1792 s. 121.031, the actuary shall follow all specified requirements  
1793 ~~specified~~ to determine, by Florida Retirement System employee  
1794 membership class, the dollar contribution amounts necessary for  
1795 the next fiscal year for the pension plan and the cash balance  
1796 plan as determined by independent valuations of each plan. ~~In~~  
1797 ~~addition,~~ The actuary shall also determine, by Florida  
1798 Retirement System membership class, based on an estimate for the

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1799 next fiscal year of the gross compensation of employees  
 1800 participating in the investment plan, the dollar contribution  
 1801 amounts necessary to make the allocations required under ss.  
 1802 121.72 and 121.73. For each employee membership class and  
 1803 subclass, the actuarial study must establish a uniform rate  
 1804 necessary to fund the benefit obligations under the ~~both~~ Florida  
 1805 Retirement System retirement plans by dividing the sum of total  
 1806 dollars required by the estimated gross compensation of members  
 1807 in the ~~both~~ plans.

1808 (3) Required employee retirement contribution rates for  
 1809 each membership class and subclass of the Florida Retirement  
 1810 System for the ~~both~~ retirement plans are as follows:  
 1811

Membership Class	Percentage of Gross Compensation, Effective July 1, 2011
1812	
1813 Regular Class	3.00%
1814 Special Risk Class	3.00%
1815 Special Risk Administrative	
1816 Support Class	3.00%

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1817	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	3.00%
1818	Elected Officers' Class— Justices, Judges	3.00%
1819	Elected Officers' Class— County Elected Officers	3.00%
1820	Senior Management Service Class	3.00%
1821	DROP	0.00%

1822           (4) Required employer retirement contribution rates for  
1823 each membership class and subclass of the Florida Retirement  
1824 System ~~for both retirement plans~~ are as follows:  
1825

1826	Percentage of Gross Compensation, Effective July 1, 2013
	Membership Class



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1827	Regular Class	3.53%	
1828	Special Risk Class	11.00%	
1829	Special Risk Administrative Support Class	4.17%	
1830	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	6.52%	
1831	Elected Officers' Class— Justices, Judges	10.05%	
1832	Elected Officers' Class— County Elected Officers	8.44%	
1833	Senior Management Class	4.81%	
1834	DROP	4.63%	
1835			
1836	(5) In order to address unfunded actuarial liabilities of		
1837	the system, the required employer retirement contribution rates		
1838	for each membership class and subclass of the Florida Retirement		

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1839 System ~~for both retirement plans~~ are as follows:

1840

Percentage of  
Gross  
Compensation,  
Effective  
July 1, 2013

Membership Class

1841

1842

Regular Class 2.19%

1843

Special Risk Class 6.83%

1844

Special Risk  
Administrative  
Support Class 30.56%

1845

Elected Officers' Class—  
Legislators, Governor,  
Lt. Governor,  
Cabinet Officers,  
State Attorneys,  
Public Defenders 24.85%

1846

Elected Officers' Class—  
Justices, Judges 17.00%

1847

Elected Officers' Class— 23.36%

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County Elected Officers

1848

Senior Management Service

Class

12.27%

1849

DROP

7.01%

1850

1851 Section 17. Section 121.721, Florida Statutes, is created  
1852 to read:

1853 121.721 Credits to cash balance plan member accounts and  
1854 interest on accounts; percentage amounts.-

1855 (1) The service credits established in this section shall  
1856 be used to fund retirement benefits under the cash balance plan  
1857 and shall be transferred monthly by the Division of Retirement  
1858 from the Florida Retirement System Contributions Clearing Trust  
1859 Fund to the Cash Balance Plan Trust Fund and credited to each  
1860 participating member's account based on the membership class of  
1861 the member.

1862 (2) The service credits are stated as a percentage of each  
1863 cash balance plan member's gross compensation for the calendar  
1864 month. A change in a contribution percentage is effective the  
1865 1st day of the month for which retirement contributions may be  
1866 made on or after the beginning date of the change. Credit  
1867 percentages may be modified by general law.

1868 (3) Employer and member credits as provided under s.  
1869 121.602(5) and (6) shall be accounted for separately.

1870 (4) Credit allocations from the Florida Retirement System  
1871 Contributions Clearing Account Trust Fund to the cash balance  
1872 plan member annuity savings account for each member of the cash

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1873 balance plan are as follows:

1874

Percentage  
of Gross  
Compensation,  
Effective  
July 1, 2015

1875

Membership Class

1876

Regular Class

3.00%

1877

Special Risk Class

3.00%

1878

Special Risk

Administrative

Support Class

3.00%

1879

Elected Officers' Class-

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

3.00%

1880

Elected Officers' Class-

Justices, Judges

3.00%

1881

Elected Officers' Class-

3.00%

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County Elected Officers

1882

Senior Management Service

Class

3.00%

1883

1884

(5) Service credit allocations from the Florida Retirement

1885

System Contributions Clearing Account Trust Fund to the cash

1886

balance plan employer retirement annuity account for each member

1887

of the cash balance plan are as follows:

Percentage

of Gross

Compensation,

Effective

Membership Class

July 1, 2015

1888

1889

Regular Class

3.05%

1890

Special Risk Class

9.30%

1891

Special Risk

Administrative

Support Class

3.05%

1892

Elected Officers' Class-

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

5.58%

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State Attorneys,  
Public Defenders

1893

Elected Officers' Class-  
Justices, Judges

9.11%

1894

Elected Officers' Class-  
County Elected Officers

7.55%

1895

Senior Management Service  
Class

4.28%

1896

1897 (6) (a) Beginning July 1, 2015, each member of the cash  
1898 balance plan may be credited with interest credits on the  
1899 balance of the member's accounts.

1900 (b) Effective July 1, 2015, the guaranteed interest credits  
1901 payable on the balance of each member's retirement annuity  
1902 account and annuity savings account accrues at an effective  
1903 annual rate of 2 percent, compounded monthly and credited  
1904 monthly based on the prior month's accumulated ending balances.  
1905 Such interest credits must be posted to member accounts by the  
1906 15th business day of the following month.

1907 (c) Effective July 1, 2015, additional interest credits  
1908 shall be credited as follows:

1909 1. If the annual rate of return on investments of the cash  
1910 balance plan assets for the prior plan year did not exceed 2  
1911 percent, no additional interest credits shall be allowed.

1912 2. If the annual rate of return on investments of the cash  
1913 balance plan assets for the prior plan year was greater than 2

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1914 percent, additional interest credits are payable on each  
1915 member's retirement annuity account and annuity savings account  
1916 equal to 75 percent of the difference between the annual rate of  
1917 return and 2 percent.

1918 3. All additional interest credits payable under this  
1919 paragraph shall be allocated on the 15th business day of  
1920 November following the close of the plan year based on the  
1921 member's account balances as of the preceding June 30.

1922 (d) To be eligible for an interest credit, the member must  
1923 have an account balance at the time the interest credit is  
1924 posted to the account. Interest credits may not be awarded to a  
1925 member who has taken a full distribution of the member's  
1926 accounts or who has annuitized the member's accumulated total  
1927 account balance before interest credits are posted.

1928 (e) Notwithstanding paragraphs (b) and (c), interest  
1929 credits may not be granted on the member's nonvested account  
1930 balances following the end of the second plan year after the  
1931 member has terminated without meeting the vesting requirements  
1932 of the cash balance plan.

1933 Section 18. Section 121.73, Florida Statutes, is amended to  
1934 read:

1935 121.73 Allocations for member disability coverage and  
1936 coverage for members killed in the line of duty; percentage  
1937 amounts.—

1938 (1) The allocations established in:

1939 (a) Subsection (3) shall be used to provide disability  
1940 coverage for members in the investment plan and ~~shall be~~  
1941 transferred monthly by the Division of Retirement from the  
1942 Florida Retirement System Contributions Clearing Trust Fund to

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1943 the disability account of the Florida Retirement System Trust  
 1944 Fund.

1945 (b) Subsection (4) shall be used to provide disability  
 1946 coverage for members in the cash balance plan and transferred  
 1947 monthly by the Division of Retirement from the Florida  
 1948 Retirement System Contributions Clearing Trust Fund to the  
 1949 disability account of the Florida Retirement System Cash Balance  
 1950 Plan Trust Fund.

1951 (2) The allocations contained in this section are stated as  
 1952 a percentage of each investment plan or cash balance plan  
 1953 member's gross compensation for the calendar month. A change in  
 1954 a contribution percentage is effective the 1st ~~first~~ day of the  
 1955 month for which retirement contributions may be made on or after  
 1956 the beginning date of the change. Contribution percentages may  
 1957 be modified by general law.

1958 (3) Effective July 1, 2002, allocations from the Florida  
 1959 Retirement System Contributions Clearing Trust Fund to provide  
 1960 disability coverage for members in the investment plan, and to  
 1961 offset the costs of administering such ~~said~~ coverage, are as  
 1962 follows:

Membership Class	Percentage of Gross Compensation
Regular Class	0.25%
Special Risk Class	1.33%



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1968	Special Risk Administrative Support Class	0.45%
1969	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.41%
1970	Elected Officers' Class— Justices, Judges	0.73%
1971	Elected Officers' Class— County Elected Officers	0.41%
1972	Senior Management Service Class	0.26%
1973	<u>(4) Allocations from the Florida Retirement System</u>	
1974	<u>Contributions Clearing Trust Fund to provide disability coverage</u>	
1975	<u>for members in the cash balance plan and to offset costs of</u>	
1976	<u>administering such coverage, are as follows:</u>	
1977		
1978	<u>Membership Class</u>	<u>Percentage of Gross Compensation Effective July 1, 2015</u>

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1979	<u>Regular Class</u>	<u>0.26%</u>
1980	<u>Special Risk Class</u>	<u>0.95%</u>
1981	<u>Special Risk Administrative Support Class</u>	<u>0.26%</u>
1982	<u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>0.24%</u>
1983	<u>Elected Officers' Class— Justices, Judges</u>	<u>0.47%</u>
1984	<u>Elected Officers' Class— County Elected Officers</u>	<u>0.27%</u>
1985	<u>Senior Management Service Class</u>	<u>0.21%</u>
1986		
1987	<u>(5) The allocations established in this subsection shall be</u>	
1988	<u>transferred monthly by the Division of Retirement from the</u>	
1989	<u>Florida Retirement System Contributions Clearing Trust Fund to</u>	
1990	<u>the in-line-of-duty death account of the Florida Retirement</u>	
1991	<u>System Cash Balance Plan Trust Fund and shall be used to provide</u>	

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1992 coverage for members of the cash balance plan killed in the line  
 1993 of duty. The allocations are as follows:

1994

	<u>Percentage of Gross</u>
	<u>Compensation</u>
<u>Membership Class</u>	<u>Effective July 1, 2015</u>

1995

1996

Regular Class 0.09%

1997

Special Risk Class 0.25%

1998

Special Risk Administrative  
Support Class 0.09%

1999

Elected Officers' Class-  
Legislators, Governor,  
Lt. Governor, Cabinet  
Officers,  
State Attorneys, Public  
Defenders 0.14%

2000

Elected Officers' Class-  
Justices, Judges 0.18%

2001

Elected Officers' Class-  
County Elected Officers 0.16%

2002

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Senior Management Service

Class

0.11%

2003  
2004  
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Section 19. Section 121.74, Florida Statutes, is amended to read:

121.74 Administrative and educational expenses.—In addition to contributions required to fund member accounts under ss. 121.71 and 121.73, effective July 1, 2010, through June 30, 2014, employers participating in the Florida Retirement System shall contribute an employer assessment amount equal to 0.03 percent of the payroll reported for each class or subclass of Florida Retirement System membership. Effective July 1, 2014, ~~the employer assessment is the contribution rate shall be~~ 0.04 percent of the payroll reported for each class or subclass of membership. The amount assessed ~~contributed~~ shall be transferred by the Division of Retirement from the Florida Retirement System Contributions Clearing Trust Fund to the State Board of Administration’s Administrative Trust Fund to offset the costs of administering the investment plan and the cash balance plan and the costs of providing educational services to members of the Florida Retirement System. Approval of the trustees is required before the expenditure of these funds. Payments for third-party administrative or educational expenses shall be made only pursuant to the terms of the approved contracts for such services.

Section 20. Section 121.76, Florida Statutes, is amended to read:

121.76 Contributions for social security and for retiree

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2030 health insurance subsidy.—Contributions required under this part  
2031 shall be made or deducted, as ~~may be~~ appropriate, for each pay  
2032 period and are in addition to employer and member contributions  
2033 required for social security and the Retiree Health Insurance  
2034 Subsidy Trust Fund as provided under ~~parts I and II~~ of this  
2035 chapter.

2036 Section 21. Subsection (3) of section 121.78, Florida  
2037 Statutes, is amended to read:

2038 121.78 Payment and distribution of contributions.—

2039 (3) (a) Employee and employer contributions and accompanying  
2040 payroll data received after the 5th working day of the month are  
2041 considered late. The division ~~employer~~ shall assess the employer  
2042 ~~be assessed by the division of Retirement~~ a penalty of 1 percent  
2043 of the contributions due for each calendar month or part thereof  
2044 that the contributions or accompanying payroll data are late.  
2045 Proceeds from the ~~1 percent~~ assessment ~~against contributions~~  
2046 made on behalf of members of the pension plan shall ~~must~~ be  
2047 deposited in the Florida Retirement System Trust Fund, and  
2048 proceeds from the ~~1 percent~~ assessment ~~against contributions~~  
2049 made on behalf of members of the investment plan shall be  
2050 transferred to the third-party administrator for deposit into  
2051 member accounts, as provided in paragraph (c). Proceeds from the  
2052 assessment made on behalf of members of the cash balance plan  
2053 shall be credited to the Florida Retirement System Cash Balance  
2054 Plan Trust Fund.

2055 (b) Retirement contributions paid for a prior period shall  
2056 be charged a delinquent fee of 1 percent for each calendar month  
2057 or part thereof that the contributions should have been paid.  
2058 This includes prior period contributions due to incorrect wages

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2059 and contributions from an earlier report or wages and  
2060 contributions that should have been reported but were not. The  
2061 delinquent assessments may not be waived. Proceeds from the  
2062 delinquent fee made on behalf of members of the pension plan  
2063 shall be deposited into the Florida Retirement System Trust  
2064 Fund. Proceeds from the delinquent fee made on behalf of members  
2065 of the investment plan shall be transferred to the third-party  
2066 administrator for deposit into member accounts. Proceeds from  
2067 the delinquent fee made on behalf of members of the cash balance  
2068 plan shall be deposited into the Florida Retirement System Cash  
2069 Balance Plan Trust Fund to be credited to the annuity savings  
2070 account and retirement savings accounts of the members.

2071 (c) If employee contributions or contributions made by an  
2072 employer on behalf of members of the investment plan or  
2073 accompanying payroll data are not received within the calendar  
2074 month they are due, including, but not limited to, contribution  
2075 adjustments as a result of employer errors or corrections, and  
2076 if that delinquency results in market losses to members, the  
2077 employer shall reimburse each member's account for market losses  
2078 resulting from the late contributions. If a member has  
2079 terminated employment and taken a distribution, the member is  
2080 responsible for returning any excess contributions erroneously  
2081 provided by employers, adjusted for any investment gain or loss  
2082 incurred during the period such excess contributions were in the  
2083 member's account. The state board or its designated agent shall  
2084 communicate to terminated members any obligation to repay such  
2085 excess contribution amounts. However, the state board, its  
2086 designated agents, the Florida Retirement System Investment Plan  
2087 Trust Fund, the department, or the Florida Retirement System

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2088 Trust Fund may not incur any loss or gain as a result of an  
2089 employer's correction of such excess contributions. The third-  
2090 party administrator, hired by the state board pursuant to s.  
2091 121.4501(8), shall calculate the market losses for each affected  
2092 member. If contributions made on behalf of members of the  
2093 investment plan or accompanying payroll data are not received  
2094 within the calendar month due, the employer shall also pay the  
2095 cost of the third-party administrator's calculation and  
2096 reconciliation adjustments resulting from the late  
2097 contributions. The third-party administrator shall notify the  
2098 employer of the results of the calculations and the total amount  
2099 due from the employer for such losses and the costs of  
2100 calculation and reconciliation. The employer shall remit to the  
2101 division ~~of Retirement~~ the amount due within 30 working days  
2102 after the date of the penalty notice sent by the division. The  
2103 division shall transfer that amount to the third-party  
2104 administrator, which shall deposit proceeds from the 1 percent  
2105 assessment and from individual market losses into member  
2106 accounts, as appropriate. The state board may adopt rules to  
2107 administer the provisions regarding late contributions, late  
2108 submission of payroll data, the process for reimbursing member  
2109 accounts for resultant market losses, and the penalties charged  
2110 to the employers.

2111 (d) If a cash balance plan member has terminated employment  
2112 and taken a benefit payment, the member is responsible for  
2113 returning any excess contributions erroneously provided by  
2114 employers. The state board or its designated agent shall  
2115 communicate to terminated members their obligation to repay  
2116 excess contribution amounts. However, the state board, its

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2117 designated agents, the Florida Retirement System Cash Balance  
2118 Plan Trust Fund, or the department may not incur any loss as a  
2119 result of an employer's correction of the excess contributions.

2120 (e)~~(d)~~ If employee contributions reported by an employer on  
2121 behalf of members are reduced as a result of employer errors or  
2122 corrections, and the member has terminated employment and taken  
2123 a refund, ~~or~~ distribution, or benefit payment, the employer  
2124 shall be billed and is responsible for recovering from the  
2125 member any excess contributions erroneously provided by the  
2126 employer.

2127 (f)~~(e)~~ Assessments ~~Delinquency fees~~ specified in paragraph  
2128 (a) may be waived by the division, with regard to pension plan  
2129 contributions, and by the state board, with regard to investment  
2130 plan or cash balance plan contributions, only if, in the opinion  
2131 of the division or the board, as appropriate, exceptional  
2132 circumstances beyond the employer's control prevented remittance  
2133 by the prescribed due date notwithstanding the employer's good  
2134 faith efforts to effect delivery. Such a waiver of delinquency  
2135 may be granted an employer only once each plan year.

2136 (g)~~(f)~~ If the employer submits excess employer or employee  
2137 contributions, the employer shall receive a credit to be applied  
2138 against future contributions owed. The employer is responsible  
2139 for reimbursing the member for any excess contributions  
2140 submitted if a ~~any~~ return of such an erroneous excess pretax  
2141 contribution by the program is made within 1 year after making  
2142 erroneous contributions or such other period allowed under  
2143 applicable Internal Revenue guidance.

2144 (h)~~(g)~~ If contributions made by an employer on behalf of  
2145 members in the investment plan are delayed in posting to member



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2146 accounts due to acts of God beyond the control of the division  
 2147 ~~of Retirement~~, the state board, or the third-party  
 2148 administrator, as applicable, market losses resulting from the  
 2149 late contributions are not payable to the members.

2150 Section 22. Subsection (10) of section 216.136, Florida  
 2151 Statutes, is amended to read:

2152 216.136 Consensus estimating conferences; duties and  
 2153 principals.—

2154 (10) FLORIDA RETIREMENT SYSTEM ACTUARIAL ASSUMPTION  
 2155 CONFERENCE.—The Florida Retirement System Actuarial Assumption  
 2156 Conference shall develop official information with respect to  
 2157 the economic and noneconomic assumptions and funding methods of  
 2158 the Florida Retirement System necessary to perform the ~~system~~  
 2159 actuarial studies ~~study~~ undertaken pursuant to ss. ~~s.~~ 121.031(3)  
 2160 and 121.602(20). Such information must ~~shall~~ include~~r~~ an  
 2161 analysis of the actuarial assumptions and actuarial methods used  
 2162 in the studies ~~study~~ and a determination of whether changes to  
 2163 the assumptions or methods need to be made due to experience  
 2164 changes or revised future forecasts.

2165 Section 23. Section 238.072, Florida Statutes, is amended  
 2166 to read:

2167 238.072 Special service provisions for extension  
 2168 personnel.—All state and county cooperative extension personnel  
 2169 holding appointments by the United States Department of  
 2170 Agriculture for extension work in agriculture and home economics  
 2171 in this state who are joint representatives of the University of  
 2172 Florida and the United States Department of Agriculture, as  
 2173 provided in s. 121.051(8) ~~s. 121.051(7)~~, who are members of the  
 2174 Teachers' Retirement System, chapter 238, and who are prohibited

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2175 from transferring to and participating in the Florida Retirement  
2176 System, chapter 121, may retire with full benefits upon  
2177 completion of 30 years of creditable service and shall be  
2178 considered to have attained normal retirement age under this  
2179 chapter, any law to the contrary notwithstanding. In order to  
2180 comply with ~~the provisions of~~ s. 14, Art. X of the State  
2181 Constitution, any liability accruing to the Florida Retirement  
2182 System Trust Fund as a result of ~~the provisions of~~ this section  
2183 shall be paid on an annual basis from the General Revenue Fund.

2184 Section 24. Subsection (11) of section 413.051, Florida  
2185 Statutes, is amended to read:

2186 413.051 Eligible blind persons; operation of vending  
2187 stands.—

2188 (11) Effective July 1, 1996, blind licensees who remain  
2189 members of the Florida Retirement System pursuant to s.  
2190 121.051(7)(b)1. must ~~s. 121.051(6)(b)1. shall~~ pay any  
2191 unappropriated retirement costs from their net profits or from  
2192 program income. ~~Within 30 days after the effective date of this~~  
2193 ~~act,~~ Each blind licensee who is eligible to maintain membership  
2194 in the Florida Retirement System under s. 121.051(7)(b)1. s.  
2195 ~~121.051(6)(b)1.,~~ but who elects to withdraw from the system as  
2196 provided in s. 121.051(7)(b)3. s. ~~121.051(6)(b)3.,~~ must, on or  
2197 before July 31, 1996, notify the Division of Blind Services and  
2198 the Department of Management Services in writing of his or her  
2199 election to withdraw. Failure to timely notify the divisions  
2200 shall be deemed a decision to remain a compulsory member of the  
2201 Florida Retirement System. However, if, at any time after July  
2202 1, 1996, sufficient funds are not paid by a blind licensee to  
2203 cover the required contribution to the Florida Retirement

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2204 System, that blind licensee shall become ineligible to  
2205 participate in the Florida Retirement System on the last day of  
2206 the first month for which no contribution is made or the amount  
2207 contributed is insufficient to cover the required contribution.  
2208 For any blind licensee who becomes ineligible to participate ~~in~~  
2209 ~~the Florida Retirement System~~ as described in this subsection,  
2210 no creditable service shall be earned under the Florida  
2211 Retirement System for any period following the month that  
2212 retirement contributions ceased to be reported. However, ~~any~~  
2213 such person may participate in the Florida Retirement System in  
2214 the future if employed by a participating employer in a covered  
2215 position.

2216 Section 25. The Legislature finds that a proper and  
2217 legitimate state purpose is served when employees and retirees  
2218 of the state and its political subdivisions, and the dependents,  
2219 survivors, and beneficiaries of such employees and retirees, are  
2220 extended the basic protections afforded by governmental  
2221 retirement systems. These persons must be provided benefits that  
2222 are fair and adequate and that are managed, administered, and  
2223 funded in an actuarially sound manner, as required by s. 14,  
2224 Article X of the State Constitution and part VII of chapter 112,  
2225 Florida Statutes. Therefore, the Legislature determines and  
2226 declares that this act fulfills an important state interest.

2227 Section 26. (1) Effective July 1, 2015, in order to fund  
2228 the benefit changes provided in this act, the required employer  
2229 contribution rates for the unfunded actuarial liability of the  
2230 Florida Retirement System established in s. 121.75(5), Florida  
2231 Statutes, shall be adjusted as follows:

2232 (a) Elected Officers' Class.—Rates for Legislators, the

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2233 Governor, the Lieutenant Governor, Cabinet Officers, State  
2234 Attorneys, and Public Defenders shall be increased by .  
2235 percentage points.

2236 (b) Elected Officers' Class.—Rates for County Elected  
2237 Officers shall be increased by . percentage points.

2238 (c) Senior Management Service Class.—Rates for the Senior  
2239 Management Service Class shall be increased by . percentage  
2240 points.

2241 (2) The adjustments provided in subsection (1) are in  
2242 addition to all other changes to such contribution rates which  
2243 may be enacted into law to take effect on July 1, 2013, and July  
2244 1, 2015. The Division of Law Revision and Information is  
2245 requested to adjust accordingly the contribution rates provided  
2246 in s. 121.71, Florida Statutes.

2247 Section 27. (1) The State Board of Administration shall  
2248 request a determination letter as soon as practicable from the  
2249 Internal Revenue Service as to whether this act or any portion  
2250 of this act will cause the Florida Retirement System to be  
2251 disqualified for tax purposes under the Internal Revenue Code.  
2252 If the Internal Revenue Service refuses to act upon such  
2253 request, a legal opinion from a qualified tax attorney or firm  
2254 may be substituted for the determination letter.

2255 (2) If the board receives notification from the Internal  
2256 Revenue Service that this act or any portion of this act will  
2257 cause the Florida Retirement System to be disqualified, the  
2258 portion that will cause the disqualification does not apply.  
2259 Upon such notice, the board shall notify the presiding officers  
2260 of the Legislature.

2261 Section 28. This act shall take effect July 1, 2015.