

26 | effective date.

27 |

28 | Be It Enacted by the Legislature of the State of Florida:

29 |

30 | Section 1. Paragraph (b) of subsection (29) of section
31 | 121.021, Florida Statutes, is amended to read:

32 | 121.021 Definitions.—The following words and phrases as
33 | used in this chapter have the respective meanings set forth
34 | unless a different meaning is plainly required by the context:

35 | (29) "Normal retirement date" means the date a member
36 | attains normal retirement age and is vested, which is determined
37 | as follows:

38 | (b) For ~~If~~ a Special Risk Class member ~~initially enrolled:~~
39 | ~~1. Before July 1, 2011:~~

40 | 1.a. The first day of the month the member attains age 55
41 | and completes the years of creditable service in the Special
42 | Risk Class equal to or greater than the years of service
43 | required for vesting;

44 | ~~2.b.~~ The first day of the month following the date the
45 | member completes 25 years of creditable service in the Special
46 | Risk Class, regardless of age; or

47 | ~~3.c.~~ The first day of the month following the date the
48 | member completes 25 years of creditable service and attains age
49 | 52, which service may include a maximum of 4 years of military
50 | service credit if such credit is not claimed under any other

51 system and the remaining years are in the Special Risk Class.

52 ~~2. On or after July 1, 2011:~~

53 ~~a. The first day of the month the member attains age 60~~
 54 ~~and completes the years of creditable service in the Special~~
 55 ~~Risk Class equal to or greater than the years of service~~
 56 ~~required for vesting;~~

57 ~~b. The first day of the month following the date the~~
 58 ~~member completes 30 years of creditable service in the Special~~
 59 ~~Risk Class, regardless of age; or~~

60 ~~e. The first day of the month following the date the~~
 61 ~~member completes 30 years of creditable service and attains age~~
 62 ~~57, which service may include a maximum of 4 years of military~~
 63 ~~service credit if such credit is not claimed under any other~~
 64 ~~system and the remaining years are in the Special Risk Class.~~

65

66 For pension plan members, normal retirement age is attained on
 67 the normal retirement date. For investment plan members, normal
 68 retirement age is the date a member attains his or her normal
 69 retirement date as provided in this section, or the date a
 70 member is vested under the investment plan as provided in s.
 71 121.4501(6), whichever is later.

72 Section 2. Paragraph (a) of subsection (7) of section
 73 121.053, Florida Statutes, is amended to read:

74 121.053 Participation in the Elected Officers' Class for
 75 retired members.—

76 (7) A member who is elected or appointed to an elective
 77 office and who is participating in the Deferred Retirement
 78 Option Program is not subject to termination as defined in s.
 79 121.021, or reemployment limitations as provided in s.
 80 121.091(9), until the end of his or her current term of office
 81 or, if the officer is consecutively elected or reelected to an
 82 elective office eligible for coverage under the Florida
 83 Retirement System, until he or she no longer holds an elective
 84 office, as follows:

85 (a) At the end of the 96-month ~~60-month~~ DROP period:

86 1. The officer's DROP account may not accrue additional
 87 monthly benefits, but does continue to earn interest as provided
 88 in s. 121.091(13). However, an officer whose DROP participation
 89 begins on or after July 1, 2010, may not continue to earn such
 90 interest.

91 2. Retirement contributions, except for unfunded actuarial
 92 liability and health insurance subsidy contributions required in
 93 ss. 121.71(5) and 121.76, are not required of the employer of
 94 the elected officer, and additional retirement credit may not be
 95 earned under the Florida Retirement System.

96 Section 3. Paragraph (a) of subsection (3) and subsection
 97 (13) of section 121.091, Florida Statutes, are amended to read:

98 121.091 Benefits payable under the system.—Benefits may
 99 not be paid under this section unless the member has terminated
 100 employment as provided in s. 121.021(39) (a) or begun

101 participation in the Deferred Retirement Option Program as
 102 provided in subsection (13), and a proper application has been
 103 filed in the manner prescribed by the department. The department
 104 may cancel an application for retirement benefits when the
 105 member or beneficiary fails to timely provide the information
 106 and documents required by this chapter and the department's
 107 rules. The department shall adopt rules establishing procedures
 108 for application for retirement benefits and for the cancellation
 109 of such application when the required information or documents
 110 are not received.

111 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
 112 her early retirement date, the member shall receive an immediate
 113 monthly benefit that shall begin to accrue on the first day of
 114 the month of the retirement date and be payable on the last day
 115 of that month and each month thereafter during his or her
 116 lifetime. Such benefit shall be calculated as follows:

117 (a)1. For a member initially enrolled:

118 a.1. Before July 1, 2011, the amount of each monthly
 119 payment shall be computed in the same manner as for a normal
 120 retirement benefit, in accordance with subsection (1), but shall
 121 be based on the member's average monthly compensation and
 122 creditable service as of the member's early retirement date. The
 123 benefit so computed shall be reduced by five-twelfths of 1
 124 percent for each complete month by which the early retirement
 125 date precedes the normal retirement date of age 62 for a member

126 of the Regular Class, Senior Management Service Class, or the
 127 Elected Officers' Class, ~~and age 55 for a member of the Special~~
 128 ~~Risk Class, or age 52 if a Special Risk member has completed 25~~
 129 ~~years of creditable service in accordance with s.~~
 130 ~~121.021(29)(b)1.c.~~

131 b.2. On or after July 1, 2011, the amount of each monthly
 132 payment shall be computed in the same manner as for a normal
 133 retirement benefit, in accordance with subsection (1), but shall
 134 be based on the member's average monthly compensation and
 135 creditable service as of the member's early retirement date. The
 136 benefit so computed shall be reduced by five-twelfths of 1
 137 percent for each complete month by which the early retirement
 138 date precedes the normal retirement date of age 65 for a member
 139 of the Regular Class, Senior Management Service Class, or the
 140 Elected Officers' Class, ~~and age 60 for a member of the Special~~
 141 ~~Risk Class, or age 57 if a special risk member has completed 30~~
 142 ~~years of creditable service in accordance with s.~~
 143 ~~121.021(29)(b)2.c.~~

144 2. For members of the Special Risk Class, the amount of
 145 each monthly payment shall be computed in the same manner as for
 146 a normal retirement benefit, in accordance with subsection (1),
 147 but shall be based on the member's average monthly compensation
 148 and creditable service as of the member's early retirement date.
 149 The benefit so computed shall be reduced by five-twelfths of 1
 150 percent for each complete month by which the early retirement

151 date precedes the normal retirement date of age 55, or age 52 if
 152 a Special Risk member has completed 25 years of creditable
 153 service in accordance with s. 121.021(29)(b)3.

154 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
 155 subject to this section, the Deferred Retirement Option Program,
 156 hereinafter referred to as DROP, is a program under which an
 157 eligible member of the Florida Retirement System may elect to
 158 participate, deferring receipt of retirement benefits while
 159 continuing employment with his or her Florida Retirement System
 160 employer. The deferred monthly benefits shall accrue in the
 161 Florida Retirement System on behalf of the member, plus interest
 162 compounded monthly, for the specified period of the DROP
 163 participation, as provided in paragraph (c). Upon termination of
 164 employment, the member shall receive the total DROP benefits and
 165 begin to receive the previously determined normal retirement
 166 benefits. Participation in the DROP does not guarantee
 167 employment for the specified period of DROP. ~~Participation in~~
 168 ~~DROP by an eligible member beyond the initial 60-month period as~~
 169 ~~authorized in this subsection shall be on an annual contractual~~
 170 ~~basis for all participants.~~

171 (a) Eligibility of member to participate in DROP.—All
 172 active Florida Retirement System members in a regularly
 173 established position, and all active members of the Teachers'
 174 Retirement System established in chapter 238 or the State and
 175 County Officers' and Employees' Retirement System established in

176 chapter 122, which are consolidated within the Florida
 177 Retirement System under s. 121.011, are eligible to elect
 178 participation in DROP if:

179 1. The member is not a renewed member under s. 121.122 or
 180 a member of the State Community College System Optional
 181 Retirement Program under s. 121.051, the Senior Management
 182 Service Optional Annuity Program under s. 121.055, or the
 183 optional retirement program for the State University System
 184 under s. 121.35.

185 2. Except as provided in subparagraphs 6. and 7.
 186 ~~subparagraph 6.~~, for members initially enrolled before July 1,
 187 2011, election to participate is made within 12 months
 188 immediately following the date on which the member first reaches
 189 normal retirement date, or, for a member who reaches normal
 190 retirement date based on service before he or she reaches age
 191 62, or age 52 ~~55~~ for Special Risk Class members, election to
 192 participate may be deferred to the 12 months immediately
 193 following the date the member attains age 57, or age 52 for
 194 Special Risk Class members. Except as provided in subparagraphs
 195 6. and 7. ~~subparagraph 6.~~, for members initially enrolled on or
 196 after July 1, 2011, election to participate is made within 12
 197 months immediately following the date on which the member first
 198 reaches normal retirement date, or, for a member who reaches
 199 normal retirement date based on service before he or she reaches
 200 age 65, or age 55 ~~60~~ for Special Risk Class members, election to

201 participate may be deferred to the 12 months immediately
202 following the date the member attains age 60, or age 52 ~~55~~ for
203 Special Risk Class members. A member who delays DROP
204 participation during the 12-month period immediately following
205 his or her maximum DROP deferral date, except as provided in
206 subparagraphs 6. and 7. ~~subparagraph 6.~~, loses a month of DROP
207 participation for each month delayed. A member who fails to make
208 an election within the 12-month limitation period forfeits all
209 rights to participate in DROP. The member shall advise his or
210 her employer and the division in writing of the date DROP
211 begins. The beginning date may be subsequent to the 12-month
212 election period but must be within the original 96-month ~~60-~~
213 ~~month~~ participation period provided in subparagraph (b)1. When
214 establishing eligibility to participate in DROP, the member may
215 elect to include or exclude any optional service credit
216 purchased by the member from the total service used to establish
217 the normal retirement date. A member who has dual normal
218 retirement dates is eligible to elect to participate in DROP
219 after attaining normal retirement date in either class.

220 3. The employer of a member electing to participate in
221 DROP, or employers if dually employed, shall acknowledge in
222 writing to the division the date the member's participation in
223 DROP begins and the date the member's employment and DROP
224 participation terminates.

225 4. Simultaneous employment of a member by additional

226 Florida Retirement System employers subsequent to the
 227 commencement of a member's participation in DROP is permissible
 228 if such employers acknowledge in writing a DROP termination date
 229 no later than the member's existing termination date or the
 230 maximum participation period provided in subparagraph (b)1.

231 5. A member may change employers while participating in
 232 DROP, subject to the following:

233 a. A change of employment takes place without a break in
 234 service so that the member receives salary for each month of
 235 continuous DROP participation. If a member receives no salary
 236 during a month, DROP participation ceases unless the employer
 237 verifies a continuation of the employment relationship for such
 238 member pursuant to s. 121.021(39) (b).

239 b. The member and new employer notify the division of the
 240 identity of the new employer on forms required by the division.

241 c. The new employer acknowledges, in writing, the member's
 242 DROP termination date, which may be extended but not beyond the
 243 maximum participation period provided in subparagraph (b)1.,
 244 acknowledges liability for any additional retirement
 245 contributions and interest required if the member fails to
 246 timely terminate employment, and is subject to the adjustment
 247 required in sub-subparagraph (c)5.d.

248 6. Effective July 1, 2001, for instructional personnel as
 249 defined in s. 1012.01(2), election to participate in DROP may be
 250 made at any time following the date on which the member first

251 reaches normal retirement date. The member shall advise his or
252 her employer and the division in writing of the date on which
253 DROP begins. When establishing eligibility of the member to
254 participate in DROP for the 96-month ~~60-month~~ participation
255 period provided in subparagraph (b)1., the member may elect to
256 include or exclude any optional service credit purchased by the
257 member from the total service used to establish the normal
258 retirement date. A member who has dual normal retirement dates
259 is eligible to elect to participate in either class.

260 7. Effective July 1, 2023, election to participate in DROP
261 may be made at any time following the date on which the member
262 first reaches normal retirement date. The member shall advise
263 his or her employer and the division in writing of the date on
264 which DROP begins. When establishing eligibility of the member
265 to participate in DROP for the 96-month participation period
266 provided in paragraph (b), the member may elect to include or
267 exclude any optional service credit purchased by the member from
268 the total service used to establish the normal retirement date.
269 A member who has dual normal retirement dates is eligible to
270 participate in either class.

271 (b) Participation in DROP.—Except as provided in this
272 paragraph, an eligible member may elect to participate in DROP
273 for a period not to exceed a maximum of 96 ~~60~~ calendar months.

274 1.a. Members who are instructional personnel employed by
275 the Florida School for the Deaf and the Blind and authorized by

276 the Board of Trustees of the Florida School for the Deaf and the
 277 Blind, who are instructional personnel as defined in s.
 278 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
 279 school superintendent, or who are instructional personnel as
 280 defined in s. 1012.01(2)(a) employed by a developmental research
 281 school and authorized by the school's director, or if the school
 282 has no director, by the school's principal, may extend DROP
 283 participation ~~participate in DROP for up to 36 calendar months~~
 284 ~~beyond the 60-month period. Effective July 1, 2018,~~
 285 ~~instructional personnel who are authorized to extend DROP~~
 286 ~~participation beyond the 60-month period must have a termination~~
 287 ~~date that is the last day of the last calendar month of the~~
 288 ~~school year within the DROP extension granted by the employer.~~
 289 ~~If, on July 1, 2018, the member's DROP participation has already~~
 290 ~~been extended for the maximum 36 calendar months and the~~
 291 ~~extension period concludes before the end of the school year,~~
 292 ~~the member's DROP participation may be extended through the last~~
 293 ~~day of the last calendar month of that school year~~ if the 96
 294 calendar months of DROP participation concludes before the end
 295 of the school year. The employer shall notify the division of
 296 the change in termination date and the additional period of DROP
 297 participation for the affected instructional personnel.

298 b. Administrative personnel in grades K-12, as defined in
 299 s. 1012.01(3), who have a DROP termination date on or after July
 300 1, 2018, may be authorized to extend DROP participation beyond

301 the initial 96 ~~60~~ calendar month period if the administrative
302 personnel's termination date is before the end of the school
303 year. Such administrative personnel may have DROP participation
304 extended until the last day of the last calendar month of the
305 school year in which their original DROP termination date
306 occurred if a date other than the last day of the last calendar
307 month of the school year is designated. The employer shall
308 notify the division of the change in termination date and the
309 additional period of DROP participation for the affected
310 administrative personnel.

311 ~~e. Effective July 1, 2022, a member of the Special Risk~~
312 ~~Class who is a law enforcement officer who meets the criteria in~~
313 ~~s. 121.0515(3)(a) and who is a DROP participant on or after July~~
314 ~~1, 2022, may participate in DROP for up to 36 calendar months~~
315 ~~beyond the 60-month period if he or she enters DROP on or before~~
316 ~~June 30, 2028.~~

317 2. Upon deciding to participate in DROP, the member shall
318 submit, on forms required by the division:

319 a. A written election to participate in DROP;

320 b. Selection of DROP participation and termination dates
321 that satisfy the limitations stated in paragraph (a) and
322 subparagraph 1. The termination date must be in a binding letter
323 of resignation to the employer establishing a deferred
324 termination date. The member may change the termination date
325 within the limitations of subparagraph 1., but only with the

326 written approval of the employer;

327 c. A properly completed DROP application for service
328 retirement as provided in this section; and

329 d. Any other information required by the division.

330 3. The DROP participant is a retiree under the Florida
331 Retirement System for all purposes, except for paragraph (5) (f)
332 and subsection (9) and ss. 112.3173, 112.363, 121.053, and
333 121.122. DROP participation is final and may not be canceled by
334 the participant after the first payment is credited during the
335 DROP participation period. However, participation in DROP does
336 not alter the participant's employment status, and the member is
337 not deemed retired from employment until his or her deferred
338 resignation is effective and termination occurs as defined in s.
339 121.021.

340 4. Elected officers are eligible to participate in DROP
341 subject to the following:

342 a. An elected officer who reaches normal retirement date
343 during a term of office may defer the election to participate
344 until the next succeeding term in that office. An elected
345 officer who exercises this option may participate in DROP for up
346 to 96 ~~60~~ calendar months or no longer than the succeeding term
347 of office, whichever is less.

348 b. An elected or a nonelected participant may run for a
349 term of office while participating in DROP and, if elected,
350 extend the DROP termination date accordingly; however, if such

351 additional term of office exceeds the 96-month ~~60-month~~
 352 limitation established in subparagraph 1., and the officer does
 353 not resign from office within such 96-month ~~60-month~~ limitation,
 354 the retirement and the participant's DROP is null and void as
 355 provided in sub-subparagraph (c)5.d.

356 c. An elected officer who is dually employed and elects to
 357 participate in DROP must terminate all employment relationships
 358 as provided in s. 121.021(39) for the nonelected position within
 359 the original 96-month ~~60-month~~ period or maximum participation
 360 period as provided in subparagraph 1. For DROP participation
 361 ending:

362 (I) Before July 1, 2010, the officer may continue
 363 employment as an elected officer as provided in s. 121.053. The
 364 elected officer shall be enrolled as a renewed member in the
 365 Elected Officers' Class or the Regular Class, as provided in ss.
 366 121.053 and 121.122, on the first day of the month after
 367 termination of employment in the nonelected position and
 368 termination of DROP. Distribution of the DROP benefits shall be
 369 made as provided in paragraph (c).

370 (II) On or after July 1, 2010, the officer may continue
 371 employment as an elected officer but must defer termination as
 372 provided in s. 121.053.

373 (c) Benefits payable under DROP.—

374 1. Effective on the date of DROP participation, the
 375 member's initial normal monthly benefit, including creditable

376 service, optional form of payment, and average final
377 compensation, and the effective date of retirement are fixed.
378 The beneficiary established under the Florida Retirement System
379 is the beneficiary eligible to receive any DROP benefits payable
380 if the DROP participant dies before completing the period of
381 DROP participation. If a joint annuitant predeceases the member,
382 the member may name a beneficiary to receive accumulated DROP
383 benefits payable. The retirement benefit, the annual cost of
384 living adjustments provided in s. 121.101, and interest accrue
385 monthly in the Florida Retirement System Trust Fund. For members
386 whose DROP participation begins:

387 a. Before July 1, 2011, the interest accrues at an
388 effective annual rate of 6.5 percent compounded monthly, on the
389 prior month's accumulated ending balance, up to the month of
390 termination or death, except as provided in s. 121.053(7).

391 b. On or after July 1, 2011, through June 30, 2023, the
392 interest accrues at an effective annual rate of 1.3 percent,
393 compounded monthly, on the prior month's accumulated ending
394 balance, up to the month of termination or death, except as
395 provided in s. 121.053(7).

396 c. On or after July 1, 2023, the interest accrues at an
397 effective annual rate of 4 percent, compounded monthly, on the
398 prior month's accumulated ending balance, up to the month of
399 termination or death, except as provided in s. 121.053(7).

400 2. Each employee who elects to participate in DROP may

401 elect to receive a lump-sum payment for accrued annual leave
402 earned in accordance with agency policy upon beginning
403 participation in DROP. The accumulated leave payment certified
404 to the division upon commencement of DROP shall be included in
405 the calculation of the member's average final compensation. The
406 employee electing the lump-sum payment is not eligible to
407 receive a second lump-sum payment upon termination, except to
408 the extent the employee has earned additional annual leave
409 which, combined with the original payment, does not exceed the
410 maximum lump-sum payment allowed by the employing agency's
411 policy or rules. An early lump-sum payment shall be based on the
412 hourly wage of the employee at the time he or she begins
413 participation in DROP. If the member elects to wait and receive
414 a lump-sum payment upon termination of DROP and termination of
415 employment with the employer, any accumulated leave payment made
416 at that time may not be included in the member's retirement
417 benefit, which was determined and fixed by law when the employee
418 elected to participate in DROP.

419 3. The effective date of DROP participation and the
420 effective date of retirement of a DROP participant shall be the
421 first day of the month selected by the member to begin
422 participation in DROP, provided such date is properly
423 established, with the written confirmation of the employer, and
424 the approval of the division, on forms required by the division.

425 4. Normal retirement benefits and any interest continue to

426 accrue in DROP until the established termination date of DROP or
427 until the member terminates employment or dies before such date,
428 except as provided in s. 121.053(7). Although individual DROP
429 accounts may not be established, a separate accounting of each
430 member's accrued benefits under DROP shall be calculated and
431 provided to the member.

432 5. At the conclusion of the member's participation in
433 DROP, the division shall distribute the member's total
434 accumulated DROP benefits, subject to the following:

435 a. The division shall receive verification by the member's
436 employer or employers that the member has terminated all
437 employment relationships as provided in s. 121.021(39).

438 b. The terminated DROP participant or, if deceased, the
439 member's named beneficiary, shall elect on forms provided by the
440 division to receive payment of the DROP benefits in accordance
441 with one of the options listed below. If a member or beneficiary
442 fails to elect a method of payment within 60 days after
443 termination of DROP, the division shall pay a lump sum as
444 provided in sub-sub-subparagraph (I).

445 (I) Lump sum.—All accrued DROP benefits, plus interest,
446 less withholding taxes remitted to the Internal Revenue Service,
447 shall be paid to the DROP participant or surviving beneficiary.

448 (II) Direct rollover.—All accrued DROP benefits, plus
449 interest, shall be paid from DROP directly to the custodian of
450 an eligible retirement plan as defined in s. 402(c)(8)(B) of the

451 Internal Revenue Code. However, in the case of an eligible
 452 rollover distribution to the surviving spouse of a deceased
 453 member, an eligible retirement plan is an individual retirement
 454 account or an individual retirement annuity as described in s.
 455 402(c)(9) of the Internal Revenue Code.

456 (III) Partial lump sum.—A portion of the accrued DROP
 457 benefits shall be paid to DROP participant or surviving spouse,
 458 less withholding taxes remitted to the Internal Revenue Service,
 459 and the remaining DROP benefits must be transferred directly to
 460 the custodian of an eligible retirement plan as defined in s.
 461 402(c)(8)(B) of the Internal Revenue Code. However, in the case
 462 of an eligible rollover distribution to the surviving spouse of
 463 a deceased member, an eligible retirement plan is an individual
 464 retirement account or an individual retirement annuity as
 465 described in s. 402(c)(9) of the Internal Revenue Code. The
 466 proportions must be specified by the DROP participant or
 467 surviving beneficiary.

468 c. The form of payment selected by the DROP participant or
 469 surviving beneficiary must comply with the minimum distribution
 470 requirements of the Internal Revenue Code.

471 d. A DROP participant who fails to terminate all
 472 employment relationships as provided in s. 121.021(39) shall be
 473 deemed as not retired, and the DROP election is null and void.
 474 Florida Retirement System membership shall be reestablished
 475 retroactively to the date of the commencement of DROP, and each

476 employer with whom the member continues employment must pay to
477 the Florida Retirement System Trust Fund the difference between
478 the DROP contributions paid in paragraph (i) and the
479 contributions required for the applicable Florida Retirement
480 System class of membership during the period the member
481 participated in DROP, plus 6.5 percent interest compounded
482 annually.

483 6. The retirement benefits of any DROP participant who
484 terminates all employment relationships as provided in s.
485 121.021(39) but is reemployed in violation of the reemployment
486 provisions of subsection (9) are suspended during those months
487 in which the retiree is in violation. Any retiree in violation
488 of this subparagraph and any employer that employs or appoints
489 such person without notifying the division to suspend retirement
490 benefits are jointly and severally liable for any benefits paid
491 during the reemployment limitation period. The employer must
492 have a written statement from the retiree that he or she is not
493 retired from a state-administered retirement system. Any
494 retirement benefits received by a retiree while employed in
495 violation of the reemployment limitations must be repaid to the
496 Florida Retirement System Trust Fund, and his or her retirement
497 benefits shall remain suspended until payment is made. Benefits
498 suspended beyond the end of the reemployment limitation period
499 apply toward repayment of benefits received in violation of the
500 reemployment limitation.

501 7. The accrued benefits of any DROP participant, and any
 502 contributions accumulated under the program, are not subject to
 503 assignment, execution, attachment, or any legal process except
 504 for qualified domestic relations court orders, income deduction
 505 orders as provided in s. 61.1301, and federal income tax levies.

506 8. DROP participants are not eligible for disability
 507 retirement benefits as provided in subsection (4).

508 (d) Death benefits under DROP.—

509 1. Upon the death of a DROP participant, the named
 510 beneficiary is entitled to apply for and receive the accrued
 511 benefits in DROP as provided in sub-subparagraph (c)5.b.

512 2. The normal retirement benefit accrued to DROP during
 513 the month of a participant's death is the final monthly benefit
 514 credited for such DROP participant.

515 3. Eligibility to participate in DROP terminates upon
 516 death of the participant. If the participant dies on or after
 517 the effective date of enrollment in DROP, but before the first
 518 monthly benefit is credited to DROP, Florida Retirement System
 519 benefits are paid in accordance with subparagraph (7)(c)1. or
 520 subparagraph 2.

521 4. A DROP participant's survivors are not eligible to
 522 receive Florida Retirement System death benefits as provided in
 523 paragraph (7)(d).

524 (e) Cost-of-living adjustment.—On each July 1, the
 525 participant's normal retirement benefit shall be increased as

526 provided in s. 121.101.

527 (f) Retiree health insurance subsidy.—DROP participants
528 are not eligible to apply for the retiree health insurance
529 subsidy payments as provided in s. 112.363 until such
530 participants have terminated employment and participation in
531 DROP.

532 (g) Renewed membership.—DROP participants are not eligible
533 for renewed membership in the Florida Retirement System under
534 ss. 121.053 and 121.122 until all employment relationships are
535 terminated as provided in s. 121.021(39).

536 (h) Employment limitation after DROP participation.—Upon
537 termination as defined in s. 121.021, DROP participants are
538 subject to the same reemployment limitations as other retirees.
539 Reemployment restrictions applicable to retirees as provided in
540 subsection (9) do not apply to DROP participants until their
541 employment and participation in DROP are terminated.

542 (i) Contributions.—

543 1. All employers paying the salary of a DROP participant
544 filling a regularly established position shall contribute 8.0
545 percent of such participant's gross compensation for the period
546 of July 1, 2002, through June 30, 2003, and the percentage of
547 such compensation required by s. 121.71 thereafter, which shall
548 constitute the entire employer DROP contribution with respect to
549 such participant. Such contributions, payable to the Florida
550 Retirement System Trust Fund in the same manner as required in

551 s. 121.071, must be made as appropriate for each pay period and
552 are in addition to contributions required for social security
553 and the Retiree Health Insurance Subsidy Trust Fund. Such
554 employer, social security, and health insurance subsidy
555 contributions are not included in DROP.

556 2. The employer shall, in addition to subparagraph 1.,
557 also withhold one-half of the entire social security
558 contribution required for the participant. Contributions for
559 social security by each participant and each employer, in the
560 amount required for social security coverage as provided by the
561 federal Social Security Act, are in addition to contributions
562 specified in subparagraph 1.

563 3. All employers paying the salary of a DROP participant
564 filling a regularly established position shall contribute the
565 percent of such participant's gross compensation required in s.
566 121.071(4), which constitutes the employer's health insurance
567 subsidy contribution with respect to such participant. Such
568 contributions must be deposited by the administrator in the
569 Retiree Health Insurance Subsidy Trust Fund.

570 (j) Forfeiture of retirement benefits.—This section does
571 not remove DROP participants from the scope of s. 8(d), Art. II
572 of the State Constitution, s. 112.3173, and paragraph (5)(f).
573 DROP participants who commit a specified felony offense while
574 employed are subject to forfeiture of all retirement benefits,
575 including DROP benefits, pursuant to those provisions of law.

576 (k) Administration of program.—The division shall adopt
577 rules as necessary for the effective and efficient
578 administration of this subsection. The division is not required
579 to advise members of the federal tax consequences of an election
580 related to the DROP but may advise members to seek independent
581 advice.

582 Section 4. Subsection (5) of section 121.101, Florida
583 Statutes, is amended, and subsection (3) of that section is
584 republished, to read:

585 121.101 Cost-of-living adjustment of benefits.—

586 (3) Commencing July 1, 1987, the benefit of each retiree
587 and annuitant whose effective retirement date is before July 1,
588 2011, shall be adjusted annually on July 1 as follows:

589 (a) For those retirees and annuitants who have never
590 received a cost-of-living adjustment under this section, the
591 amount of the monthly benefit payable for the 12-month period
592 commencing on the adjustment date shall be the amount of the
593 member's initial benefit plus an amount equal to a percentage of
594 the member's initial benefit; this percentage is derived by
595 dividing the number of months the member has received an initial
596 benefit by 12, and multiplying the result by 3.

597 (b) For those retirees and annuitants who have received a
598 cost-of-living adjustment under this subsection, the adjusted
599 monthly benefit shall be the amount of the monthly benefit being
600 received on June 30 immediately preceding the adjustment date

601 plus an amount equal to 3 percent of this benefit.

602 (5) Notwithstanding subsection (4), beginning on July 1,
 603 2023, and each July 1 thereafter, the cost-of-living benefit of
 604 each retiree and annuitant shall be adjusted ~~Subject to the~~
 605 ~~availability of funding and the Legislature enacting sufficient~~
 606 ~~employer contributions specifically for the purpose of funding~~
 607 ~~the expiration of the cost-of-living adjustment specified in~~
 608 ~~subsection (4), in accordance with s. 14, Art. X of the State~~
 609 ~~Constitution, the cost-of-living adjustment formula provided for~~
 610 ~~in subsection (4) shall expire effective June 30, 2016, and the~~
 611 ~~benefit of each retiree and annuitant shall be adjusted on each~~
 612 ~~July 1 thereafter, as provided in subsection (3).~~

613 Section 5. Paragraph (b) of subsection (3) of section
 614 121.4501, Florida Statutes, is amended to read:

615 121.4501 Florida Retirement System Investment Plan.—

616 (3) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.—

617 (b) Notwithstanding paragraph (a), an eligible employee
 618 who elects to participate in, or who defaults into, the
 619 investment plan and establishes one or more individual member
 620 accounts may elect to transfer to the investment plan a sum
 621 representing the present value of the employee's accumulated
 622 benefit obligation under the pension plan, except as provided in
 623 paragraph (4) (b). Upon transfer, all service credit earned under
 624 the pension plan is nullified for purposes of entitlement to a
 625 future benefit under the pension plan. A member may not transfer

626 the accumulated benefit obligation balance from the pension plan
627 after the time period for enrolling in the investment plan has
628 expired.

629 1. For purposes of this subsection, the present value of
630 the member's accumulated benefit obligation is based upon the
631 member's estimated creditable service and estimated average
632 final compensation under the pension plan, subject to
633 recomputation under subparagraph 2. For state employees, initial
634 estimates shall be based upon creditable service and average
635 final compensation as of midnight on June 30, 2002; for district
636 school board employees, initial estimates shall be based upon
637 creditable service and average final compensation as of midnight
638 on September 30, 2002; and for local government employees,
639 initial estimates shall be based upon creditable service and
640 average final compensation as of midnight on December 31, 2002.
641 The dates specified are the "estimate date" for these employees.
642 The actuarial present value of the employee's accumulated
643 benefit obligation shall be based on the following:

644 a. The discount rate and other relevant actuarial
645 assumptions used to value the Florida Retirement System Trust
646 Fund at the time the amount to be transferred is determined,
647 consistent with the factors provided in sub-subparagraphs b. and
648 c.

649 b. A benefit commencement age, based on the member's
650 estimated creditable service as of the estimate date.

651 c. Except as provided under sub-subparagraph d., for a
 652 member initially enrolled:

653 (I) Before July 1, 2011, the benefit commencement age is
 654 the younger of the following, but may not be younger than the
 655 member's age as of the estimate date:

656 (A) Age 62; or

657 (B) The age the member would attain if the member
 658 completed 30 years of service with an employer, assuming the
 659 member worked continuously from the estimate date, and
 660 disregarding any vesting requirement that would otherwise apply
 661 under the pension plan.

662 (II) On or after July 1, 2011, the benefit commencement
 663 age is the younger of the following, but may not be younger than
 664 the member's age as of the estimate date:

665 (A) Age 65; or

666 (B) The age the member would attain if the member
 667 completed 33 years of service with an employer, assuming the
 668 member worked continuously from the estimate date, and
 669 disregarding any vesting requirement that would otherwise apply
 670 under the pension plan.

671 d. For members of the Special Risk Class and for members
 672 of the Special Risk Administrative Support Class entitled to
 673 retain the special risk normal retirement date:

674 ~~(I) Initially enrolled before July 1, 2011,~~ the benefit
 675 commencement age is the younger of the following, but may not be

676 | younger than the member's age as of the estimate date:

677 | (I)~~(A)~~ Age 55; or

678 | (II)~~(B)~~ The age the member would attain if the member
 679 | completed 25 years of service with an employer, assuming the
 680 | member worked continuously from the estimate date, and
 681 | disregarding any vesting requirement that would otherwise apply
 682 | under the pension plan.

683 | ~~(II) Initially enrolled on or after July 1, 2011, the~~
 684 | ~~benefit commencement age is the younger of the following, but~~
 685 | ~~may not be younger than the member's age as of the estimate~~
 686 | ~~date:~~

687 | ~~(A) Age 60; or~~

688 | ~~(B) The age the member would attain if the member~~
 689 | ~~completed 30 years of service with an employer, assuming the~~
 690 | ~~member worked continuously from the estimate date, and~~
 691 | ~~disregarding any vesting requirement that would otherwise apply~~
 692 | ~~under the pension plan.~~

693 | e. The calculation must disregard vesting requirements and
 694 | early retirement reduction factors that would otherwise apply
 695 | under the pension plan.

696 | 2. For each member who elects to transfer moneys from the
 697 | pension plan to his or her account in the investment plan, the
 698 | division shall recompute the amount transferred under
 699 | subparagraph 1. within 60 days after the actual transfer of
 700 | funds based upon the member's actual creditable service and

701 actual final average compensation as of the initial date of
702 participation in the investment plan. If the recomputed amount
703 differs from the amount transferred by \$10 or more, the division
704 shall:

705 a. Transfer, or cause to be transferred, from the Florida
706 Retirement System Trust Fund to the member's account the excess,
707 if any, of the recomputed amount over the previously transferred
708 amount together with interest from the initial date of transfer
709 to the date of transfer under this subparagraph, based upon the
710 effective annual interest equal to the assumed return on the
711 actuarial investment which was used in the most recent actuarial
712 valuation of the system, compounded annually.

713 b. Transfer, or cause to be transferred, from the member's
714 account to the Florida Retirement System Trust Fund the excess,
715 if any, of the previously transferred amount over the recomputed
716 amount, together with interest from the initial date of transfer
717 to the date of transfer under this subparagraph, based upon 6
718 percent effective annual interest, compounded annually, pro rata
719 based on the member's allocation plan.

720 3. If contribution adjustments are made as a result of
721 employer errors or corrections, including plan corrections,
722 following recomputation of the amount transferred under
723 subparagraph 1., the member is entitled to the additional
724 contributions or is responsible for returning any excess
725 contributions resulting from the correction. However, a return

726 of such erroneous excess pretax contribution by the plan must be
727 made within the period allowed by the Internal Revenue Service.
728 The present value of the member's accumulated benefit obligation
729 may not be recalculated.

730 4. As directed by the member, the state board shall
731 transfer or cause to be transferred the appropriate amounts to
732 the designated accounts within 30 days after the effective date
733 of the member's participation in the investment plan unless the
734 major financial markets for securities available for a transfer
735 are seriously disrupted by an unforeseen event that causes the
736 suspension of trading on a national securities exchange in the
737 country where the securities were issued. In that event, the 30-
738 day period may be extended by a resolution of the state board.
739 Transfers are not commissionable or subject to other fees and
740 may be in the form of securities or cash, as determined by the
741 state board. Such securities are valued as of the date of
742 receipt in the member's account.

743 5. If the state board or the division receives
744 notification from the United States Internal Revenue Service
745 that this paragraph or any portion of this paragraph will cause
746 the retirement system, or a portion thereof, to be disqualified
747 for tax purposes under the Internal Revenue Code, the portion
748 that will cause the disqualification does not apply. Upon such
749 notice, the state board and the division shall notify the
750 presiding officers of the Legislature.

751 Section 6. Subsections (4) and (5) of section 121.71,
 752 Florida Statutes, are amended to read:

753 121.71 Uniform rates; process; calculations; levy.—

754 (4) Required employer retirement contribution rates for
 755 each membership class and subclass of the Florida Retirement
 756 System for both retirement plans are as follows:

757

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2023</u> 2022
758	
759 Regular Class	<u>8.07%</u> 5.96%
760 Special Risk Class	<u>24.47%</u> 16.44%
761 Special Risk Administrative Support Class	<u>13.77%</u> 10.77%
762 Elected Officers' Class— Legislators, Governor,	<u>11.72%</u> 9.31%

763	Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	
764	Elected Officers' Class— Justices, Judges	<u>18.21%</u> 14.41%
765	Elected Officers' Class— County Elected Officers	<u>14.03%</u> 11.30%
766	Senior Management Service Class	<u>9.95%</u> 7.70%
767	DROP	<u>11.63%</u> 7.79%
768	(5) In order to address unfunded actuarial liabilities of	
769	the system, the required employer retirement contribution rates	
770	for each membership class and subclass of the Florida Retirement	
771	System for both retirement plans are as follows:	
772		
	Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2023</u> 2022

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2023

773			
774	Regular Class	<u>7.84%</u>	4.23%
775	Special Risk Class	<u>19.51%</u>	9.67%
776	Special Risk Administrative Support Class	<u>32.83%</u>	26.16%
777	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>54.55%</u>	56.76%
778	Elected Officers' Class— Justices, Judges	<u>33.80%</u>	27.64%
779	Elected Officers' Class— County Elected Officers	<u>48.77%</u>	43.98%
780	Senior Management Service Class	<u>28.42%</u>	22.15%

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DROP 16.46% ~~9.15%~~

Section 7. Subsection (6) of section 121.72, Florida Statutes, is amended, and subsection (7) is added to that section, to read:

121.72 Allocations to investment plan member accounts; percentage amounts.—

(6) Effective July 1, 2022, through June 30, 2023, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	9.30%
Special Risk Class	17.00%
Special Risk Administrative Support Class	10.95%

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2023

798	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	12.38%
799	Elected Officers' Class— Justices, Judges	16.23%
800	Elected Officers' Class— County Elected Officers	14.34%
801	Senior Management Service Class	10.67%
802	<u>(7) Effective July 1, 2023, allocations from the Florida</u>	
803	<u>Retirement System Contributions Clearing Trust Fund to</u>	
804	<u>investment plan member accounts are as follows:</u>	
805		
806	<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
807		
808	<u>Regular Class</u>	<u>10.30%</u>

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809	<u>Special Risk Class</u>	<u>18.00%</u>
810	<u>Special Risk Administrative Support Class</u>	<u>11.95%</u>
811	<u>Elected Officers' Class-</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>13.38%</u>
812	<u>Elected Officers' Class-</u> <u>Justices, Judges</u>	<u>17.23%</u>
813	<u>Elected Officers' Class-</u> <u>County Elected Officers</u>	<u>15.34%</u>
814	<u>Senior Management Service Class</u>	<u>11.67%</u>

815 Section 8. Section 121.73, Florida Statutes, is amended to
816 read:

817 121.73 Allocations for member disability coverage;
818 percentage amounts.-

819 (1) The allocations established in this section ~~subsection~~
820 ~~(3)~~ shall be used to provide disability coverage for members in
821 the investment plan and shall be transferred monthly by the
822 Division of Retirement from the Florida Retirement System

823 Contributions Clearing Trust Fund to the disability account of
 824 the Florida Retirement System Trust Fund.

825 (2) The allocations are stated as a percentage of each
 826 investment plan member's gross compensation for the calendar
 827 month. A change in a contribution percentage is effective the
 828 first day of the month for which retirement contributions may be
 829 made on or after the beginning date of the change. Contribution
 830 percentages may be modified by general law.

831 (3) Effective July 1, 2002, through June 30, 2023,
 832 allocations from the Florida Retirement System Contributions
 833 Clearing Trust Fund to provide disability coverage for members
 834 in the investment plan, and to offset the costs of administering
 835 said coverage, are as follows:

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Membership Class	Percentage of Gross Compensation
837	
838 Regular Class	0.25%
839 Special Risk Class	1.33%
840 Special Risk Administrative Support Class	0.45%

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Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet Officers,
State Attorneys, Public Defenders 0.41%

Elected Officers' Class—
Justices, Judges 0.73%

Elected Officers' Class—
County Elected Officers 0.41%

Senior Management Service Class 0.26%

(4) Effective July 1, 2023, allocations from the Florida Retirement System Contributions Clearing Trust Fund to provide disability coverage for members in the investment plan, and to offset the costs of administering said coverage, are as follows:

<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
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853	<u>Regular Class</u>	<u>0.27%</u>
854	<u>Special Risk Class</u>	<u>1.61%</u>
855	<u>Special Risk Administrative Support Class</u>	<u>0.47%</u>
856	<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>0.46%</u>
857	<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>0.77%</u>
858	<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>0.44%</u>
859	<u>Senior Management Service Class</u>	<u>0.29%</u>

860 Section 9. Section 121.735, Florida Statutes, is amended
861 to read:

862 121.735 Allocations for member line-of-duty death
863 benefits; percentage amounts.—

864 (1) The allocations established in this section ~~subsection~~
865 ~~(3)~~ shall be used to provide line-of-duty death benefit coverage

866 for members in the investment plan and shall be transferred
 867 monthly by the division from the Florida Retirement System
 868 Contributions Clearing Trust Fund to the survivor benefit
 869 account of the Florida Retirement System Trust Fund.

870 (2) Such allocations are stated as a percentage of each
 871 investment plan member's gross compensation for the calendar
 872 month. Any change in a contribution percentage is effective the
 873 first day of the month for which retirement contributions may be
 874 made on or after the beginning date of the change. Contribution
 875 percentages may be modified by general law.

876 (3) Before July 1, 2023, allocations from the Florida
 877 Retirement System Contributions Clearing Trust Fund to provide
 878 line-of-duty death benefits for members in the investment plan,
 879 and to offset the costs of administering said coverage, are as
 880 follows:

881

Membership Class	Percentage of Gross Compensation
Regular Class	0.05%
Special Risk Class	1.21%

882

883

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885	Special Risk Administrative Support Class	0.03%
886	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.15%
887	Elected Officers' Class— Justices, Judges	0.09%
888	Elected Officers' Class— County Elected Officers	0.20%
889	Senior Management Service Class	0.05%

890

891 (4) Effective July 1, 2023, allocations from the Florida
 892 Retirement System Contributions Clearing Trust Fund to provide
 893 line-of-duty death benefits for members in the investment plan,
 894 and to offset the costs of administering said coverage, are as
 895 follows:

896	<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
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897		
898	<u>Regular Class</u>	<u>0.06%</u>
899	<u>Special Risk Class</u>	<u>1.34%</u>
900	<u>Special Risk Administrative Support Class</u>	<u>0.03%</u>
901	<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>0.15%</u>
902	<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>0.10%</u>
903	<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>0.21%</u>
904	<u>Senior Management Service Class</u>	<u>0.06%</u>
905		
906	Section 10. <u>The Legislature finds that a proper and</u>	
907	<u>legitimate state purpose is served when employees and retirees</u>	
908	<u>of the state and its political subdivisions, and the dependents,</u>	

909 survivors, and beneficiaries of such employees and retirees, are
910 extended the basic protections afforded by governmental
911 retirement systems. These persons must be provided benefits that
912 are fair and adequate and that are managed, administered, and
913 funded in an actuarially sound manner, as required by s. 14,
914 Article X of the State Constitution and part VII of chapter 112,
915 Florida Statutes. Therefore, the Legislature determines and
916 declares that this act fulfills an important state interest.

917 Section 11. This act shall take effect July 1, 2023.