

Committee on Governmental Oversight and Accountability

HB 5205-E — Retirement

by Rep. Maggard (SB 2-E by Senator Mayfield)

The bill establishes the contribution rates paid by employers that participate in the Florida Retirement System (FRS), beginning July 1, 2026. These rates are intended to fund the full normal cost and the amortization of the unfunded actuarial liabilities (UAL) of the FRS. With these modifications to employer contribution rates, the FRS Trust Fund will receive roughly \$20.5 million more in revenue on an annual basis beginning July 1, 2026, when compared to the employer contributions that would be generated based on the current statutory contribution rates. The public employers that will experience changes to contributions paid to the FRS include state agencies, state universities and colleges, school districts, counties, municipalities, and other governmental entities that participate in the FRS.

The bill also allows an elected officer, other than an officer serving as a legislator, who has completed his or her Deferred Optional Retirement Program (DROP) participation, to receive the DROP accumulations after reaching 59.5 years of age without terminating from the office. This is the only authorized in-service distribution for the FRS.

The Department of Management Services and the State Board of Administration must take appropriate steps to recoup any DROP accumulations distributed to an elected officer if the DROP accumulations would have been subject to forfeiture based on the elected officer's conviction of certain crimes.

The amendment establishes an alternative cost-of-living adjustment for eligible Special Risk Class members. Beginning July 1, 2026, and each July 1 thereafter, an eligible special risk class member who has been retired for at least 5 years will receive a cost-of-living increase of no less than 1.5 percent. To be eligible, the retiree must have completed either 6 years (if initially enrolled in the FRS prior to July 1, 2011) or 8 years (otherwise) of creditable service in the Special Risk Class.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect on July 1, 2026.

Vote: Senate 34-0; House 101-3