

<b>Tab 2</b>	<b>SPB 7016</b> by <b>GO</b> ; Florida Retirement System Investment Plan
--------------	--

<b>Tab 3</b>	<b>SPB 7018</b> by <b>GO</b> ; Employer Contributions to Fund Retiree Benefits
--------------	--

<b>Tab 4</b>	<b>SB 84</b> by <b>Rodrigues</b> ; Retirement
--------------	---

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**

**GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY**

**Senator Rodrigues, Chair**  
**Senator Gruters, Vice Chair**

**MEETING DATE:** Thursday, February 4, 2021  
**TIME:** 8:30—11:00 a.m.  
**PLACE:** Mallory Horne Committee Room, 37 Senate Building

**MEMBERS:** Senator Rodrigues, Chair; Senator Gruters, Vice Chair; Senators Mayfield, Stargel, Stewart, and Torres

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
PUBLIC TESTIMONY WILL BE RECEIVED FROM ROOM A3 AT THE DONALD L. TUCKER CIVIC CENTER, 505 W PENSACOLA STREET, TALLAHASSEE, FL 32301			
1	Presentation on History of Funded Status of the Florida Retirement System Pension Plan by Amy Baker, Coordinator, Office of Economic and Demographic Research		Presented
Consideration of proposed bill:			
2	<b>SPB 7016</b>	Florida Retirement System Investment Plan; Specifying conditions under which the State Board of Administration may not pay retirement benefits to a Florida Retirement System member; authorizing the State Board of Administration to develop investment products to be offered in the investment plan; modifying procedures governing an investment plan member's designation of a beneficiary other than the member's spouse, etc.	Submitted and Reported Favorably as Committee Bill Yeas 6 Nays 0
Consideration of proposed bill:			
3	<b>SPB 7018</b>	Employer Contributions to Fund Retiree Benefits; Revising the employer contribution rates for the retiree health insurance subsidy as of a specified date; revising required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System, etc.	Submitted and Reported Favorably as Committee Bill Yeas 6 Nays 0
4	<b>SB 84</b> Rodrigues	Retirement; Providing for compulsory membership in the Florida Retirement System Investment Plan for employees initially enrolled on or after a specified date; modifying provisions governing participation in the investment plan for individuals who are eligible to participate in the State University System Optional Retirement Program to conform to changes made by the act; modifying provisions governing the administration of the investment plan to reflect compulsory membership for specified employees, etc.	Favorable Yeas 4 Nays 2
		GO 02/04/2021 Favorable AP	

**COMMITTEE MEETING EXPANDED AGENDA**

Governmental Oversight and Accountability

Thursday, February 4, 2021, 8:30—11:00 a.m.

---

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
-----	-------------------------	--	------------------

---

Other Related Meeting Documents

---

# FRS: History of Funded Status

---

February 4, 2021

Presented by:



The Florida Legislature  
Office of Economic and  
Demographic Research  
850.487.1402  
<http://edr.state.fl.us>

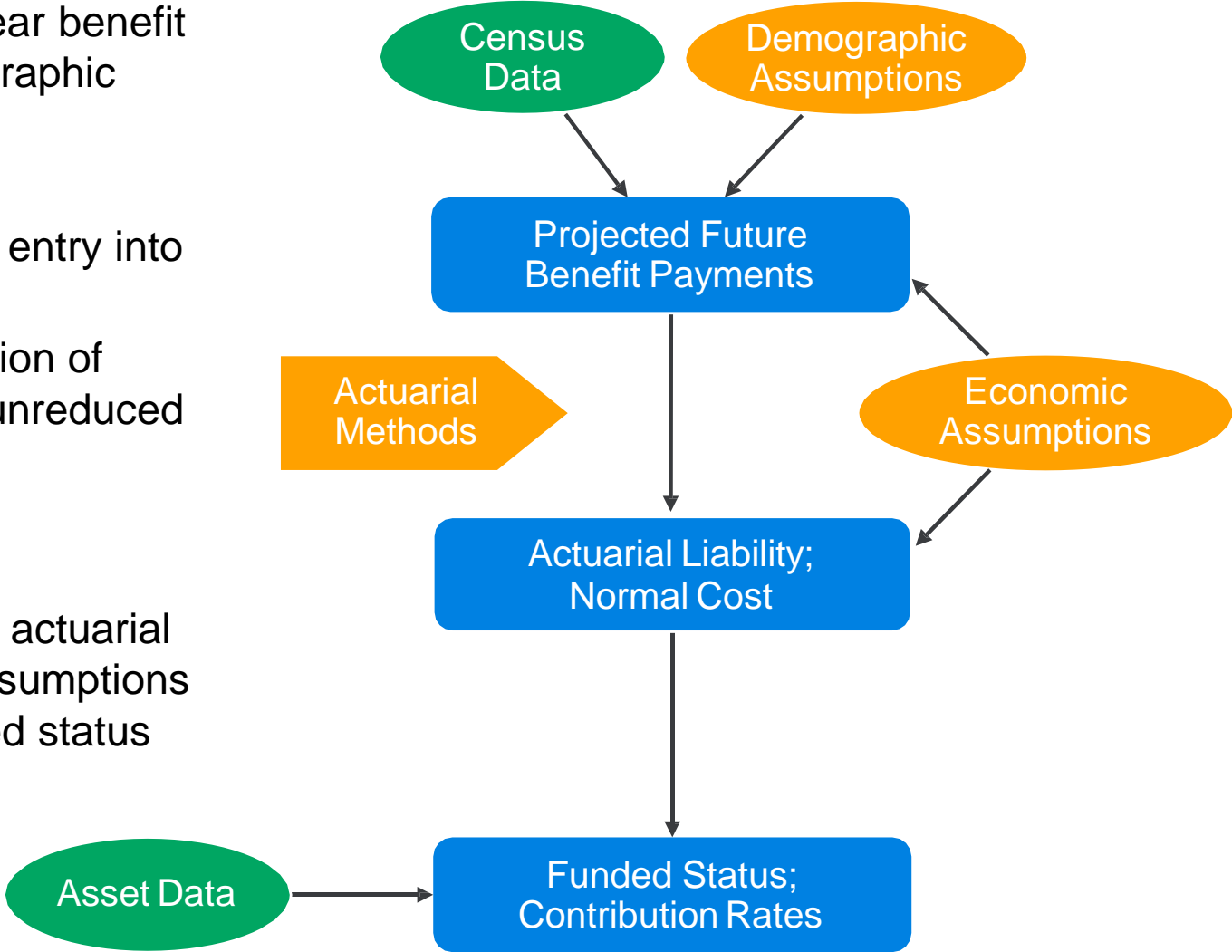
# In General...

- The Florida Retirement System (FRS) Pension Plan is currently the fifth largest state retirement system in the US with a total membership of more than 1.0 million active, retired, terminated vested and DROP members and \$164 billion in assets.
  - Public Pension Plans tend to focus on long term costs and the ability to meet them (fiscal health).
  - Key question is: what level of assets today would be needed to pay projected benefit payments?
- The FRS regularly undergoes evaluation of its financial condition. This complex process has many participants—the most directly involved are the Department of Management Services' Division of Retirement and its actuary (currently Milliman); the State Board of Administration and its consultant (currently Aon Investments), and the statutorily-based Actuarial Assumption Estimating Conference.
  - (10) FLORIDA RETIREMENT SYSTEM ACTUARIAL ASSUMPTION CONFERENCE.—  
The Florida Retirement System Actuarial Assumption Conference shall develop official information with respect to the economic and noneconomic assumptions and funding methods of the Florida Retirement System necessary to perform the system actuarial study undertaken pursuant to s. 121.031(3). Such information shall include: an analysis of the actuarial assumptions and actuarial methods used in the study and a determination of whether changes to the assumptions or methods need to be made due to experience changes or revised future forecasts. *Section 216.136(10), F.S.*

# Drivers...

- Coupled with benefit provisions which are policy-driven and seated in statute, census data and demographic assumptions are used to project future year-by-year benefit payments. The key demographic assumptions include:
  - Mortality
  - Timing of retirement / entry into DROP
  - Likelihood of termination of employment prior to unreduced benefit
  - Incidence of disability
- Given that information, the actuarial methods and economic assumptions affect calculations of funded status and contribution rates.

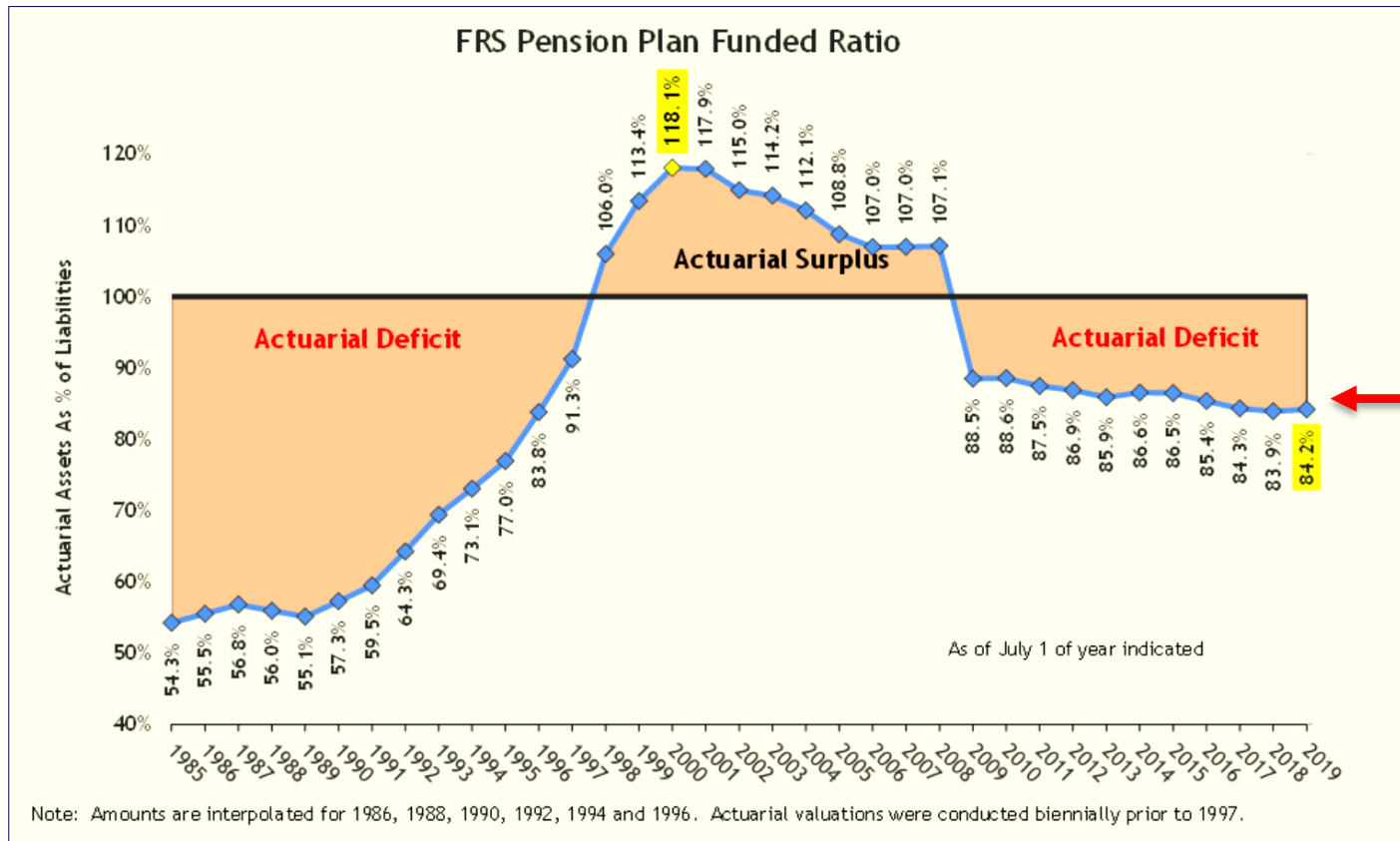
Legend
Provided by FRS
Adopted by Conference
Calculated by actuary



# Contribution Rates...

- Each year's valuation determines the System's current financial position, projected costs for benefits, and the contribution rates needed to ensure the System's long-term funding. The contribution rates potentially take two forms. They are both conceptually described below, but the actual calculations are much more complex:
  - **Normal Cost Rate:** Each year, active employees earn another increment of pension benefits. The annual contribution necessary to provide these benefits at a future time is actuarially calculated and known as the normal cost. In technical terms, the normal cost represents a single valuation year's portion of the value of actuarial liabilities.
  - **UAL Contribution Rate:** When it exists, the unfunded actuarial liability reflects the portion of the cost of promised future benefits that is greater than the amount the assets of the pension plan can reasonably generate over the same period. Generally, the UAL rate is calculated as the rate needed to amortize the entire unfunded actuarial liability over 30 years.

# System's Funded Status.....

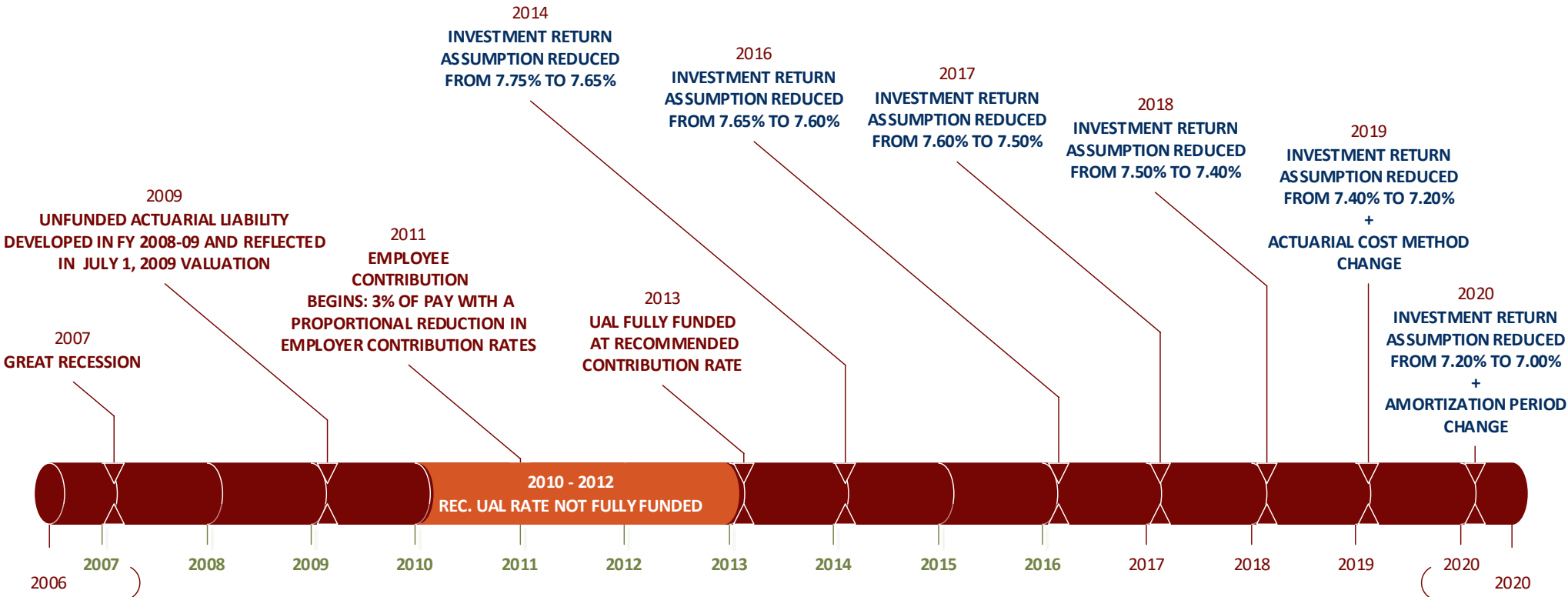


Graphic from Presentation dated 10/8/2020; State Board of Administration

- Essentially, a ratio of the plan's assets to its liabilities using actuarial methods.
- Surplus Position (100% +) indicates that the system is fully funded. The actuarial value of assets exceeds the actuarial liability. As adjusted annually, the normal cost rate is adequate to maintain the System.
- Deficit Position (<100%) indicates the system is not fully funded. The actuarial liability exceeds the actuarial value of assets, and any surplus has been effectively eliminated.
- Prior to the current actuarial deficit that began in 2009 (FY 2008-09), the FRS had been in a surplus position since 1998 (FY 1997-98) to 2008 (FY 2007-08).



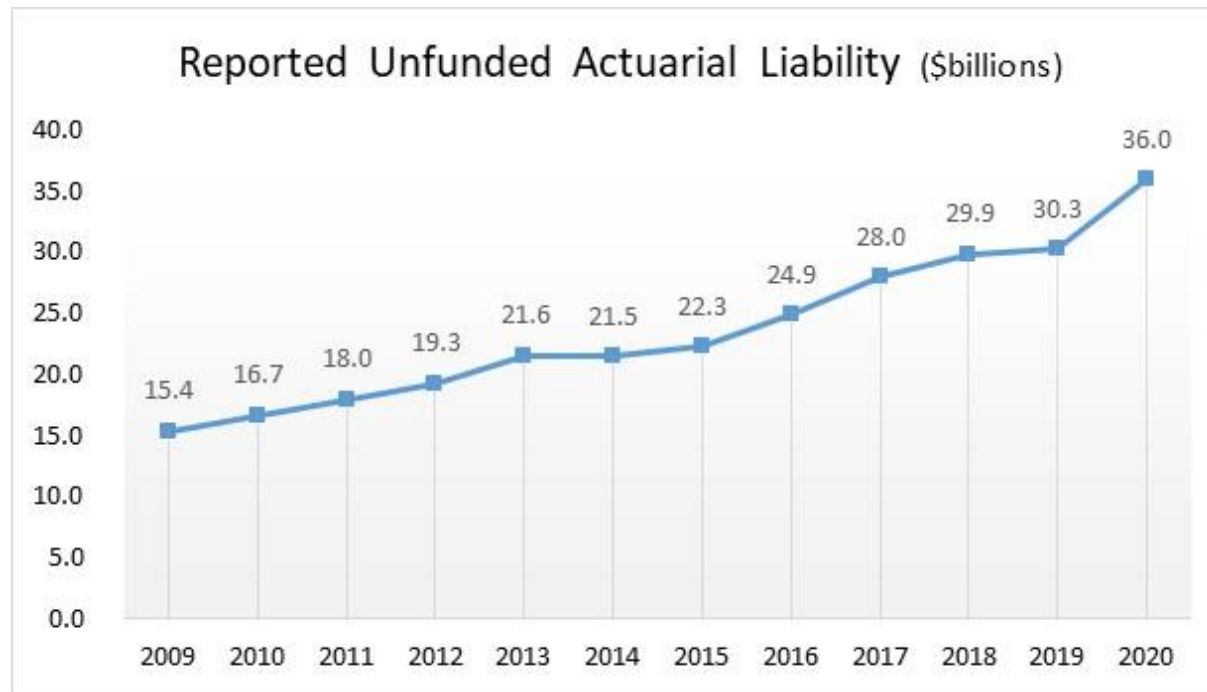
# Timeline: Key Conference Events...



Valuation as of July 1 of the year shown below the line.

Note: Items in blue font result from conference decisions.

# Unfunded Actuarial Liability...



- An unfunded actuarial liability developed prior to July 1, 2009, largely based on the unfavorable asset performance in FY 2008-09 that was a fallout of the Great Recession (December 2007 to June 2009).
- There is a lag between the recommendation of rates based on new information and when the contribution dollars actually come into the System. The July 1, 2008 valuation provided proposed contribution rates for FY 2009-10. The first time the unfunded actuarial liability could have been reasonably addressed by the Legislature was FY 2010-11.
- A discrete UAL rate was developed and recommended by the state's actuary. It was not fully funded for three years: FY 2010-11, FY 2011-12 and FY 2012-13. Not funding the recommended UAL rate moves that funding requirement to future years and depresses the System's funded percentage. It does not remove the expense—it just delays it.
- The 2013 Legislature fully funded the UAL at the recommended contribution rate for FY 2013-14. This action and continued full funding of the recommended UAL rate, as committed to by the Legislature, will result in the gradual increase of the funded ratio in future years. The UAL contribution rate is calculated assuming the liability will be funded over a period of 30 years. The contribution rates should remain stable as long as contributions are made as recommended and actual experience mirrors projections. Even if all goes according to plan, progress against the UAL will not be seen until well into the second half of the 30-year amortization period. However, there are many factors that affect these calculations and can cause the contribution rates to increase or decrease over time.

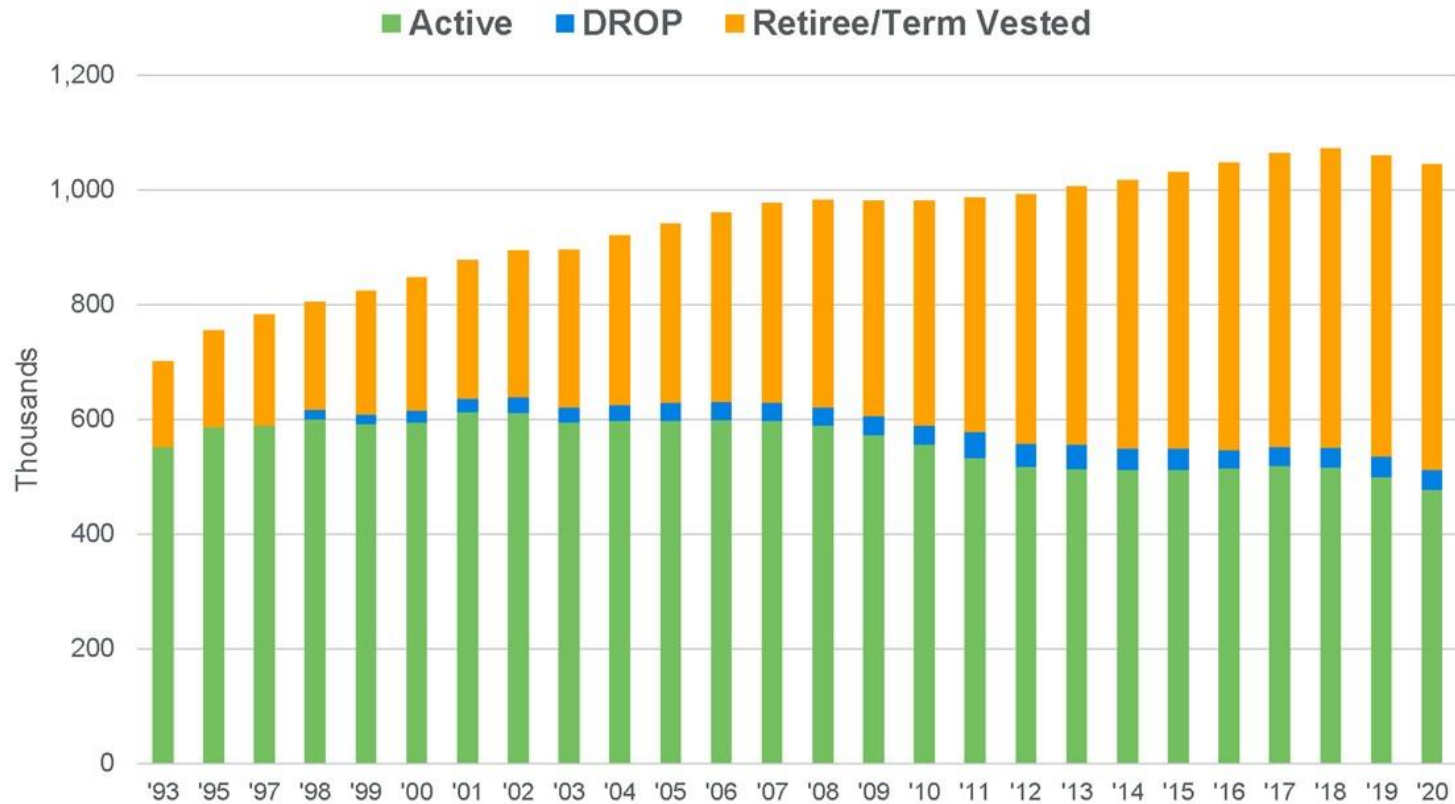
# Investment Return Assumption...



- This is the rate of return that the Conference expects the pension fund to earn from its investments.
- The investment return assumption affects the timing and pattern of contributions but does not affect the actual long-term cost of the plan.
- In the professional opinion of the FRS actuary, the 7.00% return assumption adopted for the 2020 valuation does not significantly conflict with its judgment regarding what would constitute a reasonable assumption for the purpose of the relevant Actuarial Standard of Practice; however, that specific analysis would have indicated a return assumption of 6.77%, indicating that more changes are likely needed in the future.

# FRS Membership Drives Benefit Payments...

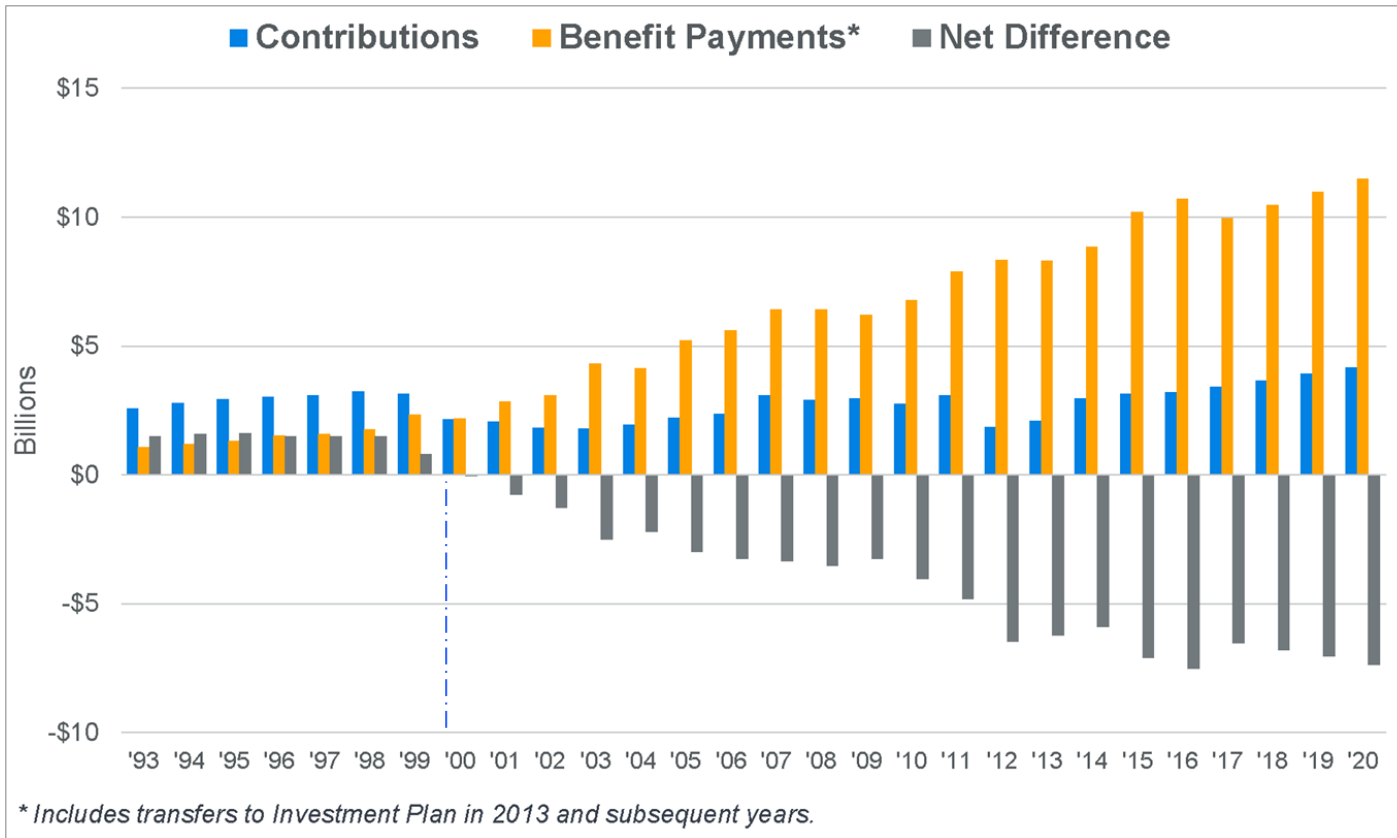
Active Members	477,495
Terminated Vested Members	103,458
Retired Members	428,396
DROP Members	35,240
<b>Total Members</b>	<b>1,044,589</b>



Graphic from Conference Presentation dated 10/8/2020; Milliman

# Benefit Payments are increasing more than Contributions...

Valuation As of July 1	Pension Contributions Received	Payments of Benefits / Expenses
2006	2.11	5.35
2007	2.78	6.10
2008	2.90	6.41
2009	2.96	6.22
2010	2.75	6.78
2011	3.09	7.89
2012	1.87	8.33
2013	2.08	8.30
2014	2.97	8.85
2015	3.14	10.22
2016	3.20	10.70
2017	3.42	9.95
2018	3.67	10.47
2019	3.94	10.97
2020	4.16	11.50



Graphic from Conference Presentation dated 10/8/2020; Milliman

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

---

BILL: SPB 7016

INTRODUCER: Governmental Oversight and Accountability Committee

SUBJECT: Florida Retirement System Investment Plan

DATE: February 5, 2021

REVISED: \_\_\_\_\_

---

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Ponder	McVaney		<b>GO Submitted as Comm. Bill/Fav</b>

---

**I. Summary:**

SPB 7016 amends s. 121.091, F.S., to provide that the State Board Administration (State Board) may not pay benefits to a member of the Florida Retirement System (FRS) who has committed certain criminal offenses prior to retirement. Currently, the criminal forfeiture statute only provides that the Division of Retirement (Division) within the Department of Management Services may not pay benefits when the forfeiture provisions are triggered. Thus, the bill clarifies that the criminal forfeiture provisions in s. 121.091, F.S., apply equally to employees whether a member of the investment plan or a member of the pension plan.

The bill amends s. 121.4501(8), F.S., to provide that the State Board may develop one or more investment products to be offered in the investment plan, consistent with its fiduciary responsibilities. The bill also amends s. 121.4501(20), F.S., to require that the spouse of a member who does not designate his spouse as a primary beneficiary, be notified and acknowledge any such designation. Should the spouse fail to affirmatively acknowledge the designation or if the spouse cannot be found, the member may request the acknowledgement requirement be waived by the State Board through an affidavit.

The bill is expected to have an insignificant fiscal impact on the State Board Administration based on increased workload.

The bill takes effect July 1, 2021.

**II. Present Situation:**

**The Florida Retirement System**

The FRS was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the Pension Plan, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement

Program was consolidated under the Regular Class of the FRS as a closed group.<sup>1</sup> The FRS is a contributory system, with active members contributing three percent of their salaries.

The FRS is the fourth largest public retirement system in the United States. It is a multi-employer, contributory plan, governed by the Florida Retirement System Act (the Act) in ch. 121, F.S. As of June 30, 2020, the FRS had 644,338 active members, 432,258 annuitants, 15,512 disabled retirees, and 33,593 active participants of the Deferred Retirement Option Program (DROP).<sup>2</sup> As of June 30, 2020, the FRS consisted of 980 total employers; it is the primary retirement plan for employees of state and county government agencies, district school boards, Florida College institutions, and state universities, and also includes the 177 cities and 149 special districts that have elected to join the system.<sup>3</sup>

The membership of the FRS is divided into five membership classes:

- The Regular Class<sup>4</sup> consists of 550,053 active members and 7,691 in renewed membership;
- The Special Risk Class<sup>5</sup> includes 75,161 active members and 1,182 in renewed membership;
- The Special Risk Administrative Support Class<sup>6</sup> has 107 active members and 1 in renewed membership;
- The Elected Officers' Class<sup>7</sup> has 2,040 active members and 113 in renewed membership; and
- The Senior Management Service Class<sup>8</sup> has 7,771 active members and 209 in renewed membership.<sup>9</sup>

The FRS contains two basic plans:

- The defined benefit plan, also known as the Pension Plan; and
- The defined contribution plan, also known as the Investment Plan.

### ***Pension Plan***

The pension plan is administered by the secretary of the Department of Management Services through the Division.<sup>10</sup>

---

<sup>1</sup> The Florida Retirement System, Comprehensive Annual Report, July 1, 2019 – June 30, 2020, p. 35, available at [https://frs.fl.gov/forms/2019-20\\_CAFR.pdf](https://frs.fl.gov/forms/2019-20_CAFR.pdf) (last visited January 22, 2021).

<sup>2</sup> *Id.* at 160.

<sup>3</sup> *Id.* at 195.

<sup>4</sup> Section 121.021(12), F.S., provides that “Regular Class” consists of all members who are not in the Special Risk Class, Special Risk Administrative Support Class, Elected Officers’ Class, or Senior Management Class.

<sup>5</sup> Section 121.0515, F.S., establishes the “Special Risk Class” to recognize members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others.

<sup>6</sup> Section 121.0515(8), F.S., provides that the Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the FRS.

<sup>7</sup> Section 121.052, F.S., establishes the “Elected Officers’ Class” for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers’ Class participation for its elected officers.

<sup>8</sup> Section 121.055, F.S. provides that the “Senior Management Service Class” is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation.

<sup>9</sup> Comprehensive Annual Report, July 1, 2019 – June 30, 2020, *supra* note 1 at 163.

<sup>10</sup> Section 121.025, F.S.

Any member initially enrolled in the pension plan before July 1, 2011, vests in the pension plan after completing six years of service with an FRS employer.<sup>11</sup> For members initially enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable service.<sup>12</sup> Benefits payable under the pension plan are calculated based on the member's years of creditable service multiplied by the service accrual rate multiplied by the member's average final compensation.<sup>13</sup> For most current members of the pension plan, normal retirement (when first eligible for unreduced benefits) occurs at the earliest attainment of 30 years of service or age 62.<sup>14</sup> For public safety employees in the Special Risk and Special Risk Administrative Support Classes, normal retirement is the earliest of 25 years of service or age 55.<sup>15</sup> Members initially enrolled in the pension plan on or after July 1, 2011, have longer service requirements. For members initially enrolled after that date, the member must complete 33 years of service or attain age 65, and members in the Special Risk classes must complete 30 years of service or attain age 60.<sup>16</sup>

### ***Designation of Beneficiary(ies) & Spousal Acknowledgement Under the Pension Plan***

Section 121.091(8)(a), F.S., governs the designation of beneficiaries under the pension plan and provides that each member, on a form provided for that purpose, may:

designate a choice of one or more persons... as his or her beneficiary who shall receive the benefits, if any, which may be payable in the event of the member's death pursuant to the provisions of this chapter. If no beneficiary is named ... the beneficiary shall be the spouse of the deceased, if living.<sup>17</sup>

Rule 60S-4.011, Florida Administrative Code, requires a designation of beneficiary be made on a specified Division form<sup>18</sup> and be filed with the Division.<sup>19</sup> When making the beneficiary designation, a member must attest to his marital status. The most recent designation of beneficiary filed with the Division replaces any previous designation whether made before or after the member's retirement.<sup>20</sup>

Spousal notification and acknowledgement is required where a married member selects one of the following methods of payment of benefits<sup>21</sup>:

- The maximum retirement benefit payable to the member during his lifetime; or

---

<sup>11</sup> Section 121.021(45)(a), F.S.

<sup>12</sup> Section 121.021(45)(b), F.S.

<sup>13</sup> Section 121.091, F.S.

<sup>14</sup> Section 121.021(29)(a)1., F.S.

<sup>15</sup> Section 121.021(29)(b)1., F.S.

<sup>16</sup> Sections 121.021(29)(a)2. and (b)2., F.S.

<sup>17</sup> Section 121.091(8)(a), F.S.; see also *Eaves v. Div. of Ret.*, 704 So. 2d 140,141 (Fla. 1st DCA 1997) (noting where a member does not attempt to name a beneficiary, the surviving spouse is entitled to certain death benefits).

<sup>18</sup> Form BEN-001, effective 07/16

<sup>19</sup> Rule 60S-4.011(4)(c), Florida Administrative Code.

<sup>20</sup> Rule 60S-4.011(1), Florida Administrative Code.

<sup>21</sup> See Rule 60S-4.010(1), Florida Administrative Code (requiring members to select one of four optional forms of payment of benefits).



- A retirement benefit payable during his or her lifetime and, in the event of his death within a period of 10 years after his retirement, the same monthly amount to be payable to his beneficiary for the balance of such 10-year period.

If a married member selects either of the above options, that member must have his spouse complete the spousal acknowledgment section of the Division's form.<sup>22</sup> If a spousal acknowledgement is not received, the Division provides written notification to the member that his benefits will not commence until:

- Such completed spousal acknowledgment is received by the Division; or
- It is established in writing to the satisfaction of the Division that the spouse cannot be located; or
- In the case of refusal by the spouse to sign the spousal acknowledgment, the Division shall notify the spouse in writing of the option selection, and such notification shall constitute acknowledgment by the spouse.<sup>23</sup>

### ***Investment Plan***

In 2000, the Public Employee Optional Retirement Program – the Investment Plan – was created within the FRS as a defined contribution plan offered to eligible employees as an alternative to the Pension Plan.<sup>24</sup>

The State Board is primarily responsible for administering the investment plan.<sup>25</sup> The Board of Trustees of the State Board is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.<sup>26</sup>

Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and earnings. Benefits are provided through employee-directed investments offered by approved investment providers.

A member vests immediately in all employee contributions paid to the investment plan.<sup>27</sup> With respect to the employer contributions, a member vests after completing one work year of employment with an FRS employer.<sup>28</sup> Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution.<sup>29</sup> The investment plan also provides disability coverage for both in-line-of-duty and regular disability retirement benefits.<sup>30</sup> An FRS member who qualifies for disability while enrolled in the investment plan

---

<sup>22</sup> Rule 60S-4.011(9), Florida Administrative Code; *see* Form SA-1, Florida Retirement System Spousal Acknowledgment Form.

<sup>23</sup> Rule 60S-4.011(9)(b), Florida Administrative Code

<sup>24</sup> Chapter 200-169, L.O.F.

<sup>25</sup> Section 121.4501(8), F.S.

<sup>26</sup> FLA CONST. art. IV, s. 4.

<sup>27</sup> Section 121.4501(6)(a), F.S.

<sup>28</sup> If a member terminates employment before vesting in the investment plan, the nonvested money is transferred from the member's account to the SBA for deposit and investment by the SBA in its suspense account for up to five years. If the member is not reemployed as an eligible employee within five years, then any nonvested accumulations transferred from a member's account to the SBA's suspense account are forfeited. Section 121.4501(6)(b)-(d), F.S.

<sup>29</sup> Section 121.591, F.S.

<sup>30</sup> *See* s. 121.4501(16), F.S.

may apply for benefits as if the employee were a member of the pension plan. If approved for retirement disability benefits, the member is transferred to the pension plan.<sup>31</sup>

### ***Investment Products Offered by the State Board***

Multiple providers hired by the State Board furnish the investment options and investment products for Investment Plan members.<sup>32</sup> The Investment Plan uses a multi-manager structure for most of the investment funds. Some of the providers are unbundled institutional investment managers, which manage assets in a particular asset class and in a particular style, and which are responsible solely for money management.<sup>33</sup> Other providers provide mutual funds or investment options in collective trusts which are their own funds or funds contracted for or from another money management group.<sup>34</sup> Each investment manager:

- Has authority and discretion, delegated by each manager's contract, to invest employee payroll contributions;
- Transmits product values and performance data to the custodian hired by SBA pursuant to Section 212.4501(8), F.S.; and
- Is monitored by manager monitoring guidelines incorporated in each of their contract.

A few examples of investment managers and investment products utilized by the State Board include:

- BlackRock (Short Term Bond EBT, U.S. TIPS Fund F, Russell 3000 Index Fund F);
- Prudential (Core Conservative Bond, Core Plus – Total Return Strategy, High Yield Fund);
- T Rowe Price (T Rowe Price Small Cap Stock Institutional Fund); and
- Principal (Diversified Real assets Fund).

### ***Designation of a Beneficiary(ies) & Spousal Acknowledgment Under the Investment Plan***

An Investment Plan member may designate a beneficiary to receive benefits which may be payable in the event of the member's death. If the member does not designate a beneficiary(ies), or if no designated beneficiary survives the member, then the member's beneficiary(ies) will be those specified by s. 121.4501(20), F.S., which are: the deceased member's spouse; or if there is no surviving spouse, then the deceased member's children, or their legal guardian, on their behalf if under 18 years of age; or if no children survive, the deceased member's father or mother, if living; otherwise the deceased member's estate. Section 121.4501(20)(b), F.S., provides that if a member designates a primary beneficiary other than the member's spouse, the member's spouse must sign the beneficiary designation form to acknowledge the designation. This requirement does not apply to the designation of one or more contingent beneficiaries to receive benefits remaining upon the death of the primary beneficiary or beneficiaries.

---

<sup>31</sup> Pension plan disability retirement benefits, which apply for investment plan members who qualify for disability, compensate an in-line-of-duty disabled member up to 65 percent of the average monthly compensation as of the disability retirement date for special risk class members. Other members may receive up to 42 percent of the member's average monthly compensation for disability retirement benefits. If the disability occurs other than in the line of duty, the monthly benefit may not be less than 25 percent of the average monthly compensation as of the disability retirement date. Section 121.091(4)(f), F.S.

<sup>32</sup> Rule 19-13.004(3), Florida Administrative Code

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

Rule 19-11.002, Florida Administrative Code, regulates the designation of beneficiary under Part II of the Act. It requires a beneficiary designation on a form<sup>35</sup> adopted by the State Board and that such designation is effective once received by the State Board. The most recent beneficiary designation filed with the State Board shall replace any previous designation whether made before or after the member's termination of employment or retirement. After submitting the designation, the member is responsible for confirming whether the designation has been received.<sup>36</sup>

If a member is married and designates the spouse as the primary beneficiary, regardless of whether the percentage allocated to the spouse is less than 100%, the member is not required to notify the spouse.<sup>37</sup> If a member is married and names a primary beneficiary(ies) other than the member's spouse, the member must notify the spouse and the spouse must acknowledge such designation by signing the beneficiary designation form.<sup>38</sup> If the member fails to obtain the spouse's acknowledgement, the beneficiary designation on file at the time of the member's death will be honored only if the spouse's rights as a beneficiary are not compromised under Florida law.<sup>39</sup>

### **Forfeiture of State Retirement Benefits**

The State Constitution provides that a public office is a public trust, and the people have the right to secure and sustain that trust against abuse.<sup>40</sup> To guarantee this right, any public officer or employee who is convicted of a felony involving a breach of public trust will be subject to forfeiture of rights and privileges under a public retirement system or pension plan in such manner as may be provided by law.<sup>41</sup> Sections 112.3173 and 121.091(5)(f), F.S., implement this constitutional mandate.

Section 112.3173, F.S., provides:

**Forfeiture.**—Any public officer or employee who is convicted of a specified offense committed prior to retirement, or whose office or employment is terminated by reason of his or her admitted commission, aid, or abetment of a specified offense, shall forfeit all rights and benefits under any public retirement system of which he or she is a member, except for the return of his or her accumulated contributions as of the date of termination.

Notice must be given to the Commission on Ethics when a defendant is a public officer or employee and that the defendant is alleged to have committed one of the following offenses<sup>42</sup>:

---

<sup>35</sup> Form IPBEN-1, FRS Investment Plan Beneficiary Designation, rev. 04-16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-07364>.

<sup>36</sup> Rule 19-11.002(3), Florida Administrative Code.

<sup>37</sup> Rule 19-11.002(5)(a), Florida Administrative Code.

<sup>38</sup> Rule 19-11.002(5)(b), Florida Administrative Code.

<sup>39</sup> Rule 19-11.002(5)(d), Florida Administrative Code.

<sup>40</sup> FLA. CONST., art. II, s. 8(d).

<sup>41</sup> *Id.*

<sup>42</sup> Section 112.3173(4), F.S.

- The committing, aiding, or abetting of an embezzlement of public funds;
- The committing, aiding, or abetting of any theft by a public officer or employee from his or her employer;
- Bribery in connection with the employment of a public officer or employee;
- Any felony specified in ch. 838, F.S., except ss. 838.15, F.S., and 838.16, F.S.;
- The committing of an impeachable offense;
- The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position; or
- The committing on or after October 1, 2008, of any felony defined in s. 800.04, F.S., against a victim younger than 16 years of age, or any felony defined in ch. 794, F.S. against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.<sup>43</sup>

The Secretary of the Senate must furnish to the Commission on Ethics notice of any proceeding of impeachment being conducted by the Senate. The Commission on Ethics must forward any notice or document received pursuant to s. 112.3173, F.S., to the governing body – the State Board or Division – of which the public officer or employee is a member.<sup>44</sup>

Whenever the Division or the State Board receives notice or has reason to believe that the rights and privileges of any person under such system are required to be forfeited, the Division or the State Board is required to give notice and hold a hearing in accordance with ch. 120, F.S.

Section 121.091(5)(f), F.S., provides that any member who has been found guilty by a verdict of a jury, or by the court trying a case without a jury, of committing, aiding, or abetting any embezzlement or theft from his or her employer, bribery in connection with the employment, or other felony specified in provisions of the Florida Criminal Code relating to bribery and misuse of public office, except those provisions relating to commercial bribe receiving and commercial bribery, committed prior to retirement, or who has entered a plea of guilty or of nolo contendere to such crime, or any member whose employment is terminated by reason of his or her admitted commitment, aiding, or abetting of such crimes, forfeits all rights and benefits under the Act, except the return of his or her accumulated contributions as of the date of termination.<sup>45</sup>

Any elected official who is convicted by the Senate of an impeachable offense<sup>46</sup> and any member who, prior to retirement, is adjudged by a court of competent jurisdiction to have violated any state law against strikes by public employees, or who has been found guilty by such court of

---

<sup>43</sup> Section 112.3173(2)(e), F.S.

<sup>44</sup> Section 112.3173(4)(d), F.S.

<sup>45</sup> Section 121.091(5)(f), F.S., referring to s. 838.014 to s. 838.23, F.S., except ss. 838.15, 838.16, F.S.

<sup>46</sup> Section 121.091(5)(g), F.S.

violating any state law prohibiting strikes by public employees,<sup>47</sup> shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

The Division may not pay benefits to any member convicted of a felony committed on or after October 1, 2008, defined by the statute as prohibiting lewd or lascivious offenses committed upon or in the presence of persons less than 16 years of age against a victim younger than 16 years of age, or defined by the statutes prohibiting sexual battery against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.<sup>48</sup> However, the Division must return the member's accumulated contributions, if any, that he or she accumulated as of the date of conviction.<sup>49</sup>

Any beneficiary who, by a verdict of a jury or by the court trying the case without a jury, is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of a member forfeits all rights to the deceased member's benefits under the Act, and the benefits will be paid as if such beneficiary had predeceased the decedent.<sup>50</sup>

Benefits will not be paid by the Division pending final resolution of such charges against a member or beneficiary if the resolution of such charges could require the forfeiture of benefits as provided above.<sup>51</sup>

The Investment Plan Trust Fund Forfeiture Account, established by s. 121.4502(3), F.S., is funded by the forfeiture of benefits paid by participants. In accordance with a private letter ruling from the Internal Revenue Service, the forfeiture account may be used for two purposes: (1) payment of Investment Plan Administrative expenses; and (2) reduction of future employer contributions to the Investment Plan.<sup>52</sup>

For purposes of the pension plan, s. 121.30, F.S., provides that forfeitures shall not be applied to increase the benefits any employee would otherwise receive under the Act.

### III. Effect of Proposed Changes:

**Section 1** amends s. 121.091(5)(i), F.S., provides authorization to the State Board to withhold the payment of benefits to any member convicted of a specified felonies committed on or after October 1, 2008. The felonies covered in the criminal forfeiture statute include lewd or lascivious offenses committed upon or in the presence of persons less than 16 years of age against a victim younger than 16 years of age, or those defined by the statutes prohibiting sexual battery against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office

---

<sup>47</sup> Section 121.091(5)(h), F.S.

<sup>48</sup> Section 121.091(5)(i), F.S.

<sup>49</sup> *Id.*

<sup>50</sup> Section 121.091(5)(j), F.S.

<sup>51</sup> Section 121.091(5)(k), F.S.

<sup>52</sup> Section 121.4502, F.S.; Rule 19-11.008, Florida Administrative Code.

or employment position. It requires the State Board to return the member's accumulated contributions, if any, that the member accumulated as of the date of conviction.

It also requires that benefits not be paid by the State Board pending final resolution of such charges against a member or beneficiary in those circumstances that the charges could require a forfeiture of benefits due to the criminal offenses specified in s. 121.091(5), F.S., and in ch. 112, F.S. (specifically, 112.3173, F.S., as discussed above).

**Section 2** amends s. 121.4501(8)(h), F.S., to provide that the State Board, consistent with its fiduciary responsibilities, may develop one or more investment products to be offered in the investment plan.

It also amends s. 121.4501(20), F.S., to provide that if a member is married but does not designate the member's spouse as a primary beneficiary, the spouse must be notified and acknowledge any such designation. The section further provides that if the spouse cannot be located or fails to affirmatively acknowledge such designation, the member may request that the acknowledgement requirement be waived by the State Board through an affidavit setting forth the particular facts and circumstances.

**Section 3** provides that the bill takes effect on July 1, 2021.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

The mandate restrictions do not apply because the bill does not require counties and municipalities to spend funds, reduce counties' or municipalities' ability to raise revenue, or reduce the percentage of state tax shared with counties and municipalities.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

##### **D. State Tax or Fee Increases:**

None.

##### **E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

The State Board may experience additional workload in complying with the spousal notice and acknowledgment requirement, as well as the waiver process. Additionally, it may experience additional workload to the extent it elects to develop investment products for the investment plan.

**VI. Technical Deficiencies:**

None identified.

**VII. Related Issues:**

None identified.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 934.50 and 330.41.

**IX. Additional Information:**

## A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

## B. Amendments:

None.

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-01029-21

20217016pb

1 A bill to be entitled  
 2 An act relating to the Florida Retirement System  
 3 Investment Plan; amending s. 121.091, F.S.; specifying  
 4 conditions under which the State Board of  
 5 Administration may not pay retirement benefits to a  
 6 Florida Retirement System member; amending s.  
 7 121.4501, F.S.; authorizing the State Board of  
 8 Administration to develop investment products to be  
 9 offered in the investment plan; modifying procedures  
 10 governing an investment plan member's designation of a  
 11 beneficiary other than the member's spouse; providing  
 12 an effective date.  
 13  
 14 Be It Enacted by the Legislature of the State of Florida:  
 15  
 16 Section 1. Paragraphs (i) and (k) of subsection (5) of  
 17 section 121.091, Florida Statutes, are amended to read:  
 18 121.091 Benefits payable under the system.—Benefits may not  
 19 be paid under this section unless the member has terminated  
 20 employment as provided in s. 121.021(39) (a) or begun  
 21 participation in the Deferred Retirement Option Program as  
 22 provided in subsection (13), and a proper application has been  
 23 filed in the manner prescribed by the department. The department  
 24 may cancel an application for retirement benefits when the  
 25 member or beneficiary fails to timely provide the information  
 26 and documents required by this chapter and the department's  
 27 rules. The department shall adopt rules establishing procedures  
 28 for application for retirement benefits and for the cancellation  
 29 of such application when the required information or documents

Page 1 of 5

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

585-01029-21

20217016pb

30 are not received.  
 31 (5) TERMINATION BENEFITS.—A member whose employment is  
 32 terminated prior to retirement retains membership rights to  
 33 previously earned member-noncontributory service credit, and to  
 34 member-contributory service credit, if the member leaves the  
 35 member contributions on deposit in his or her retirement  
 36 account. If a terminated member receives a refund of member  
 37 contributions, such member may reinstate membership rights to  
 38 the previously earned service credit represented by the refund  
 39 by completing 1 year of creditable service and repaying the  
 40 refunded member contributions, plus interest.  
 41 (i) The division or the state board may not pay benefits to  
 42 any member convicted of a felony committed on or after October  
 43 1, 2008, defined in s. 800.04 against a victim younger than 16  
 44 years of age, or defined in chapter 794 against a victim younger  
 45 than 18 years of age, through the use or attempted use of power,  
 46 rights, privileges, duties, or position of the member's public  
 47 office or employment position. However, the division or the  
 48 state board shall return the member's accumulated contributions,  
 49 if any, that the member accumulated as of the date of  
 50 conviction.  
 51 (k) Benefits shall not be paid by the division or the state  
 52 board pending final resolution of such charges against a member  
 53 or beneficiary if the resolution of such charges could require  
 54 the forfeiture of benefits as provided in paragraph (f),  
 55 paragraph (g), paragraph (h), paragraph (i), ~~or~~ paragraph (j),  
 56 or chapter 112.  
 57 Section 2. Subsection (20) of section 121.4501, Florida  
 58 Statutes, is amended, and paragraph (h) is added to subsection

Page 2 of 5

CODING: Words ~~stricken~~ are deletions; words underlined are additions.



585-01029-21

20217016pb

59 (8) of that section, to read:

60 121.4501 Florida Retirement System Investment Plan.—

61 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan  
62 shall be administered by the state board and affected employers.  
63 The state board may require oaths, by affidavit or otherwise,  
64 and acknowledgments from persons in connection with the  
65 administration of its statutory duties and responsibilities for  
66 the investment plan. An oath, by affidavit or otherwise, may not  
67 be required of a member at the time of enrollment.

68 Acknowledgment of an employee's election to participate in the  
69 program shall be no greater than necessary to confirm the  
70 employee's election. The state board shall adopt rules to carry  
71 out its statutory duties with respect to administering the  
72 investment plan, including establishing the roles and  
73 responsibilities of affected state, local government, and  
74 education-related employers, the state board, the department,  
75 and third-party contractors. The department shall adopt rules  
76 necessary to administer the investment plan in coordination with  
77 the pension plan and the disability benefits available under the  
78 investment plan.

79 (h) The state board, consistent with its fiduciary  
80 responsibilities, may develop one or more investment products to  
81 be offered in the investment plan.

82 (20) DESIGNATION OF BENEFICIARIES.—

83 (a) Each member may, by electronic means or on a form  
84 provided for that purpose, signed and filed with the third-party  
85 administrator, designate a choice of one or more persons, named  
86 sequentially or jointly, as his or her beneficiary for receiving  
87 the benefits, if any, which may be payable pursuant to this

Page 3 of 5

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

585-01029-21

20217016pb

88 chapter in the event of the member's death. If no beneficiary is  
89 named in this manner, or if no beneficiary designated by the  
90 member survives the member, the beneficiary shall be the spouse  
91 of the deceased, if living. If the member's spouse is not alive  
92 at the time of the member's death, the beneficiary shall be the  
93 living children of the member. If no children survive, the  
94 beneficiary shall be the member's father or mother, if living;  
95 otherwise, the beneficiary shall be the member's estate. The  
96 beneficiary most recently designated by a member shall be the  
97 beneficiary entitled to any benefits payable at the time of the  
98 member's death. However, for a member who dies before ~~prior to~~  
99 his or her effective date of retirement, the spouse at the time  
100 of death shall be the member's beneficiary unless the member  
101 designates a different beneficiary subsequent to the member's  
102 most recent marriage.

103 (b) If a member is married but does not designate the  
104 member's spouse as designates a primary beneficiary, the spouse  
105 must be notified and acknowledge any such designation.  
106 Notwithstanding the foregoing, if the spouse cannot be located  
107 or fails to affirmatively acknowledge such designation, the  
108 member may request that the acknowledgment requirement be waived  
109 by the state board through an affidavit setting forth the  
110 particular facts and circumstances ~~other than the member's~~  
111 ~~spouse, the member's spouse must sign the beneficiary~~  
112 ~~designation form to acknowledge the designation.~~ This  
113 requirement does not apply to the designation of one or more  
114 contingent beneficiaries to receive benefits remaining upon the  
115 death of the primary beneficiary or beneficiaries.

116 (c) Notwithstanding the member's designation of benefits to

Page 4 of 5

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

585-01029-21

20217016pb

117 be paid through a trust to a beneficiary that is a natural  
118 person and the provisions of the trust, benefits must be paid  
119 directly to the beneficiary if the person is no longer a minor  
120 or an incapacitated person as defined in s. 744.102.

121 Section 3. This act shall take effect July 1, 2021.

**YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM**

**THE FLORIDA SENATE**

**APPEARANCE RECORD**

02/04/2021

Meeting Date

7016

Bill Number (if applicable)

Topic Florida Retirement System

Amendment Barcode (if applicable)

Name Daniel Beard

Job Title Chief of Defined Contribution Programs

Address 1801 Hermitage Blvd, Ste 100

Phone 850-413-1495

Street

Tallahassee

FL

32308

Email Daniel.Beard@sbafla.com

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing State Board of Administration

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

---

BILL: SPB 7018

INTRODUCER: Governmental Oversight and Accountability Committee

SUBJECT: Employer Contributions to Fund Retiree Benefits

DATE: February 4, 2021

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>McVaney</u>	<u>McVaney</u>	_____	<b>GO Submitted as Comm. Bill/Fav</b>

**I. Summary:**

SPB 7018 establishes the contribution rates paid by employers participating in the Florida Retirement System (FRS) beginning July 1, 2021. These rates are intended to fund the full normal cost and the amortization of the unfunded actuarial liability of the FRS. With these modifications to employer contribution rates, the FRS Trust Fund will receive roughly \$373.5 million more in revenue on an annual basis beginning July 1, 2021. The public employers that will incur these additional costs are state agencies, state universities and colleges, school districts, counties, municipalities, and other governmental entities that participate in the FRS.

The bill also reduces the contributions paid by employers participating in the retiree health insurance subsidy program. With the reduced contribution rates, the revenues deposited into the Retiree Health Insurance Subsidy Trust Fund will be reduced roughly \$56.6 million on an annual basis beginning July 1, 2021.

The bill will have a fiscal impact on state funds appropriated by the Legislature for employee salaries and benefits. The bill will increase the amounts, in the aggregate, employers participating in the FRS and the retiree health insurance subsidy program must pay for retiree benefits. See Section V.

The bill takes effect July 1, 2021.

**II. Present Situation:**

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a

closed group.<sup>1</sup> The FRS is a contributory system, with active members contributing three percent of their salaries.<sup>2</sup>

The FRS is a multi-employer, contributory plan, governed by the Florida Retirement System Act in Chapter 121, F.S. As of June 30, 2020, the FRS had 644,348 active members, 432,258 annuitants, 15,512 disabled retirees, and 33,593 active participants of the Deferred Retirement Option Program (DROP).<sup>3</sup> As of June 30, 2020, the FRS consisted of 980 total employers; it is the primary retirement plan for employees of state and county government agencies, district school boards, Florida College institutions, and state universities, and includes the 177 cities and 149 special districts that have elected to join the system.<sup>4</sup>

The membership of the FRS is divided into five membership classes:

- The Regular Class<sup>5</sup> consists of 550,053 active members and 7,691 in renewed membership;
- The Special Risk Class<sup>6</sup> includes 75,161 active members and 1,182 in renewed membership;
- The Special Risk Administrative Support Class<sup>7</sup> has 107 active members and 1 in renewed membership;
- The Elected Officers' Class<sup>8</sup> has 2,040 active members and 113 in renewed membership; and
- The Senior Management Service Class<sup>9</sup> has 7,771 active members and 209 in renewed membership.<sup>10</sup>

Each class is funded separately based upon the costs attributable to the members of that class.

Members of the FRS have two primary plan options available for participation:

- The defined contribution plan, also known as the Investment Plan; and
- The defined benefit plan, also known as the Pension Plan.

---

<sup>1</sup> Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019, at p. 35. Available online at: [https://www.rol.frs.state.fl.us/forms/2019-20\\_CAFR.pdf](https://www.rol.frs.state.fl.us/forms/2019-20_CAFR.pdf). (Last visited January 24, 2021.)

<sup>2</sup> Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class employees or 6 percent for Special Risk Class members. Employees were again required to contribute to the system after July 1, 2011. Members in the Deferred Retirement Option Program do not contribute to the system.

<sup>3</sup> Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020, at p. 160.

<sup>4</sup> *Id.* at 195.

<sup>5</sup> The Regular Class is for all members who are not assigned to another class. Section 121.021(12), F.S.

<sup>6</sup> The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others. Section 121.0515, F.S.

<sup>7</sup> The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the Florida Retirement System. Section 121.0515(8), F.S.

<sup>8</sup> The Elected Officers' Class includes elected state and county officers, and those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers. Section 121.052, F.S.

<sup>9</sup> The Senior Management Service Class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation. Section 121.055, F.S.

<sup>10</sup> All figures are from Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020, at p. 163.

### ***Investment Plan***

In 2000, the Public Employee Optional Retirement Program (investment plan) was created as a defined contribution plan offered to eligible employees as an alternative to the FRS Pension Plan.

Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and earnings. Benefits are provided through employee-directed investments offered by approved investment providers.

A member vests immediately in all employee contributions paid to the investment plan.<sup>11</sup> With respect to the employer contributions, a member vests after completing one work year of employment with an FRS employer.<sup>12</sup> Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution.<sup>13</sup> The investment plan also provides disability coverage for both in-line-of-duty and regular disability retirement benefits.<sup>14</sup> An FRS member who qualifies for disability while enrolled in the investment plan may apply for benefits as if the employee were a member of the pension plan. If approved for retirement disability benefits, the member is transferred to the pension plan.<sup>15</sup>

The State Board of Administration (SBA) is primarily responsible for administering the investment plan.<sup>16</sup> The Board of Trustees of the SBA is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.<sup>17</sup>

### ***Pension Plan***

The pension plan is administered by the secretary of the Department of Management Services (DMS) through the Division of Retirement.<sup>18</sup> Investment management is handled by the State Board of Administration.

Any member initially enrolled in the pension plan before July 1, 2011, vests in the pension plan after completing six years of service with an FRS employer.<sup>19</sup> For members initially enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable

---

<sup>11</sup> Section 121.4501(6)(a), F.S.

<sup>12</sup> If a member terminates employment before vesting in the investment plan, the nonvested money is transferred from the member's account to the SBA for deposit and investment by the SBA in its suspense account for up to five years. If the member is not reemployed as an eligible employee within five years, then any nonvested accumulations transferred from a member's account to the SBA's suspense account are forfeited. Section 121.4501(6)(b)-(d), F.S.

<sup>13</sup> Section 121.591, F.S.

<sup>14</sup> See s. 121.4501(16), F.S.

<sup>15</sup> Pension plan disability retirement benefits, which apply for investment plan members who qualify for disability, compensate an in-line-of-duty disabled member up to 65 percent of the average monthly compensation as of the disability retirement date for special risk class members. Other members may receive up to 42 percent of the member's average monthly compensation for disability retirement benefits. If the disability occurs other than in the line of duty, the monthly benefit may not be less than 25 percent of the average monthly compensation as of the disability retirement date.

Section 121.091(4)(f), F.S.

<sup>16</sup> Section 121.4501(8), F.S.

<sup>17</sup> FLA CONST. art. IV, s. 4.

<sup>18</sup> Section 121.025, F.S.

<sup>19</sup> Section 121.021(45)(a), F.S.

service.<sup>20</sup> Benefits payable under the pension plan are calculated based on the member's years of creditable service multiplied by the service accrual rate multiplied by the member's average final compensation.<sup>21</sup> For most current members of the pension plan, normal retirement (when first eligible for unreduced benefits) occurs at the earliest attainment of 30 years of service or age 62.<sup>22</sup> For public safety employees in the Special Risk and Special Risk Administrative Support Classes, normal retirement is the earliest of 25 years of service or age 55.<sup>23</sup> Members initially enrolled in the pension plan on or after July 1, 2011, have longer service requirements. For members initially enrolled after that date, the member must complete 33 years of service or attain age 65, and members in the Special Risk classes must complete 30 years of service or attain age 60.<sup>24</sup>

### ***Optional Retirement Programs***

Eligible employees may choose to participate in one of three retirement programs instead of participating in the FRS:

- Members of the Senior Management Service Class may elect to enroll in the Senior Management Service Optional Annuity Program;<sup>25</sup>
- Members in specified positions in the State University System may elect to enroll in the State University System Optional Retirement Program;<sup>26</sup> and
- Members in specified positions at a Florida College institution may elect to enroll in the State Community College System Optional Retirement Program.<sup>27</sup>

### ***Contribution Rates***

Employers participating in the FRS are required to contribute a specified percentage of the member's monthly compensation to the Division of Retirement to be distributed into the FRS Contributions Clearing Trust Fund. The employer contribution rate is a blended contribution rate set by statute, which is the same percentage regardless of whether the member participates in the pension plan or the investment plan.<sup>28</sup> The rate is determined annually based on an actuarial study by the DMS that calculates the necessary level of funding to support all of the benefit obligations under both FRS retirement plans.

---

<sup>20</sup> Section 121.021(45)(b), F.S.

<sup>21</sup> Section 121.091, F.S.

<sup>22</sup> Section 121.021(29)(a)1., F.S.

<sup>23</sup> Section 121.021(29)(b)1., F.S.

<sup>24</sup> Sections 121.021(29)(a)2. and (b)2., F.S.

<sup>25</sup> The Senior Management Service Optional Annuity Program (SMSOAP) was established in 1986 for members of the Senior Management Service Class. Employees in eligible positions may irrevocably elect to participate in the SMSOAP rather than the FRS. Effective July 1, 2017, the SMSOAP is closed to new members. Section 121.055(6), F.S.

<sup>26</sup> Eligible participants of the State University System Optional Retirement Program (SUSORP) are automatically enrolled in the SUSORP. However, the member must execute a contract with a SUSORP provider within the first 90 days of employment or the employee will default into the pension plan. If the employee decides to remain in the SUSORP, the decision is irrevocable and the member must remain in the SUSORP as long as the member remains in a SUSORP-eligible position. Section 121.35, F.S.

<sup>27</sup> If the member is eligible for participation in a State Community College System Optional Retirement Program, the member must elect to participate in the program within 90 days of employment. Unlike the other optional programs, an employee who elects to participate in this optional retirement program has one opportunity to transfer to the FRS. Section 1012.875, F.S.

<sup>28</sup> Section 121.70(1), F.S.

In the annual actuarial valuation of the Florida Retirement System based on July 1, 2020, plan assets and liabilities, Milliman, Inc., the state actuary, determined the following key data relating to the FRS pension plan:<sup>29</sup>

	Valuation Results (in \$ billions)			
	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Actuarial Liability	\$178.6	\$186.0	\$191.3	\$200.3
Actuarial Value of Assets	\$150.6	\$156.1	\$161.0	\$164.3
Unfunded Actuarial Liability	\$28.0	\$29.9	\$30.3	\$36.0
Funded Percentage (Actuarial Value of Assets/Actuarial Liability)	84.3%	83.9%	84.2%	82.0%

The state actuary determines a rate associated with the normal cost of the pension plan (funding the prospective benefits) and a rate necessary to amortize the unfunded actuarial liabilities (UAL) over a thirty-year period. The following are the current employer contribution rates<sup>30</sup> for each class and the blended rates recommended by the state actuary beginning in July 2021:<sup>31</sup>

Membership Class	Current Rates Effective July 1, 2020		Recommended Rates to be effective July 1, 2021	
	Normal Cost	UAL Rate	Normal Cost	UAL Rate
Regular Class	4.84%	3.44%	4.91%	4.19%
Special Risk Class	15.13%	7.60%	15.27%	8.90%
Special Risk Administrative Support Class	9.89%	24.23%	9.73%	26.31%
Elected Officer’s Class	8.38%	48.81%	8.49%	53.52%
• Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders				
• Justices and Judges	13.31%	24.70%	13.38%	25.81%
• County Officers	10.07%	37.39%	10.28%	39.42%
Senior Management Service Class	6.39%	19.18%	6.49%	20.80%
Deferred Retirement Option Program	7.03%	8.29%	7.23%	9.45%

For all membership classes, except the DROP and certain members with renewed membership, employees contribute three percent of their compensation towards retirement.<sup>32</sup>

<sup>29</sup> Florida Retirement System Pension Plan Actuarial Valuation as of July 1, 2020, at p. 3.

<sup>30</sup> Section 121.71(4) and (5), F.S.

<sup>31</sup> Letter to Mr. David DiSalvo, *Re: Blended Proposed Statutory Rates for the 2021-2022 Plan Year Reflecting a Uniform UAL Rate for All Membership Classes and DROP*, dated December 1, 2020 (on file with the Senate Committee on Governmental Oversight and Accountability).

<sup>32</sup> Section 121.71(3), F.S.



After employer and employee contributions are placed into the FRS Contributions Clearing Trust Fund, the allocations under the investment plan are transferred to third-party administrators to be placed in the employee's individual investment accounts, whereas contributions under the pension plan are transferred into the FRS Trust Fund.<sup>33</sup>

### **Retiree Health Insurance Subsidy**

Section 112.363, F.S., provides for a retiree health insurance subsidy. This subsidy is paid from the Retiree Health Insurance Subsidy Trust Fund to eligible retirees of the FRS. The amount of the monthly subsidy is \$5 for each year of service in the FRS, but not less than \$30 nor more than \$150.

The subsidy is funded through a contribution by employers participating in the FRS. The current contribution is 1.66 percent of the employer's monthly payroll. The contribution is paid to the DMS for deposit in the Retiree Health Insurance Subsidy Trust Fund. This program is funded on a "pay-as-you-go" basis rather than on an actuarial basis. This means that the revenues and expenditures of the trust fund are designed to match each other on an annual basis, with minimal reserves accumulated.

Participants of the university, community college, and senior management service defined contribution retirement programs receive contributions directly into their retirement accounts during the years of employment; these participants will not receive the health insurance subsidy during retirement. Participants of the FRS investment plan will not receive the health insurance subsidy contributions directly but will be eligible to receive the health insurance subsidy upon retirement.

Sections 121.052, 121.055, and 121.071, F.S., also set forth the employer-paid contributions for the retiree health insurance trust fund for the various FRS membership classes.

A recent cash flow analysis of the Retiree Health Insurance Subsidy Trust Fund indicates the following key cash flow data for Fiscal Year 2019-2020 through Fiscal Year 2022-2023. Under current law and current administration and assuming only two percent payroll growth for Fiscal Year 2021-2022 and Fiscal Year 2022-2023, the trust fund reserves are expected to continue to grow to exceed more than 1 years' expenditures by the end of Fiscal Year 2022-23.

---

<sup>33</sup> See ss. 121.4503 and 121.72(1), F.S.

<b>Retiree Health Insurance Subsidy Trust Fund</b>				
<b>Changes in Fund Balance (in \$ millions)</b>				
	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Fund Balance – beginning of year	\$249.47	\$324.94	\$397.52	\$471.84
Revenues (employer contributions and investment earnings)	\$579.94	\$583.73	\$591.83	\$603.90
Expenditures	\$504.48	\$511.22	\$517.51	\$523.90
Excess of Revenues over Expenditures	\$75.46	\$72.51	\$74.32	\$80.00
Fund Balance – end of year	\$324.93	\$397.45	\$471.82	\$551.84
Reserves (balance / monthly expenses) – end of year	7.7 months	9.3 months	10.9 months	12.2 months

**III. Effect of Proposed Changes:**

**Section 1** amends s. 112.363, F.S., to reduce the employer-paid contribution to the Retiree Health Insurance Trust Fund from 1.66 percent of gross compensation to 1.50 percent of gross compensation for each member of the FRS.

**Section 2** amends s. 121.052, F.S., to reduce the employer-paid contribution to the Retiree Health Insurance Trust Fund from 1.66 percent of gross compensation to 1.50 percent of gross compensation for each member of the Elected Officers’ Class of the FRS.

**Section 3** amends s. 121.055, F.S., to reduce the employer-paid contribution to the Retiree Health Insurance Trust Fund from 1.66 percent of gross compensation to 1.50 percent of gross compensation for each member of the Senior Management Service Class of the FRS.

**Section 4** amends s. 121.071, F.S., to reduce the employer-paid contribution to the Retiree Health Insurance Trust Fund from 1.66 percent of gross compensation to 1.50 percent of gross compensation for each member of the Regular, Special Risk, and Special Risk Administrative Support classes of the FRS.

**Section 5** amends s. 121.71, F.S., to set the employer-paid contributions to the Florida Retirement System Trust Fund for each membership class and subclass of the FRS.

**Section 6** provides findings that the bill fulfills an important state interest.

The bill provides an effective date of July 1, 2021.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

Article VII, s. 18(a) of the State Constitution provides that: “No county or municipality shall be bound by any general law requiring such county or municipality to spend funds...unless the legislature has determined that such law fulfills an important state interest and unless: ...the expenditure is required to comply with a law that applies to all persons similarly situated....”

This bill includes legislative findings that the bill fulfills important state interests, and the bill applies to all persons similarly situated (those employers participating in the Florida Retirement System), including state agencies, school boards, community colleges, counties, and municipalities.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

This bill does not impose, authorize to impose, or raise a state tax or fee. Thus, the requirements of Art. III, s. 19 of the State Constitution are not applicable.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

The aggregate employer contributions anticipated to be paid into the Florida Retirement System Trust Fund in Fiscal Year 2021-2022 will increase by approximately \$373.5 million when compared to the employer contributions paid in Fiscal Year 2020-2021. The impacts by employer group for Fiscal Year 2021-2022 are noted below.

<b>Employer Group</b>	<b>Additional Contributions</b>
<b>State Agencies</b>	\$52.8 m
<b>Universities</b>	\$40.9 m
<b>Colleges</b>	\$11.2 m
<b>School Boards</b>	\$134.2 m
<b>Counties</b>	\$114.0 m
<b>Other</b>	\$20.4 m
<b>Total</b>	\$373.5 m

With the enactment of this legislation, the revenues deposited into the Retiree Health Insurance Subsidy Trust Fund will be reduced by approximately \$56.6 million annually. The reduction in contributions by employer group for Fiscal Year 2021-2022 are noted below. With the implementation of the reduced contributions, the trust fund reserves are expected to be in excess of 9.7 months' expenditures by the end of Fiscal Year 2022-23. While the contributions are reduced, the reserves are expected to continue growing during the forecasted period.

<b>Employer Group</b>	<b>Reduced Contributions</b>
<b>State Agencies</b>	(\$7.8 m)
<b>Universities</b>	(\$2.8 m)
<b>Colleges</b>	(\$1.9 m)
<b>School Boards</b>	(\$24.6 m)
<b>Counties</b>	(\$16.2 m)
<b>Other</b>	(\$3.2 m)
<b>Total</b>	(\$56.6 m)

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends sections 112.363, 121.052, 121.055, 121.071, and 121.71 of the Florida Statutes.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-00843A-21 20217018pb

1 A bill to be entitled  
 2 An act relating to employer contributions to fund  
 3 retiree benefits; amending ss. 112.363, 121.052,  
 4 121.055, and 121.071, F.S.; revising the employer  
 5 contribution rates for the retiree health insurance  
 6 subsidy as of a specified date; amending s. 121.71,  
 7 F.S.; revising required employer retirement  
 8 contribution rates for each membership class and  
 9 subclass of the Florida Retirement System; providing a  
 10 declaration of important state interest; providing an  
 11 effective date.  
 12  
 13 Be It Enacted by the Legislature of the State of Florida:  
 14  
 15 Section 1. Paragraph (j) is added to subsection (8) of  
 16 section 112.363, Florida Statutes, to read:  
 17 112.363 Retiree health insurance subsidy.—  
 18 (8) CONTRIBUTIONS.—For purposes of funding the insurance  
 19 subsidy provided by this section:  
 20 (j) Beginning July 1, 2021, the employer of each member of  
 21 a state-administered plan shall contribute 1.50 percent of gross  
 22 compensation each pay period.  
 23  
 24 Such contributions shall be submitted to the Department of  
 25 Management Services and deposited in the Retiree Health  
 26 Insurance Subsidy Trust Fund.  
 27 Section 2. Paragraph (d) of subsection (7) of section  
 28 121.052, Florida Statutes, is amended to read:  
 29 121.052 Membership class of elected officers.—

585-00843A-21 20217018pb

30 (7) CONTRIBUTIONS.—  
 31 (d) The following table states the required employer  
 32 contribution on behalf of each member of the Elected Officers'  
 33 Class in terms of a percentage of the member's gross  
 34 compensation. Such contribution constitutes the entire health  
 35 insurance subsidy contribution with respect to each such member.  
 36 A change in the contribution rate is effective with the first  
 37 salary paid on or after the beginning date of the change. The  
 38 retiree health insurance subsidy contribution rate is as  
 39 follows:  
 40  

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June	0.94%

585-00843A-21 20217018pb

47	30, 2001	
	July 1, 2001, through June 30, 2013	1.11%
48	July 1, 2013, through June 30, 2014	1.20%
49	July 1, 2014, through June 30, 2015	1.26%
50	<u>Effective July 1, 2015, through June 30, 2021</u>	1.66%
51	<u>Effective July 1, 2021</u>	1.50%

52 Such contributions and accompanying payroll data are due and  
 53 payable no later than the 5th working day of the month  
 54 immediately following the month during which the payroll period  
 55 ended and shall be deposited by the administrator in the Retiree  
 56 Health Insurance Subsidy Trust Fund.

57 Section 3. Paragraph (d) of subsection (3) of section  
 58 121.055, Florida Statutes, is amended to read:

59 121.055 Senior Management Service Class.—There is hereby  
 60 established a separate class of membership within the Florida  
 61 Retirement System to be known as the "Senior Management Service  
 62 Class," which shall become effective February 1, 1987.

63 (3)

64 (d) The following table states the required employer  
 65

585-00843A-21 20217018pb

66	contribution on behalf of each member of the Senior Management	
67	Service Class in terms of a percentage of the member's gross	
68	compensation. Such contribution constitutes the entire health	
69	insurance subsidy contribution with respect to each such member.	
70	A change in the contribution rate is effective with the first	
71	salary paid on or after the beginning date of the change. The	
72	retiree health insurance subsidy contribution rate is as	
73	follows:	
74	Dates of Contribution	Contribution
	Rate Changes	Rate
75		
76	October 1, 1987, through	
	December 31, 1988	0.24%
77	January 1, 1989, through	
	December 31, 1993	0.48%
78	January 1, 1994, through	
	December 31, 1994	0.56%
79	January 1, 1995, through June	
	30, 1998	0.66%
80	July 1, 1998, through June 30,	
	2001	0.94%
81		

	585-00843A-21	20217018pb
	July 1, 2001, through June 30, 2013	1.11%
82	July 1, 2013, through June 30, 2014	1.20%
83	July 1, 2014, through June 30, 2015	1.26%
84	<del>Effective July 1, 2015,</del> <del>through June 30, 2021</del>	1.66%
85	<u>Effective July 1, 2021</u>	<u>1.50%</u>

87 Such contributions and accompanying payroll data are due and  
 88 payable no later than the 5th working day of the month  
 89 immediately following the month during which the payroll period  
 90 ended and shall be deposited by the administrator in the Retiree  
 91 Health Insurance Subsidy Trust Fund.

92 Section 4. Subsection (4) of section 121.071, Florida  
 93 Statutes, is amended to read:

94 121.071 Contributions.—Contributions to the system shall be  
 95 made as follows:

96 (4) The following table states the required employer  
 97 contribution on behalf of each member of the Regular Class,  
 98 Special Risk Class, or Special Risk Administrative Support Class  
 99 in terms of a percentage of the member's gross compensation.

100 Such contribution constitutes the entire health insurance  
 101 subsidy contribution with respect to each such member. A change

	585-00843A-21	20217018pb
102	in the contribution rate is effective with the first salary paid	
103	on or after the beginning date of the change. The retiree health	
104	insurance subsidy contribution rate is as follows:	
105	Dates of Contribution	Contribution
	Rate Changes	Rate
106		
107	October 1, 1987, through	
	December 31, 1988	0.24%
108		
	January 1, 1989, through	
	December 31, 1993	0.48%
109		
	January 1, 1994, through	
	December 31, 1994	0.56%
110		
	January 1, 1995, through June	
	30, 1998	0.66%
111		
	July 1, 1998, through June 30,	
	2001	0.94%
112		
	July 1, 2001, through June 30,	
	2013	1.11%
113		
	July 1, 2013, through June 30,	
	2014	1.20%



585-00843A-21 20217018pb

114	July 1, 2014, through June 30, 2015	1.26%
115	<del>Effective July 1, 2015,</del> <u>through June 30, 2021</u>	1.66%
116	<u>Effective July 1, 2021</u>	<u>1.50%</u>
117	Such contributions shall be deposited by the administrator in	
118	the Retiree Health Insurance Subsidy Trust Fund.	
119	Section 5. Subsections (4) and (5) of section 121.71,	
120	Florida Statutes, are amended to read:	
121	121.71 Uniform rates; process; calculations; levy.—	
122	(4) Required employer retirement contribution rates for	
123	each membership class and subclass of the Florida Retirement	
124	System for both retirement plans are as follows:	
125		
126		
		Percentage of Gross Compensation, Effective
127	Membership Class	July 1, <u>2021</u> <del>2020</del>
128	Regular Class	<u>4.91%</u> <del>4.84%</del>
129	Special Risk Class	<u>15.27%</u> <del>15.13%</del>

585-00843A-21 20217018pb

130	Special Risk Administrative Support Class	<u>9.73%</u> <del>9.89%</del>
131	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>8.49%</u> <del>8.38%</del>
132	Elected Officers' Class— Justices, Judges	<u>13.38%</u> <del>13.31%</del>
133	Elected Officers' Class— County Elected Officers	<u>10.28%</u> <del>10.07%</del>
134	Senior Management Class	<u>6.49%</u> <del>6.39%</del>
135	DROP	<u>7.23%</u> <del>7.03%</del>
136		
137	(5) In order to address unfunded actuarial liabilities of	
138	the system, the required employer retirement contribution rates	
139	for each membership class and subclass of the Florida Retirement	
140	System for both retirement plans are as follows:	
141		
		Percentage of Gross
	Membership Class	

	585-00843A-21		20217018pb
		Compensation, Effective	
		July 1, <u>2021</u> <del>2020</del>	
142			
143	Regular Class	<u>4.19%</u> <del>3.44%</del>	
144	Special Risk Class	<u>8.90%</u> <del>7.60%</del>	
145	Special Risk Administrative Support Class	<u>26.31%</u> <del>24.23%</del>	
146	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>53.52%</u> <del>48.81%</del>	
147	Elected Officers' Class— Justices, Judges	<u>25.81%</u> <del>24.70%</del>	
148	Elected Officers' Class— County Elected Officers	<u>39.42%</u> <del>37.39%</del>	
149	Senior Management Service Class	<u>20.80%</u> <del>19.18%</del>	

	585-00843A-21		20217018pb
150	DROP	<u>9.45%</u> <del>8.29%</del>	
151			
152	Section 6. <u>The Legislature finds that a proper and</u>		
153	<u>legitimate state purpose is served when employees, officers, and</u>		
154	<u>retirees of the state and its political subdivisions, and the</u>		
155	<u>dependents, survivors, and beneficiaries of such employees,</u>		
156	<u>officers, and retirees, are extended the basic protections</u>		
157	<u>afforded by governmental retirement systems. These persons must</u>		
158	<u>be provided benefits that are fair and adequate and that are</u>		
159	<u>managed, administered, and funded in an actuarially sound manner</u>		
160	<u>as required by s. 14, Article X of the State Constitution and</u>		
161	<u>part VII of chapter 112, Florida Statutes. Therefore, the</u>		
162	<u>Legislature determines and declares that this act fulfills an</u>		
163	<u>important state interest.</u>		
164	Section 7. This act shall take effect July 1, 2021.		

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/2021  
Meeting Date

7018  
Bill Number (if applicable)

Topic HIS

Amendment Barcode (if applicable)

Name LINDA EDSON

Job Title Retired

Address 1841 Myrick Rd  
Street

Phone 850-510-7729

Tallahassee FL 32303  
City State Zip

Email edsonl@pattally.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Retired Educators Association

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

---

BILL: SB 84

INTRODUCER: Senator Rodrigues

SUBJECT: Retirement

DATE: February 3, 2021

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McVaney</u>	<u>McVaney</u>	<u>GO</u>	<u>Favorable</u>
2.	_____	_____	<u>AP</u>	_____

---

**I. Summary:**

The Florida Retirement System (FRS) is a multi-employer, contributory plan that provides retirement income benefits to 644,348 active members, 432,258 retired members and beneficiaries, and 33,593 members of the Deferred Retirement Option Program. It is the primary retirement plan for employees of the state and county government agencies, district school boards, community colleges, and universities. The FRS also serves as the retirement plan for participating employees of the 177 cities and 151 independent hospitals and special districts that have elected to join the system.

Under current law, members of the FRS have two plan options available for participation: the defined benefit plan, also known as the pension plan, and the defined contribution plan, also known as the investment plan. In addition to the two primary plans, some eligible members have the choice of participating in optional retirement plans, which include the Senior Management Service Optional Annuity Program (SMSOAP), State Community College System Optional Retirement Program (SCCSORP), and the State University System Optional Retirement Program (SUSORP).

This bill closes the pension plan (defined benefit) to new enrollees, and requires all new enrollees to participate in the investment plan (defined contribution), effective July 1, 2022. The bill does not impact the rights of any current FRS enrollee to select participation in the pension plan or the investment plan. Changes included in the bill only pertain to FRS members initially enrolled in the system on or after July 1, 2022.

Beginning July 1, 2022, members of the SUSORP who fail to timely execute a contract with an SUSORP provider will be deemed to have elected to participate in the FRS investment plan, and members of the SCCSORP will not be permitted to transfer to the FRS after June 30, 2022.

Beginning July 1, 2022, the bill increases the employer paid assessment for administrative and educational services by one basis point. This assessment is expected to generate roughly

\$3.4 million annually for the State Board of Administration to offset additional costs associated with the increase in the number of members participating in the investment plan and an increase in the workload relating to educational services offered to FRS members.

The fiscal impact relating to compulsory membership in the investment plan for members initially enrolling in the FRS on or after July 1, 2022, is unknown at this time. The special actuarial study on such impacts is currently underway. Any impacts will be borne by the employers participating in the FRS.

The bill takes effect July 1, 2021; however, most changes are applicable to public employees on or after July 1, 2022.

## II. Present Situation:

### The Florida Retirement System (FRS)

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group.<sup>1</sup> The FRS is a contributory system, with active members contributing three percent of their salaries.<sup>2</sup>

The FRS is a multi-employer, contributory plan, governed by Chapter 121, F.S., the Florida Retirement System Act. As of June 30, 2020, the FRS had 644,348 active members, 432,258 annuitants, 15,512 disabled retirees, and 33,593 active participants of the Deferred Retirement Option Program (DROP).<sup>3</sup> As of June 30, 2020, the FRS consisted of 980 total employers; it is the primary retirement plan for employees of state and county government agencies, district school boards, Florida College institutions, and state universities, and also includes the 177 cities and 149 special districts that have elected to join the system.<sup>4</sup>

The membership of the FRS is divided into the following five membership classes:

- The Regular Class<sup>5</sup> has 550,053 active members and 7,691 in renewed membership;
- The Special Risk Class<sup>6</sup> has 75,161 active members and 1,182 in renewed membership;

---

<sup>1</sup> Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019, at p. 35. Available online at: [https://www.rol.frs.state.fl.us/forms/2019-20\\_CAFR.pdf](https://www.rol.frs.state.fl.us/forms/2019-20_CAFR.pdf). (Last visited January 24, 2021.)

<sup>2</sup> Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class employees or 6 percent for Special Risk Class members. Employees were again required to contribute to the system after July 1, 2011. Members in the Deferred Retirement Option Program do not contribute to the system.

<sup>3</sup> Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020, at p. 160.

<sup>4</sup> *Id.* at 195.

<sup>5</sup> The Regular Class is for all members who are not assigned to another class. Section 121.021(12), F.S.

<sup>6</sup> The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others. Section 121.0515, F.S.

- The Special Risk Administrative Support Class<sup>7</sup> has 107 active members and one in renewed membership;
- The Elected Officers' Class<sup>8</sup> has 2,040 active members and 113 in renewed membership; and
- The Senior Management Service Class<sup>9</sup> has 7,771 active members and 209 in renewed membership.<sup>10</sup>

Each class is funded separately based upon the costs attributable to the members of that class.

### *Plan Choice*

Members of the FRS have two primary plan options available for participation:

- The defined contribution plan, also known as the Investment Plan; and
- The defined benefit plan, also known as the Pension Plan.

Typically, when an employee is initially hired in a FRS-covered position, the member has eight months after the month of hire to choose to participate in either the pension plan or the investment plan. If the employee does not choose within that period, a member in the Special Risk Class is deemed to have chosen to participate in the pension plan and all other members are deemed to have chosen to participate in the investment plan. After a member has made an active election to participate in a plan or the member's choice window has expired, the member will have one additional opportunity to choose to switch between plans (this is referred to as the second election).

A member of the FRS who has not completed a choice window is given the opportunity to choose between the pension plan and the investment plan when the member is reemployed in a covered position. Even though the member, other than a member of the Special Risk Class, may have significant service in the pension plan, if the member fails to make an active election to remain in the pension plan, the member will be defaulted into the investment plan upon the expiration of the choice window.

**Table 1** below shows the membership and payroll of the FRS, split between the pension plan and the investment plan.

---

<sup>7</sup> The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the Florida Retirement System. Section 121.0515(8), F.S.

<sup>8</sup> The Elected Officers' Class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers. Section 121.052, F.S.

<sup>9</sup> The Senior Management Service Class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation. Section 121.055, F.S.

<sup>10</sup> All figures are from Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020, at p. 163.

**Table 1. Membership and payroll of the FRS by retirement plan**

	2019			2020		
	Pension Plan	Investment Plan	Total FRS	Pension Plan	Investment Plan	Total FRS
<b>Members</b>	502,146	145,796	647,942	479,043	165,295	644,338
<b>% of Total FRS</b>	77.5%	22.5%		74.3%	25.7%	
<b>Payroll (\$ m)</b>	\$24,534.3	\$8,654.5	\$33,188.9	\$24,765.7	\$9,653.3	\$34,419.1
<b>% of FRS</b>	73.9%	26.1%		72.0%	28.0%	

**Table 2** shows the overall results of plan choice for all FRS participants in a choice window regardless of class. **Table 3** shows the plan choices made by Special Risk Class members, and **Table 4** shows the plan choices made by non-Special Risk Class members. Note that prior to FY 2018-19 the default plan for non-Special Risk Class members was the pension plan, but beginning in FY 2018-20 the default plan became the investment plan. Recent enrollment history indicates that roughly 30-35 percent of the new enrollees participate in the pension plan.

**Table 2. Total FRS Participants in Choice Window**

Fiscal Year	Total Number in Choice Window	Percentage enrolled in Investment Plan	Percentage enrolled in Pension Plan
<b>FY 2017-18</b>	55,669	25%	75%
<b>FY 2018-19</b>	46,492	70%	30%
<b>FY 2019-20</b>	57,978	68%	32%
<b>FY 2020-21 (through Dec.)</b>	23,085	65%	35%

**Table 3. Special Risk Members in Choice Window and Plan Enrollments**

Fiscal Year	Total Number in Choice Window	Enrolled in Investment Plan	% of Total	Enrolled in Pension Plan	% of Total
<b>FY 2017-18</b>	5,918	788	13.3%	5,130	86.7%
<b>FY 2018-19</b>	4,833	503	10.4%	4,330	89.6%
<b>FY 2019-20</b>	5,935	475	8.0%	5,460	92.0%
<b>FY 2020-21 (through Dec.)</b>	2,914	132	4.5%	2,782	95.5%

**Table 4. Non-Special Risk Members in Choice Window and Plan Enrollments**

Fiscal Year	Total Number in Choice Window	Enrolled in Investment Plan	% of Total	Enrolled in Pension Plan	% of Total
<b>FY 2017-18</b>	49,751	13,089	26.3%	36,662	73.7%
<b>FY 2018-19</b>	41,659	31,848	76.4%	9,811	23.6%
<b>FY 2019-20</b>	52,043	38,977	74.9%	13,066	25.1%
<b>FY 2020-21 (through Dec.)</b>	20,171	14,958	74.2%	5,213	25.8%

**Investment Plan**

In 2000, the Public Employee Optional Retirement Program (investment plan) was created as a defined contribution plan offered to eligible employees as an alternative to the FRS Pension

Plan. Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and earnings. Benefits are provided through employee-directed investments offered by approved investment providers. A member vests immediately in all employee contributions paid to the investment plan.<sup>11</sup> With respect to the employer contributions, a member vests after completing one work year of employment with an FRS employer.<sup>12</sup> Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution.<sup>13</sup> The investment plan also provides disability coverage for both in-line-of-duty and regular disability retirement benefits.<sup>14</sup> An FRS member who qualifies for disability while enrolled in the investment plan may apply for benefits as if the employee were a member of the pension plan. If approved for retirement disability benefits, the member is transferred to the pension plan.<sup>15</sup>

The State Board of Administration (SBA) is primarily responsible for administering the investment plan.<sup>16</sup> The Board of Trustees of the SBA is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.<sup>17</sup>

**Table 5** shows the component parts of the investment plan cost structure paid by the participating employers. The investment account amounts are supplemented by three percent contributions by the employees.

**Table 5. Cost Components of the FRS Investment Plan**

<b>Class and Subclass</b>	<b>Investment Account</b>	<b>Disability Account</b>	<b>In-line-of-duty Death Benefits</b>	<b>Total Employer Cost</b>
<b>Regular</b>	3.30%	0.25%	0.05%	3.60%
<b>Special Risk</b>	11.00%	1.33%	1.21%	13.54%
<b>Special Risk Admin.</b>	4.95%	0.45%	0.03%	5.43%
<b>State Officers</b>	5.38%	0.41%	0.15%	6.94%
<b>Judicial Officers</b>	9.23%	0.73%	0.09%	11.05%
<b>Local Officers</b>	7.34%	0.41%	0.20%	8.95%
<b>Senior Management</b>	4.67%	0.26%	0.05%	4.98%

<sup>11</sup> Section 121.4501(6)(a), F.S.

<sup>12</sup> If a member terminates employment before vesting in the investment plan, the nonvested money is transferred from the member’s account to the SBA for deposit and investment by the SBA in its suspense account for up to five years. If the member is not reemployed as an eligible employee within five years, then any nonvested accumulations transferred from a member’s account to the SBA’s suspense account are forfeited. Section 121.4501(6)(b)-(d), F.S.

<sup>13</sup> Section 121.591, F.S.

<sup>14</sup> See s. 121.4501(16), F.S.

<sup>15</sup> Pension plan disability retirement benefits, which apply for investment plan members who qualify for disability, compensate an in-line-of-duty disabled member up to 65 percent of the average monthly compensation as of the disability retirement date for special risk class members. Other members may receive up to 42 percent of the member’s average monthly compensation for disability retirement benefits. If the disability occurs other than in the line of duty, the monthly benefit may not be less than 25 percent of the average monthly compensation as of the disability retirement date. Section 121.091(4)(f), F.S.

<sup>16</sup> Section 121.4501(8), F.S.

<sup>17</sup> FLA CONST. art. IV, s. 4.



**Pension Plan**

The pension plan is administered by the secretary of the Department of Management Services through the Division of Retirement.<sup>18</sup> Investment management is handled by the SBA.

Any member initially enrolled in the pension plan before July 1, 2011, vests in the pension plan after completing six years of service with an FRS employer.<sup>19</sup> For members initially enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable service.<sup>20</sup> Benefits payable under the pension plan are calculated based on the member’s years of creditable service multiplied by the service accrual rate multiplied by the member’s average final compensation.<sup>21</sup> For most current members of the pension plan, normal retirement (when first eligible for unreduced benefits) occurs at the earliest attainment of 30 years of service or age 62.<sup>22</sup> For public safety employees in the Special Risk and Special Risk Administrative Support Classes, normal retirement is the earliest of 25 years of service or age 55.<sup>23</sup> Members initially enrolled in the pension plan on or after July 1, 2011, have longer service requirements. For members initially enrolled after that date, the member must complete 33 years of service or attain age 65, and members in the Special Risk classes must complete 30 years of service or attain age 60.<sup>24</sup>

**Table 6** shows the normal cost of the pension plan (less the employee contribution of 3%) as determined by the state actuary as of July 1, 2019. These costs are supplemented by three percent contributions by employees. The chart also shows the contribution necessary to amortize the pension plan unfunded actuarial liabilities.

**Table 6. Normal Cost and UAL Costs as percent of payroll by Class**

Class or Subclass	Normal Cost less Employee Contribution	Contribution necessary to amortize Unfunded Actuarial Liabilities
Regular	5.19%	4.26%
Special Risk	15.41%	8.95%
Special Risk Admin.	11.13%	30.87%
State Officers	8.76%	60.66%
Judicial Officers	13.64%	28.26%
Local Officers	10.57%	52.59%
Senior Management	6.90%	25.95%
DROP	7.03%	8.29%

<sup>18</sup> Section 121.025, F.S.

<sup>19</sup> Section 121.021(45)(a), F.S.

<sup>20</sup> Section 121.021(45)(b), F.S.

<sup>21</sup> Section 121.091, F.S.

<sup>22</sup> Section 121.021(29)(a)1., F.S.

<sup>23</sup> Section 121.021(29)(b)1., F.S.

<sup>24</sup> Sections 121.021(29)(a)2. and (b)2., F.S.

**Contribution Rates**

Employers participating in the FRS are required to contribute a specified percentage of each member’s monthly compensation to the Division of Retirement to be distributed into the FRS Contributions Clearing Trust Fund. The employer contribution rate is a blended contribution rate set by statute, which is the same percentage regardless of whether the member participates in the pension plan or the investment plan.<sup>25</sup> The rate is determined annually based on an actuarial study by the Department of Management Services that calculates the necessary level of funding to support all of the benefit obligations under both FRS retirement plans. Employers participating in the FRS also pay to the SBA an assessment equal to 0.06% of payroll for administrative and educational expenses.

**Table 7** shows the costs of benefits offered under the FRS plans and paid by employer as determined by the state actuary as of July 1, 2019. The table also shows the statutorily required contribution rates paid by each employer based on class participation.

**Table 7. Plan Costs and Blended Rates as percentage of payroll by Class and Subclass**

Class (Subclass)	Pension Plan (Normal Cost)	Investment Plan	Blended Rates for Normal Cost (effective July 1, 2020)	Blended Rates for UAL costs (effective July 1, 2020)
<b>Regular</b>	5.19%	3.60%	4.84%	3.44%
<b>Special Risk</b>	15.41%	13.54%	15.13%	7.60%
<b>Special Risk Admin.</b>	11.13%	5.43%	9.89%	24.23%
<b>State Officers</b>	8.76%	6.94%	8.38%	48.81%
<b>Judicial Officers</b>	13.64%	11.05%	13.31%	24.70%
<b>Local Officers</b>	10.57%	8.95%	10.07%	37.39%
<b>Senior Management</b>	6.90%	4.98%	6.39%	19.18%
<b>DROP</b>	7.03%	n/a	7.03%	8.29

Although the unfunded actuarial liabilities (UAL) are associated with the pension plan only, the employers pay the contribution rates based on the payroll of both pension plan and investment plan members.

**2020 Actuarial Valuation of the Pension Plan**

Annually, the Department of Management Services contracts with the state actuary to complete an actuarial valuation of the FRS pension plan. **Table 8** below summarizes the actuarial liabilities, actuarial assets, the unfunded actuarial liabilities, and the funded status of the pension plan.<sup>26</sup>

<sup>25</sup> Section 121.70(1), F.S.

<sup>26</sup> Florida Retirement System Actuarial Valuation as of July 1, 2015, at p. 3; Florida Retirement System Actuarial Valuation as of July 1, 2016, at p. 3; Florida Retirement System Actuarial Valuation as of July 1, 2017, at p. 3; Florida Retirement System Actuarial Valuation as of July 1, 2018, at p. 3; Florida Retirement System Actuarial Valuation as of July 1, 2019, at p. 3; and Florida Retirement System Actuarial Valuation as of July 1, 2020, at p. 3.

**Table 8. Summary of Valuation Results**

	Valuation ending June 30, 2015	Valuation ending June 30, 2016	Valuation ending June 30, 2017	Valuation ending June 30, 2018	Valuation ending June 30, 2019	Valuation ending June 30, 2020
<b>Actuarial Liabilities</b>	<b>\$165.5 B</b>	<b>\$170.4 B</b>	<b>\$178.6 B</b>	<b>\$186.0 B</b>	<b>\$191.3 B</b>	<b>\$200.3 B</b>
<b>Actuarial Assets</b>	<b>\$143.2 B</b>	<b>\$145.5 B</b>	<b>\$150.6 B</b>	<b>\$156.1 B</b>	<b>\$161.0 B</b>	<b>\$164.3 B</b>
<b>Unfunded Actuarial Liabilities</b>	<b>(\$22.3 B)</b>	<b>(\$24.9 B)</b>	<b>(\$28.0 B)</b>	<b>(\$29.9 B)</b>	<b>(\$30.3 B)</b>	<b>(\$36.0 B)</b>
<b>Funded Status</b>	<b>86.5%</b>	<b>85.4%</b>	<b>84.3%</b>	<b>83.9%</b>	<b>84.2%</b>	<b>82.0%</b>

**Optional Retirement Programs**

Eligible employees may choose to withdraw from the FRS and to participate in one of three retirement programs instead of participating in the FRS:

- Members of the Senior Management Service Class may elect to enroll in the Senior Management Service Optional Annuity Program;<sup>27</sup>
- Members in specified positions in the State University System may elect to enroll in the State University System Optional Retirement Program (SUSORP);<sup>28</sup> and
- Members in specified positions at a Florida College institution may elect to enroll in the State Community College System Optional Retirement Program (SCCSORP).<sup>29</sup>

***State University System Optional Retirement Program***

On July 1, 1984, the State University Optional Retirement Program (SUSORP) was established as an optional program under the FRS for eligible State University faculty and administrators. The program was later expanded in 1988 to include the State University System Executive Service and in 1999 to include all administrative and professional personnel exempt from career service.

Eligible employees are compulsory participants in SUSORP during their first 90 days of employment. If an eligible member fails to enroll in SUSORP and execute an investment contract with a provider company during this period, the member is deemed to have elected to participate in the FRS.

The SUSORP is a defined contribution plan qualified under the provisions of section 403(b) of the Internal Revenue Code that provides retirement and death benefits through contracts with

<sup>27</sup> The Senior Management Service Optional Annuity Program (SMSOAP) was established in 1986 for members of the Senior Management Service Class. Employees in eligible positions may irrevocably elect to participate in the SMSOAP rather than the FRS. Effective July 1, 2017, the SMSOAP is closed to new members. Section 121.055(6), F.S.

<sup>28</sup> Eligible participants of the State University System Optional Retirement Program (SUSORP) are automatically enrolled in the SUSORP. However, the member must execute a contract with a SUSORP provider within the first 90 days of employment or the employee will default into the pension plan. If the employee decides to remain in the SUSORP, the decision is irrevocable and the member must remain in the SUSORP as long as the member remains in a SUSORP-eligible position. Section 121.35, F.S.

<sup>29</sup> If the member is eligible for participation in a State Community College System Optional Retirement Program, the member must elect to participate in the program within 90 days of employment. Unlike the other optional programs, an employee who elects to participate in this optional retirement program has one opportunity to transfer to the FRS. Section 1012.875, F.S.

designated investment providers<sup>30</sup>. The program was established to aid the university system in recruiting employees by offering more portability to employees who don't expect to remain in the State University System long enough to vest in the FRS pension plan (ten-year vesting when the SUSORP was created). It provides for full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant upon signing an investment contract within 90 days of employment in an eligible position. Contributions, which are invested as directed by the participant, accumulate in individual participant accounts, together with investment earnings. At retirement, the accumulated benefits are payable to the participant or to his or her beneficiaries or estate.

The employer and employee contribute the percentage of the member's salary designated by law on the member's behalf. The member selects from among the investment products offered by the provider companies in which the employer contribution is invested; a total of 0.01 percent of the salary is retained in the SUSORP Trust Fund for administrative expenses. Effective July 1, 2012, the employer contribution rate is 5.14 percent. In addition, effective July 1, 2011, there is a mandatory employee contribution of three percent. The member may voluntarily contribute, by salary reduction, an amount not to exceed the percentage contributed by the employer to the member's account.

#### ***State Community College System Optional Retirement Program***

In 1995, the Florida Legislature enacted provisions<sup>31</sup> allowing faculty and certain administrators with a state community college *in the FRS Regular Class* to opt out of the FRS and enroll in an optional retirement program known as the State Community College System Optional Retirement Program (SCCSORP). The board of trustees of the employing agency as authorized under section 1001.64, Florida Statutes, must implement this program either individually or in consortia with other community colleges. Effective July 1, 2012, the employer contribution rate is 5.15 percent. In addition, effective July 1, 2011, there is a mandatory employee contribution of three percent. The member is immediately vested upon signing an investment agreement with a provider company and may voluntarily contribute, by salary reduction, an amount not to exceed the percentage contributed by the employer to the member's account.

In 2003, legislation<sup>32</sup> was enacted to give SCCSORP participants an open-ended opportunity to transfer back to the FRS. If the employee elects to transfer to the investment plan, the employee's SCCORP account is retained and he/she starts anew under the investment plan. To transfer to the pension plan, the employee pays a specified amount<sup>33</sup> to receive service credit equal to his/her years of service under the SCCORP. No similar transfer opportunity is available for management-level (non-Regular Class) community college employees.

---

<sup>30</sup> The five approved participating companies currently available under SUSORP are: Equitable, TIAA, AIG (VALIC), VOYA Financial, and MetLife Insurance Company (USA).

<sup>31</sup> See chapter 95-392, Laws of Florida.

<sup>32</sup> See section 121.051(2)(c)3., Florida Statutes, enacted by chapter 2003-260, Laws of Florida.

<sup>33</sup> The cost for the transfer is a sum representing the present value of the member's accumulated benefit obligation for the affected period of service.

### III. Effect of Proposed Changes:

The bill requires all members initially enrolled in the FRS on or after July 1, 2022, to participate in the investment plan. Employees who are initially enrolled in the FRS before July 1, 2022, will not have their retirement choices impacted. Specifically, the bill:

- Closes the pension plan (defined benefit plan) to new enrollees, except investment plan members who become totally and permanently disabled or die in-the-line-of-duty;
- Prohibits members participating in the State Community College System Optional Retirement Program from transferring to the FRS after June 30, 2022.
- Prohibits elected officials from joining the Senior Management Class in lieu of participation in the Elected Officers Class;
- Requires that, if a member eligible to withdraw from the FRS to participate in the State University System Optional Retirement Program fails to execute a contract with a SUSORP investment provider within 90 days after eligibility, the member is deemed to have elected membership in the FRS investment plan, retroactive to the date of eligibility; and
- Increases the employer-paid assessment for administrative and educational services by one basis point.

#### **Closing the Pension Plan**

The bill provides that new enrollees in the FRS will be compulsory members of the investment plan. Enrollees initially enrolled in the system before July 1, 2022, will continue to have a choice between the two primary plans, but members enrolled on or after July 1, 2022, will be automatically enrolled into the investment plan.

Except for members who are eligible for an optional retirement plan, or eligible to withdraw from the FRS, all other new members will be compulsory members of the investment plan.

#### **Optional Retirement Programs**

The bill provides that an employee who has elected to participate in the State Community College System Optional Retirement Program may elect to withdraw from the optional retirement program and transfer to the FRS before July 1, 2022. On or after that date, an employee who elects to participate in the State Community College System Optional Retirement Program may not transfer out of the optional retirement program. As a result, the bill makes the employee's election to participate in this optional program irrevocable on and after July 1, 2022.

The bill provides that new enrollees who are eligible for the State University System Optional Retirement Program will default to the FRS investment plan on and after July 1, 2022, if the member does not elect to participate in the optional retirement program. Currently, the member defaults into the pension plan.

## **Elected Officials**

The bill prohibits elected officials from joining the Senior Management Service Class in lieu of participating in the Elected Officers' Class, after June 30, 2022. Elected officials can participate in the FRS in the Elected Officers' Class or withdraw from the system.<sup>34</sup>

## **Assessment for Administrative and Educational Services**

The bill increases the employer-paid assessment for administrative and educational services by one basis point, effective July 1, 2022. The revenues from this assessment are used by the SBA to provide administrative services for the investment plan and financial educational services for all members of the FRS.

The bill provides a statement of important state interest.

The bill takes effect July 1, 2022

### **Section by section:**

**Section 1** amends s. 121.051, F.S., to limit the ability of members of the SCCSORP to transfer to the FRS on or after June 30, 2022; provide for compulsory membership in the FRS investment plan for employees initially enrolled after a specified date; and authorize certain employees to participate in the investment plan.

**Section 2** amends s. 121.052, F.S., to prohibit members of the Elected Officers' Class from joining the Senior Management Service Class after June 30, 2022.

**Section 3** amends s. 121.35, F.S., to provide that certain participants in the optional retirement program for the State University System have a choice between the optional retirement program and the FRS investment Plan; and provide for compulsory membership in the investment plan for employees initially enrolled after June 30, 2022, who fail to execute within 90 days of eligibility a contract with a provider participating in the SUSORP.

**Section 4** amends s. 121.4501, F.S., to require certain employees initially enrolled in the FRS on or after July 1, 2022, to be compulsory members of the investment plan; provide for the transfer of certain contributions; revise a provision relating to acknowledgment of an employee's election to participate in the investment plan; revise the education component; and delete the obligation of system employers to communicate the existence of both retirement plans.

**Section 5** amends s. 121.74, to increase the employer assessment for administrative and educational expenses by one basis point, effective July 1, 2022.

**Section 6** amends s. 238.072, F.S., to conform cross references.

**Section 7** amends s. 413.051, F.S., to conform cross references.

---

<sup>34</sup> Members of the Elected Officers' Class may withdraw from the FRS. Section 121.052(3), F.S.

**Section 8** provides that the act fulfills an important state interest.

**Section 9** provides an effective date of July 1, 2021.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

The mandates provision of Art. VII, s. 18, of the State Constitution may apply because this bill requires cities and counties to spend money or take action that requires the expenditure of money. An exception to this provision applies in instances where the legislature finds that the bill fulfills an important state interest and when similarly situated persons are required to comply. This bill contains a statement indicating that the bill fulfills an important state interest and the bill applies to similarly situated persons (all employers who participate in the FRS) so it appears that this exception would apply.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

##### **D. State Tax or Fee Increases:**

None.

##### **E. Other Constitutional Issues:**

###### Actuarial Requirements

Article X, s. 14 of the State Constitution requires that benefit improvements under public pension plans in the State of Florida must be concurrently funded on a sound actuarial basis, as set forth below:

Section 14. State retirement systems benefit changes.—A governmental unit responsible for any retirement or pension system supported in whole or in part by public funds shall not after January 1, 1977, provide any increase in the benefits to the members or beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.

Article X, s. 14 of the State Constitution is implemented by statute under part VII of ch. 112, F.S., the “Florida Protection of Public Employee Retirement Benefits Act” (Act). The Act establishes minimum standards for the operation and funding of public employee retirement systems and plans in the State of Florida. It prohibits the use of any procedure,

methodology, or assumptions the effect of which is to transfer to future taxpayers any portion of the costs that may reasonably have been expected to be paid by the current taxpayers.

#### Contractual Obligations

Article I, s. 10 of the State Constitution prohibits any bill of attainder, ex post facto law, or law impairing the obligation of contracts from being passed by the Florida Legislature.

The Florida Statutes provide that the rights of members of the FRS are of a contractual nature, entered into between the member and the state, and such rights are legally enforceable as valid contractual rights and may not be abridged in any way.<sup>35</sup> This “preservation of rights” provision<sup>36</sup> was established by the Florida Legislature with an effective date of July 1, 1974.

The Florida Supreme Court has held that the Florida Legislature may only alter the benefits structure of the FRS prospectively.<sup>37</sup> The prospective application would only alter future benefits. Those benefits previously earned or accrued by the member, under the previous benefit structure, remain untouched and the member continues to enjoy that level of benefit for the period of time up until the effective date of the proposed changes. Further, once the participating member reaches retirement status, the benefits under the terms of the FRS in effect at the time of the member’s retirement vest.<sup>38</sup>

The Florida Supreme Court further held that the “preservation of rights” provision was not intended to bind future legislatures from prospectively altering benefits that accrue for future state service.<sup>39</sup> More recently, the Florida Supreme Court reaffirmed the previous holding, finding that the Legislature can alter the terms of the FRS, so long as the changes to the FRS are prospective.<sup>40</sup>

This bill does not change any benefits that an FRS member has earned prior to July 1, 2022. In fact, members enrolled in the FRS before July 1, 2022, should experience no change in the benefits available under the FRS. The bill only changes the FRS system for participants initially enrolling in the system on or after July 1, 2022.

## **V. Fiscal Impact Statement:**

### **A. Tax/Fee Issues:**

None.

---

<sup>35</sup> Section 121.011(3)(d), F.S.

<sup>36</sup> The “preservation of rights” provision vests all rights and benefits already earned under the present retirement plan so the legislature may now only alter the benefits prospectively. *Florida Sheriffs Association v. Department of Administration, Division of Retirement*, 408 So.2d 1033, 1037 (Fla. 1981).

<sup>37</sup> *Id.* at 1035.

<sup>38</sup> *Id.* at 1036.

<sup>39</sup> *Id.* at 1037.

<sup>40</sup> *Scott v. Williams*, 107 So.3d 379 (Fla.2013).



**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

The fiscal impact relating to compulsory membership in the investment plan for members initially enrolling in the FRS on or after July 1, 2022, is unknown at this time. The special actuarial study on such impacts is currently underway. Any impacts will be borne by the employers participating in the FRS.

Beginning July 1, 2022, the bill increases the employer paid assessment for administrative and educational services by one basis point. This assessment is expected to generate roughly \$3.4 million annually for the State Board of Administration to offset additional costs associated with the increase in the number of members participating in the investment plan and an increase in the workload relating to educational services offered to FRS members.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends sections 121.051, 121.052, 121.35, 121.4501, 121.74, 238.072, and 413.051 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator Rodrigues

27-00770D-21

202184\_\_

1                           A bill to be entitled  
 2       An act relating to retirement; amending s. 121.051,  
 3       F.S.; providing for compulsory membership in the  
 4       Florida Retirement System Investment Plan for  
 5       employees initially enrolled on or after a specified  
 6       date; providing exceptions; conforming provisions to  
 7       changes made by the act; amending s. 121.052, F.S.;  
 8       removing authorization for an elected officer to elect  
 9       membership in the Senior Management Service Class on  
 10      or after a specified date; amending s. 121.35, F.S.;  
 11      modifying provisions governing participation in the  
 12      investment plan for individuals who are eligible to  
 13      participate in the State University System Optional  
 14      Retirement Program to conform to changes made by the  
 15      act; providing for the transfer of contributions for  
 16      employees who default into the investment plan;  
 17      amending s. 121.4501, F.S.; modifying provisions  
 18      governing the administration of the investment plan to  
 19      reflect compulsory membership for specified employees;  
 20      amending s. 121.74, F.S.; revising the employer  
 21      assessment rate to fund certain administrative and  
 22      educational expenses related to investment plan  
 23      administration as of a specified date; amending ss.  
 24      238.072 and 413.051, F.S.; conforming cross-references  
 25      to changes made by the act; providing a declaration of  
 26      important state interest; providing an effective date.  
 27  
 28   Be It Enacted by the Legislature of the State of Florida:  
 29

Page 1 of 32

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

30           Section 1. Present subsections (3) through (9) of section  
 31   121.051, Florida Statutes, are redesignated as subsections (4)  
 32   through (10), respectively, a new subsection (3) is added to  
 33   that section, and paragraph (c) of subsection (2) of that  
 34   section is amended, to read:  
 35       121.051 Participation in the system.—  
 36       (2) OPTIONAL PARTICIPATION.—  
 37       (c) Employees of public community colleges or charter  
 38   technical career centers sponsored by public community colleges,  
 39   designated in s. 1000.21(3), who are members of the Regular  
 40   Class of the Florida Retirement System and who comply with the  
 41   criteria set forth in this paragraph and s. 1012.875 may, in  
 42   lieu of participating in the Florida Retirement System, elect to  
 43   withdraw from the system altogether and participate in the State  
 44   Community College System Optional Retirement Program provided by  
 45   the employing agency under s. 1012.875.  
 46       1.a. Through June 30, 2001, the cost to the employer for  
 47   benefits under the optional retirement program equals the normal  
 48   cost portion of the employer retirement contribution which would  
 49   be required if the employee were a member of the pension plan's  
 50   Regular Class, plus the portion of the contribution rate  
 51   required by s. 112.363(8) which would otherwise be assigned to  
 52   the Retiree Health Insurance Subsidy Trust Fund.  
 53       b. Effective July 1, 2001, through June 30, 2011, each  
 54   employer shall contribute on behalf of each member of the  
 55   optional program an amount equal to 10.43 percent of the  
 56   employee's gross monthly compensation. The employer shall deduct  
 57   an amount for the administration of the program.  
 58       c. Effective July 1, 2011, through June 30, 2012, each

Page 2 of 32

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

59 member shall contribute an amount equal to the employee  
 60 contribution required under s. 121.71(3). The employer shall  
 61 contribute on behalf of each program member an amount equal to  
 62 the difference between 10.43 percent of the employee's gross  
 63 monthly compensation and the employee's required contribution  
 64 based on the employee's gross monthly compensation.

65 d. Effective July 1, 2012, each member shall contribute an  
 66 amount equal to the employee contribution required under s.  
 67 121.71(3). The employer shall contribute on behalf of each  
 68 program member an amount equal to the difference between 8.15  
 69 percent of the employee's gross monthly compensation and the  
 70 employee's required contribution based on the employee's gross  
 71 monthly compensation.

72 e. The employer shall contribute an additional amount to  
 73 the Florida Retirement System Trust Fund equal to the unfunded  
 74 actuarial accrued liability portion of the Regular Class  
 75 contribution rate.

76 2. The decision to participate in the optional retirement  
 77 program is irrevocable as long as the employee holds a position  
 78 eligible for participation, except as provided in subparagraph  
 79 3. Any service creditable under the Florida Retirement System is  
 80 retained after the member withdraws from the system; however,  
 81 additional service credit in the system may not be earned while  
 82 a member of the optional retirement program.

83 3. Effective July 1, 2003, through June 30, 2022, an  
 84 employee who has elected to participate in the optional  
 85 retirement program shall have one opportunity, at the employee's  
 86 discretion, to transfer from the optional retirement program to  
 87 the pension plan of the Florida Retirement System or to the

27-00770D-21

202184\_\_

88 investment plan established under part II of this chapter,  
 89 subject to the terms of the applicable optional retirement  
 90 program contracts. Except as provided in subsection (3), an  
 91 employee participating in the optional retirement program on or  
 92 after July 1, 2022, is not eligible to transfer to the Florida  
 93 Retirement System.

94 a. If the employee chooses to move to the investment plan,  
 95 any contributions, interest, and earnings creditable to the  
 96 employee under the optional retirement program are retained by  
 97 the employee in the optional retirement program, and the  
 98 applicable provisions of s. 121.4501(4) govern the election.

99 b. If the employee chooses to move to the pension plan of  
 100 the Florida Retirement System, the employee shall receive  
 101 service credit equal to his or her years of service under the  
 102 optional retirement program.

103 (I) The cost for such credit is the amount representing the  
 104 present value of the employee's accumulated benefit obligation  
 105 for the affected period of service. The cost shall be calculated  
 106 as if the benefit commencement occurs on the first date the  
 107 employee becomes eligible for unreduced benefits, using the  
 108 discount rate and other relevant actuarial assumptions that were  
 109 used to value the Florida Retirement System Pension Plan  
 110 liabilities in the most recent actuarial valuation. The  
 111 calculation must include any service already maintained under  
 112 the pension plan in addition to the years under the optional  
 113 retirement program. The present value of any service already  
 114 maintained must be applied as a credit to total cost resulting  
 115 from the calculation. The division must ensure that the transfer  
 116 sum is prepared using a formula and methodology certified by an

27-00770D-21

202184\_\_

117 enrolled actuary.

118 (II) The employee must transfer from his or her optional  
119 retirement program account and from other employee moneys as  
120 necessary, a sum representing the present value of the  
121 employee's accumulated benefit obligation immediately following  
122 the time of such movement, determined assuming that attained  
123 service equals the sum of service in the pension plan and  
124 service in the optional retirement program.

125 4. Participation in the optional retirement program is  
126 limited to employees who satisfy the following eligibility  
127 criteria:

128 a. The employee is otherwise eligible for membership or  
129 renewed membership in the Regular Class of the Florida  
130 Retirement System, as provided in s. 121.021(11) and (12) or s.  
131 121.122.

132 b. The employee is employed in a full-time position  
133 classified in the Accounting Manual for Florida's College System  
134 as:

135 (I) Instructional; or

136 (II) Executive Management, Instructional Management, or  
137 Institutional Management and the community college determines  
138 that recruiting to fill a vacancy in the position is to be  
139 conducted in the national or regional market, and the duties and  
140 responsibilities of the position include the formulation,  
141 interpretation, or implementation of policies, or the  
142 performance of functions that are unique or specialized within  
143 higher education and that frequently support the mission of the  
144 community college.

145 c. The employee is employed in a position not included in

27-00770D-21

202184\_\_

146 the Senior Management Service Class of the Florida Retirement  
147 System as described in s. 121.055.

148 5. Members of the program are subject to the same  
149 reemployment limitations, renewed membership provisions, and  
150 forfeiture provisions applicable to regular members of the  
151 Florida Retirement System under ss. 121.091(9), 121.122, and  
152 121.091(5), respectively. A member who receives a program  
153 distribution funded by employer and required employee  
154 contributions is deemed to be retired from a state-administered  
155 retirement system if the member is subsequently employed with an  
156 employer that participates in the Florida Retirement System.

157 6. Eligible community college employees are compulsory  
158 members of the Florida Retirement System until, pursuant to s.  
159 1012.875, a written election to withdraw from the system and  
160 participate in the optional retirement program is filed with the  
161 program administrator and received by the division.

162 a. A community college employee whose program eligibility  
163 results from initial employment shall be enrolled in the  
164 optional retirement program retroactive to the first day of  
165 eligible employment. The employer and employee retirement  
166 contributions paid through the month of the employee plan change  
167 shall be transferred to the community college to the employee's  
168 optional program account, and, effective the first day of the  
169 next month, the employer shall pay the applicable contributions  
170 based upon subparagraph 1.

171 b. A community college employee whose program eligibility  
172 is due to the subsequent designation of the employee's position  
173 as one of those specified in subparagraph 4., or due to the  
174 employee's appointment, promotion, transfer, or reclassification

27-00770D-21

202184\_\_

175 to a position specified in subparagraph 4., must be enrolled in  
 176 the program on the first day of the first full calendar month  
 177 that such change in status becomes effective. The employer and  
 178 employee retirement contributions paid from the effective date  
 179 through the month of the employee plan change must be  
 180 transferred to the community college to the employee's optional  
 181 program account, and, effective the first day of the next month,  
 182 the employer shall pay the applicable contributions based upon  
 183 subparagraph 1.

184 7. Effective July 1, 2003, through December 31, 2008, any  
 185 member of the optional retirement program who has service credit  
 186 in the pension plan of the Florida Retirement System for the  
 187 period between his or her first eligibility to transfer from the  
 188 pension plan to the optional retirement program and the actual  
 189 date of transfer may, during employment, transfer to the  
 190 optional retirement program a sum representing the present value  
 191 of the accumulated benefit obligation under the defined benefit  
 192 retirement program for the period of service credit. Upon  
 193 transfer, all service credit previously earned under the pension  
 194 plan during this period is nullified for purposes of entitlement  
 195 to a future benefit under the pension plan.

196 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.—

197 (a) All eligible employees, except those eligible to  
 198 withdraw from the system under s. 121.052(3)(d) or s. 121.055  
 199 (1)(b)2., or those eligible for optional retirement programs  
 200 under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35,  
 201 initially enrolled on or after July 1, 2022, are compulsory  
 202 members of the investment plan, and membership in the pension  
 203 plan is not permitted except as provided in s. 121.591(2) and

Page 7 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

204 (4). Employees initially enrolled on or after July 1, 2022, are  
 205 not eligible to use the election opportunity specified in s.  
 206 121.4501(4)(e).

207 (b) Employees eligible to withdraw from the system under s.  
 208 121.052(3)(d) or s. 121.055(1)(b)2. may choose to withdraw from  
 209 the system or to participate in the investment plan as provided  
 210 in those sections. Employees eligible for optional retirement  
 211 programs under s. 121.051(2)(c) or s. 121.35 may choose to  
 212 participate in the optional retirement program or the investment  
 213 plan as provided in those sections. Eligible employees required  
 214 to participate in the optional retirement program under s.  
 215 121.35, pursuant to s. 121.051(1)(a), must participate in the  
 216 investment plan when employed in a position not eligible for the  
 217 optional retirement program.

218 Section 2. Paragraph (c) of subsection (3) of section  
 219 121.052, Florida Statutes, is amended to read:

220 121.052 Membership class of elected officers.—

221 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective July  
 222 1, 1990, participation in the Elected Officers' Class shall be  
 223 compulsory for elected officers listed in paragraphs (2)(a)-(d)  
 224 and (f) assuming office on or after said date, unless the  
 225 elected officer elects membership in another class or withdraws  
 226 from the Florida Retirement System as provided in paragraphs  
 227 (3)(a)-(d):

228 (c) Before July 1, 2022, an ~~any~~ elected officer may, within  
 229 6 months after assuming office, ~~or within 6 months after this~~  
 230 ~~act becomes a law for serving elected officers,~~ elect membership  
 231 in the Senior Management Service Class as provided in s. 121.055  
 232 in lieu of membership in the Elected Officers' Class. ~~Any~~ Such

Page 8 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

233 election ~~does not affect~~ ~~made by a county elected officer shall~~  
 234 ~~have no effect upon~~ the statutory limit on the number of  
 235 nonelective full-time positions that may be designated by a  
 236 local agency employer for inclusion in the Senior Management  
 237 Service Class under s. 121.055(1)(b)1.

238 Section 3. Paragraph (c) of subsection (3) of section  
 239 121.35, Florida Statutes, is amended to read:

240 121.35 Optional retirement program for the State University  
 241 System.—

242 (3) ELECTION OF OPTIONAL PROGRAM.—

243 (c) An any employee who becomes eligible to participate in  
 244 the optional retirement program on or after January 1, 1993,  
 245 shall be a compulsory participant of the program unless such  
 246 employee elects membership in the Florida Retirement System.  
 247 Such election must shall be made in writing and filed with the  
 248 personnel officer of the employer. An any eligible employee who  
 249 fails to make such election within the prescribed time period  
 250 shall be deemed to have elected to participate in the optional  
 251 retirement program.

252 1. An any employee whose optional retirement program  
 253 eligibility results from initial employment shall be enrolled in  
 254 the program at the commencement of employment. If, within 90  
 255 days after commencement of employment, the employee elects  
 256 membership in the Florida Retirement System, such membership  
 257 shall be effective retroactive to the date of commencement of  
 258 employment as provided in s. 121.4501(4).

259 2. An Any employee whose optional retirement program  
 260 eligibility results from a change in status due to the  
 261 subsequent designation of the employee's position as one of

27-00770D-21

202184\_\_

262 those specified in paragraph (2)(a) or due to the employee's  
 263 appointment, promotion, transfer, or reclassification to a  
 264 position specified in paragraph (2)(a) shall be enrolled in the  
 265 optional retirement program upon such change in status and shall  
 266 be notified by the employer of such action. If, within 90 days  
 267 after the date of such notification, the employee elects to  
 268 retain membership in the Florida Retirement System, such  
 269 continuation of membership shall be retroactive to the date of  
 270 the change in status.

271 3. Notwithstanding subparagraphs 1. and 2. ~~the provisions~~  
 272 ~~of this paragraph~~, effective July 1, 1997, an any employee who  
 273 is eligible to participate in the optional retirement program  
 274 and who fails to execute a contract with one of the approved  
 275 companies and to notify the department in writing as provided in  
 276 subsection (4) within 90 days after the date of eligibility is  
 277 ~~shall be~~ deemed to have elected membership in the Florida  
 278 Retirement System, except as provided in s. 121.051(1)(a). This  
 279 subparagraph provision shall also applies apply to any employee  
 280 who terminates employment in an eligible position before  
 281 executing the required investment annuity contract and notifying  
 282 the department. Such membership shall be retroactive to the date  
 283 of eligibility, and all appropriate contributions shall be  
 284 transferred to the Florida Retirement System Trust Fund and the  
 285 Retiree Health Insurance Subsidy Trust Fund. If a member is  
 286 initially enrolled on or after July 1, 2022, and fails to  
 287 execute a contract with one of the approved companies and notify  
 288 the department in writing within 90 days after the date of  
 289 eligibility as provided in subsection (4), the member is deemed  
 290 to have elected membership in the Florida Retirement System

27-00770D-21

202184\_\_

291 Investment Plan and such membership shall be retroactive to the  
 292 date of eligibility. All contributions required under s. 121.72  
 293 shall be transferred to a default fund in the investment plan as  
 294 provided in s. 121.4501(4)(g) and the Retiree Health Insurance  
 295 Subsidy Trust Fund.

296 Section 4. Subsections (1), (4), (8), (10), and (15) of  
 297 section 121.4501, Florida Statutes, are amended to read:

298 121.4501 Florida Retirement System Investment Plan.—

299 (1) ESTABLISHMENT.—The Trustees of the State Board of  
 300 Administration shall establish a defined contribution program  
 301 called the “Florida Retirement System Investment Plan” or  
 302 “investment plan” for members of the Florida Retirement System  
 303 under which retirement benefits will be provided for eligible  
 304 employees initially enrolled before July 1, 2022, who elect to  
 305 participate in the program, and for all eligible employees  
 306 initially enrolled on or after July 1, 2022, who shall be  
 307 compulsory members unless otherwise eligible to withdraw from  
 308 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2., or to  
 309 participate in an optional retirement program under s.  
 310 121.051(1)(a), s. 121.051(2)(c), or s. 121.35. The retirement  
 311 benefits shall be provided through member-directed investments,  
 312 in accordance with s. 401(a) of the Internal Revenue Code and  
 313 related regulations. The employer and employee shall make  
 314 contributions, as provided in this section and ss. 121.571 and  
 315 121.71, to the Florida Retirement System Investment Plan Trust  
 316 Fund toward the funding of benefits.

317 (4) PARTICIPATION; ENROLLMENT.—

318 (a)1. Effective June 1, 2002, through February 28, 2003, a  
 319 90-day election period was provided to each eligible employee

Page 11 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

320 participating in the Florida Retirement System, preceded by a  
 321 90-day education period, permitting each eligible employee to  
 322 elect membership in the investment plan. An employee who failed  
 323 to elect the investment plan during the election period remained  
 324 in the pension plan. An eligible employee who was employed in a  
 325 regularly established position during the election period was  
 326 granted the option to make one subsequent election, as provided  
 327 in paragraph (f). With respect to an eligible employee who did  
 328 not participate in the initial election period or who is  
 329 initially employed in a regularly established position after the  
 330 close of the initial election period but before January 1, 2018,  
 331 such employee shall, by default, be enrolled in the pension plan  
 332 at the commencement of employment and may, by the last business  
 333 day of the 5th month following the employee’s month of hire,  
 334 elect to participate in the investment plan. The employee’s  
 335 election must be made in writing or by electronic means and must  
 336 be filed with the third-party administrator. The election to  
 337 participate in the investment plan is irrevocable, except as  
 338 provided in paragraph (f).

339 a. If the employee files such election within the  
 340 prescribed time period, enrollment in the investment plan is  
 341 effective on the first day of employment. The retirement  
 342 contributions paid through the month of the employee plan change  
 343 shall be transferred to the investment program, and, effective  
 344 the first day of the next month, the employer and employee must  
 345 pay the applicable contributions based on the employee  
 346 membership class in the program.

347 b. An employee who fails to elect to participate in the  
 348 investment plan within the prescribed time period is deemed to

Page 12 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

349 have elected to retain membership in the pension plan, and the  
 350 employee's option to elect to participate in the investment plan  
 351 is forfeited.

352 2. With respect to employees who become eligible to  
 353 participate in the investment plan pursuant to s.  
 354 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to  
 355 participate in the investment plan in lieu of retaining his or  
 356 her membership in the State Community College System Optional  
 357 Retirement Program or the State University System Optional  
 358 Retirement Program. The election must be made in writing or by  
 359 electronic means and must be filed with the third-party  
 360 administrator. This election is irrevocable, except as provided  
 361 in paragraph (f). Upon making such election, the employee shall  
 362 be enrolled as a member in the investment plan, the employee's  
 363 membership in the Florida Retirement System is governed by the  
 364 provisions of this part, and the employee's participation in the  
 365 State Community College System Optional Retirement Program or  
 366 the State University System Optional Retirement Program  
 367 terminates. The employee's enrollment in the investment plan is  
 368 effective on the first day of the month for which a full month's  
 369 employer and employee contribution is made to the investment  
 370 plan.

371 (b)1. With respect to employees who become eligible to  
 372 participate in the investment plan by reason of employment in a  
 373 regularly established position commencing on or after January 1,  
 374 2018, through June 30, 2022, or who did not complete an election  
 375 window before June 30, 2022, ~~January 1, 2018~~, any such employee  
 376 shall be enrolled in the pension plan at the commencement of  
 377 employment and may, by the last business day of the eighth month

Page 13 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

378 following the employee's month of hire, elect to participate in  
 379 the pension plan or the investment plan. Eligible employees may  
 380 make a plan election only if they are earning service credit in  
 381 an employer-employee relationship consistent with s.  
 382 121.021(17)(b), excluding leaves of absence without pay.

383 2. The employee's election must be made in writing or by  
 384 electronic means and must be filed with the third-party  
 385 administrator. The election to participate in the pension plan  
 386 or investment plan is irrevocable, except as provided in  
 387 paragraph (f).

388 3.a. Except as provided in subparagraph 4., if the employee  
 389 fails to make an election to either the pension plan or the  
 390 investment plan during the 8-month period following the month of  
 391 hire, the employee is deemed to have elected the investment plan  
 392 and shall default into the investment plan retroactively to the  
 393 employee's date of employment. The employee's option to  
 394 participate in the pension plan is forfeited, except as provided  
 395 in paragraph (f).

396 b. The amount of the employee and employer contributions  
 397 paid through the date of default to the investment plan shall be  
 398 transferred to the investment plan and shall be placed in a  
 399 default fund as designated by the State Board of Administration.  
 400 The employee may move the contributions once an account is  
 401 activated in the investment plan.

402 4. If the employee is employed in a position included in  
 403 the Special Risk Class and fails to make an election to either  
 404 the pension plan or the investment plan during the 8-month  
 405 period following the month of hire, the employee is deemed to  
 406 have elected the pension plan and shall default into the pension

Page 14 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.



27-00770D-21

202184\_\_

407 plan retroactively to the employee's date of employment. The  
 408 employee's option to participate in the investment plan is  
 409 forfeited, except as provided in paragraph (f).

410 5. Effective the first day of the month after an eligible  
 411 employee makes a plan election of the pension plan or investment  
 412 plan, or the first day of the month after default, the employee  
 413 and employer shall pay the applicable contributions based on the  
 414 employee membership class in the program.

415 (c) Contributions available for self-direction by a member  
 416 who has not selected one or more specific investment products  
 417 shall be allocated as prescribed by the state board. The third-  
 418 party administrator shall notify the member at least quarterly  
 419 that the member should take an affirmative action to make an  
 420 asset allocation among the investment products.

421 (d) On or after July 1, 2011, a member of the pension plan  
 422 who obtains a refund of employee contributions retains his or  
 423 her prior plan choice upon return to employment in a regularly  
 424 established position with a participating employer.

425 (e)1. A member of the investment plan who takes a  
 426 distribution of any contributions from his or her investment  
 427 plan account is considered a retiree. A retiree who is initially  
 428 reemployed in a regularly established position on or after July  
 429 1, 2010, through June 30, 2017, is not eligible for renewed  
 430 membership, except as provided in s. 121.122.

431 2. A retiree who is reemployed on or after July 1, 2017,  
 432 shall be enrolled as a renewed member as provided in s. 121.122.

433 (f) After the period during which an eligible employee  
 434 initially enrolled before July 1, 2022, had the choice to elect  
 435 the pension plan or the investment plan, or the month following

27-00770D-21

202184\_\_

436 the receipt of the eligible employee's plan election, if sooner,  
 437 the employee shall have one opportunity, at the employee's  
 438 discretion, to choose to move from the pension plan to the  
 439 investment plan or from the investment plan to the pension plan.  
 440 Eligible employees may elect to move between plans only if they  
 441 are earning service credit in an employer-employee relationship  
 442 consistent with s. 121.021(17)(b), excluding leaves of absence  
 443 without pay. Effective July 1, 2005, such elections are  
 444 effective on the first day of the month following the receipt of  
 445 the election by the third-party administrator and are not  
 446 subject to the requirements regarding an employer-employee  
 447 relationship or receipt of contributions for the eligible  
 448 employee in the effective month, except when the election is  
 449 received by the third-party administrator. This paragraph is  
 450 contingent upon approval by the Internal Revenue Service.

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

453 2. If the employee chooses to move to the pension plan, the  
 454 employee must transfer from his or her investment plan account,  
 455 and from other employee moneys as necessary, a sum representing  
 456 the present value of that employee's accumulated benefit  
 457 obligation immediately following the time of such movement,  
 458 determined assuming that attained service equals the sum of  
 459 service in the pension plan and service in the investment plan.  
 460 Benefit commencement occurs on the first date the employee is  
 461 eligible for unreduced benefits, using the discount rate and  
 462 other relevant actuarial assumptions that were used to value the  
 463 pension plan liabilities in the most recent actuarial valuation.  
 464 For any employee who, at the time of the second election,

27-00770D-21

202184\_\_

465 already maintains an accrued benefit amount in the pension plan,  
 466 the then-present value of the accrued benefit is deemed part of  
 467 the required transfer amount. The division must ensure that the  
 468 transfer sum is prepared using a formula and methodology  
 469 certified by an enrolled actuary. A refund of any employee  
 470 contributions or additional member payments made which exceed  
 471 the employee contributions that would have accrued had the  
 472 member remained in the pension plan and not transferred to the  
 473 investment plan is not permitted.

474 3. Notwithstanding subparagraph 2., an employee who chooses  
 475 to move to the pension plan and who became eligible to  
 476 participate in the investment plan by reason of employment in a  
 477 regularly established position with a state employer after June  
 478 1, 2002; a district school board employer after September 1,  
 479 2002; or a local employer after December 1, 2002, must transfer  
 480 from his or her investment plan account, and from other employee  
 481 moneys as necessary, a sum representing the employee's actuarial  
 482 accrued liability. A refund of any employee contributions or  
 483 additional member payments made which exceed the employee  
 484 contributions that would have accrued had the member remained in  
 485 the pension plan and not transferred to the investment plan is  
 486 not permitted.

487 4. An employee's ability to transfer from the pension plan  
 488 to the investment plan pursuant to paragraphs (a) and (b), and  
 489 the ability of a current employee to have an option to later  
 490 transfer back into the pension plan under subparagraph 2., shall  
 491 be deemed a significant system amendment. Pursuant to s.  
 492 121.031(4), any resulting unfunded liability arising from actual  
 493 original transfers from the pension plan to the investment plan

27-00770D-21

202184\_\_

494 must be amortized within 30 plan years as a separate unfunded  
 495 actuarial base independent of the reserve stabilization  
 496 mechanism defined in s. 121.031(3)(f). For the first 25 years, a  
 497 direct amortization payment may not be calculated for this base.  
 498 During this 25-year period, the separate base shall be used to  
 499 offset the impact of employees exercising their second program  
 500 election under this paragraph. The actuarial funded status of  
 501 the pension plan will not be affected by such second program  
 502 elections in any significant manner, after due recognition of  
 503 the separate unfunded actuarial base. Following the initial 25-  
 504 year period, any remaining balance of the original separate base  
 505 shall be amortized over the remaining 5 years of the required  
 506 30-year amortization period.

507 5. If the employee chooses to transfer from the investment  
 508 plan to the pension plan and retains an excess account balance  
 509 in the investment plan after satisfying the buy-in requirements  
 510 under this paragraph, the excess may not be distributed until  
 511 the member retires from the pension plan. The excess account  
 512 balance may be rolled over to the pension plan and used to  
 513 purchase service credit or upgrade creditable service in the  
 514 pension plan.

515 (g)1. All eligible employees, except those eligible to  
 516 withdraw from the system under s. 121.052(3)(d) or s.  
 517 121.055(1)(b)2., or those eligible for optional retirement  
 518 programs under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35,  
 519 initially enrolled on or after July 1, 2022, are compulsory  
 520 members of the investment plan. Employees eligible to withdraw  
 521 from the system under s. 121.052(3)(d) or s. 121.055(1)(b)2. may  
 522 choose to withdraw from the system or to participate in the

27-00770D-21

202184\_\_

523 investment plan as provided in those sections. Employees  
 524 eligible for optional retirement programs under s. 121.051(2) (c)  
 525 or s. 121.35, except as provided in s. 121.051(1) (a), may choose  
 526 to participate in the optional retirement program or the  
 527 investment plan as provided in those sections. Membership in the  
 528 pension plan is not authorized except as provided in s.  
 529 121.591(2) and (4).

530 2. Employees initially enrolled on or after July 1, 2022,  
 531 may not use the election opportunity specified in paragraph (f).

532 3. As required under s. 121.72, the amount of retirement  
 533 contributions paid by the employee and employer shall be  
 534 transferred to the investment plan and placed in a default fund  
 535 designated by the state board.

536 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan  
 537 shall be administered by the state board and affected employers.  
 538 The state board may require oaths, by affidavit or otherwise,  
 539 and acknowledgments from persons in connection with the  
 540 administration of its statutory duties and responsibilities for  
 541 the investment plan. An oath, by affidavit or otherwise, may not  
 542 be required of a member at the time of enrollment. For members  
 543 initially enrolled before July 1, 2022, acknowledgment of an  
 544 employee's election to participate in the program shall be no  
 545 greater than necessary to confirm the employee's election. The  
 546 state board shall adopt rules to carry out its statutory duties  
 547 with respect to administering the investment plan, including  
 548 establishing the roles and responsibilities of affected state,  
 549 local government, and education-related employers, the state  
 550 board, the department, and third-party contractors. The  
 551 department shall adopt rules necessary to administer the

27-00770D-21

202184\_\_

552 investment plan in coordination with the pension plan, and the  
 553 disability benefits and line-of-duty death benefits available  
 554 under the investment plan provided in s. 121.591(2) and (4),  
 555 respectively.

556 (a)1. The state board shall select and contract with a  
 557 third-party administrator to provide administrative services if  
 558 those services cannot be competitively and contractually  
 559 provided by the division. With the approval of the state board,  
 560 the third-party administrator may subcontract to provide  
 561 components of the administrative services. As a cost of  
 562 administration, the state board may compensate any such  
 563 contractor for its services, in accordance with the terms of the  
 564 contract, as is deemed necessary or proper by the board. The  
 565 third-party administrator may not be an approved provider or be  
 566 affiliated with an approved provider.

567 2. These administrative services may include, but are not  
 568 limited to, enrollment of eligible employees, collection of  
 569 employer and employee contributions, disbursement of  
 570 contributions to approved providers in accordance with the  
 571 allocation directions of members; services relating to  
 572 consolidated billing; individual and collective recordkeeping  
 573 and accounting; asset purchase, control, and safekeeping; and  
 574 direct disbursement of funds to and from the third-party  
 575 administrator, the division, the state board, employers,  
 576 members, approved providers, and beneficiaries. This section  
 577 does not prevent or prohibit a bundled provider from providing  
 578 any administrative or customer service, including accounting and  
 579 administration of individual member benefits and contributions;  
 580 individual member recordkeeping; asset purchase, control, and

27-00770D-21

202184\_\_

581 safekeeping; direct execution of the member's instructions as to  
 582 asset and contribution allocation; calculation of daily net  
 583 asset values; direct access to member account information; or  
 584 periodic reporting to members, at least quarterly, on account  
 585 balances and transactions, if these services are authorized by  
 586 the state board as part of the contract.

587 (b)1. The state board shall select and contract with one or  
 588 more organizations to provide educational services. With  
 589 approval of the state board, the organizations may subcontract  
 590 to provide components of the educational services. As a cost of  
 591 administration, the state board may compensate any such  
 592 contractor for its services in accordance with the terms of the  
 593 contract, as is deemed necessary or proper by the board. The  
 594 education organization may not be an approved provider or be  
 595 affiliated with an approved provider.

596 2. Educational services shall be designed by the state  
 597 board and department to assist employers, eligible employees,  
 598 members, and beneficiaries in order to maintain compliance with  
 599 United States Department of Labor regulations under s. 404(c) of  
 600 the Employee Retirement Income Security Act of 1974 and to  
 601 assist employees in their choice of pension plan or investment  
 602 plan retirement alternatives. Educational services include, but  
 603 are not limited to, disseminating educational materials;  
 604 providing retirement planning education; explaining the pension  
 605 plan and the investment plan; and offering financial planning  
 606 guidance on matters such as investment diversification,  
 607 investment risks, investment costs, and asset allocation. An  
 608 approved provider may also provide educational information,  
 609 including retirement planning and investment allocation

27-00770D-21

202184\_\_

610 information concerning its products and services.

611 (c)1. In evaluating and selecting a third-party  
 612 administrator, the state board shall establish criteria for  
 613 evaluating the relative capabilities and qualifications of each  
 614 proposed administrator. In developing such criteria, the state  
 615 board shall consider:

616 a. The administrator's demonstrated experience in providing  
 617 administrative services to public or private sector retirement  
 618 systems.

619 b. The administrator's demonstrated experience in providing  
 620 daily valued recordkeeping to defined contribution programs.

621 c. The administrator's ability and willingness to  
 622 coordinate its activities with employers, the state board, and  
 623 the division, and to supply to such employers, the board, and  
 624 the division the information and data they require, including,  
 625 but not limited to, monthly management reports, quarterly member  
 626 reports, and ad hoc reports requested by the department or state  
 627 board.

628 d. The cost-effectiveness and levels of the administrative  
 629 services provided.

630 e. The administrator's ability to interact with the  
 631 members, the employers, the state board, the division, and the  
 632 providers; the means by which members may access account  
 633 information, direct investment of contributions, make changes to  
 634 their accounts, transfer moneys between available investment  
 635 vehicles, and transfer moneys between investment products; and  
 636 any fees that apply to such activities.

637 f. Any other factor deemed necessary by the state board.

638 2. In evaluating and selecting an educational provider, the

27-00770D-21

202184\_\_

639 state board shall establish criteria under which it shall  
 640 consider the relative capabilities and qualifications of each  
 641 proposed educational provider. In developing such criteria, the  
 642 state board shall consider:

- 643 a. Demonstrated experience in providing educational  
 644 services to public or private sector retirement systems.
- 645 b. Ability and willingness to coordinate its activities  
 646 with the employers, the state board, and the division, and to  
 647 supply to such employers, the board, and the division the  
 648 information and data they require, including, but not limited  
 649 to, reports on educational contacts.
- 650 c. The cost-effectiveness and levels of the educational  
 651 services provided.
- 652 d. Ability to provide educational services via different  
 653 media, including, but not limited to, the Internet, personal  
 654 contact, seminars, brochures, and newsletters.
- 655 e. Any other factor deemed necessary by the state board.
- 656 3. The establishment of the criteria shall be solely within  
 657 the discretion of the state board.
- 658 (d) The state board shall develop the form and content of  
 659 any contracts to be offered under the investment plan. In  
 660 developing the contracts, the board shall consider:
- 661 1. The nature and extent of the rights and benefits to be  
 662 afforded in relation to the contributions required under the  
 663 plan.
- 664 2. The suitability of the rights and benefits provided and  
 665 the interests of employers in the recruitment and retention of  
 666 eligible employees.
- 667 (e)1. The state board may contract for professional

Page 23 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

668 services, including legal, consulting, accounting, and actuarial  
 669 services, deemed necessary to implement and administer the  
 670 investment plan. The state board may enter into a contract with  
 671 one or more vendors to provide low-cost investment advice to  
 672 members, supplemental to education provided by the third-party  
 673 administrator. All fees under any such contract shall be paid by  
 674 those members who choose to use the services of the vendor.

675 2. The department may contract for professional services,  
 676 including legal, consulting, accounting, and actuarial services,  
 677 deemed necessary to implement and administer the investment plan  
 678 in coordination with the pension plan. The department, in  
 679 coordination with the state board, may enter into a contract  
 680 with the third-party administrator in order to coordinate  
 681 services common to the various programs within the Florida  
 682 Retirement System.

683 (f) The third-party administrator may not receive direct or  
 684 indirect compensation from an approved provider, except as  
 685 specifically provided for in the contract with the state board.

686 (g) The state board shall receive and resolve member  
 687 complaints against the program, the third-party administrator,  
 688 or any program vendor or provider; shall resolve any conflict  
 689 between the third-party administrator and an approved provider  
 690 if such conflict threatens the implementation or administration  
 691 of the program or the quality of services to employees; and may  
 692 resolve any other conflicts. The third-party administrator shall  
 693 retain all member records for at least 5 years for use in  
 694 resolving any member conflicts. The state board, the third-party  
 695 administrator, or a provider is not required to produce  
 696 documentation or an audio recording to justify action taken with

Page 24 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

697 regard to a member if the action occurred 5 or more years before  
 698 the complaint is submitted to the state board. It is presumed  
 699 that all action taken 5 or more years before the complaint is  
 700 submitted was taken at the request of the member and with the  
 701 member's full knowledge and consent. To overcome this  
 702 presumption, the member must present documentary evidence or an  
 703 audio recording demonstrating otherwise.

704 (10) EDUCATION COMPONENT.—

705 (a) The state board, in coordination with the department,  
 706 shall provide for an education component for eligible employees  
 707 in a manner consistent with this subsection.

708 (b) The education component must provide system members  
 709 with impartial and balanced information about plan choices for  
 710 members initially enrolled before July 1, 2022. The education  
 711 component must involve multimedia formats. Program comparisons  
 712 must, to the greatest extent possible, be based upon the  
 713 retirement income that different retirement programs may provide  
 714 to the member. The state board shall monitor the performance of  
 715 the contract to ensure that the program is conducted in  
 716 accordance with the contract, applicable law, and the rules of  
 717 the state board.

718 (c) The state board, in coordination with the department,  
 719 shall provide for an initial and ongoing transfer education  
 720 component to provide system members initially enrolled before  
 721 July 1, 2022, with information necessary to make informed plan  
 722 choice decisions. The transfer education component must include,  
 723 but is not limited to, information on:

724 1. The amount of money available to a member to transfer to  
 725 the defined contribution program.

Page 25 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

726 2. The features of and differences between the pension plan  
 727 and the defined contribution program, both generally and  
 728 specifically, as those differences may affect the member.

729 3. The expected benefit available if the member were to  
 730 retire under each of the retirement programs, based on  
 731 appropriate alternative sets of assumptions.

732 4. The rate of return from investments in the defined  
 733 contribution program and the period of time over which such rate  
 734 of return must be achieved to equal or exceed the expected  
 735 monthly benefit payable to the member under the pension plan.

736 5. The historical rates of return for the investment  
 737 alternatives available in the defined contribution programs.

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

742 7. The program choices available to employees of the State  
 743 University System and the comparative benefits of each available  
 744 program, if applicable.

745 8. Payout options available in each of the retirement  
 746 programs.

747 (d) An ongoing education and communication component must  
 748 provide eligible employees with information necessary to make  
 749 informed decisions about choices within their retirement system  
 750 and in preparation for retirement. The component must include,  
 751 but is not limited to, information concerning:

752 1. Rights and conditions of membership.

753 2. Benefit features within the program, options, and  
 754 effects of certain decisions.

Page 26 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

755 3. Coordination of contributions and benefits with a  
 756 deferred compensation plan under s. 457 or a plan under s.  
 757 403(b) of the Internal Revenue Code.

758 4. Significant program changes.

759 5. Contribution rates and program funding status.

760 6. Planning for retirement.

761 (e) Descriptive materials must be prepared under the  
 762 assumption that the employee is an unsophisticated investor, and  
 763 all materials used in the education component must be approved  
 764 by the state board prior to dissemination.

765 (f) The state board and the department shall also establish  
 766 a communication component to provide program information to  
 767 participating employers and the employers' personnel and payroll  
 768 officers and to explain their respective responsibilities in  
 769 conjunction with the retirement programs.

770 (g) Funding for education of new employees may reflect  
 771 administrative costs to the investment plan and the pension  
 772 plan.

773 (15) STATEMENT OF FIDUCIARY STANDARDS AND  
 774 RESPONSIBILITIES.—

775 (a) Investment of investment ~~defined contribution~~ plan  
 776 assets shall be made for the sole interest and exclusive purpose  
 777 of providing benefits to members and beneficiaries and defraying  
 778 reasonable expenses of administering the plan. The program's  
 779 assets shall be invested on behalf of the program members with  
 780 the care, skill, and diligence that a prudent person acting in a  
 781 like manner would undertake. The performance of the investment  
 782 duties set forth in this paragraph shall comply with the  
 783 fiduciary standards set forth in the Employee Retirement Income

Page 27 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

784 Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C). In case  
 785 of conflict with other provisions of law authorizing  
 786 investments, the investment and fiduciary standards set forth in  
 787 this subsection shall prevail.

788 (b) If a member or beneficiary of the investment plan  
 789 exercises control over the assets in his or her account, as  
 790 determined by reference to regulations of the United States  
 791 Department of Labor under s. 404(c) of the Employee Retirement  
 792 Income Security Act of 1974 and all applicable laws governing  
 793 the operation of the program, a program fiduciary is not liable  
 794 for any loss to a member's or beneficiary's account which  
 795 results from the member's or beneficiary's exercise of control.

796 (c) Subparagraph (8)(b)2. and paragraph (b) incorporate the  
 797 federal law concept of participant control, established by  
 798 regulations of the United States Department of Labor under s.  
 799 404(c) of the Employee Retirement Income Security Act of 1974  
 800 (ERISA). The purpose of this paragraph is to assist employers  
 801 and the state board in maintaining compliance with s. 404(c),  
 802 while avoiding unnecessary costs and eroding member benefits  
 803 under the investment plan. Pursuant to 29 C.F.R. s. 2550.404a-  
 804 5(d)(4) ~~29 C.F.R. s. 2550.404e-1(b)(2)(i)(B)(1)(viii)~~, the state  
 805 board or its designated agents shall deliver to members of the  
 806 investment plan a copy of the prospectus most recently provided  
 807 to the plan, ~~and, pursuant to 29 C.F.R. s. 2550.404e-~~  
 808 ~~1(b)(2)(i)(B)(2)(ii), shall provide such members an opportunity~~  
 809 ~~to obtain this information~~, except that:

810 1. The requirement to deliver a prospectus shall be  
 811 satisfied by delivery of a fund profile or summary profile that  
 812 contains the information that would be included in a summary

Page 28 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

813 prospectus as described by Rule 498 under the Securities Act of  
 814 1933, 17 C.F.R. s. 230.498. If the transaction fees, expense  
 815 information or other information provided by a mutual fund in  
 816 the prospectus does not reflect terms negotiated by the state  
 817 board or its designated agents, the requirement is satisfied by  
 818 delivery of a separate document described by Rule 498  
 819 substituting accurate information; and

820 2. Delivery shall be effected if delivery is through  
 821 electronic means and the following standards are satisfied:

822 a. Electronically-delivered documents are prepared and  
 823 provided consistent with style, format, and content requirements  
 824 applicable to printed documents;

825 b. Each member is provided timely and adequate notice of  
 826 the documents that are to be delivered, and their significance,  
 827 and of the member's right to obtain a paper copy of such  
 828 documents free of charge;

829 c. Members have adequate access to the electronic  
 830 documents, at locations such as their worksites or public  
 831 facilities, and have the ability to convert the documents to  
 832 paper free of charge by the state board, and the board or its  
 833 designated agents take appropriate and reasonable measures to  
 834 ensure that the system for furnishing electronic documents  
 835 results in actual receipt. Members have provided consent to  
 836 receive information in electronic format, which consent may be  
 837 revoked; and

838 d. The state board, or its designated agent, actually  
 839 provides paper copies of the documents free of charge, upon  
 840 request.

841 Section 5. Section 121.74, Florida Statutes, is amended to

Page 29 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

842 read:

843 121.74 Administrative and educational expenses.—In addition  
 844 to contributions required to fund member accounts under s.  
 845 121.71, effective July 1, 2010, through June 30, 2014, employers  
 846 participating in the Florida Retirement System shall contribute  
 847 an employer assessment amount equal to 0.03 percent of the  
 848 payroll reported for each class or subclass of Florida  
 849 Retirement System membership. Effective July 1, 2014, the  
 850 employer assessment is 0.04 percent of the payroll reported for  
 851 each class or subclass of membership. Effective July 1, 2016,  
 852 the employer assessment is 0.06 percent of the payroll reported  
 853 for each class or subclass of membership. Effective July 1,  
 854 2022, the employer assessment is 0.07 percent of the payroll  
 855 reported for each class or subclass of membership. The amount  
 856 assessed shall be transferred by the division from the Florida  
 857 Retirement System Contributions Clearing Trust Fund to the State  
 858 Board of Administration's Administrative Trust Fund to offset  
 859 the costs of administering the investment plan and the costs of  
 860 providing educational services to members of the Florida  
 861 Retirement System. Approval of the trustees is required before  
 862 the expenditure of these funds. Payments for third-party  
 863 administrative or educational expenses shall be made only  
 864 pursuant to the terms of the approved contracts for such  
 865 services.

866 Section 6. Section 238.072, Florida Statutes, is amended to  
 867 read:

868 238.072 Special service provisions for extension  
 869 personnel.—All state and county cooperative extension personnel  
 870 holding appointments by the United States Department of

Page 30 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.



27-00770D-21

202184\_\_

871 Agriculture for extension work in agriculture and home economics  
 872 in this state who are joint representatives of the University of  
 873 Florida and the United States Department of Agriculture, as  
 874 provided in s. 121.051(8) ~~s. 121.051(7)~~, who are members of the  
 875 Teachers' Retirement System, chapter 238, and who are prohibited  
 876 from transferring to and participating in the Florida Retirement  
 877 System, chapter 121, may retire with full benefits upon  
 878 completion of 30 years of creditable service and shall be  
 879 considered to have attained normal retirement age under this  
 880 chapter, any law to the contrary notwithstanding. In order to  
 881 comply with ~~the provisions of~~ s. 14, Art. X of the State  
 882 Constitution, any liability accruing to the Florida Retirement  
 883 System Trust Fund as a result of ~~the provisions of~~ this section  
 884 shall be paid on an annual basis from the General Revenue Fund.

885 Section 7. Subsection (11) of section 413.051, Florida  
 886 Statutes, is amended to read:

887 413.051 Eligible blind persons; operation of vending  
 888 stands.—

889 (11) Effective July 1, 1996, blind licensees who remain  
 890 members of the Florida Retirement System pursuant to s.  
 891 121.051(7)(b)1. ~~s. 121.051(6)(b)1.~~ shall pay any unappropriated  
 892 retirement costs from their net profits or from program income.  
 893 ~~Within 30 days after the effective date of this act,~~ Each blind  
 894 licensee who is eligible to maintain membership in the Florida  
 895 Retirement System under s. 121.051(7)(b)1. ~~s. 121.051(6)(b)1.~~,  
 896 but who elects to withdraw from the system as provided in that  
 897 subparagraph ~~s. 121.051(6)(b)3.~~, must, on or before July 31,  
 898 1996, notify the Division of Blind Services and the Department  
 899 of Management Services in writing of his or her election to

Page 31 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

27-00770D-21

202184\_\_

900 withdraw. Failure to timely notify the divisions shall be deemed  
 901 a decision to remain a compulsory member of the Florida  
 902 Retirement System. However, if, at any time after July 1, 1996,  
 903 sufficient funds are not paid by a blind licensee to cover the  
 904 required contribution to the Florida Retirement System, that  
 905 blind licensee shall become ineligible to participate ~~in the~~  
 906 ~~Florida Retirement System~~ on the last day of the first month for  
 907 which no contribution is made or the amount contributed is  
 908 insufficient to cover the required contribution. For any blind  
 909 licensee who becomes ineligible to participate in the Florida  
 910 Retirement System as described in this subsection, no creditable  
 911 service shall be earned under the Florida Retirement System for  
 912 any period following the month that retirement contributions  
 913 ceased to be reported. However, ~~any~~ such person may participate  
 914 in the Florida Retirement System in the future if employed by a  
 915 participating employer in a covered position.

916 Section 8. The Legislature finds that a proper and  
 917 legitimate state purpose is served when employees and retirees  
 918 of the state and its political subdivisions, and the dependents,  
 919 survivors, and beneficiaries of such employees and retirees, are  
 920 extended the basic protections afforded by governmental  
 921 retirement systems. These persons must be provided benefits that  
 922 are fair and adequate and that are managed, administered, and  
 923 funded in an actuarially sound manner, as required by s. 14,  
 924 Article X of the State Constitution and part VII of chapter 112,  
 925 Florida Statutes. Therefore, the Legislature determines and  
 926 declares that this act fulfills an important state interest.

927 Section 9. This act shall take effect July 1, 2021.

Page 32 of 32

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM

THE FLORIDA SENATE

APPEARANCE RECORD

2/4/2021

Meeting Date

840

Bill Number (if applicable)

Topic Retirement Systems

Amendment Barcode (if applicable)

Name Christopher Emmanuel

Job Title Policy Director

Address 136 S Bronough St

Phone 8505211200

Street

Tallahassee

FL

32301

Email

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing The Florida Chamber of Commerce

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4 Feb 21

Meeting Date

SB 84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name DIEGO ECHEVERRI

Job Title Legislative Liaison

Address \_\_\_\_\_  
Street

Phone \_\_\_\_\_

City

State

Zip

Email \_\_\_\_\_

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Americans For Prosperity

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/1

Meeting Date

SB 84

Bill Number (if applicable)

Topic Retirement Pensions

Amendment Barcode (if applicable)

Name LINDA EDSON

Job Title Retired

Address 1841 Myrick Rd  
Street

Phone 850-510-2729

Tallahassee FL 32303  
City State Zip

Email edsonl@netally.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Retired Educators Association

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4

Meeting Date

84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Yale Olenick

Job Title Attorney / lobbyist

Address 130 So Adams St.

Phone 850-228-7376

Street

Tallahassee

City

FL

State

32301

Zip

Email Yale.Olenick@Floridaec.org

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Education Association

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-4-21

Meeting Date

84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Barbara Devane

Job Title legislative director (volunteer)

Address 625 E. Brevard ST

Phone 251-4280

Street

Tallahassee

City

FL

State

32308

Zip

Email barbaadenare1@yahoo.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against

(The Chair will read this information into the record.)

Representing FLARA - FL Alliance for Retired Americans

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

for FLNDW - not FLARA

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2-4-21

Meeting Date

84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Barbara Devane

Job Title Lobbyist

Address 625 E. Brevard St

Phone 251-4280

Tallahassee FL 32308  
City State Zip

Email barbaradevane1@  
yahoo.com

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing FL NOW

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/20  
Meeting Date

SB 84  
Bill Number (if applicable)

Topic FRS

Amendment Barcode (if applicable)

Name Rich Templin

Job Title \_\_\_\_\_

Address 135 S. Monroe  
Street

Phone 229-6926

Tallahassee FL 32301  
City State Zip

Email \_\_\_\_\_

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida APB-C10

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**



YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM

THE FLORIDA SENATE

APPEARANCE RECORD

Feb 4, 2021

Meeting Date

SB 84

Bill Number (if applicable)

Topic Florida Retirement System

Amendment Barcode (if applicable)

Name David V. Jacobsen

Job Title Retired; President, Florida AFSCME Retiree Chapter 79

Address 3019 Windy Hill Lane

Phone 850-339-1084

Street

Tallahassee

FL

32308

Email davejacobsen@msn.com

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida AFSCME Retiree Chapter 79

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

# APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

02/04/21

0084

Meeting Date

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Wayne "Bernie" Bernoska

Job Title President

Address 343 W. Madison St.

Phone 321-231-9116

Street

Tallahassee

Florida

32301

Email bernie@fpfp.org

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Professional Firefighters

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

SB84

Meeting Date

Bill Number (if applicable)

Topic Pensions

Amendment Barcode (if applicable)

Name Lisa Henning

Job Title Legislative Director

Address 242 Office Plaza Dr

Phone 850-766-8808

Street

Tallahassee FL 32301

Email lhenning@legislative.com

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Fraternal Order of Police

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/4/21

Meeting Date

84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Ida V. Eskamari

Job Title Legislative Director

Address \_\_\_\_\_  
Street

Phone \_\_\_\_\_

City

State

Zip

Email \_\_\_\_\_

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Florida Rising

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**This form is part of the public record for this meeting.**

**YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM**

**THE FLORIDA SENATE**

**APPEARANCE RECORD**

2/4/2021

*Meeting Date*

84

*Bill Number (if applicable)*

Topic Retirement

*Amendment Barcode (if applicable)*

Name Matt Puckett

Job Title Lobbyist

Address 300 East Brevard Street

Phone \_\_\_\_\_

*Street*

Tallahassee

Florida

32301

Email \_\_\_\_\_

*City*

*State*

*Zip*

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
*(The Chair will read this information into the record.)*

Representing Florida Police Benevolent Association

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

***This form is part of the public record for this meeting.***

S-001 (10/14/14)

YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM

Reset Form

4 Feb. 2021

Meeting Date

THE FLORIDA SENATE  
**APPEARANCE RECORD**

SB 84

Bill Number (if applicable)

Topic Retirement

Amendment Barcode (if applicable)

Name Vittorio Nastasi

Job Title Policy Analyst

Address 901 Riggins Road

Phone 407-618-6168

Street

Tallahassee

FL

32308

Email Vittorio.Nastasi@Reason.org

City

State

Zip

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
(The Chair will read this information into the record.)

Representing Reason Foundation

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

**YOU MUST PRINT AND DELIVER THIS FORM TO THE ASSIGNED TESTIMONY ROOM**

**THE FLORIDA SENATE**

**APPEARANCE RECORD**

02/04/2021

*Meeting Date*

84

*Bill Number (if applicable)*

Topic Florida Retirement System

*Amendment Barcode (if applicable)*

Name Daniel Beard

Job Title Chief of Defined Contribution Programs

Address 1801 Hermitage Blvd, Ste 100

Phone 850-413-1495

*Street*

Tallahassee

FL

32308

Email Daniel.Beard@sbafla.com

*City*

*State*

*Zip*

Speaking:  For  Against  Information

Waive Speaking:  In Support  Against  
*(The Chair will read this information into the record.)*

Representing State Board of Administration

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

***This form is part of the public record for this meeting.***

S-001 (10/14/14)

# CourtSmart Tag Report

Room: LL 37

Case No.:

Type:

Caption: Senate Governmental Oversight and Accountability Committee

Judge:

Started: 2/4/2021 8:31:08 AM

Ends: 2/4/2021 10:07:52 AM

Length: 01:36:45

8:31:07 AM Meeting called to order by Chair Rodrigues  
8:31:15 AM Roll call by the Committee Administrative Assistant (CAA)  
8:31:27 AM Chair Rodrigues  
8:32:19 AM TAB 1 - Presentation on History of Funded Status of the Florida Retirement System Pension  
8:32:52 AM Amy Baker, Coordinator, Office of Economic and Demographic Research  
8:40:53 AM Sen. Gruter Asks Question  
8:41:02 AM Amy Baker Responds  
8:49:46 AM Sen. Torres Asks Question  
8:50:45 AM Amy Baker Responds  
8:53:59 AM Sen. Stargel Asks Question  
8:54:14 AM Amy Baker Responds  
8:57:31 AM Sen. Gruters Asks Question  
8:58:13 AM Amy Baker Responds  
9:00:02 AM Sen. Gruters Asks Question  
9:00:22 AM Amy Baker Responds  
9:02:00 AM Sen. Mayfield Asks Question  
9:04:15 AM Amy Baker Responds  
9:05:20 AM Sen. Torres Asks Question  
9:05:49 AM Amy Baker Responds  
9:06:54 AM Sen. Torres Asks Question  
9:07:10 AM Amy Baker Responds  
9:08:15 AM Sen. Torres Asks Question  
9:08:39 AM Amy Baker Responds  
9:13:05 AM Chair is turned over to Senator Gruters  
9:13:22 AM TAB 2 - SPB 7016 relating to Florida Retirement System Investment Plan  
9:13:33 AM Sen. Rodrigues Explains the Proposed Bill  
9:15:53 AM CAA Calls Roll on SPB 7016  
9:16:10 AM TAB 3 - SPB 7018 relating to Employer Contributions to Fund Retiree Benefits  
9:16:16 AM Sen. Rodrigues explains the Proposed Bill  
9:18:33 AM Sen. Torres Asks Question  
9:18:41 AM Sen. Rodrigues Responds  
9:19:10 AM Sen. Torres Asks Question  
9:19:36 AM Sen. Rodrigues Responds  
9:19:59 AM Speaker Linda Edson, Retired Citizen, Florida Retired Educators Association  
9:20:45 AM Sen. Rodrigues  
9:21:08 AM CAA Calls Roll on SPB 7018  
9:21:26 AM TAB 4 - SB 84 relating to Retirement by Senator Rodrigues  
9:21:32 AM Sen. Rodrigues explains the bill  
9:26:06 AM Sen. Stewart Asks Question  
9:26:26 AM Sen. Rodrigues Responds  
9:26:36 AM Sen. Stewart Asks Question  
9:26:56 AM Sen. Rodrigues Responds  
9:27:13 AM Sen. Stewart Asks Question  
9:27:23 AM Sen. Rodrigues Responds  
9:27:32 AM Sen. Torres Asks Question  
9:27:59 AM Sen. Rodrigues Responds  
9:29:17 AM Sen. Torres Asks Question  
9:29:29 AM Sen. Rodrigues Responds  
9:29:46 AM Sen. Torres Asks Question  
9:29:55 AM Sen. Rodrigues Responds  
9:31:17 AM Sen. Torres Asks Question  
9:31:32 AM Sen. Rodrigues Responds



**9:32:15 AM** Sen. Torres Asks Question  
**9:32:21 AM** Sen. Rodrigues Responds  
**9:32:31 AM** Sen. Torres Asks Question  
**9:32:37 AM** Sen. Rodrigues Responds  
**9:33:14 AM** Sen. Torres Asks Question  
**9:33:20 AM** Sen. Rodrigues Responds  
**9:34:15 AM** Sen. Torres Asks Question  
**9:34:27 AM** Sen. Rodrigues Responds  
**9:35:04 AM** Sen. Stewart Asks Question  
**9:35:26 AM** Sen. Rodrigues Responds  
**9:35:59 AM** Sen. Stewart Asks Question  
**9:36:18 AM** Sen. Rodrigues Responds  
**9:37:30 AM** Christopher Emmanuel, Policy Director, Florida Chamber of Commerce  
**9:39:37 AM** Diego Echeverri, Legislative Liaison, Americans for Prosperity Waives in Support  
**9:39:55 AM** Linda Edson, Retired Citizen, Florida Retired Educators Association  
**9:42:19 AM** Yale Olenick, Attorney, Florida Education Association  
**9:44:19 AM** Barbara Devane, Legislative Director, FLARA Waives in Opposition  
**9:44:49 AM** Rich Templin, Lobbyist, Florida AFL-CIO  
**9:47:46 AM** David Jacobsen, President, Florida AFSCME Retiree Chapter 79  
**9:50:10 AM** Wayne Bernoska, President, Florida Professional Firefighters  
**9:52:26 AM** Series of speakers waiving in opposition  
**9:53:02 AM** Matt Pucket, Lobbyist, Florida Police Benevolent Association  
**9:54:10 AM** Sen. Stewart  
**9:55:09 AM** Vittorio Nastasi, Policy Analyst, Reason Foundation  
**9:58:01 AM** Sen. Stewart  
**9:59:05 AM** Sen. Torres  
**10:01:18 AM** Sen. Stargel  
**10:03:15 AM** Sen. Gruters  
**10:05:23 AM** Sen. Rodrigues closes on SB 84  
**10:07:03 AM** CAA Calls Roll on SB 84  
**10:07:37 AM** Meeting Adjourned