

By the Committee on Governmental Operations and Representatives Feeney, Fasano, D. Prewitt, Heyman, Boyd, Crow, Turnbull, Maygarden, Livingston, Ball, Ziebarth and Murman

1 A bill to be entitled
 2 An act relating to the Florida Retirement
 3 System; amending s. 121.091, F.S.; revising
 4 criteria, limitations, and restrictions for
 5 eligibility, participation, and benefits
 6 payable under the Deferred Retirement Option
 7 Program; providing an effective date.

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 9 Be It Enacted by the Legislature of the State of Florida:

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 11 Section 1. Paragraphs (a), (b), and (c) of subsection
 12 (13) of section 121.091, Florida Statutes, are amended to
 13 read:

14 121.091 Benefits payable under the system.--No
 15 benefits shall be paid under this section unless the member
 16 has terminated employment as provided in s. 121.021(39) and a
 17 proper application has been filed in the manner prescribed by
 18 the division.

19 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general,
 20 and subject to the provisions of this section, the Deferred
 21 Retirement Option Program, hereinafter referred to as the
 22 DROP, is a program under which an eligible member of the
 23 Florida Retirement System may elect to participate, deferring
 24 receipt of retirement benefits while continuing employment
 25 with his or her Florida Retirement System employer. The
 26 deferred monthly benefits shall accrue in the System Trust
 27 Fund on behalf of the participant, plus interest compounded
 28 monthly, for the specified period of the DROP participation,
 29 as provided in paragraph (c). Upon termination of employment,
 30 the participant shall receive the total DROP benefits and
 31 begin to receive the previously determined normal retirement

1 benefits. Employment in the DROP does not guarantee employment
2 for the specified period of DROP.

3 (a) Eligibility of member to participate in the
4 DROP.--Each active All Florida Retirement System member, who
5 is employed in a regularly established position, and each
6 active member of the State and County Officers' and Employees'
7 Retirement System established under chapter 122 and
8 consolidated with the Florida Retirement System under s.
9 121.011, is members are eligible to elect participation in the
10 DROP provided that:

11 1. The member is not a renewed member of the Florida
12 Retirement System under s. 121.122, or a member of the State
13 Community College System Optional Retirement Program under s.
14 121.051, the Senior Management Service Optional Annuity
15 Program under s. 121.055, or the optional retirement program
16 for the State University System under s. 121.35.

17 2.1- Election to participate is made within 12 months
18 immediately following the date on which the member first
19 reaches normal retirement date ~~or age~~, or for a member who
20 first reached normal retirement date ~~or age~~ prior to the
21 effective date of this section, election to participate is
22 made within 12 months of the effective date of this section.
23 A member who fails to make an election within such 12-month
24 limitation period shall forfeit all rights to participate in
25 the DROP. The member shall advise his employer and the
26 division in writing of the date on which the DROP shall begin.
27 Such beginning date may be subsequent to the 12-month election
28 period but must be within the 60-month limitation period as
29 provided in subparagraph (b)1. When establishing eligibility
30 of the member to participate in the DROP or the 60-month
31 maximum participation period, the member may elect to include

1 or exclude any optional service credit purchased by the member
2 from the total service used to establish the normal retirement
3 date. A member with dual normal retirement dates shall be
4 eligible to elect to participate in DROP within 12 months
5 after attaining normal retirement date in either class.

6 ~~3.2.~~ The retiring member's employer, or employers if
7 dually employed, shall acknowledge in writing to the division
8 the date the member's participation in the DROP begins and the
9 date the member's employment and DROP participation will
10 terminate.

11 ~~4.3.~~ Simultaneous employment of a participant by
12 additional Florida Retirement System employers subsequent to
13 the commencement of participation in the DROP shall be
14 permissible provided such employers acknowledge in writing a
15 DROP termination date no later than the participant's existing
16 termination date or the 60-month limitation period as provided
17 in subparagraph (b)1.

18 5. A DROP participant may change employers while
19 participating in the DROP, subject to the following:

20 a. A change of employment must take place without a
21 break in service so that the member receives salary for each
22 month of continuous DROP participation. If a member receives
23 no salary during a month, DROP participation shall cease
24 unless the employer verifies a continuation of the employment
25 relationship for such participant pursuant to 121.021(39)(b).

26 b. Such participant and new employer shall notify the
27 division on forms required by the division as to the identity
28 of the new employer.

29 c. The new employer shall acknowledge, in writing, the
30 participant's DROP termination date, which may be extended but
31 not beyond the original 60-month period provided in

1 subparagraph (b)1., shall acknowledge liability for any
2 additional retirement contributions and interest required if
3 the participant fails to timely terminate employment, and
4 shall be subject to the adjustment required in
5 sub-subparagraph (c)4.d.

6 (b) Participation in the DROP.--

7 1. An eligible member may elect to participate in the
8 DROP for a period not to exceed a maximum of 60 calendar
9 months immediately following the date on which the member
10 first reaches normal retirement ~~age or date, including a~~
11 ~~member who first reaches normal retirement age or date prior~~
12 ~~to the effective date of this section. Any member who has~~
13 ~~exceeded the 60-month limitation shall not be eligible to~~
14 ~~participate in the DROP. However, a member, other than a~~
15 Special Risk Class member, who has reached normal retirement
16 date prior to the effective date of the DROP shall be eligible
17 to participate in the DROP for a period of time not to exceed
18 60 calendar months immediately following the effective date of
19 the DROP. A member of the Special Risk Class who has reached
20 normal retirement date prior to the effective date of the DROP
21 and whose total accrued value exceeds 75 percent of average
22 final compensation as of his or her effective date of
23 retirement shall be eligible to participate in the DROP for no
24 more than 36 calendar months immediately following the
25 effective date of the DROP.

26 2. Upon deciding to participate in the DROP, the
27 member shall submit, on forms required by the division:
28 a. A written election to participate in the DROP;
29 b. Selection of the DROP participation and termination
30 dates, which satisfy the limitations stated in paragraph (a)
31 and subparagraph 1. Such termination date shall be in a

1 binding letter of resignation with the employer, establishing
2 a deferred termination date. The member may change the
3 termination date within the limitations of subparagraph 1.,
4 but only with the written approval of his employer;
5 c. A properly completed DROP application for service
6 retirement as provided in this section; and
7 d. Any other information required by the division.
8 3. The DROP participant shall be a retiree under the
9 Florida Retirement System for all purposes, except for
10 paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363,
11 121.053, and 121.122.
12 ~~4. A reemployed retiree with renewed membership is not~~
13 ~~eligible for DROP participation.~~
14 4.5. Elected officers shall be eligible to participate
15 in the DROP subject to the following:
16 a. An elected officer who reaches normal retirement
17 date during a term of office may defer the election to
18 participate in the DROP until the next succeeding term in such
19 office, provided such election to participate is made within
20 12 months after the first day of the succeeding term. An
21 elected officer who exercises this option may participate in
22 the DROP only for up to 48 months or until the end of the next
23 succeeding term after making the election to participate in
24 the DROP, whichever is less.
25 ~~b.a.~~ An elected or a nonelected participant may run
26 for a term of office while participating in DROP and, if
27 elected, extend the DROP termination date accordingly, except,
28 however, if such additional term of office exceeds the
29 60-month limitation established in subparagraph 1., and the
30 officer does not resign from office within such 60-month
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1 limitation, the retirement and the participant's DROP shall be
2 null and void as provided in sub-subparagraph (c)4.d.

3 ~~c.b.~~ An elected officer who is dually employed and
4 elects to participate in DROP shall be required to satisfy the
5 definition of termination within the 60-month limitation
6 period as provided in subparagraph 1. for the nonelected
7 position and may continue employment as an elected officer as
8 provided in s. 121.053. The elected officer will be enrolled
9 as a renewed member in the Elected State and County Officers'
10 Class or the Regular Class, as provided in ss. 121.053 and
11 121.22, on the first day of the month after termination of
12 employment in the nonelected position and termination of DROP.
13 Distribution of the DROP benefits shall be made as provided in
14 paragraph (c).

15 (c) Benefits payable under the DROP.--

16 1. Effective with the date of DROP participation, the
17 member's initial normal monthly benefit, including creditable
18 service, optional form of payment, and average final
19 compensation, and the effective date of retirement shall be
20 fixed. The beneficiary eligible for benefits payment under the
21 Florida Retirement System shall be the beneficiary eligible to
22 receive any DROP benefits payable if the DROP participant dies
23 prior to the completion of the period of DROP participation.

24 Such retirement benefit, the annual cost of living adjustments
25 provided in s. 121.101, and interest shall accrue monthly in
26 the System Trust Fund. Such interest shall accrue at an
27 effective annual rate of 6.5 percent compounded monthly, on
28 the prior month's accumulated ending balance, up to the month
29 of termination or death.

30 2. The effective date of DROP participation and the
31 effective date of retirement of a DROP participant shall be

1 the first day of the month selected by the member to begin
2 participation in the DROP, provided such date is properly
3 established, with the written confirmation of the employer,
4 and the approval of the division, on forms required by the
5 division.

6 3. Normal retirement benefits and interest thereon
7 shall continue to accrue in the DROP until the established
8 termination date of the DROP, or until the participant
9 terminates employment or dies prior to such date. Although
10 individual DROP accounts shall not be established, a separate
11 accounting of each participant's accrued benefits under the
12 DROP shall be calculated and provided to participants
13 annually.

14 4. At the conclusion of the participant's DROP, the
15 division shall distribute the participant's total accumulated
16 DROP benefits, subject to the following provisions:

17 a. The division shall receive verification by the
18 participant's employer or employers that such participant has
19 terminated employment as provided in s. 121.021(39)(b).

20 b. The terminated DROP participant or, if deceased,
21 such participant's named beneficiary, shall elect on forms
22 provided by the division to receive payment of the DROP
23 benefits in accordance with one of the options listed below.
24 For a participant or beneficiary who fails to elect a method
25 of payment within 60 days of termination of the DROP, the
26 division will pay a lump sum as provided in
27 sub-sub-subparagraph(I).

28 (I) Lump sum.--All accrued DROP benefits, plus
29 interest, less withholding taxes remitted to the Internal
30 Revenue Service, shall be paid to the DROP participant or
31 surviving beneficiary.

1 (II) Direct rollover.--All accrued DROP benefits, plus
2 interest, shall be paid from the DROP directly to the
3 custodian of an eligible retirement plan as defined in s.
4 402(c)(8)(B) of the Internal Revenue Code. However, in the
5 case of an eligible rollover distribution to the surviving
6 spouse of a deceased participant, an eligible retirement plan
7 is an individual retirement account or an individual
8 retirement annuity as described in s. 402(c)(9) of the
9 Internal Revenue Code.

10 (III) Partial lump sum.--A portion of the accrued DROP
11 benefits shall be paid to the DROP participant or surviving
12 spouse, less withholding taxes remitted to the Internal
13 Revenue Service, and the remaining DROP benefits shall be
14 transferred directly to the custodian of an eligible
15 retirement plan as defined in s. 402(c)(8)(B) of the Internal
16 Revenue Code. However, in the case of an eligible rollover
17 distribution to the surviving spouse of a deceased
18 participant, an eligible retirement plan is an individual
19 retirement account or an individual retirement annuity as
20 described in s. 402(c)(9) of the Internal Revenue Code. The
21 proportions shall be specified by the DROP participant or
22 surviving beneficiary.

23 c. The form of payment selected by the DROP
24 participant or surviving beneficiary complies with the minimum
25 distribution requirements of the Internal Revenue Code ~~and~~
26 ~~payments begin no later than the date on which the participant~~
27 ~~reaches age 70 years and 6 months.~~

28 d. ~~For~~ A DROP participant who fails to terminate
29 employment as defined in s. 121.021(39)(b), ~~the member~~ shall
30 be deemed not to be retired and the DROP election shall be
31 null and void. Florida Retirement System membership shall be

1 reestablished retroactively to the date of the commencement of
2 the DROP, and each ~~the~~ employer with whom the participant
3 continues employment shall be required to pay to the System
4 Trust Fund the difference between the DROP contributions paid
5 in paragraph (i) and the contributions required for the
6 applicable Florida Retirement System class of membership
7 during the period the member participated in the DROP, plus
8 6.5 percent interest compounded annually.

9 5. The accrued benefits of any DROP participant, and
10 any contributions accumulated under such program, shall not be
11 subject to assignment, execution, attachment, or to any legal
12 process whatsoever, except for qualified domestic relations
13 orders by a court of competent jurisdiction, income deduction
14 orders as provided in s. 61.1301, and federal income tax
15 levies.

16 6. DROP participants shall not be eligible for
17 disability retirement benefits as provided in subsection (4).

18 Section 2. This act shall take effect July 1 of the
19 year in which enacted.

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