

By Representatives Fiorentino, Fasano, Ogles, Futch, Bush, Crist, Ritchie, Cosgrove, L. Miller, Bloom, Bullard, Logan, Hill, Chestnut, Posey, Diaz de la Portilla, Garcia, Bradley, Farkas, Hafner, Stansel, Goodlette, Ryan, Barreiro, Prieguez, Cantens, Alexander and Stafford

1 A bill to be entitled
 2 An act relating to the Florida Retirement
 3 System; amending s. 121.021, F.S.; revising the
 4 definition of the term "average final
 5 compensation"; amending s. 121.091, F.S.;
 6 revising method of calculating average final
 7 compensation; upgrading service credit for
 8 certain years for special risk members;
 9 revising criteria, for eligibility, under the
 10 Deferred Retirement Option Program for certain
 11 members; providing an effective date.

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

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 15 Section 1. Subsection (24) of section 121.021, Florida
 16 Statutes, 1998 Supplement, is amended to read:

17 121.021 Definitions.--The following words and phrases
 18 as used in this chapter have the respective meanings set forth
 19 unless a different meaning is plainly required by the context:

20 (24) "Average final compensation" means the average of
 21 the 3 ~~5~~ highest fiscal years of compensation for creditable
 22 service prior to retirement, termination, or death. For
 23 in-line-of-duty disability benefits, if less than 3 ~~5~~ years of
 24 creditable service have been completed, the term "average
 25 final compensation" means the average annual compensation of
 26 the total number of years of creditable service. Each year
 27 used in the calculation of average final compensation shall
 28 commence on July 1.

29 (a) The average final compensation shall include:
 30 1. Accumulated annual leave payments, not to exceed
 31 500 hours; and

1 2. All payments defined as compensation in subsection
2 (22).
3 (b) The average final compensation shall not include:
4 1. Compensation paid to professional persons for
5 special or particular services;
6 2. Payments for accumulated sick leave made due to
7 retirement or termination;
8 3. Payments for accumulated annual leave in excess of
9 500 hours;
10 4. Bonuses as defined in subsection (47);
11 5. Third party payments made on and after July 1,
12 1990; or
13 6. Fringe benefits (for example, automobile allowances
14 or housing allowances).
15 Section 2. Paragraphs (a) and (d) of subsection (1)
16 and paragraph (a) of subsection (13) of section 121.091,
17 Florida Statutes, 1998 Supplement, are amended to read:
18 121.091 Benefits payable under the system.--Benefits
19 may not be paid under this section unless the member has
20 terminated employment as provided in s. 121.021(39)(a) or
21 begun participation in the Deferred Retirement Option Program
22 as provided in subsection (13), and a proper application has
23 been filed in the manner prescribed by the division. The
24 division may cancel an application for retirement benefits
25 when the member or beneficiary fails to timely provide the
26 information and documents required by this chapter and the
27 division's rules. The division shall adopt rules establishing
28 procedures for application for retirement benefits and for the
29 cancellation of such application when the required information
30 or documents are not received.
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1 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or
2 her normal retirement date, the member, upon application to
3 the administrator, shall receive a monthly benefit which shall
4 begin to accrue on the first day of the month of retirement
5 and be payable on the last day of that month and each month
6 thereafter during his or her lifetime. The normal retirement
7 benefit, including any past or additional retirement credit,
8 may not exceed 100 percent of the average final compensation.
9 The amount of monthly benefit shall be calculated as the
10 product of A and B, subject to the adjustment of C, if
11 applicable, as set forth below:

12 (a)1. For creditable years of Regular Class service, A
13 is 1.60 percent of the member's average final compensation, up
14 to the member's normal retirement date. Upon completion of the
15 first year after the normal retirement date, A is 1.63 percent
16 of the member's average final compensation. Following the
17 second year after the normal retirement date, A is 1.65
18 percent of the member's average final compensation. Following
19 the third year after the normal retirement date, and for
20 subsequent years, A is 1.68 percent of the member's average
21 final compensation.

22 2. For creditable years of special risk service, A is:

23 a. Two percent of the member's average final
24 compensation for all creditable years prior to October 1,
25 1974;

26 b. Three percent of the member's average final
27 compensation for all creditable years after September 30,
28 1974, and before October 1, 1978;

29 c. Two percent of the member's average final
30 compensation for all creditable years after September 30,
31 1978, and before January 1, 1989;

1 d. Two and two-tenths percent of the member's final
2 monthly compensation for all creditable years after December
3 31, 1988, and before January 1, 1990;

4 e. Two and four-tenths percent of the member's average
5 final compensation for all creditable years after December 31,
6 1989, and before January 1, 1991;

7 f. Two and six-tenths percent of the member's average
8 final compensation for all creditable years after December 31,
9 1990, and before January 1, 1992;

10 g. Two and eight-tenths percent of the member's
11 average final compensation for all creditable years after
12 December 31, 1991, and before January 1, 1993; and

13 h. Three percent of the member's average final
14 compensation for all creditable years after December 31, 1992;

15 i. Three percent of the member's average final
16 compensation for all creditable years of service after
17 September 30, 1978, and before January 1, 1993, for any
18 special risk member who retires after July 1, 1999.

19 3. For creditable years of Senior Management Service
20 Class service after January 31, 1987, A is 2 percent;

21 4. For creditable years of Elected State and County
22 Officers' Class service as a Supreme Court Justice, district
23 court of appeal judge, circuit judge, or county court judge, A
24 is 3 percent of the member's average final compensation, and
25 for all other creditable service in such class, A is 3 percent
26 of average final compensation;

27 (d) A member's average final compensation shall be
28 determined by formula to obtain the coverage for the 3 ~~5~~
29 highest fiscal years' salaries, calculated as provided by
30 rule.

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1 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general,
2 and subject to the provisions of this section, the Deferred
3 Retirement Option Program, hereinafter referred to as the
4 DROP, is a program under which an eligible member of the
5 Florida Retirement System may elect to participate, deferring
6 receipt of retirement benefits while continuing employment
7 with his or her Florida Retirement System employer. The
8 deferred monthly benefits shall accrue in the System Trust
9 Fund on behalf of the participant, plus interest compounded
10 monthly, for the specified period of the DROP participation,
11 as provided in paragraph (c). Upon termination of employment,
12 the participant shall receive the total DROP benefits and
13 begin to receive the previously determined normal retirement
14 benefits. Participation in the DROP does not guarantee
15 employment for the specified period of DROP.

16 (a) Eligibility of member to participate in the
17 DROP.--All active Florida Retirement System members in a
18 regularly established position, and all active members of
19 either the Teachers' Retirement System established in chapter
20 238 or the State and County Officers' and Employees'
21 Retirement System established in chapter 122 which systems are
22 consolidated within the Florida Retirement System under s.
23 121.011, are eligible to elect participation in the DROP
24 provided that:

25 1. The member is not a renewed member of the Florida
26 Retirement System under s. 121.122, or a member of the State
27 Community College System Optional Retirement Program under s.
28 121.051, the Senior Management Service Optional Annuity
29 Program under s. 121.055, or the optional retirement program
30 for the State University System under s. 121.35.

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1 2. Election to participate is made within 12 months
2 immediately following the date on which the member first
3 reaches normal retirement date, or, for a member who reaches
4 normal retirement date based on service before he or she
5 reaches age 62, or age 55 for Special Risk Class members,
6 election to participate may be deferred to the 12 months
7 immediately following the date the member attains 57, or age
8 52 ~~50~~ for Special Risk Class members. For a member who first
9 reached normal retirement date or the deferred eligibility
10 date described above prior to the effective date of this
11 section, election to participate shall be made within 12
12 months after the effective date of this section. A member who
13 fails to make an election within such 12-month limitation
14 period shall forfeit all rights to participate in the DROP.
15 The member shall advise his or her employer and the division
16 in writing of the date on which the DROP shall begin. Such
17 beginning date may be subsequent to the 12-month election
18 period, but must be within the 60-month limitation period as
19 provided in subparagraph (b)1. When establishing eligibility
20 of the member to participate in the DROP or the 60-month
21 maximum participation period, the member may elect to include
22 or exclude any optional service credit purchased by the member
23 from the total service used to establish the normal retirement
24 date. A member with dual normal retirement dates shall be
25 eligible to elect to participate in DROP within 12 months
26 after attaining normal retirement date in either class.

27 3. The employer of a member electing to participate in
28 the DROP, or employers if dually employed, shall acknowledge
29 in writing to the division the date the member's participation
30 in the DROP begins and the date the member's employment and
31 DROP participation will terminate.

1 4. Simultaneous employment of a participant by
2 additional Florida Retirement System employers subsequent to
3 the commencement of participation in the DROP shall be
4 permissible provided such employers acknowledge in writing a
5 DROP termination date no later than the participant's existing
6 termination date or the 60-month limitation period as provided
7 in subparagraph (b)1.

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

10 a. A change of employment must take place without a
11 break in service so that the member receives salary for each
12 month of continuous DROP participation. If a member receives
13 no salary during a month, DROP participation shall cease
14 unless the employer verifies a continuation of the employment
15 relationship for such participant pursuant to s.
16 121.021(39)(b).

17 b. Such participant and new employer shall notify the
18 division on forms required by the division as to the identity
19 of the new employer.

20 c. The new employer shall acknowledge, in writing, the
21 participant's DROP termination date, which may be extended but
22 not beyond the original 60-month period provided in
23 subparagraph (b)1., shall acknowledge liability for any
24 additional retirement contributions and interest required if
25 the participant fails to timely terminate employment, and
26 shall be subject to the adjustment required in
27 sub-subparagraph (c)4.d.

28 Section 3. This act shall take effect July 1, 1999.
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HOUSE SUMMARY

Revises the definition of the term "average final compensation" for the purposes of the Florida Retirement System to provide for calculation based upon the 3 highest fiscal years of compensation. Provides for upgraded service credit for certain years for special risk members. Revises criteria, for eligibility, under the Deferred Retirement Option Program for special risk class members. See bill for details.