

Bill No. HB 1883, 1st Eng.

Amendment No.

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
---------------	----------------	--------------

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

.
.
.
.
.

Senator Webster moved the following amendment:

Senate Amendment (with title amendment)

Delete everything after the enacting clause

and insert:

Section 1. Section 121.36, Florida Statutes, is created to read:

121.36 Optional retirement program for members of the regular class.--

(1) OPTIONAL RETIREMENT PROGRAM

ESTABLISHED.--Effective July 1, 2001, the Division of Retirement shall establish an optional retirement program for members of the Regular Class of the Florida Retirement System under which contracts providing retirement benefits may be purchased for eligible employees who elect to participate in the program. The benefits to be provided for or on behalf of participants in such optional retirement program shall be provided through individual contracts, which may be fixed, variable, or a combination thereof, in accordance with s. 401(a) of the Internal Revenue Code. Any individual contract

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 must contain a statement of the plan on its face page, and
2 must include, but need not be limited to, a statement of
3 ownership, the contract benefits, income options, limitations,
4 expense charges, and surrender charges, if any. The state
5 shall contribute, as provided in this section, toward the
6 purchase of such optional benefits.

7 (2) DEFINITIONS.--As used in this section, the term:

8 (a) "Approved provider" or "provider" means the State
9 Board of Administration or a private-sector company that is
10 selected and approved by the division to offer contracts to
11 participants of the Regular Class Optional Retirement Program.
12 Private-sector companies include nonprofit investment
13 management companies, insurance companies, depositories, and
14 mutual fund companies.

15 (b) "Contract" means an individual contract or an
16 individual certificate issued for a group contract. The term
17 "execute a contract" includes execution of an individual
18 contract and execution of a group contract by the Division of
19 Retirement with issuance of an individual certificate.

20 (c) "De minimis account" refers to total vested
21 account contributions and accumulated earnings under the
22 Regular Class Optional Retirement Program of not more than
23 \$5,000.

24 (d) "Eligible employee" means an employee, as defined
25 in s. 121.021(11), who is a member of, or is eligible for
26 membership in, the Regular Class of the Florida Retirement
27 System. However, the term does not include any employee who is
28 a participant of, or is eligible to participate in, any other
29 optional retirement program authorized under this chapter, nor
30 does the term include any renewed member of the Florida
31 Retirement System under s. 121.122 or any member participating

Bill No. HB 1883, 1st Eng.

Amendment No.

1 in the Deferred Retirement Option Program under s.
2 121.091(13).

3 (e) "Employer" means an employer, as defined in s.
4 121.021(10), of an eligible employee.

5 (f) "Participant" means an eligible employee who
6 elects to participate in the Regular Class Optional Retirement
7 Program and enrolls in such optional program as provided in
8 subsection (4).

9 (g) "Regular Class Optional Retirement Program" or
10 "optional program" means the alternative defined-contribution
11 retirement program established under this section.

12 (h) "Vested" or "vesting" means the guarantee that a
13 participant is eligible to receive a full or partial
14 retirement benefit upon completion of the required years of
15 service under the Regular Class Optional Retirement Program.

16 (3) ELIGIBILITY; RETIREMENT SERVICE CREDIT.--

17 (a) Participation in the Regular Class Optional
18 Retirement Program is limited to eligible employees.

19 (b) An eligible employee who is a member of the
20 Florida Retirement System at the time of his or her election
21 to participate in the Regular Class Optional Retirement
22 Program shall retain all retirement service credit earned
23 under the Florida Retirement System, at the rate earned.
24 However, election to participate in the Regular Class Optional
25 Retirement Program terminates the active membership of the
26 employee in the Florida Retirement System, and the service of
27 a participant in the Regular Class Optional Retirement Program
28 will not be creditable under the Florida Retirement System,
29 nor will the participant be eligible for disability retirement
30 under the Florida Retirement System.

31 (c) Notwithstanding paragraph (b), each existing

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 employee who elects to participate in the Regular Class
2 Optional Retirement Program and establishes one or more
3 individual participant accounts under the program may elect to
4 transfer to the optional program a sum representing the
5 actuarial equivalent present value of the employee's accrued
6 service benefit under the Florida Retirement System. Upon such
7 election, the actuarial present value for the participant
8 shall be determined using the discount rate and other
9 actuarial assumptions used to value the Florida Retirement
10 System Trust Fund at the time the amount to be transferred is
11 determined and disregarding any vesting requirement that would
12 otherwise apply under the Florida Retirement System. As
13 directed by the participant, the division shall transfer the
14 appropriate amounts to the designated accounts. The division
15 shall establish transfer procedures by rule. Upon such
16 transfer, all service credit previously earned under the
17 Florida Retirement System shall be nullified for purposes of
18 entitlement to a future benefit under the Florida Retirement
19 System. Transfers are noncommissionable, must be made
20 expeditiously, and may be in the form of securities or cash.

21 (4) PARTICIPATION.--

22 (a) With respect to eligible employees who are
23 employed in a regularly established position on July 1, 2001:

24 1. Any such employee may elect to participate in the
25 Regular Class Optional Retirement Program in lieu of retaining
26 his or her membership in the Regular Class of the Florida
27 Retirement System. The election must be made in writing and
28 must be filed with the division and the personnel officer of
29 the employer within 90 days after July 1, 2001, or, in the
30 case of an active employee who is on a leave of absence on
31 July 1, 2001, within 90 days after the conclusion of the leave

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 of absence. Upon making such election, the employee shall
2 become a participant of the Regular Class Optional Retirement
3 Program, and the employee's membership in the Florida
4 Retirement System will terminate. The employee's enrollment in
5 the Regular Class Optional Retirement Program will be
6 effective the first day of the month for which a full month's
7 employer contribution is made to the optional program.

8 2. Any such employee who fails to elect to participate
9 in the Regular Class Optional Retirement Program within the
10 prescribed 90 days is deemed to have elected to retain
11 membership in the Florida Retirement System.

12 (b) With respect to employees who become eligible to
13 participate in the Regular Class Optional Retirement Program
14 by reason of employment in a regularly established position
15 commencing after July 1, 2001:

16 1. Any such employee shall, by default, be enrolled in
17 the Florida Retirement System at the commencement of
18 employment, and may, within 90 days after employment
19 commences, elect to participate in the Regular Class Optional
20 Retirement Program. The employee's election must be made in
21 writing and must be filed with the personnel officer of the
22 employer.

23 a. If the employee files such election before the
24 initial payroll is submitted for the employee, enrollment in
25 the Regular Class Optional Retirement Program will be
26 effective on the first day of employment.

27 b. If the employee files such election within 90 days
28 after employment commences, but after the initial payroll is
29 submitted for the employee, enrollment in the optional program
30 will be effective on the first day of the month for which a
31 full month's employer contribution is made to the optional

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 program.

2 2. Any such employee who fails to elect to participate
3 in the Regular Class Optional Retirement Program within the
4 prescribed 90 days is deemed to have elected to retain
5 membership in the Florida Retirement System.

6 (c) With respect to eligible employees who become
7 eligible to participate in the Regular Class Optional
8 Retirement Program by reason of a change in eligibility status
9 occurring on or after July 1, 2001:

10 1. Upon a change in eligibility status, the employer
11 must provide written notice to the employee stating that, due
12 to the change in eligibility status, the employee has the
13 option to participate in the Regular Class Optional Retirement
14 Program in lieu of retaining membership in the Florida
15 Retirement System Regular Class, if he or she exercises the
16 option within 90 days after the notification date.

17 2. Any such employee may, within 90 days after the
18 notification date, elect to participate in the Regular Class
19 Optional Retirement Program. The employee's election must be
20 made in writing and must be filed with the personnel officer
21 of the employer. If the employee files an election to
22 participate in the Regular Class Optional Retirement Program
23 within the prescribed 90 days, enrollment in the optional
24 program will be effective on the first day of the month for
25 which a full month's employer contribution is made to the
26 optional program.

27 3. Any such employee who fails to elect to participate
28 in the Regular Class Optional Retirement Program within the
29 prescribed 90 days is deemed to have elected to retain
30 membership in the Florida Retirement System.

31 (d) The provisions of paragraph (a), paragraph (b), or

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 paragraph (c) to the contrary notwithstanding:

2 1. Any eligible employee who elects to participate in
3 the Regular Class Optional Retirement Program but fails to
4 execute a contract with one of the approved providers within
5 90 days after enrollment in the optional program, or who fails
6 to properly notify, within the prescribed 90 days, the
7 division that such contract has been executed, shall be deemed
8 to have executed an annuity contract with the State Board of
9 Administration, and all appropriate contributions shall be
10 transferred to the State Board of Administration for
11 allocation to the participant's account.

12 2. Any participant of the Regular Class Optional
13 Retirement Program who, before executing the required contract
14 and notifying the division, terminates employment or otherwise
15 experiences a change in eligibility status such that he or she
16 is no longer eligible to participate in the optional program
17 is deemed to have elected membership in the Florida Retirement
18 System. Such membership is retroactive to the date of
19 enrollment, and all appropriate contributions will be made to
20 the Florida Retirement System Trust Fund and the Health
21 Insurance Subsidy Trust Fund.

22 (e) The election to participate in the Regular Class
23 Optional Retirement Program is irrevocable for as long as the
24 employee holds a position eligible for participation in the
25 optional program and otherwise continues to meet the
26 requirements of this section.

27 (5) CONTRIBUTIONS.--

28 (a)1. Each employer shall contribute on behalf of each
29 participant in the Regular Class Optional Retirement Program
30 an amount equal to 8.21 percent of the employee's gross
31 salary. The employer shall forward to the division the

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 required contributions for each participant of the optional
2 program, and the division shall forward the contributions to
3 the designated providers contracting for payment of benefits
4 for the participant, less an amount approved by the
5 Legislature, which shall be deducted by the division to
6 provide for the administration of the program. However, such
7 contributions may not be forwarded to a provider and do not
8 begin to accrue interest until the employee has executed a
9 contract and notified the division.

10 2. Contributions by each employer and each participant
11 which are required for social security coverage under the
12 federal Social Security Act must be maintained for each
13 participant in the Regular Class Optional Retirement Program,
14 in addition to the retirement contributions specified in this
15 subsection.

16 (b) Each participant in the Regular Class Optional
17 Retirement Program who has executed a contract may contribute,
18 on a posttax basis, to his or her account under the Regular
19 Class Optional Retirement Program, subject to federal
20 requirements applicable to defined-contribution plans under s.
21 401(a) of the Internal Revenue Code. Interest and investment
22 earnings on such contributions will accrue on a tax-deferred
23 basis until the proceeds are distributed. Participant
24 contributions shall be made by way of salary deduction,
25 undertaken by written agreement between the participant and
26 his or her employer, and may not exceed the amount contributed
27 by the employer on behalf of the participant. The employer
28 shall forward to the division the designated contributions for
29 each participant of the optional program, and the division
30 shall forward the contributions to the designated approved
31 provider or providers contracting for payment of benefits for

Bill No. HB 1883, 1st Eng.

Amendment No.

1 the participant under the program.

2

3 Contributions made under the optional program shall be
4 deposited in the Regular Class Optional Retirement Program
5 Trust Fund established in the State Treasury and administered
6 by the Division of Retirement, and payments shall be made
7 therefrom to the approved providers on behalf of the Regular
8 Class Optional Retirement Program participants.

9 (c) If a participant in the Regular Class Optional
10 Retirement Program has the opportunity, through his or her
11 employer, to participate in a tax sheltered annuity plan
12 authorized under s. 403(b) of the United States Internal
13 Revenue Code, a deferred compensation plan authorized under s.
14 457 of the United States Internal Revenue Code, or a cash or
15 deferred arrangement available pursuant to s. 401(k) of the
16 United States Internal Revenue Code, the participant may,
17 through salary reduction or deduction, contribute on a pre-tax
18 basis to such other plan, subject to federal limitations.

19 (d) Employers are responsible for notifying
20 participants regarding maximum contribution levels permitted
21 under the Internal Revenue Code. Individual participants are
22 responsible for monitoring their own employee contributions to
23 the Regular Class Optional Retirement Program, and employer
24 contributions made on their behalf, to ensure that
25 contribution totals do not exceed federally permitted
26 maximums. If a participant contributes to any other
27 tax-deferred plan as provided under paragraph (c), he or she
28 is responsible for ensuring that total contributions made to
29 the optional program and to any other such plan do not exceed
30 federally permitted maximums.

31 (6) VESTING REQUIREMENTS.--A participant will be fully

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 or partially vested in the Regular Class Optional Retirement
2 Program only upon execution of a contract with an approved
3 provider. Subject thereto:

4 (a) With respect to participant contributions, plus
5 interest and earnings thereon, participants are fully and
6 immediately vested.

7 (b) With respect to employer contributions made on
8 behalf of the participant, plus interest and earnings thereon,
9 credit toward vesting under the optional program shall be
10 gradually earned, as follows:

11 1. A participant who completes 2 years of service
12 under the optional program shall be considered to be
13 20-percent vested and is entitled to receive an
14 employer-funded benefit based on 20 percent of the employer
15 contributions made to the participant's account, plus interest
16 and earnings thereon.

17 2. A member who completes 3 years of service under the
18 optional program shall be considered to be 40-percent vested
19 and is entitled to receive an employer-funded benefit based on
20 40 percent of the employer contributions made to the
21 participant's account, plus interest and earnings thereon.

22 3. A member who completes 4 years of service under the
23 optional program shall be considered to be 60-percent vested
24 and is entitled to receive an employer-funded benefit based on
25 60 percent of the employer contributions made to the
26 participant's account, plus interest and earnings thereon.

27 4. A member who completes 5 years of service under the
28 optional program shall be considered to be 80-percent vested
29 and is entitled to receive an employer-funded benefit based on
30 80 percent of the employer contributions made to the
31 participant's account, plus interest and earnings thereon.

Bill No. HB 1883, 1st Eng.

Amendment No.

1 5. Any member who completes 6 years of service under
2 the optional program shall be considered to be 100-percent
3 vested, or fully vested, and is entitled to receive an
4 employer-funded benefit based on 100 percent of the employer
5 contributions made to the participant's account, plus interest
6 and earnings thereon.

7 (7) BENEFITS.--Under the Regular Class Optional
8 Retirement Program:

9 (a) Benefits shall be provided through individual
10 contracts, or individual certificates issued for group
11 contracts, in accordance with s. 401(a) of the Internal
12 Revenue Code.

13 (b) Benefits shall accrue in individual accounts that
14 are participant-directed, portable, and funded by employer and
15 employee contributions and earnings thereon.

16 (c) Benefits shall be payable in accordance with the
17 following terms and conditions:

18 1. Benefits shall be payable only to a fully or
19 partially vested participant as provided in subsection (6), or
20 to his or her beneficiaries as designated by the participant
21 in the contract with an approved provider.

22 2. Benefits shall be paid only by the designated
23 approved provider in accordance with the terms of the
24 contracts applicable to the participant.

25 3. To begin receiving the employer-funded benefits,
26 the participant must be terminated from all employment with
27 all Florida Retirement System employers, as provided in s.
28 121.021(39). If a participant elects to receive his or her
29 employer-funded benefits upon termination of employment, in
30 accordance with the terms and conditions of the applicable
31 provider contract, the participant must submit a written

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 application to the division indicating his or her preferred
2 distribution date and selecting an authorized method of
3 distribution as provided in paragraph (d). The division shall
4 forward a copy of such application to each approved provider
5 with which the participant has a contractual relationship
6 under the optional program. The participant may defer receipt
7 of employer-funded benefits until he or she chooses to make
8 such application.

9 4. Benefits funded by the participant's personal
10 contributions may be paid out by an approved provider, within
11 the limits provided in the contract between the participant
12 and the provider, subject to federal requirements. The
13 participant shall notify the provider regarding the preferred
14 payment date, the amount to be paid out, and the provisions
15 under which he or she wants to receive such benefits. Payment
16 of participant-funded benefits may be deferred until the
17 participant chooses to provide such notice.

18 5. In the event of a participant's death, moneys
19 accumulated by or on behalf of the participant, less
20 withholding taxes remitted to the Internal Revenue Service,
21 will be distributed to the participant's designated
22 beneficiary or beneficiaries, or to the participant's estate,
23 as if the participant retired on the date of death, as
24 provided in paragraph (e). No other death benefits will be
25 available for survivors of participants under the Regular
26 Class Optional Retirement Program, except for such benefits,
27 or coverage for such benefits, as are separately afforded by
28 the employer, in the employer's discretion.

29 (d) Upon receipt by the division of a properly
30 executed application for distribution of benefits, the total
31 accumulated employer-funded benefit shall be payable to the

Bill No. HB 1883, 1st Eng.

Amendment No.

1 participant, as:

2 1. A lifetime annuity payable to the participant. This
3 payment option is not available in the case of a de minimis
4 account;

5 2. A cash-out of a de minimis account of \$5,000 or
6 less, in accordance with rules adopted by the division; or

7 3. A direct rollover distribution whereby all accrued
8 benefits, plus interest and investment earnings, are paid from
9 the participant's account directly to the custodian of an
10 eligible retirement plan, as defined in s. 402(c)(8)(B) of the
11 Internal Revenue Code, on behalf of the participant.

12 (e) Survivor benefits shall be payable as:

13 1. A lifetime annuity payable to the deceased
14 participant's designated beneficiaries. This payment option is
15 not available in the case of a de minimis account;

16 2. A lump-sum distribution payable to the
17 beneficiaries, or to the deceased participant's estate;

18 3. An eligible rollover distribution on behalf of the
19 surviving spouse of a deceased participant, whereby all
20 accrued benefits, plus interest and investment earnings, are
21 paid from the deceased participant's account directly to the
22 custodian of an individual retirement account or an individual
23 retirement annuity, as described in s. 402(c)(9) of the
24 Internal Revenue Code, on behalf of the surviving spouse; or

25 4. A partial lump-sum payment whereby a portion of the
26 accrued benefit is paid to the deceased participant's
27 surviving spouse or other designated beneficiaries, less
28 withholding taxes remitted to the Internal Revenue Service,
29 and the remaining amount is transferred directly to the
30 custodian of an individual retirement account or an individual
31 retirement annuity, as described in s. 402(c)(9) of the

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 Internal Revenue Code, on behalf of the surviving spouse. The
2 proportions must be specified by the participant or the
3 surviving spouse.

4
5 This paragraph does not abrogate other applicable provisions
6 of state or federal law providing for payment of death
7 benefits.

8 (f) The benefits payable to any person under the
9 Regular Class Optional Retirement Program, and any
10 contributions accumulated under such program, are not subject
11 to assignment, execution, attachment, or any legal process,
12 except for qualified domestic-relations orders by a court of
13 competent jurisdiction, income-deduction orders as provided in
14 s. 61.1301, and federal income tax levies.

15 (8) ADMINISTRATION OF PROGRAM.--

16 (a) The Regular Class Optional Retirement Program
17 authorized by this section shall be administered by the
18 division and affected employer agencies. The division shall
19 adopt rules establishing the role and responsibilities of
20 affected state and local government agencies in administering
21 the Regular Class Optional Retirement Program.

22 (b)1. The division may select and contract with a
23 third-party administrator to provide administrative services,
24 including, but not limited to, services relating to:
25 consolidated billing; individual and collective recordkeeping
26 and accounting; asset purchase, control, and safekeeping; and
27 direct disbursement of funds to and from approved providers,
28 employers, participants, and beneficiaries.

29 2. The division shall also select and contract with a
30 third-party organization to develop and disseminate
31 educational materials and provide educational services to

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 employers, eligible employees, participants, and beneficiaries
2 in order to maintain compliance with United States Department
3 of Labor regulations under section 404(c) of the Employee
4 Retirement Income Security Act of 1974 and to assist employees
5 in their choice of defined-benefit or defined-contribution
6 retirement alternatives. Such materials and services may
7 include, but are not limited to, providing retirement-planning
8 education; explaining the differences between the
9 defined-benefit retirement plan and the defined-contribution
10 retirement plan; and offering financial-planning guidance on
11 matters such as investment diversification, investment risks,
12 investment costs, and asset allocation. An approved provider
13 may not perform this function, but may provide information
14 concerning its products and services.

15
16 As a cost of administration, the division may compensate any
17 such contractor for its services, in accordance with the terms
18 of the contract, as is deemed necessary or proper by the
19 division and the contractor.

20 (c) The division may authorize an approved provider to
21 make direct disbursement of funds under the optional program
22 to a participant or other beneficiary.

23 (9) INVESTMENT PROVIDERS; INVESTMENT OPTIONS OR
24 PRODUCTS; PERFORMANCE REVIEW.--

25 (a) The division shall develop policy and procedures
26 for selecting investment providers and products from which
27 contracts may be purchased under the program. The State Board
28 of Administration may advise the division and make
29 recommendations with regard to selecting investment providers
30 and products under subsection (11). In accordance with such
31 policy and procedures, the division shall, through a

Bill No. HB 1883, 1st Eng.

Amendment No. ____

- 1 competitive-bidding process, designate up to nine providers,
2 one of which may be the State Board of Administration, and
3 shall approve the form and content of all investment
4 contracts. Potential provider companies may elect to submit
5 competitive bids or proposals to serve only a specific segment
6 of optional program participants, such as K-12 public school
7 district employees, and nothing in this section shall prohibit
8 the division from selecting one or more such providers as part
9 of the nine providers.
- 10 (b) In evaluating and selecting private-sector
11 provider companies and products for the Regular Class Optional
12 Retirement Program, the division shall establish criteria
13 under which it will consider the relative capabilities and
14 qualifications of each proposed provider company. In
15 developing such criteria, the division shall consider:
- 16 1. Experience in Florida and other states providing
17 retirement annuities or trusteed mutual fund arrangements or
18 other retirement products and related financial services under
19 defined-contribution pension plans.
- 20 2. Financial strength and stability which shall be
21 evidenced by the highest ratings assigned by nationally
22 recognized rating services, when comparing proposed providers
23 that are so rated.
- 24 3. Intrastate and interstate portability of the
25 product offered, including early withdrawal options.
- 26 4. Compliance with the Internal Revenue Code.
- 27 5. The cost-effectiveness of the products provided,
28 and the levels of service supporting them, relative to their
29 benefits and their characteristics, including, without
30 limitation, the level of risk borne by the provider.
- 31 6. The provider company's ability and willingness to

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 coordinate its activities with Florida Retirement System
2 employers and the division, and to supply to such employers
3 and the division the information and data they require.

4 7. The methods available to participants to interact
5 with the provider company, including the means by which
6 participants may access account information, direct investment
7 of contributions, make changes to their accounts, transfer
8 moneys between available investment vehicles, and transfer
9 moneys between provider companies, and shall consider any fees
10 that apply to such activities.

11 8. The provider company's policies with respect to the
12 transfer of individual account balances, contributions, and
13 earnings thereon, both internally among investment products
14 offered by the provider company and externally between
15 provider companies, as well as any fees, charges, reductions,
16 or penalties that may be applied.

17 (d) The division shall consider investment options or
18 products it considers appropriate to give participants the
19 opportunity to accumulate retirement benefits, subject to the
20 following:

21 1. The Regular Class Optional Retirement Program must
22 offer a diversified mix of investment products.

23 2. Investment options or products offered by the group
24 of approved providers may include mutual funds, group annuity
25 contracts, individual retirement annuities, interests in
26 trusts, and other such financial instruments.

27 (e) The division shall periodically review the
28 performance of each approved provider and each approved
29 product to ensure continued compliance with established
30 selection criteria and with division policy and procedures.
31 Providers or products may be terminated, subject to contract

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 provisions.

2 (f) Contracts must be renegotiated every 8 years in
3 order to provide new or different services or products.

4 (10) CONTRACT REQUIREMENTS.--The division shall ensure
5 that each participant is provided a quarterly statement that
6 accounts for the contributions made by and on behalf of such
7 participants; the interest and investment earnings thereon;
8 and any fees, penalties, or other deductions that apply
9 thereto. At a minimum, such statements must:

10 1. Indicate the participant's self-directed investment
11 options.

12 2. State the market value of the account at the close
13 of the current quarter and previous quarter.

14 3. Show account gains and losses for the period.

15 4. Itemize account contributions for the quarter.

16 5. Indicate any account changes due to adjustment of
17 contribution levels, reallocation of contributions, balance
18 transfers, or withdrawals.

19 6. Set forth any fees, charges, penalties, and other
20 deductions that apply to the account.

21
22 Investment providers shall provide annual summary reports to
23 the division.

24 (11) STATE BOARD OF ADMINISTRATION TO PROVIDE ADVICE
25 AND ASSISTANCE.--The State Board of Administration shall
26 assist the division in implementing and administering the
27 Regular Class Optional Retirement Program.

28 (a) At the request of the division, the board shall
29 review proposals submitted by vendors seeking to become
30 approved providers for the Regular Class Optional Retirement
31 Program and shall submit to the division its recommendations

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 regarding such vendors, based on:

2 1. An evaluation of specific investment products
3 proposed to be offered, taking into account each product's
4 track record in meeting its investment return objectives net
5 of all related fees, expenses, and charges, including, but not
6 limited to, investment management fees, loads, distribution
7 and marketing fees, custody fees, recordkeeping fees,
8 education fees, annuity expenses, and consulting fees; and

9 2. Organizational factors, including, but not limited
10 to, financial solvency, organizational depth, and experience
11 in providing institutional investment services.

12 (b) Once providers have been selected and approved,
13 the board shall periodically review investment product
14 performance and related organizational factors of the approved
15 providers. The board shall advise the division on the
16 acceptability of all investment products proposed to be
17 offered through contracts to the participants and may advise
18 the division of any changes necessary to ensure that the
19 Regular Class Optional Retirement Program offers a diversified
20 mix of investment products.

21 (c) The State Board of Administration shall develop
22 and submit to the division its recommendations regarding the
23 form and content of contracts to be offered under the Regular
24 Class Optional Retirement Program. In developing its
25 recommendations, the board must consider:

26 1. The nature and extent of the rights and benefits to
27 be afforded participants in relation to the required
28 contributions under the program; and

29 2. The suitability of the rights and benefits to be
30 afforded participants to the needs of the participants and the
31 interests of employers in the recruitment and retention of

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 eligible employees.

2 (d) The State Board of Administration shall review
3 proposals submitted by vendors seeking to contract with the
4 division to provide financial advice on retirement planning.
5 The board shall evaluate such proposals based on an assessment
6 of cost, product quality, independence from money-management
7 organizations, and organizational factors, including, but not
8 limited to, customer-service orientation, financial solvency,
9 organizational depth, and experience in providing investment
10 advisory and consulting services. Once a vendor is selected
11 and approved for this purpose, the board shall periodically
12 review the performance and organizational aspects of the
13 approved contractor and shall submit to the division
14 recommended changes necessary to ensure that program
15 participants receive appropriate and cost-effective investment
16 advice.

17
18 The Investment Advisory Council shall review any
19 recommendations of the board prior to submittal to the
20 division. The division shall make the final determination as
21 to whether any investment provider or product, any contractor,
22 or any and all contract provisions will be approved for the
23 program. Upon the recommendation of the Board of Trustees of
24 the State Board of Administration that it offer an optional
25 retirement program that it administers, the Division of
26 Retirement shall commission an independent third-party firm to
27 conduct a review of the product to be offered so as to effect
28 substantial compliance with the provisions of this subsection.

29 (12) FEDERAL REQUIREMENTS.--

30 (a) Provisions of this section shall be construed, and
31 the Regular Class Optional Retirement Program shall be

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 administered, so as to comply with the Internal Revenue Code,
2 Title 26 U.S.C., and specifically with plan qualification
3 requirements imposed on governmental plans under s. 401(a) of
4 the Internal Revenue Code.

5 (b) Any section or provision of this chapter which is
6 susceptible to more than one construction must be interpreted
7 in favor of the construction most likely to satisfy
8 requirements imposed by s. 401(a) of the Internal Revenue
9 Code.

10 (c) Contributions payable under this section for any
11 limitation year may not exceed the maximum amount allowable
12 for qualified defined-contribution pension plans under
13 applicable provisions of the Internal Revenue Code. If an
14 employee who has elected to participate in the Regular Class
15 Optional Retirement Program participates in any other plan
16 that is maintained by the participating employer, benefits
17 that accrue under the Regular Class Optional Retirement
18 Program shall be considered primary for any aggregate
19 limitation applicable under s. 415 of the Internal Revenue
20 Code.

21 (13) INVESTMENT POLICY STATEMENT.--

22 (a) Investment products and providers selected for the
23 regular class optional retirement system shall be in
24 conformance with the Regular Class Optional Retirement System
25 Investment Policy Statement, herein referred to as the
26 "Statement," as developed by the executive director of the
27 State Board of Administration, approved by the board, and
28 submitted to the Division of Retirement. The Statement must
29 include, among other items, the investment objectives of the
30 Regular Class Optional Retirement System; manager selection
31 and monitoring guidelines; and performance measurement

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 criteria. As required from time to time, the executive
2 director of the State Board of Administration may present
3 recommended changes in the Statement to the board for
4 approval.

5 (b) Prior to any recommended changes in the Statement
6 being presented to the State Board of Administration, the
7 executive director of the board shall present such changes to
8 the Investment Advisory Council for review. The council shall
9 present the results of its review to the board prior to the
10 board's final approval of the Statement or changes in the
11 Statement.

12 (14) STATEMENT OF FIDUCIARY STANDARDS AND
13 RESPONSIBILITIES.--

14 (a) Investment of regular class optional retirement
15 program assets shall be made for the sole interest and
16 exclusive purpose of providing benefits to program
17 participants and beneficiaries and defraying reasonable
18 expenses of administering the program. The program's assets
19 are to be invested with the care, skill, and diligence that a
20 prudent person acting in a like manner would undertake. The
21 performance of the above investment duties shall comply with
22 the fiduciary standards set forth in the Employee Retirement
23 Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)
24 through (C). In case of conflict with other provisions of law
25 authorizing investments, the investment and fiduciary
26 standards set forth in this subsection shall prevail.

27 (b) The program's investment fiduciaries shall not be
28 liable for losses to a participant's or beneficiary's account
29 that result from the participant's or beneficiary's exercise
30 of control. The assets of the regular class optional
31 retirement program shall be maintained in compliance with the

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 United States Department of Labor regulation under section
2 404(c) of the Employee Retirement Income Security Act of 1974
3 and all applicable laws governing the operation of the
4 program.

5 Section 2. Subsection (2) of section 112.363, Florida
6 Statutes, 1998 Supplement, is amended to read:

7 112.363 Retiree health insurance subsidy.--

8 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE

9 SUBSIDY.--A person who is retired under a state-administered
10 retirement system, or a beneficiary who is a spouse or
11 financial dependent entitled to receive benefits under a
12 state-administered retirement system, is eligible for health
13 insurance subsidy payments provided under this section; except
14 that pension recipients under ss. 121.055(1)(b)2., 121.36,
15 121.40, 238.07(16)(a), and 250.22, recipients of health
16 insurance coverage under s. 110.1232, or any other special
17 pension or relief act shall not be eligible for such payments.
18 Payment of the retiree health insurance subsidy shall be made
19 only after coverage for health insurance for the retiree or
20 beneficiary has been certified in writing to the Division of
21 Retirement. Participation in a former employer's group health
22 insurance program is not a requirement for eligibility under
23 this section. However, participants in the State Community
24 College System Optional Retirement Program as provided in s.
25 121.051(2)(c), the Senior Management Service Optional Annuity
26 Program as provided in s. 121.055(6), and the State University
27 System Optional Retirement Program as provided in s. 121.35
28 shall not receive the retiree health insurance subsidy
29 provided in this section. The employer of such participant
30 shall pay the contributions required in subsection (8) to the
31 annuity program provided in s. 121.051(2)(c), s.

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.055(6)(d), or s. 121.35(4)(a), as applicable.

2 Section 3. In any solicitation or offer of coverage
3 under an optional retirement program, a provider company shall
4 be governed by the contract readability provisions of section
5 627.4145, Florida Statutes, notwithstanding section
6 627.4145(6)(c), Florida Statutes. In addition, all descriptive
7 materials must be prepared under the assumption that the
8 participant is an unsophisticated investor. Provider companies
9 must maintain an internal system of quality assurance, have
10 proven functional systems that are date-calculation compliant,
11 and be subject to a due-diligence inquiry that proves their
12 capacity and fitness to undertake service responsibilities.

13 Section 4. Paragraph (e) is added to subsection (3) of
14 section 112.363, Florida Statutes, 1998 Supplement, to read:

15 112.363 Retiree health insurance subsidy.--

16 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

17 (e) Beginning July 1, 2001, each eligible retiree or,
18 if the retiree is deceased, his or her beneficiary who is
19 receiving a monthly benefit from such retiree's account and
20 who is a spouse, or a person who meets the definition of joint
21 annuitant in s. 121.021(28), shall receive a monthly retiree
22 health insurance subsidy payment equal to the number of years
23 of creditable service, as defined in s. 121.021(17), completed
24 at the time of retirement multiplied by \$5. No eligible
25 retiree or beneficiary may receive a subsidy payment of more
26 than \$150 or less than \$30. If there are multiple
27 beneficiaries, the total payment may not be greater than the
28 payment to which the retiree was entitled.

29 Section 5. Subsections (29) and (45) of section
30 121.021, Florida Statutes, 1998 Supplement, are amended to
31 read:

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.021 Definitions.--The following words and phrases
2 as used in this chapter have the respective meanings set forth
3 unless a different meaning is plainly required by the context:

4 (29) "Normal retirement date" means the first day of
5 any month following the date a member attains one of the
6 following statuses:

7 (a) If a Regular Class member, the member:

8 1. Completes 6 ~~10~~ or more years of creditable service
9 and attains age 62; or

10 2. Completes 30 years of creditable service,
11 regardless of age, which may include a maximum of 4 years of
12 military service credit as long as such credit is not claimed
13 under any other system.

14 (b) If a Special Risk Class member, the member:

15 1. Completes 6 ~~10~~ or more years of creditable service
16 in the Special Risk Class and attains age 55;

17 2. Completes 25 years of creditable service in the
18 Special Risk Class, regardless of age; or

19 3. Completes 25 years of creditable service and
20 attains age 52, which service may include a maximum of 4 years
21 of military service credit as long as such credit is not
22 claimed under any other system and the remaining years are in
23 the Special Risk Class.

24 (c) If a Senior Management Service Class member, the
25 member:

26 1. Completes 6 ~~7~~ years of creditable service in the
27 Senior Management Service Class and attains age 62; or

28 2. Completes 30 years of any creditable service,
29 regardless of age, which may include a maximum of 4 years of
30 military service credit as long as such credit is not claimed
31 under any other system.

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 (d) If an Elected ~~State County~~ Officers' Class member,
2 the member:

3 1. Completes 6 ~~8~~ years of creditable service in the
4 Elected State and County Officers' Class and attains age 62;
5 or

6 2. Completes 30 years of any creditable service,
7 regardless of age, which may include a maximum of 4 years of
8 military service credit as long as such credit is not claimed
9 under any other system.

10

11 "Normal retirement age" is attained on the "normal retirement
12 date."

13 (45)(a) "Vested" or "vesting" means the guarantee that
14 a member is eligible to receive a future retirement benefit
15 upon completion of the required years of creditable service
16 for the employee's class of membership, even though the member
17 may have terminated covered employment before reaching normal
18 or early retirement date. Being vested does not entitle a
19 member to a disability benefit; provisions governing
20 entitlement to disability benefits are set forth under s.
21 121.091(4) based on a disability caused by an injury or
22 disease that occurs after termination of covered employment.

23 (b) Effective July 1, 2001, a graded vesting system
24 shall be implemented for the Florida Retirement System whereby
25 any member who is employed in a regularly established position
26 on or after July 1, 2001, will earn credit toward vesting as
27 described in paragraph (a), as follows:

28 1. Any such member completing 2 years of creditable
29 service shall be considered to be 20 percent vested and shall
30 be entitled to a future benefit based on 20 percent of the
31 retirement credit earned for his or her service.

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 2. Any such member completing 3 years of creditable
 2 service shall be considered to be 40 percent vested and shall
 3 be entitled to a future benefit based on 40 percent of the
 4 retirement credit earned for his or her service.

5 3. Any such member completing 4 years of creditable
 6 service shall be considered to be 60 percent vested and shall
 7 be entitled to a future benefit based on 60 percent of the
 8 retirement credit earned for his or her service.

9 4. Any such member completing 5 years of creditable
 10 service shall be considered to be 80 percent vested and shall
 11 be entitled to a future benefit based on 80 percent of the
 12 retirement credit earned for his or her service.

13 5. Any such member completing 6 years of creditable
 14 service shall be considered to be 100 percent vested, or fully
 15 vested as described in paragraph (a).

16
 17 Inactive members will not be considered fully or partially
 18 vested solely by operation of the provisions of this
 19 paragraph. Any member who is not employed in a regularly
 20 established position on July 1, 2001, will be deemed partially
 21 or fully vested as provided in this paragraph only upon
 22 subsequent employment in a covered position for 1 work year,
 23 except that no member may be required to complete more years
 24 of creditable service than would have been required for that
 25 member to vest under retirement laws in effect before July 1,
 26 2001.

27 Section 6. Paragraph (a) of subsection (7) of section
 28 121.0515, Florida Statutes, 1998 Supplement, is amended to
 29 read:

30 121.0515 Special risk membership; criteria;
 31 designation and removal of classification; credits for past

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 service and prior service; retention of special risk normal
2 retirement date.--

3 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT
4 DATE.--

5 (a) A special risk member who is moved or reassigned
6 to a nonspecial risk law enforcement, firefighting, or
7 correctional administrative support position with the same
8 agency, or who is subsequently employed in such a position
9 with any law enforcement, firefighting, or correctional agency
10 under the Florida Retirement System, shall participate in the
11 Special Risk Administrative Support Class and shall earn
12 credit for such service at the same percentage rate as that
13 earned by a regular member. Notwithstanding the provisions of
14 subsection (4), service in such an administrative support
15 position shall, for purposes of s. 121.091, apply toward
16 satisfaction of the special risk normal retirement date, as
17 defined in s. 121.021(29)(b), provided that, while in such
18 position, the member remains certified as a law enforcement
19 officer, firefighter, or correctional officer; remains subject
20 to reassignment at any time to a position qualifying for
21 special risk membership; and completes an aggregate of 6 ~~10~~ or
22 more years of service as a designated special risk member
23 prior to retirement.

24 Section 7. Paragraph (d) is added to subsection (5) of
25 section 121.052, Florida Statutes, 1998 Supplement, and
26 subsection (8) and paragraphs (b) and (c) of subsection (12)
27 of that section are amended, to read:

28 121.052 Membership class of elected officers.--

29 (5) UPGRADED SERVICE; PURCHASE OF ADDITIONAL CREDIT.--

30 (d) Any member of the Florida Retirement System who
31 serves as the elected mayor of a consolidated local

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 government, which government by its charter has chosen status
 2 as a municipality rather than a county government for purposes
 3 of the state retirement system administered under this
 4 chapter, may elect membership in the Elected State and County
 5 Officers' Class established by this section for the duration
 6 of the term of office. Any such mayor or former mayor shall be
 7 eligible for membership in this class for the term of office,
 8 provided the member or the local government employer pays the
 9 retirement contributions that would have been paid had actual
 10 participation commenced at that time, plus interest at 6.5
 11 percent compounded each June 30 from date of participation
 12 until date of payment. No retirement credit will be allowed
 13 under this subsection for any such service which is used to
 14 obtain a benefit under any local retirement system.

15 (8) NORMAL RETIREMENT DATE; VESTING REQUIREMENT.--A
 16 member of the Elected ~~State and County~~ Officers' Class shall
 17 have the same normal retirement date and vesting requirement
 18 as provided defined in s. 121.021(29) and (45) for a member of
 19 the regular class of the Florida Retirement System, ~~except~~
 20 ~~that only 8 years of creditable service in this class are~~
 21 ~~needed to attain the normal retirement date specified in s.~~
 22 ~~121.021(29)(a).~~ Any public service commissioner who was
 23 removed from the Elected State Officers' Class on July 1,
 24 1979, after attaining at least 8 years of creditable service
 25 in that class shall be considered to have reached the normal
 26 retirement date upon attaining age 62 as required in s.
 27 121.021(29)(a).

28 (12) BENEFITS.--

29 (b) The benefit provisions of s. 121.091(2)-(6), (8),
 30 (9), and (11), relating to benefits payable for dual normal
 31 retirement ages, early retirement, disability retirement,

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 termination benefits, optional forms of retirement,
2 designation of beneficiaries, employment after retirement, and
3 method of computing actuarial equivalent, respectively, shall
4 also apply to members of the Elected ~~State and County~~
5 ~~Officers' Class, except that only 8 years of creditable~~
6 ~~service in this class are needed to attain the benefits~~
7 ~~specified in s. 121.091(3) and (5).~~ These provisions shall be
8 construed in such manner as to make them compatible with the
9 provisions of this section.

10 (c) The benefit provisions of s. 121.091(7), relating
11 to death benefits, shall apply to members of the Elected ~~State~~
12 ~~and County Officers' Class~~ and shall be construed in such
13 manner as to make them compatible with the provisions of this
14 section; ~~however, only 8 years of creditable service in this~~
15 ~~class are needed to obtain such benefits,~~ except that:

16 1. If any elected official dies in office who would
17 have been vested under the Elected ~~State and County Officers'~~
18 ~~Class,~~ any other class of the Florida Retirement System, or
19 any other state-administered retirement system, if the
20 official had lived to complete his or her term of office, the
21 official's spouse may elect to leave the official's retirement
22 contributions in the retirement trust fund and pay into said
23 fund any required contributions which would have been paid by
24 the officer or the employer had the officer lived to complete
25 the term of office.

26 2. If a deceased member's surviving spouse as
27 described in subparagraph 1. previously received a refund of
28 the member's contributions made to the retirement trust fund,
29 the surviving spouse may pay into the retirement trust fund an
30 amount equal to the deceased member's contributions previously
31 refunded, together with interest at 4 percent compounded

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 annually on the amount of such refunded contributions from the
2 date of refund until July 1, 1975, and at 6.5 percent
3 compounded annually thereafter to the date of payment, plus
4 such additional contributions as may be required under
5 subparagraph 1., in order to become vested, as applicable.

6
7 Upon conclusion of the term of office to which the deceased
8 officer was elected, a spouse who pays into the retirement
9 trust fund such additional or refunded contributions, plus
10 interest, shall be eligible to receive a monthly benefit in
11 the same manner as the surviving spouse of a member who dies
12 after accumulating the required number of years of creditable
13 service as described herein.

14 Section 8. Paragraph (a) of subsection (1) of section
15 121.053, Florida Statutes, 1998 Supplement, is amended to
16 read:

17 121.053 Participation in the Elected ~~State and County~~
18 Officers' Class for retired members.--

19 (1)(a) Any member who retired under any existing
20 system as defined in s. 121.021(2), and receives a benefit
21 thereof, and who serves in an office covered by the Elected
22 ~~State and County~~ Officers' Class for a period of at least 6 ~~8~~
23 years, shall be entitled to receive an additional retirement
24 benefit for such elected officer service prior to July 1,
25 1990, under the Elected ~~State and County~~ Officers' Class of
26 the Florida Retirement System, as follows:

27 1. Upon completion of 6 ~~8~~ or more years of creditable
28 service in an office covered by the Elected ~~State and County~~
29 Officers' Class, s. 121.052, such member shall notify the
30 administrator of his or her intent to purchase elected officer
31 service prior to July 1, 1990, and shall pay the member

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 contribution applicable for the period being claimed, plus 4
2 percent interest compounded annually from the first year of
3 service claimed until July 1, 1975, and 6.5 percent interest
4 compounded annually thereafter, until full payment is made to
5 the Florida Retirement System Trust Fund; however, such member
6 may purchase retirement credit under the Elected ~~State and~~
7 ~~County~~ Officers' Class only for such service as an elected
8 officer.

9 2. Upon payment of the amount specified in
10 subparagraph 1., the employer shall pay into the Florida
11 Retirement System Trust Fund the applicable employer
12 contribution for the period of elected officer service prior
13 to July 1, 1990, being claimed by the member, plus 4 percent
14 interest compounded annually from the first year of service
15 claimed until July 1, 1975, and 6.5 percent interest
16 compounded annually thereafter, until full payment is made to
17 the Florida Retirement System Trust Fund.

18 Section 9. Paragraph (b) of subsection (4) of section
19 121.055, Florida Statutes, 1998 Supplement, is amended to
20 read:

21 121.055 Senior Management Service Class.--There is
22 hereby established a separate class of membership within the
23 Florida Retirement System to be known as the "Senior
24 Management Service Class," which shall become effective
25 February 1, 1987.

26 (4)

27 (b) Service in an eligible position prior to February
28 1, 1987, or after January 31, 1987, shall satisfy the
29 requirement of attaining the normal retirement date as defined
30 in s. 121.021(29) for a Senior Management Service Class
31 member, provided the employee is a member of the Senior

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 Management Service Class after January 31, 1987. A member of
2 this class who fails to complete 6 7 years of creditable
3 service in an eligible position shall be required to satisfy
4 the requirements for the normal retirement date for a regular
5 member as provided in s. 121.021(29).

6 Section 10. Paragraph (i) of subsection (1) of section
7 121.081, Florida Statutes, 1998 Supplement, is amended to
8 read:

9 121.081 Past service; prior service;
10 contributions.--Conditions under which past service or prior
11 service may be claimed and credited are:

12 (1)

13 (i) An employee of a state agency who was a member of
14 a state-administered retirement system and who was granted
15 educational leave with pay pursuant to a written educational
16 leave-with-pay policy may claim such period of educational
17 leave as past service subject to the following conditions:

18 1. The educational leave must have occurred prior to
19 December 31, 1971;

20 2. The member must have completed at least 6 ~~10~~ years
21 of creditable service excluding the period of the educational
22 leave;

23 3. The employee must have returned to employment with
24 a state agency employer who participated in the retirement
25 system, which return was immediately upon termination of the
26 educational leave, and must have remained on the employer's
27 payroll for at least 1 calendar month ~~30 calendar days~~
28 following the return to employment;

29 4. The employee must be a member of the Florida
30 Retirement System at the time he or she claims such service;

31 5. Not more than 24 months of creditable service may

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 be claimed for such period of educational leave with pay;

2 6. The service must not be claimed under any other
3 state or federal retirement system; and

4 7. The member must pay to the retirement trust fund
5 for claiming such past-service credit an amount equal to 8
6 percent of his or her gross annual salary immediately prior to
7 the educational leave with pay for each year of past service
8 claimed, plus 4 percent interest thereon compounded annually
9 each June 30 from the first year of service claimed until July
10 1, 1975, and 6.5 percent interest thereafter on the unpaid
11 balance compounded annually each June 30 until paid.

12 Section 11. Paragraphs (a) and (j) of subsection (4)
13 of section 121.091, Florida Statutes, 1998 Supplement, are
14 amended to read:

15 121.091 Benefits payable under the system.--Benefits
16 may not be paid under this section unless the member has
17 terminated employment as provided in s. 121.021(39)(a) or
18 begun participation in the Deferred Retirement Option Program
19 as provided in subsection (13), and a proper application has
20 been filed in the manner prescribed by the division. The
21 division may cancel an application for retirement benefits
22 when the member or beneficiary fails to timely provide the
23 information and documents required by this chapter and the
24 division's rules. The division shall adopt rules establishing
25 procedures for application for retirement benefits and for the
26 cancellation of such application when the required information
27 or documents are not received.

28 (4) DISABILITY RETIREMENT BENEFIT.--

29 (a) Disability retirement; entitlement and effective
30 date.--

31 1. A member who becomes totally and permanently

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 disabled, as defined in paragraph (b), after completing 5
2 years of creditable service, or a member who becomes totally
3 and permanently disabled in the line of duty regardless of
4 service, shall be entitled to a monthly disability benefit+
5 ~~except that any member with less than 5 years of creditable~~
6 ~~service on July 1, 1980, or any person who becomes a member of~~
7 ~~the Florida Retirement System on or after such date must have~~
8 ~~completed 10 years of creditable service prior to becoming~~
9 ~~totally and permanently disabled in order to receive~~
10 ~~disability retirement benefits for any disability which occurs~~
11 ~~other than in the line of duty. However, if a member employed~~
12 ~~on July 1, 1980, with less than 5 years of creditable service~~
13 ~~as of that date, becomes totally and permanently disabled~~
14 ~~after completing 5 years of creditable service and is found~~
15 ~~not to have attained fully insured status for benefits under~~
16 ~~the federal Social Security Act, such member shall be entitled~~
17 ~~to a monthly disability benefit.~~

18 2. If the division has received from the employer the
19 required documentation of the member's termination of
20 employment, the effective retirement date for a member who
21 applies and is approved for disability retirement shall be
22 established by rule of the division.

23 3. For a member who is receiving Workers' Compensation
24 payments, the effective disability retirement date may not
25 precede the date the member reaches Maximum Medical
26 Improvement (MMI), unless the member terminates employment
27 prior to reaching MMI.

28 (j) Disability retirement of justice or judge by order
29 of Supreme Court.--

30 1. If a member is a justice of the Supreme Court,
31 judge of a district court of appeal, circuit judge, or judge

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 state and receive creditable service for such periods of
2 employment. Service with the Federal Government, including any
3 military service, may be claimed. Upon completion of each year
4 of service earned under the Florida Retirement System, a
5 member may purchase up to 1 year of retirement credit for his
6 or her out-of-state service, subject to the following
7 provisions:

8 (1) LIMITATIONS AND CONDITIONS.--To receive credit for
9 the out-of-state service:

10 (b) The member must have completed a minimum of 6 ~~10~~
11 years of creditable service under the Florida Retirement
12 System, excluding out-of-state service and in-state service
13 claimed and purchased under s. 121.1122.

14 Section 13. Paragraph (a) of subsection (2) of section
15 121.1122, Florida Statutes, 1998 Supplement, is amended to
16 read:

17 121.1122 Purchase of retirement credit for in-state
18 public service and in-state service in accredited nonpublic
19 schools and colleges, including charter schools and charter
20 technical career centers.--Effective January 1, 1998, a member
21 of the Florida Retirement System may purchase creditable
22 service for periods of certain public or nonpublic employment
23 performed in this state, as provided in this section.

24 (2) LIMITATIONS AND CONDITIONS.--

25 (a) A member is not eligible to receive credit for
26 in-state service under this section until he or she has
27 completed 6 ~~10~~ years of creditable service under the Florida
28 Retirement System, excluding service purchased under this
29 section and out-of-state service claimed and purchased under
30 s. 121.1115.

31 Section 14. Paragraph (a) of subsection (1) of section

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.121, Florida Statutes, 1998 Supplement, is amended to
2 read:

3 121.121 Authorized leaves of absence.--

4 (1) A member may purchase creditable service for up to
5 2 work years of authorized leaves of absence if:

6 (a) The member has completed a minimum of 6 ~~10~~ years
7 of creditable service, excluding periods for which a leave of
8 absence was authorized;

9 (b) The leave of absence is authorized in writing by
10 the employer of the member and approved by the administrator;

11 (c) The member returns to active employment performing
12 service with a Florida Retirement System employer in a
13 regularly established position immediately upon termination of
14 the leave of absence and remains on the employer's payroll for
15 1 calendar month, except that a member who retires on
16 disability while on a medical leave of absence shall not be
17 required to return to employment. A member whose work year is
18 less than 12 months and whose leave of absence terminates
19 between school years is eligible to receive credit for the
20 leave of absence as long as he or she returns to the
21 employment of his or her employer at the beginning of the next
22 school year and remains on the employer's payroll for 1
23 calendar month; and

24 (d) The member makes the required contributions for
25 service credit during the leave of absence, which shall be 8
26 percent until January 1, 1975, and 9 percent thereafter of his
27 or her rate of monthly compensation in effect immediately
28 prior to the commencement of such leave for each month of such
29 period, plus 4 percent interest until July 1, 1975, and 6.5
30 percent interest thereafter on such contributions, compounded
31 annually each June 30 from the due date of the contribution to

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 date of payment. Effective July 1, 1980, any leave of absence
2 purchased pursuant to this section shall be at the
3 contribution rates specified in s. 121.071 in effect at the
4 time the leave is granted for the class of membership from
5 which the leave of absence was granted; however, any member
6 who purchased leave-of-absence credit prior to July 1, 1980,
7 for a leave of absence from a position in a class other than
8 the regular membership class, may pay the appropriate
9 additional contributions plus compound interest thereon and
10 receive creditable service for such leave of absence in the
11 membership class from which the member was granted the leave
12 of absence.

13 Section 15. The Legislature finds that a proper and
14 legitimate state purpose is served when employees and retirees
15 of the state and of its political subdivisions, and the
16 dependents, survivors, and beneficiaries of such employees and
17 retirees, are extended the basic protections afforded by
18 governmental retirement systems that provide fair and adequate
19 benefits that are managed, administered, and funded in an
20 actuarially sound manner, as required by Section 14 of Article
21 X of the State Constitution and part VII of chapter 112,
22 Florida Statutes. Therefore, the Legislature determines and
23 declares that this act fulfills an important state interest.

24 Section 16. The Regular Class Optional Retirement
25 Program created by this act shall be implemented beginning
26 July 1, 2001, contingent upon the Division of Retirement
27 receiving a favorable determination letter and a favorable
28 private-letter ruling from the Internal Revenue Service before
29 the end of the regular session of the Legislature held in
30 2001.

31 Section 17. Paragraph (b) of subsection (5) of section

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.091, Florida Statutes, is amended to read:

2 121.091 Benefits payable under the system.--Benefits
3 may not be paid under this section unless the member has
4 terminated employment as provided in s. 121.021(39)(a) or
5 begun participation in the Deferred Retirement Option Program
6 as provided in subsection (13), and a proper application has
7 been filed in the manner prescribed by the division. The
8 division may cancel an application for retirement benefits
9 when the member or beneficiary fails to timely provide the
10 information and documents required by this chapter and the
11 division's rules. The division shall adopt rules establishing
12 procedures for application for retirement benefits and for the
13 cancellation of such application when the required information
14 or documents are not received.

15 (5) TERMINATION BENEFITS.--

16 (b) A member whose employment is terminated for any
17 reason other than death or retirement after becoming vested
18 may elect to receive a deferred monthly benefit which shall
19 begin to accrue on the first day of the month of normal or
20 early retirement and shall be payable on the last day of that
21 month and each month thereafter during his or her lifetime.
22 The amount of monthly benefit shall be computed in the same
23 manner as for a normal retirement benefit in accordance with
24 subsection (1) or early retirement benefit in accordance with
25 s. 121.021(30), but based on average monthly compensation and
26 creditable service as of the date of termination, which
27 compensation shall be indexed from the date of termination to
28 the date of retirement by 3 percent per annum.

29 Section 18. Subsection (11) is added to section
30 216.136, Florida Statutes, 1998 Supplement, to read:

31 216.136 Consensus estimating conferences; duties and

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 principals.--

2 (11) FLORIDA RETIREMENT SYSTEM ACTUARIAL ASSUMPTION
3 CONFERENCE.--

4 (a) Duties.--The Florida Retirement System Actuarial
5 Assumption Conference shall by consensus develop official
6 information with respect to the economic and noneconomic
7 assumptions and funding methods of the Florida Retirement
8 System necessary to perform the study. Such information shall
9 include an analysis of the actuarial assumptions and actuarial
10 methods and a determination of whether changes to the
11 assumptions or methods need to be made due to experience
12 changes or revised future forecasts.

13 (b) PRINCIPALS.--The principals of the conference
14 shall include the budget director of the Office of Planning
15 and Budgeting, the executive director of the State Board of
16 Administration, the director of the Division of Retirement,
17 the Coordinator of the Office of Economic and Demographic
18 Research, the staff director of the Senate Committee on
19 Budget, the executive director of the House of Representatives
20 Fiscal Responsibility Council, the staff director of the
21 Senate Committee on Governmental Oversight and Productivity,
22 and the staff director of the House of Representatives
23 Committee on Governmental Operations. The executive director
24 of the State Board of Administration shall preside over
25 sessions of the conference.

26 Section 19. Subsections (4) and (5) of section 112.63,
27 Florida Statutes, are amended to read:

28 112.63 Actuarial reports and statements of actuarial
29 impact; review.--

30 (4) Effective July 1, 1999, upon receipt, pursuant to
31 subsection (2), of an actuarial report, or upon receipt,

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 pursuant to subsection (3), of a statement of actuarial
2 impact, the division shall acknowledge such receipt, but shall
3 only review and comment on each retirement system's or plan's
4 ~~the~~ actuarial valuations at least on a triennial basis ~~and~~
5 ~~statements~~. If the division finds that the actuarial
6 valuation is not complete, accurate, or based on reasonable
7 assumptions, or if the division does not receive the actuarial
8 report or statement of actuarial impact, the division shall
9 notify the local government and request appropriate
10 adjustment. If, after a reasonable period of time, a
11 satisfactory adjustment is not made, the affected local
12 government or the division may petition for a hearing under
13 the provisions of ss. 120.569 and 120.57. If the
14 administrative law judge recommends in favor of the division,
15 the division shall perform an actuarial review or prepare the
16 statement of actuarial impact. The cost to the division of
17 performing such actuarial review or preparing such statement
18 shall be charged to the governmental entity of which the
19 employees are covered by the retirement system or plan. If
20 payment of such costs is not received by the division within
21 60 days after receipt by the governmental entity of the
22 request for payment, the division shall certify to the
23 Comptroller the amount due, and the Comptroller shall pay such
24 amount to the division from any funds payable to the
25 governmental entity of which the employees are covered by the
26 retirement system or plan. If the administrative law judge
27 recommends in favor of the local retirement system and the
28 division performs an actuarial review, the cost to the
29 division of performing the actuarial review shall be paid by
30 the division.

31 (5) Payments made to the fund as required by this

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 chapter shall be based on the normal and past service costs
2 contained in the ~~state-accepted version of the~~ most recent
3 actuarial valuation, subject to being state-accepted.

4 Section 20. Subsection (2) of section 112.65, Florida
5 Statutes, is amended to read:

6 112.65 Limitation of benefits.--

7 (2) No member of a retirement system or plan covered
8 by this part who is not now a member of such plan shall be
9 allowed to receive a retirement benefit or pension which is in
10 part or in whole based upon any service with respect to which
11 the member is already receiving, or will receive in the
12 future, a retirement benefit or pension from a different
13 employer's ~~another~~ retirement system or plan. This
14 restriction does not apply to social security benefits or
15 federal benefits under chapter 67, Title 10, U.S. Code.

16 Section 21. Paragraph (b) of subsection (2) of section
17 and paragraph (e) of subsection (3) of section 121.011,
18 Florida Statutes, 1998 Supplement, are amended to read:

19 121.011 Florida Retirement System.--

20 (2) CONSOLIDATION OF EXISTING SYSTEMS AND LAWS.--

21 (b) The chapters or retirement system laws named in
22 paragraph (a) are hereby consolidated as separate instruments
23 appended to the "Florida Retirement System Act" established by
24 this chapter, and the administration of said chapters or
25 retirement systems shall be consolidated with the
26 administration of the Florida Retirement System established by
27 this chapter, and the Florida Retirement System shall assume
28 all liabilities related to the payment of benefits to members
29 and their beneficiaries under the respective retirement
30 systems of the members and their beneficiaries.

31 (3) PRESERVATION OF RIGHTS.--

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 (e) Any member of the Florida Retirement System or any
2 member of an existing system under this chapter on July 1,
3 1975, who is not retired and who is, has been, or shall be,
4 suspended and reinstated without compensation shall receive
5 retirement service credit for the period of time from the date
6 of suspension to the date of reinstatement, provided:

7 1. The creditable service claimed for the period of
8 suspension does not exceed 24 months;

9 2. The member returns to active employment and remains
10 on the employer's payroll for at least 1 calendar month ~~30~~
11 ~~calendar days~~; and

12 3. The member pays into the Retirement System Trust
13 Fund the total required employer contributions plus the total
14 employee contributions, if applicable, based on the member's
15 monthly compensation in effect for the pay period immediately
16 preceding the period of suspension, prorated for the said
17 period of suspension, plus interest thereon at a rate of 4
18 percent per annum compounded annually until July 1, 1975, and
19 6.5 percent interest thereafter until paid. If permitted by
20 federal law, the member may pay into the Social Security Trust
21 Fund the total cost, if any, of providing social security
22 coverage for the period of suspension if any social security
23 payments have been made by the employer for the benefit of the
24 member during such period. Should there be any conflict as to
25 payment for social security coverage, the payment for
26 retirement service credit shall be made and retirement service
27 credit granted regardless of such conflict.

28 Section 22. Paragraph (a) of subsection (17) of
29 section 121.021, Florida Statutes, 1998 Supplement, is amended
30 to read:

31 121.021 Definitions.--The following words and phrases

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 as used in this chapter have the respective meanings set forth
2 unless a different meaning is plainly required by the context:
3 (17)(a) "Creditable service" of any member means the
4 sum of his or her past service, prior service, military
5 service, out-of-state or non-FRS in-state service, workers'
6 compensation credit, leave-of-absence credit and future
7 service allowed within the provisions of this chapter if all
8 required contributions have been paid and all other
9 requirements of this chapter have been met. However, in no
10 case shall a member receive credit for more than a year's
11 service during any 12-month period. Service by ~~as applied to a~~
12 teacher, or a nonacademic employee of a school board, or an
13 employee of a participating employer other than a school board
14 whose total employment is to provide services to a school
15 board for the school year only shall be based on contract
16 years of employment or school term years of employment, as
17 provided in chapters 122 and 238, rather than 12-month periods
18 of employment.

19 Section 23. Subsection (1) of section 121.031, Florida
20 Statutes, is amended to read:

21 121.031 Administration of system; appropriation;
22 oaths; actuarial studies; public records.--

23 (1) The Division of Retirement has the authority to
24 adopt ~~shall make such~~ rules pursuant to ss. 120.54 and
25 120.536(1) to implement the provisions of law conferring
26 duties upon the division and to adopt rules as are necessary
27 for the effective and efficient administration of this system.
28 The funds to pay the expenses for ~~such~~ administration of the
29 system are hereby appropriated from the interest earned on
30 investments made for the retirement and social security trust
31 funds and the assessments allowed under chapter 650.

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 Section 24. Subsection (6) of section 121.051, Florida
2 Statutes, 1998 Supplement, as amended by chapter 96-423, Laws
3 of Florida, is reenacted to read:

4 121.051 Participation in the system.--

5 (6) SEASONAL STATE EMPLOYMENT; BLIND VENDING FACILITY
6 OPERATORS.--

7 (a) Seasonal state employment shall be included under
8 this chapter, and the time limit and procedure for claiming
9 same as set forth in s. 122.07 shall continue under this
10 chapter for those members transferring to this system and for
11 all new members.

12 (b)1. All blind or partially sighted persons employed
13 or licensed by the Division of Blind Services as vending
14 facility operators on or after December 1, 1970, and prior to
15 July 1, 1996, are hereby declared to be state employees within
16 the meaning of this chapter, and all vending facility
17 operators licensed and employed during that period shall be
18 compulsory members of the Florida Retirement System in
19 compliance with this chapter for as long as the member is a
20 vending facility operator, except as provided in subparagraph
21 3.

22 2. Blindness shall not be deemed a retirement
23 disability within the provisions of this chapter for such
24 members as are contemplated by this paragraph.

25 3. Any vending facility operator as described in
26 subparagraph 1. may elect, on or before July 31, 1996, to
27 withdraw from the Florida Retirement System as provided in s.
28 413.051(11). The election to withdraw shall take effect as of
29 July 1, 1996, and the decision to withdraw is irrevocable. A
30 vending facility operator who withdraws from the Florida
31 Retirement System as provided in this subparagraph shall

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 retain all creditable service earned in the Florida Retirement
 2 System through the month that retirement contributions ceased
 3 to be reported, and no creditable service shall be earned as a
 4 vending facility operator after such month. However, any such
 5 person may participate in the Florida Retirement System in the
 6 future if employed by a participating employer in a covered
 7 position.

8 4. All blind or partially sighted persons employed or
 9 licensed by the Division of Blind Services as vending facility
 10 operators on or after July 1, 1996, shall be independent
 11 contractors within the meaning of this chapter and shall not
 12 be eligible for membership in the Florida Retirement System.

13 Section 25. Paragraph (a) of subsection (7) of section
 14 121.052, Florida Statutes, 1998 Supplement, as amended by
 15 chapters 96-423 and 98-413, Laws of Florida, is reenacted and
 16 amended to read:

17 121.052 Membership class of elected officers.--

18 (7) CONTRIBUTIONS.--

19 (a) The following table states the required retirement
 20 contribution rates for members of the Elected Officers' Class
 21 and their employers in terms of a percentage of the member's
 22 gross compensation. A change in a contribution rate is
 23 effective with the first salary paid on or after the beginning
 24 date of the change. Contributions shall be made or deducted as
 25 may be appropriate for each pay period and are in addition to
 26 the contributions required for social security and the Retiree
 27 Health Insurance Subsidy Trust Fund.

28

29 Dates of Contribution

30 Rate Changes	Members	Employers
31		

SENATE AMENDMENT

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	July 1, 1972, through September 30, 1977		
2	Legislators	8%	8%
3	All Other Members	8%	8%
4			
5	October 1, 1977, through September 30, 1978		
6	Legislators	8%	8%
7	All Other Members	4%	12%
8			
9	October 1, 1978, through September 30, 1979		
10	Legislators	8%	10.57%
11	All Other Members	4%	16.78%
12			
13	October 1, 1979, through September 30, 1981		
14	Legislators	8%	10.57%
15	Governor, Lt. Governor, Cabinet		
16	Officers	4%	16.78%
17	All Other Members	0%	20.78%
18			
19	July 1, 1981, through June 30, 1984		
20	County Elected Officers	0%	19.30%
21			
22	July 1, 1984, through September 30, 1984		
23	County Elected Officers	0%	20.25%
24			
25	October 1, 1981, through September 30, 1984		
26	Legislators	0%	19.30%
27	Governor, Lt. Governor, Cabinet		
28	Officers	0%	21.03%
29	State Attorneys, Public Defenders	0%	20.95%
30	Justices, Judges	0%	22.55%
31			

SENATE AMENDMENT

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	October 1, 1984, through September 30, 1986		
2	Legislators	0%	10.98%
3	Governor, Lt. Governor, Cabinet		
4	Officers	0%	10.98%
5	State Attorneys, Public Defenders	0%	10.98%
6	Justices, Judges	0%	21.79%
7	County Elected Officers	0%	16.97%
8			
9	October 1, 1986, through December 31, 1988		
10	Legislators	0%	11.50%
11	Governor, Lt. Governor, Cabinet		
12	Officers	0%	11.50%
13	State Attorneys, Public Defenders	0%	11.50%
14	Justices, Judges	0%	20.94%
15	County Elected Officers	0%	17.19%
16			
17	January 1, 1989, through December 31, 1989		
18	Legislators	0%	13.70%
19	Governor, Lt. Governor, Cabinet		
20	Officers	0%	13.70%
21	State Attorneys, Public Defenders	0%	13.70%
22	Justices, Judges	0%	22.58%
23	County Elected Officers	0%	18.44%
24			
25	January 1, 1990, through December 31, 1990		
26	Legislators	0%	15.91%
27	Governor, Lt. Governor, Cabinet		
28	Officers	0%	15.91%
29	State Attorneys, Public Defenders	0%	15.91%
30	Justices, Judges	0%	24.22%
31	County Elected Officers	0%	19.71%

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1			
2	January 1, 1991, through December 31, 1991		
3	Legislators	0%	17.73%
4	Governor, Lt. Governor, Cabinet		
5	Officers	0%	17.73%
6	State Attorneys, Public Defenders	0%	17.73%
7	Justices, Judges	0%	26.63%
8	County Elected Officers	0%	23.32%
9			
10	January 1, 1992, through December 31, 1992		
11	Legislators	0%	19.94%
12	Governor, Lt. Governor, Cabinet		
13	Officers	0%	19.94%
14	State Attorneys, Public Defenders	0%	19.94%
15	Justices, Judges	0%	28.27%
16	County Elected Officers	0%	24.59%
17			
18	January 1, 1993, through December 31, 1993		
19	Legislators	0%	22.14%
20	Governor, Lt. Governor, Cabinet		
21	Officers	0%	22.14%
22	State Attorneys, Public Defenders	0%	22.14%
23	Justices, Judges	0%	29.91%
24	County Elected Officers	0%	25.84%
25			
26	January 1, 1994, through December 31, 1994		
27	Legislators	0%	22.65%
28	Governor, Lt. Governor, Cabinet		
29	Officers	0%	22.65%
30	State Attorneys, Public Defenders	0%	22.65%
31	Justices, Judges	0%	30.52%

SENATE AMENDMENT

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	County Elected Officers	0%	26.07%
2			
3	January 1, 1995, through December 31, 1995		
4	Legislators	0%	22.80%
5	Governor, Lt. Governor, Cabinet		
6	Officers	0%	22.80%
7	State Attorneys, Public Defenders	0%	22.80%
8	Justices, Judges	0%	30.21%
9	County Elected Officers	0%	27.48%
10			
11	January 1, 1996, through June 30, 1996		
12	Legislators	0%	22.90%
13	Governor, Lt. Governor, Cabinet		
14	Officers	0%	22.90%
15	State Attorneys, Public Defenders	0%	22.90%
16	Justices, Judges	0%	30.15%
17	County Elected Officers	0%	27.54%
18			
19	July 1, 1996, through June 30, 1998		
20	Legislators	0%	23.07%
21	Governor, Lt. Governor, Cabinet		
22	Officers	0%	23.07%
23	State Attorneys, Public Defenders	0%	23.07%
24	Justices, Judges	0%	29.55%
25	County Elected Officers	0%	27.33%
26			
27	Effective July 1, 1998, <u>through</u>		
28	<u>June 30, 1999</u>		
29	Legislators	0%	22.33%
30	Governor, Lt. Governor, Cabinet		
31	Officers	0%	22.33%

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	State Attorneys, Public Defenders	0%	22.33%
2	Justices, Judges	0%	27.21%
3	County Elected Officers	0%	26.99%
4			
5	<u>Effective July 1, 1999</u>		
6	<u>Legislators</u>	<u>0%</u>	<u>14.31%</u>
7	<u>Governor, Lt. Governor, Cabinet</u>		
8	<u>Officers</u>	<u>0%</u>	<u>14.31%</u>
9	<u>State Attorneys, Public</u>		
10	<u>Defenders</u>	<u>0%</u>	<u>14.31%</u>
11	<u>Justices, Judges</u>	<u>0%</u>	<u>20.48%</u>
12	<u>County Elected</u>		
13	<u>Officers</u>	<u>0%</u>	<u>17.05%</u>

14

15 Section 26. Paragraph (a) of subsection (3) of section

16 121.055, Florida Statutes, 1998 Supplement, as amended by

17 chapters 96-423 and 98-413, Laws of Florida, is reenacted and

18 amended, and paragraph (e) of subsection (6) of that section

19 is amended, to read:

20 121.055 Senior Management Service Class.--There is

21 hereby established a separate class of membership within the

22 Florida Retirement System to be known as the "Senior

23 Management Service Class," which shall become effective

24 February 1, 1987.

25 (3)(a) The following table states the required

26 retirement contribution rates for members of the Senior

27 Management Service Class and their employers in terms of a

28 percentage of the member's gross compensation. A change in

29 the contribution rate is effective with the first salary paid

30 on or after the beginning date of the change. Contributions

31 shall be made for each pay period and are in addition to the

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	contributions required for social security and the Retiree		
2	Health Insurance Subsidy Trust Fund.		
3			
4	Dates of Contribution		
5	Rate Changes	Members	Employers
6			
7	February 1, 1987, through		
8	December 31, 1988	0%	13.88%
9	January 1, 1989, through		
10	December 31, 1989	0%	14.95%
11	January 1, 1990, through		
12	December 31, 1990	0%	16.04%
13	January 1, 1991, through		
14	December 31, 1991	0%	18.39%
15	January 1, 1992, through		
16	December 31, 1992	0%	19.48%
17	January 1, 1993, through		
18	December 31, 1993	0%	20.55%
19	January 1, 1994, through		
20	December 31, 1994	0%	23.07%
21	January 1, 1995, through		
22	December 31, 1995	0%	23.88%
23	January 1, 1996, through		
24	June 30, 1996	0%	24.14%
25	July 1, 1996, through		
26	June 30, 1998	0%	21.58%
27	Effective <u>July 1, 1998, through</u>		
28	<u>June 30, 1999</u>	0%	23.10%
29	<u>Effective July 1, 1999</u>	<u>0%</u>	<u>11.19%</u>
30			
31	(6)		

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 (e) Benefits.--

2 1. Benefits shall be payable under the Senior
3 Management Service Optional Annuity Program only to
4 participants in the program, or their beneficiaries as
5 designated by the participant in the contract with a provider
6 company, and such benefits shall be paid by the designated
7 company in accordance with the terms of the annuity contract
8 or contracts applicable to the participant. A participant must
9 be terminated from all employment with all Florida Retirement
10 System employers as provided in s. 121.021(39) to begin
11 receiving the employer-funded benefit. Benefits funded by
12 employer contributions shall be payable only as a lifetime
13 annuity to the participant, his beneficiary, or his estate,
14 except for:

15 a. A lump-sum payment to the beneficiary upon the
16 death of the participant; or

17 b. A cash-out of a de minimis account upon the request
18 of a former participant who has been terminated for a minimum
19 of 6 months from the employment that entitled him to optional
20 annuity retirement program participation. A de minimis account
21 is an account with a provider company containing employer
22 contributions and accumulated earnings of not more than \$5,000
23 ~~\$3,500~~ made under the provisions of this chapter. Such
24 cash-out must be a complete liquidation of the account balance
25 with that company and is subject to the provisions of the
26 Internal Revenue Code.

27 2. The benefits payable to any person under the Senior
28 Management Service Optional Annuity Program, and any
29 contribution accumulated under such program, shall not be
30 subject to assignment, execution, or attachment or to any
31 legal process whatsoever.

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 3. A participant who receives optional annuity program
 2 benefits funded by employer contributions shall be deemed to
 3 be retired from a state-administered retirement system in the
 4 event of subsequent employment with any employer that
 5 participates in the Florida Retirement System.

6 Section 27. Subsection (1) of section 121.071, Florida
 7 Statutes, 1998 Supplement, as amended by chapters 96-423 and
 8 98-413, Laws of Florida, is reenacted and amended to read:

9 121.071 Contributions.--Contributions to the system
 10 shall be made as follows:

11 (1) The following tables state the required retirement
 12 contribution rates for members of the Regular Class, Special
 13 Risk Class, or Special Risk Administrative Support Class and
 14 their employers in terms of a percentage of the member's gross
 15 compensation. A change in a contribution rate is effective
 16 with the first salary paid on or after the beginning date of
 17 the change. Contributions shall be made or deducted as may be
 18 appropriate for each pay period and are in addition to the
 19 contributions required for social security and the Retiree
 20 Health Insurance Subsidy Trust Fund.

21 (a) Retirement contributions for regular members are
 22 as follows:

23			
24 Dates of Contribution			
25	Rate Changes	Members	Employers
26			
27	December 1, 1970, through December		
28	31, 1974, for state agencies, state		
29	universities, community colleges,		
30	and district school boards	4%	4%
31			

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1			
2	December 1, 1970, through September		
3	30, 1975, for all other local		
4	government agencies	4%	4%
5			
6	January 1, 1975, through September		
7	30, 1978, for state agencies and		
8	state universities	0%	9%
9			
10	January 1, 1975, through July 31,		
11	1978, for community colleges and		
12	district school boards	0%	9%
13			
14	October 1, 1975, through September		
15	30, 1978, for all other local		
16	government agencies	0%	9%
17			
18	August 1, 1978, through September 30,		
19	1981, for community colleges and		
20	district school boards	0%	9.1%
21			
22	October 1, 1978, through September		
23	30, 1981, for all other agencies	0%	9.1%
24			
25	October 1, 1981, through		
26	September 30, 1984	0%	10.93%
27	October 1, 1984, through		
28	September 30, 1986	0%	12.24%
29	October 1, 1986, through		
30	December 31, 1988	0%	13.14%
31	January 1, 1989, through		

SENATE AMENDMENT

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	December 31, 1989	0%	13.90%
2	January 1, 1990, through		
3	December 31, 1990	0%	14.66%
4	January 1, 1991, through		
5	December 31, 1991	0%	15.72%
6	January 1, 1992, through		
7	December 31, 1992	0%	16.51%
8	January 1, 1993, through		
9	December 31, 1993	0%	17.27%
10	January 1, 1994, through		
11	December 31, 1994	0%	17.10%
12	January 1, 1995, through		
13	December 31, 1995	0%	16.91%
14	January 1, 1996, through		
15	June 30, 1996	0%	17.00%
16	July 1, 1996, through		
17	June 30, 1998	0%	16.77%
18	<u>Effective July 1, 1998, through</u>		
19	<u>June 30, 1999</u>	0%	15.51%
20	<u>Effective July 1, 1999</u>	<u>0%</u>	<u>9.21%</u>

21

22 (b) Retirement contributions for special risk members

23 are as follows:

24

25 Dates of Contribution

26 Rate Changes	Members	Employers
27		
28 December 1, 1970, through		
29 September 30, 1974	6%	6%
30		
31 October 1, 1974, through December 31,		

SENATE AMENDMENT

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	1974, for state agencies, state		
2	universities, community colleges,		
3	and district school boards	8%	8%
4			
5	October 1, 1974, through September		
6	30, 1975, for all other local		
7	government agencies	8%	8%
8			
9	January 1, 1975, through September		
10	30, 1978, for state agencies, state		
11	universities, community colleges,		
12	and district school boards	0%	13%
13			
14	October 1, 1975, through September		
15	30, 1978, for other local		
16	government agencies	0%	13%
17			
18	October 1, 1978, through		
19	September 30, 1981	0%	13.95%
20	October 1, 1981, through		
21	September 30, 1984	0%	13.91%
22	October 1, 1984, through		
23	September 30, 1986	0%	14.67%
24	October 1, 1986, through		
25	December 31, 1988	0%	15.11%
26	January 1, 1989, through		
27	December 31, 1989	0%	17.50%
28	January 1, 1990, through		
29	December 31, 1990	0%	19.90%
30	January 1, 1991, through		
31	December 31, 1991	0%	25.52%

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	January 1, 1992, through		
2	December 31, 1992	0%	26.35%
3	January 1, 1993, through		
4	December 31, 1993	0%	27.14%
5	January 1, 1994, through		
6	December 31, 1994	0%	27.03%
7	January 1, 1995, through		
8	December 31, 1995	0%	26.83%
9	January 1, 1996, through		
10	June 30, 1996	0%	26.84%
11	July 1, 1996, through		
12	June 30, 1998	0%	26.44%
13	Effective <u>July 1, 1998, through</u>		
14	<u>June 30, 1999</u>	0%	24.38%
15	<u>Effective July 1, 1999</u>	<u>0%</u>	<u>20.14%</u>

16

17 (c) Retirement contributions for special risk
 18 administrative support members are as follows:

19

20 Dates of Contribution

21	Rate Changes	Members	Employers
22			
23	July 1, 1982, through		
24	September 30, 1984	0%	11.14%
25	October 1, 1984, through		
26	September 30, 1986	0%	13.09%
27	October 1, 1986, through		
28	December 31, 1988	0%	15.44%
29	January 1, 1989, through		
30	December 31, 1989	0%	14.76%
31	January 1, 1990, through		

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	December 31, 1990	0%	14.09%
2	January 1, 1991, through		
3	December 31, 1991	0%	20.16%
4	January 1, 1992, through		
5	December 31, 1992	0%	19.51%
6	January 1, 1993, through		
7	December 31, 1993	0%	18.83%
8	January 1, 1994, through		
9	December 31, 1994	0%	18.59%
10	January 1, 1995, through		
11	December 31, 1995	0%	17.81%
12	January 1, 1996, through		
13	June 30, 1996	0%	17.80%
14	July 1, 1996, through		
15	June 30, 1998	0%	17.20%
16	Effective <u>July 1, 1998, through</u>		
17	<u>June 30, 1999</u>	0%	14.64%
18	<u>Effective July 1, 1999</u>	<u>0%</u>	<u>11.53%</u>

19

20 Section 28. Paragraph (i) of subsection (1) and

21 subsection (2) of section 121.081, Florida Statutes, 1998

22 Supplement, are amended to read:

23 121.081 Past service; prior service;

24 contributions.--Conditions under which past service or prior

25 service may be claimed and credited are:

26 (1)

27 (i) An employee of a state agency who was a member of

28 a state-administered retirement system and who was granted

29 educational leave with pay pursuant to a written educational

30 leave-with-pay policy may claim such period of educational

31 leave as past service subject to the following conditions:

Bill No. HB 1883, 1st Eng.

Amendment No. ____

- 1 1. The educational leave must have occurred prior to
2 December 31, 1971;
- 3 2. The member must have completed at least 10 years of
4 creditable service excluding the period of the educational
5 leave;
- 6 3. The employee must have returned to employment with
7 a state agency employer who participated in the retirement
8 system, which return was immediately upon termination of the
9 educational leave, and must have remained on the employer's
10 payroll for at least 1 calendar month ~~30 calendar days~~
11 following the return to employment;
- 12 4. The employee must be a member of the Florida
13 Retirement System at the time he or she claims such service;
- 14 5. Not more than 24 months of creditable service may
15 be claimed for such period of educational leave with pay;
- 16 6. The service must not be claimed under any other
17 state or federal retirement system; and
- 18 7. The member must pay to the retirement trust fund
19 for claiming such past-service credit an amount equal to 8
20 percent of his or her gross annual salary immediately prior to
21 the educational leave with pay for each year of past service
22 claimed, plus 4 percent interest thereon compounded annually
23 each June 30 from the first year of service claimed until July
24 1, 1975, and 6.5 percent interest thereafter on the unpaid
25 balance compounded annually each June 30 until paid.
- 26 (2) Prior service, as defined in s. 121.021(19), may
27 be claimed as creditable service under the Florida Retirement
28 System after a member has been reemployed for 1 complete year
29 of creditable service within a period of 12 consecutive
30 ~~continuous~~ months, except as provided in paragraph (c).
31 Service performed as a participant of the optional retirement

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 program for the State University System under s. 121.35 or the
2 Senior Management Service Optional Annuity Program under s.
3 121.055 may be used to satisfy the reemployment requirement of
4 1 complete year of creditable service ~~12 continuous month~~
5 ~~requirement~~. The member shall not be permitted to make any
6 contributions for prior service until after completion of the
7 1 year of creditable service ~~12 month period~~. The required
8 contributions for claiming the various types of prior service
9 are:

10 (a) For prior service performed prior to the date the
11 system becomes noncontributory for the member and for which
12 the member had credit under one of the existing retirement
13 systems and received a refund of contributions upon
14 termination of employment, the member shall contribute 4
15 percent of all salary received during the period being
16 claimed, plus 4 percent interest compounded annually from date
17 of refund until July 1, 1975, and 6.5 percent interest
18 compounded annually thereafter, until full payment is made to
19 the Retirement Trust Fund. A member who elected to transfer to
20 the Florida Retirement System from an existing system may
21 receive credit for prior service under the existing system if
22 he or she was eligible under the existing system to claim the
23 prior service at the time of the transfer. Contributions for
24 such prior service shall be determined by the applicable
25 provisions of the system under which the prior service is
26 claimed and shall be paid by the member, with matching
27 contributions paid by the employer at the time the service was
28 performed. Effective July 1, 1978, the account of a person who
29 terminated under s. 238.05(3) may not be charged interest for
30 contributions that remained on deposit in the Annuity Savings
31 Trust Fund established under chapter 238, upon retirement

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 under this chapter or chapter 238.

2 (b) For prior service performed prior to the date the
3 system becomes noncontributory for the member and for which
4 the member had credit under the Florida Retirement System and
5 received a refund of contributions upon termination of
6 employment, the member shall contribute at the rate that was
7 required of him or her during the period of service being
8 claimed, on all salary received during such period, plus 4
9 percent interest compounded annually from date of refund until
10 July 1, 1975, and 6.5 percent interest compounded annually
11 thereafter, until the full payment is made to the Retirement
12 Trust Fund.

13 (c) For prior service as defined in s. 121.021(19)(b)
14 and (c) during which no contributions were made because the
15 member did not participate in a retirement system, the member
16 shall contribute 14.38 percent of all salary received during
17 such period or 14.38 percent of \$100 per month during such
18 period, whichever is greater, plus 4 percent interest
19 compounded annually from the first year of service claimed
20 until July 1, 1975, and 6.5 percent interest compounded
21 annually thereafter, until full payment is made to the
22 Retirement Trust Fund.

23 (d) In order to claim credit for prior service as
24 defined in s. 121.021(19)(d) for which no retirement
25 contributions were paid during the period of such service, the
26 member shall contribute the total employee and employer
27 contributions which were required to be made to the Highway
28 Patrol Pension Trust Fund, as provided in chapter 321, during
29 the period claimed, plus 4 percent interest compounded
30 annually from the first year of service until July 1, 1975,
31 and 6.5 percent interest compounded annually thereafter, until

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 full payment is made to the Retirement Trust Fund. However,
2 any governmental entity which employed such member may elect
3 to pay up to 50 percent of the contributions and interest
4 required to purchase this prior service credit.

5 (e) For service performed under the Florida Retirement
6 System after December 1, 1970, that was never reported to the
7 division due to error, retirement credit may be claimed by a
8 member of the Florida Retirement System. The division shall
9 adopt rules establishing criteria for claiming such credit and
10 detailing the documentation required to substantiate the
11 error.

12 (f) The employer may not be required to make
13 contributions for prior service credit for any member, except
14 that the employer shall pay the employer portion of
15 contributions for any legislator who elects to withdraw from
16 the Florida Retirement System and later rejoins the system and
17 pays any employee contributions required in accordance with s.
18 121.052(3)(d).

19 Section 29. Paragraph (c) of subsection (4), paragraph
20 (f) of subsection (7), and paragraphs (a) and (i) of
21 subsection (13) of section 121.091, Florida Statutes, 1998
22 Supplement, are amended to read:

23 121.091 Benefits payable under the system.--Benefits
24 may not be paid under this section unless the member has
25 terminated employment as provided in s. 121.021(39)(a) or
26 begun participation in the Deferred Retirement Option Program
27 as provided in subsection (13), and a proper application has
28 been filed in the manner prescribed by the division. The
29 division may cancel an application for retirement benefits
30 when the member or beneficiary fails to timely provide the
31 information and documents required by this chapter and the

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 division's rules. The division shall adopt rules establishing
2 procedures for application for retirement benefits and for the
3 cancellation of such application when the required information
4 or documents are not received.

5 (4) DISABILITY RETIREMENT BENEFIT.--

6 (b) Total and permanent disability.--A member shall be
7 considered totally and permanently disabled if, in the opinion
8 of the administrator, he or she is prevented, by reason of a
9 medically determinable physical or mental impairment, from
10 rendering useful and efficient service as an officer or
11 employee.

12 (c) Proof of disability.--The administrator, before
13 approving payment of any disability retirement benefit, shall
14 require proof that the member is totally and permanently
15 disabled as provided herein:

16 1. Such, ~~which~~ proof shall include the certification
17 of the member's total and permanent disability by two licensed
18 physicians of the state and such other evidence of disability
19 as the administrator may require, including reports from
20 vocational rehabilitation, evaluation, or testing specialists
21 who have evaluated the applicant for employment.

22 2. It must be documented that:

23 a. The member's medical condition occurred or became
24 symptomatic during the time the member was employed in an
25 employee/employer relationship with his or her employer;

26 b. The member was totally and permanently disabled at
27 the time he or she terminated covered employment; and

28 c. The member has not been employed with any other
29 employer after such termination.

30 3. If the application is for in-line-of-duty
31 disability, in addition to the requirements of subparagraph

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 2., it must be documented by competent medical evidence that
2 the disability was caused by a job-related illness or accident
3 which occurred while the member was in an employee/employer
4 relationship with his or her employer.

5 4. The unavailability of an employment position that
6 the member is physically and mentally capable of performing
7 will not be considered as proof of total and permanent
8 disability.

9 (7) DEATH BENEFITS.--

10 (f) Notwithstanding any other provisions in this
11 chapter to the contrary and upon application to the
12 administrator, an eligible joint annuitant, of a member whose
13 employment is terminated by death within 1 year of such member
14 satisfying the service requirements for vesting and retirement
15 eligibility, shall be permitted to purchase only the
16 additional service credit necessary to vest and qualify for
17 retirement benefits, not to exceed a total of 1 year of
18 credit, by one or a combination of the following methods:

19 1. Such eligible joint annuitant may use the deceased
20 member's accumulated hours of annual, sick, and compensatory
21 leave to purchase additional creditable service, on an hour by
22 hour basis, provided that such deceased member's accumulated
23 leave is sufficient to cover the additional months required.
24 For each month of service credit needed prior to the final
25 month, credit for the total number of work hours in that month
26 must be purchased, using an equal number of the deceased
27 member's accumulated leave hours. Service credit required for
28 the final month in which the deceased member would have become
29 vested shall be awarded upon the purchase of 1 hour of credit.
30 Such eligible joint annuitant shall pay the contribution rate
31 in effect for the period of time being claimed for ~~at the time~~

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 ~~of purchase of~~ the deceased member's class of membership,
2 multiplied by such member's monthly salary at the time of
3 death, plus 6.5 percent interest compounded annually. The
4 accumulated leave payment used in the average final
5 compensation shall not include that portion of the payment
6 that represents any leave hours used in the purchase of such
7 creditable service.

8 2. Such eligible joint annuitant may purchase
9 additional months of creditable service, ~~up to a maximum of 1~~
10 ~~year,~~ for any periods of out-of-state service as provided in
11 s. 121.1115, and ~~or~~ in-state service as provided in s.
12 121.1122, that the deceased member would have been eligible to
13 purchase prior to his or her death.

14
15 Service purchased under this paragraph shall be added to the
16 creditable service of the member and used to vest for
17 retirement eligibility, and shall be used in the calculation
18 of any benefits which may be payable to the eligible joint
19 annuitant. Any benefits paid in accordance with this
20 paragraph shall only be made prospectively.

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

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 the participant shall receive the total DROP benefits and
2 begin to receive the previously determined normal retirement
3 benefits. Participation in the DROP does not guarantee
4 employment for the specified period of DROP.

5 (a) Eligibility of member to participate in the
6 DROP.--All active Florida Retirement System members in a
7 regularly established position, and all active members of
8 either the Teachers' Retirement System established in chapter
9 238 or the State and County Officers' and Employees'
10 Retirement System established in chapter 122 which systems are
11 consolidated within the Florida Retirement System under s.
12 121.011, are eligible to elect participation in the DROP
13 provided that:

14 1. The member is not a renewed member of the Florida
15 Retirement System under s. 121.122, or a member of the State
16 Community College System Optional Retirement Program under s.
17 121.051, the Senior Management Service Optional Annuity
18 Program under s. 121.055, or the optional retirement program
19 for the State University System under s. 121.35.

20 2. Election to participate is made within 12 months
21 immediately following the date on which the member first
22 reaches normal retirement date, or, for a member who reaches
23 normal retirement date based on service before he or she
24 reaches age 62, or age 55 for Special Risk Class members,
25 election to participate may be deferred to the 12 months
26 immediately following the date the member attains 57, or age
27 50 for Special Risk Class members. For a member who first
28 reached normal retirement date or the deferred eligibility
29 date described above prior to the effective date of this
30 section, election to participate shall be made within 12
31 months after the effective date of this section. A member who

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 fails to make an election within such 12-month limitation
2 period shall forfeit all rights to participate in the DROP.
3 The member shall advise his or her employer and the division
4 in writing of the date on which the DROP shall begin. Such
5 beginning date may be subsequent to the 12-month election
6 period, but must be within the 60-month limitation period as
7 provided in subparagraph (b)1. When establishing eligibility
8 of the member to participate in the DROP or the 60-month
9 maximum participation period, the member may elect to include
10 or exclude any optional service credit purchased by the member
11 from the total service used to establish the normal retirement
12 date. A member with dual normal retirement dates shall be
13 eligible to elect to participate in DROP within 12 months
14 after attaining normal retirement date in either class.

15 3. The employer of a member electing to participate in
16 the DROP, or employers if dually employed, shall acknowledge
17 in writing to the division the date the member's participation
18 in the DROP begins and the date the member's employment and
19 DROP participation will terminate.

20 4. Simultaneous employment of a participant by
21 additional Florida Retirement System employers subsequent to
22 the commencement of participation in the DROP shall be
23 permissible provided such employers acknowledge in writing a
24 DROP termination date no later than the participant's existing
25 termination date or the 60-month limitation period as provided
26 in subparagraph (b)1.

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

29 a. A change of employment must take place without a
30 break in service so that the member receives salary for each
31 month of continuous DROP participation. If a member receives

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 no salary during a month, DROP participation shall cease
2 unless the employer verifies a continuation of the employment
3 relationship for such participant pursuant to s.
4 121.021(39)(b).

5 b. Such participant and new employer shall notify the
6 division on forms required by the division as to the identity
7 of the new employer.

8 c. The new employer shall acknowledge, in writing, the
9 participant's DROP termination date, which may be extended but
10 not beyond the original 60-month period provided in
11 subparagraph (b)1., shall acknowledge liability for any
12 additional retirement contributions and interest required if
13 the participant fails to timely terminate employment, and
14 shall be subject to the adjustment required in
15 sub-subparagraph(c)5.d(~~c~~)4.d.

16 (i) Contributions.--

17 1. All employers paying the salary of a DROP
18 participant filling a regularly established position shall
19 contribute 11.56 percent of such participant's gross
20 compensation, which shall constitute the entire employer DROP
21 contribution with respect to such participant. Such
22 contributions, payable to the System Trust Fund in the same
23 manner as required in s. 121.071, shall be made as appropriate
24 for each pay period and are in addition to contributions
25 required for social security and the Retiree Health Insurance
26 Subsidy Trust Fund. Such employer, social security, and
27 health insurance subsidy contributions are not included in the
28 DROP.

29 2. The employer shall, in addition to subparagraph 1.,
30 also withhold one-half of the entire social security
31 contribution required for the participant. Contributions for

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 social security by each participant and each employer, in the
2 amount required for social security coverage as now or
3 hereafter provided by the federal Social Security Act, shall
4 be in addition to contributions specified in subparagraph 1.

5 3. All employers paying the salary of a DROP
6 participant filling a regularly established position shall
7 contribute the 0.66 percent of such participant's gross
8 compensation required in s. 121.071(4), which shall constitute
9 the employer's health insurance subsidy contribution with
10 respect to such participant. Such contributions shall be
11 deposited by the administrator in the Retiree Health Insurance
12 Subsidy Trust Fund.

13 Section 30. Subsection (3) of section 121.122, Florida
14 Statutes, 1998 Supplement, is amended to read:

15 121.122 Renewed membership in system.--Except as
16 provided in s. 121.053, effective July 1, 1991, any retiree of
17 a state-administered retirement system who is employed in a
18 regularly established position with a covered employer shall
19 be enrolled as a compulsory member of the Regular Class of the
20 Florida Retirement System or, effective July 1, 1997, any
21 retiree of a state-administered retirement system who is
22 employed in a position included in the Senior Management
23 Service Class shall be enrolled as a compulsory member of the
24 Senior Management Service Class of the Florida Retirement
25 System as provided in s. 121.055, and shall be entitled to
26 receive an additional retirement benefit, subject to the
27 following conditions:

28 (3) Such member shall be entitled to purchase
29 additional retirement credit in the Regular Class or the
30 Senior Management Service Class, as applicable, for any
31 postretirement service performed in a regularly established

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 position as follows:

2 (a) For regular class service prior to July 1, 1991,
3 by paying the Regular Class applicable employee and employer
4 contributions for the period being claimed, plus 4 percent
5 interest compounded annually from first year of service
6 claimed until July 1, 1975, and 6.5 percent interest
7 compounded thereafter, until full payment is made to the
8 Florida Retirement System Trust Fund; or

9 (b) For Senior Management Service Class prior to June
10 1, 1997, as provided in s. 121.055(1)(i)~~(h)~~.

11

12 The contribution for postretirement service between July 1,
13 1985, and July 1, 1991, for which the reemployed retiree
14 contribution was paid, shall be the difference between such
15 contribution and the total applicable contribution for the
16 period being claimed, plus interest. The employer of such
17 member may pay the applicable employer contribution in lieu of
18 the member. If a member does not wish to claim credit for all
19 of the postretirement service for which he or she is eligible,
20 the service the member claims must be the most recent service.

21 Section 31. Present subsection (5) of section 121.24,
22 Florida Statutes, is renumbered as subsection (6), and a new
23 subsection (5) is added to that section, to read:

24 121.24 Conduct of commission business; legal and other
25 assistance; compensation.--

26 (5) The State Retirement Commission has the authority
27 to adopt rules pursuant to ss. 120.54 and 120.536(1) to
28 implement the provisions of law conferring duties upon the
29 commission.

30 Section 32. Paragraph (a) of subsection (5) of section
31 121.35, Florida Statutes, 1998 Supplement, is amended to read:

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.35 Optional retirement program for the State
2 University System.--
3 (5) BENEFITS.--
4 (a) Benefits shall be payable under the optional
5 retirement program only to vested participants in the program,
6 or their beneficiaries as designated by the participant in the
7 contract with a provider company, and such benefits shall be
8 paid only by the designated company in accordance with the
9 terms of the annuity contract or contracts applicable to the
10 participant. The participant must be terminated from all
11 employment with all Florida Retirement System employers, as
12 provided in s. 121.021(39), to begin receiving the
13 employer-funded benefit. Benefits funded by employer
14 contributions shall be payable only as a lifetime annuity to
15 the participant, his beneficiary, or his estate, except for:
16 1. A lump-sum payment to the beneficiary upon the
17 death of the participant; or
18 2. A cash-out of a de minimis account upon the request
19 of a former participant who has been terminated for a minimum
20 of 6 months from the employment that entitled him to optional
21 retirement program participation. A de minimis account is an
22 account with a provider company containing employer
23 contributions and accumulated earnings of not more than \$5,000
24 ~~\$3,500~~ made under the provisions of this chapter. Such
25 cash-out must be a complete liquidation of the account balance
26 with that company and is subject to the provisions of the
27 Internal Revenue Code.
28 Section 33. Paragraph (e) of subsection (4) and
29 subsection (11) of section 121.40, Florida Statutes, 1998
30 Supplement, are amended, and subsection (12) of that section,
31 as amended by chapters 96-423 and 98-413, Laws of Florida, is

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 reenacted to read:

2 121.40 Cooperative extension personnel at the
3 Institute of Food and Agricultural Sciences; supplemental
4 retirement benefits.--

5 (4) ELIGIBILITY FOR SUPPLEMENT.--To be eligible for a
6 benefit pursuant to the provisions of this section, a person
7 must meet all of the following eligibility criteria:

8 (e) The person must not be entitled to any benefit
9 from a state-supported retirement system or from social
10 security based upon service as a cooperative extension
11 employee of the institute. Participation in the Institute of
12 Food and Agricultural Sciences Supplemental Retirement Program
13 shall not constitute membership in the Florida Retirement
14 System.

15 (11) EMPLOYMENT AFTER RETIREMENT: LIMITATION.--

16 ~~(a) Any person who is receiving a supplemental~~
17 ~~retirement benefit under this section may be reemployed by any~~
18 ~~private or public employer after retirement and receive~~
19 ~~supplemental retirement benefits pursuant to this section and~~
20 ~~compensation from his or her employer, without any~~
21 ~~limitations. However, if a retired participant who is~~
22 ~~receiving a supplemental retirement benefit under this section~~
23 ~~is reemployed at the institute in a position as a cooperative~~
24 ~~extension employee of the institute, he or she shall forfeit~~
25 ~~all rights to supplemental retirement benefits in accordance~~
26 ~~with the eligibility provisions of paragraph (4)(e)., except~~
27 ~~that no person may receive both a salary from reemployment~~
28 ~~with any agency participating in the Florida Retirement System~~
29 ~~and supplemental retirement benefits under this section for a~~
30 ~~period of 12 months immediately subsequent to the date of~~
31 ~~retirement.~~

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 ~~(b) Each person to whom the limitation in paragraph~~
2 ~~(a) applies who violates such reemployment limitation and who~~
3 ~~is reemployed with any agency participating in the Florida~~
4 ~~Retirement System prior to completion of the 12-month~~
5 ~~limitation period shall give timely notice of this fact in~~
6 ~~writing to the employer and to the division and shall have his~~
7 ~~or her supplemental retirement benefits suspended for the~~
8 ~~balance of the 12-month limitation period. Any person~~
9 ~~employed in violation of this subsection and any employing~~
10 ~~agency which knowingly employs or appoints such person without~~
11 ~~notifying the Division of Retirement to suspend retirement~~
12 ~~benefits shall be jointly and severally liable for~~
13 ~~reimbursement to the retirement trust fund of any benefits~~
14 ~~paid during the reemployment limitation period. To avoid~~
15 ~~liability, such employing agency shall have a written~~
16 ~~statement from the retiree that he or she is not retired from~~
17 ~~a state-administered retirement system. Any supplemental~~
18 ~~retirement benefits received while reemployed during this~~
19 ~~reemployment limitation period shall be repaid to the trust~~
20 ~~fund, and supplemental retirement benefits shall remain~~
21 ~~suspended until such repayment has been made. Supplemental~~
22 ~~benefits suspended beyond the reemployment limitation shall~~
23 ~~apply toward repayment of supplemental benefits received in~~
24 ~~violation of the reemployment limitation.~~

25 ~~(c) The reemployment by an employer participating in~~
26 ~~the Florida Retirement System of any person receiving~~
27 ~~supplemental retirement benefits under this section shall have~~
28 ~~no effect on the amount of the supplemental benefit of that~~
29 ~~person. Prior to July 1, 1991, upon employment of any person,~~
30 ~~other than an elected officer as provided in s. 121.053, who~~
31 ~~is receiving supplemental retirement benefits under this~~

Bill No. HB 1883, 1st Eng.

Amendment No. ____

~~1 section, the employer shall pay retirement contributions in an
2 amount equal to the unfunded actuarial accrued liability
3 portion of the employer contribution which would be required
4 for regular members of the Florida Retirement System.
5 Effective July 1, 1991, contributions shall be made as
6 provided in s. 121.122 for renewed membership.~~

~~7 (d) The limitations of this subsection apply to
8 reemployment in any capacity with an "employer" as defined in
9 s. 121.021(10), irrespective of the category of funds from
10 which the person is compensated.~~

11 (12) CONTRIBUTIONS.--

12 (a) For the purposes of funding the supplemental
13 benefits provided by this section, the institute is authorized
14 and required to pay, commencing July 1, 1985, the necessary
15 monthly contributions from its appropriated budget. These
16 amounts shall be paid into the Institute of Food and
17 Agricultural Sciences Supplemental Retirement Trust Fund,
18 which is hereby created.

19 (b) The monthly contributions required to be paid
20 pursuant to paragraph (a) on the gross monthly salaries, from
21 all sources with respect to such employment, paid to those
22 employees of the institute who hold both state and federal
23 appointments and who participate in the federal Civil Service
24 Retirement System shall be as follows:

26 Dates of Contribution	Percentage
27 Rate Changes	Due
29 July 1, 1985, through December 31, 1988	6.68%
30 January 1, 1989, through December 31, 1993	6.35%
31 January 1, 1994, through December 31, 1994	6.69%

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1	January 1, 1995, through June 30, 1996	6.82%
2	July 1, 1996, through June 30, 1998	5.64%
3	Effective July 1, 1998	7.17%

4

5 Section 34. Subsection (11) of section 413.051,

6 Florida Statutes, 1998 Supplement, as amended by chapter

7 96-423, Laws of Florida, and subsection (12) of that section,

8 as amended by chapters 96-423 and 98-149, Laws of Florida, are

9 reenacted to read:

10 413.051 Eligible blind persons; operation of vending

11 stands.--

12 (11) Effective July 1, 1996, blind licensees who

13 remain members of the Florida Retirement System pursuant to s.

14 121.051(6)(b)1. shall pay any unappropriated retirement costs

15 from their net profits or from program income. Within 30 days

16 after the effective date of this act, each blind licensee who

17 is eligible to maintain membership in the Florida Retirement

18 System under s. 121.051(6)(b)1., but who elects to withdraw

19 from the system as provided in s. 121.051(6)(b)3., must, on or

20 before July 31, 1996, notify the Division of Blind Services

21 and the Division of Retirement in writing of his or her

22 election to withdraw. Failure to timely notify the divisions

23 shall be deemed a decision to remain a compulsory member of

24 the Florida Retirement System. However, if, at any time after

25 July 1, 1996, sufficient funds are not paid by a blind

26 licensee to cover the required contribution to the Florida

27 Retirement System, that blind licensee shall become ineligible

28 to participate in the Florida Retirement System on the last

29 day of the first month for which no contribution is made or

30 the amount contributed is insufficient to cover the required

31 contribution. For any blind licensee who becomes ineligible

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 to participate in the Florida Retirement System as described
2 in this subsection, no creditable service shall be earned
3 under the Florida Retirement System for any period following
4 the month that retirement contributions ceased to be reported.
5 However, any such person may participate in the Florida
6 Retirement System in the future if employed by a participating
7 employer in a covered position.

8 (12) The Division of Blind Services may adopt rules to
9 permit the division to establish and maintain vending
10 facilities, issue licenses, establish and maintain a vending
11 facility training program, provide vendors access to financial
12 data of the program, set aside funds from net proceeds of the
13 vending facility, provide for the transfer and promotion of
14 vendors, establish a vendors committee, provide for an
15 operation agreement, provide duties and responsibilities of
16 the division with respect to the vending facility program, and
17 provide procedures for newspaper vending sales.

18 Section 35. Section 112.18, Florida Statutes, is
19 amended to read:

20 112.18 Firefighters and law enforcement officers;
21 special provisions relative to disability.--

22 (1) Any condition or impairment of health of any
23 Florida state, municipal, county, port authority, special tax
24 district, or fire control district firefighter or law
25 enforcement officer caused by tuberculosis, heart disease, or
26 hypertension resulting in total or partial disability or death
27 shall be presumed to have been accidental and to have been
28 suffered in the line of duty unless the contrary be shown by
29 competent evidence. However, any such firefighter or law
30 enforcement officer shall have successfully passed a physical
31 examination upon entering into any such service as a

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 firefighter or law enforcement officer, which examination
2 failed to reveal any evidence of any such condition. Such
3 presumption shall not apply to benefits payable under or
4 granted in a policy of life insurance or disability insurance,
5 unless the insurer and insured have negotiated for such
6 additional benefits to be included in the policy contract.

7 (2) This section shall be construed to authorize the
8 above governmental entities to negotiate policy contracts for
9 life and disability insurance to include accidental death
10 benefits or double indemnity coverage which shall include the
11 presumption that any condition or impairment of health of any
12 firefighter caused by tuberculosis, heart disease, or
13 hypertension resulting in total or partial disability or death
14 was accidental and suffered in the line of duty, unless the
15 contrary be shown by competent evidence.

16 Section 36. Section 121.027, Florida Statutes, is
17 repealed.

18 Section 37. This act shall take effect July 1, 2001,
19 except that this section and sections 1 and 16 shall take
20 effect July 1, 1999; however, the Regular Class Optional
21 Retirement Program created by this act shall not be
22 implemented, nor shall the provisions of this act which
23 provide for improved vesting and indexing of deferred benefits
24 under the Florida Retirement System take effect, until
25 legislation is enacted to properly fund such benefit
26 improvements through adjustments to the contribution rates for
27 the various membership classes of the Florida Retirement
28 System, as required by Article X, Section 14, of the State
29 Constitution; and except that sections 19-36 shall take effect
30 upon becoming a law, and the reenactment of subsection (6) of
31 section 121.051, paragraph (a) of subsection (7) of section

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 121.052, paragraph (a) of subsection (3) of section 121.055,
2 subsection (1) of section 121.071, subsection (12) of section
3 121.40, and subsections (11) and (12) of section 413.051,
4 Florida Statutes, shall operate retroactively to June 7, 1996.

5
6

7 ===== T I T L E A M E N D M E N T =====

8 And the title is amended as follows:

9 Delete everything before the enacting clause

10

11 and insert:

12

A bill to be entitled

13

An act relating to retirement; creating s.

14

121.36, F.S.; creating an optional retirement

15

program for employees who are regular members

16

of the Florida Retirement System; providing

17

eligibility criteria; defining terms; providing

18

that employees may participate in the optional

19

retirement program in lieu of participating in

20

the Florida Retirement System; providing for

21

retention of retirement service credits;

22

providing for transfer of the present value of

23

accrued benefits under the Florida Retirement

24

System; providing requirements for electing the

25

optional program; providing for contributions

26

to the optional program; prescribing vesting

27

requirements; providing for payment of

28

benefits; providing for the Division of

29

Retirement of the Department of Management

30

Services to administer the program; prescribing

31

criteria for selecting investment providers and

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 products and for investment options and
2 products; providing for performance reviews;
3 prescribing contract requirements; requiring
4 that the State Board of Administration provide
5 advice and assistance to the division and
6 review proposals; providing for compliance with
7 federal revenue laws; providing an investment
8 policy statement; amending s. 112.363, F.S.;
9 excluding participants from eligibility for
10 certain health insurance subsidies; prescribing
11 standards for contracts and descriptive
12 materials; providing that the act fulfills an
13 important state interest; amending s. 121.021,
14 F.S.; modifying definitions to provide for
15 6-year graded vesting for all members; amending
16 ss. 112.363, 121.0515, 121.052, 121.053,
17 121.055, 121.081, 121.091, 121.1115, 121.1122,
18 121.121, F.S., to conform; providing a
19 contingency for implementation of the program;
20 providing for indexing benefits for early
21 terminators; increasing the employer
22 contribution rate for members of the Regular
23 Class of the Florida Retirement System;
24 amending s. 216.136, F.S.; creating a Florida
25 Retirement System Actuarial Assumption
26 Conference; providing duties and principals;
27 amending s. 112.63, F.S.; providing for review
28 and comment on local government retirement
29 system actuarial valuation reports and impact
30 statements on a triennial basis; clarifying the
31 basis of required payments; amending s. 112.65,

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 F.S.; modifying the limitation on benefits for
2 service under more than one retirement system
3 or plan; amending s. 121.011, F.S.; clarifying
4 requirements related to consolidation of
5 existing retirement systems and preservation of
6 rights; amending s. 121.021, F.S.; redefining
7 "creditable service" to conform the definition
8 to existing law; clarifying creditable service
9 provisions for certain school board employees;
10 amending s. 121.031, F.S.; authorizing the
11 Division of Retirement to adopt rules;
12 reenacting s. 121.051(6), F.S., relating to
13 Florida Retirement System membership status of
14 blind vending facility operators; reenacting
15 ss. 121.052(7)(a), 121.055(3)(a), 121.071(1),
16 F.S., relating to contribution rates; amending
17 ss. 121.052, 121.055, 121.071, F.S.; changing
18 contribution rates for specified classes and
19 subclasses of the system; correcting an error;
20 conforming provisions relating to de minimis
21 accounts to federal law; amending s. 121.081,
22 F.S.; clarifying provisions relating to past
23 service and prior service; amending s. 121.091,
24 F.S.; clarifying proof of disability
25 requirements; modifying provisions relating to
26 death benefits to permit purchase of certain
27 retirement credit by joint annuitants;
28 clarifying the contribution rate and interest
29 required to be paid for such purchases;
30 updating references; amending s. 121.122, F.S.;

31 correcting a reference; amending 121.24, F.S.;

Bill No. HB 1883, 1st Eng.

Amendment No. ____

1 authorizing the State Retirement Commission to
2 adopt rules; amending s. 121.35, F.S.;
3 conforming provisions relating to de minimis
4 accounts to federal law; amending s. 121.40,
5 F.S., to remove reemployment limitations and
6 reenacting subsection (12), relating to
7 contribution rates for the supplemental
8 retirement program for the Institute of Food
9 and Agricultural Sciences at the University of
10 Florida; reenacting s. 413.051(11), (12), F.S.,
11 relating to Florida Retirement System
12 membership eligibility and retirement
13 contribution payments for blind vending
14 facility operators; amending s. 112.18, F.S.;
15 providing presumptions that certain illnesses
16 incurred by law enforcement officers are done
17 so in the line of duty; repealing s. 121.027,
18 F.S., relating to the division's rulemaking
19 authority for ch. 97-180, Laws of Florida;
20 providing effective dates.
21
22
23
24
25
26
27
28
29
30
31