

By the Committee on Governmental Oversight and Productivity

302-569-99

1                                   A bill to be entitled  
2           An act relating to the Florida Retirement  
3           System; amending s. 121.091, F.S.; providing  
4           retirement benefits for regular members,  
5           members of the Senior Management Service Class,  
6           and members of the Elected State and County  
7           Officers' Class; providing for additional  
8           termination benefit; amending s. 121.021, F.S.;  
9           redefining the term "early retirement date" for  
10          purposes of the system; providing an effective  
11          date.

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

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15           Section 1. Subsections (3) and (5) and paragraphs (b)  
16          and (j) of subsection (13) of section 121.091, Florida  
17          Statutes, 1998 Supplement, are amended to read:

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

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1           (3) EARLY RETIREMENT BENEFIT.--Upon retirement on his  
2 or her early retirement date, the member shall receive an  
3 immediate monthly benefit that shall begin to accrue on the  
4 first day of the month of the retirement date and be payable  
5 on the last day of that month and each month thereafter during  
6 his or her lifetime. Such benefit shall be calculated as  
7 follows:

8           (a) The amount of each monthly payment shall be  
9 computed in the same manner as for a normal retirement  
10 benefit, in accordance with subsection (1) and ss. 121.052(10)  
11 and 121.055(4), as applicable, but shall be based on the  
12 member's average monthly compensation and creditable service  
13 as of the member's early retirement date. The benefit so  
14 computed shall be reduced by five-twelfths of 1 percent for  
15 each complete month by which the early retirement date  
16 precedes the normal retirement date of age 62 for a member of  
17 the Regular Class, Senior Management Service Class, or the  
18 Elected State and County Officers' Class, and age 55 for a  
19 member of the Special Risk Class, or age 52 if a Special Risk  
20 member has completed 25 years of creditable service in  
21 accordance with s. 121.021(29)(b)3.

22           (b) If the employment of a member is terminated by  
23 reason of death subsequent to the completion of 20 years of  
24 creditable service, the monthly benefit payable to the  
25 member's beneficiary shall be calculated in accordance with  
26 subsection (1) and ss. 121.052(10) and 121.055(4), as  
27 applicable, but shall be based on average monthly compensation  
28 and creditable service as of the date of death. The benefit  
29 so computed shall be reduced by five-twelfths of 1 percent for  
30 each complete month by which death precedes the normal  
31 retirement date specified above or the date on which the

1 member would have attained 30 years of creditable service had  
2 he or she survived and continued his or her employment,  
3 whichever provides a higher benefit. Effective January 1,  
4 2000, if the employment of a regular member, a member of the  
5 Senior Management Service Class, or a member of the Elected  
6 State and County Officers' Class is terminated after the  
7 member reaches age 50 and has completed 25 years of creditable  
8 service, the monthly retirement benefit payable shall be  
9 calculated in accordance with subsection (1) and ss.  
10 121.052(10) and 121.055(4), as applicable, but based on  
11 average monthly compensation and creditable service as of the  
12 date of termination. The benefit so computed shall be reduced  
13 by five-twelfths of 1 percent for each complete month by which  
14 termination of employment precedes the normal retirement date  
15 at age 62 or by some other percentage for each complete month  
16 by which termination of employment precedes the date on which  
17 the member would have attained 30 years of creditable service  
18 had the member's employment continued, whichever provides a  
19 greater benefit. Such other percentage shall be calculated to  
20 finance in full any benefit increase resulting from  
21 implementation of this benefit option based on sound actuarial  
22 data developed in accordance with subsection (10).

23 (5) TERMINATION BENEFITS.--

24 (a) A member whose employment is terminated for any  
25 reason other than death or retirement prior to becoming vested  
26 is entitled to the return of his or her accumulated  
27 contributions as of the date of termination.

28 (b) A member whose employment is terminated for any  
29 reason other than death or retirement after becoming vested  
30 may elect to receive a deferred monthly benefit which shall  
31 begin to accrue on the first day of the month of normal or

1 early retirement and shall be payable on the last day of that  
2 month and each month thereafter during his or her lifetime.  
3 The amount of monthly benefit shall be computed in the same  
4 manner as for a normal retirement benefit in accordance with  
5 subsection (1) or early retirement benefit in accordance with  
6 s. 121.021(30), but based on average monthly compensation and  
7 creditable service as of the date of termination.

8 (c) In lieu of any other option, a member whose  
9 employment is terminated for any reason other than death or  
10 retirement after the member has attained age 50 and completed  
11 at least 25 years of creditable service may elect to receive a  
12 deferred monthly benefit. The benefit shall begin to accrue on  
13 the first day of the month following the month in which the  
14 member would have completed 30 years of creditable service had  
15 the member's employment continued, if that date precedes the  
16 normal retirement date at age 62, and it shall be payable on  
17 the last day of that month and each month thereafter during  
18 the member's lifetime. The amount of the monthly benefit shall  
19 be computed in the same manner as for a normal retirement  
20 benefit in accordance with subsection (1) or early retirement  
21 benefit in accordance with s. 121.021(30), except that it  
22 shall be based on average monthly compensation and creditable  
23 service as of the date of termination, and the benefit so  
24 computed shall be reduced by a percentage for each complete  
25 month by which termination of employment precedes the normal  
26 retirement date on which the member would have attained 30  
27 years of creditable service had the member's employment  
28 continued, if that date precedes the normal retirement date at  
29 age 62. Such benefit reduction percentage shall be calculated  
30 to finance in full any benefit increase resulting from

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1 implementation of this deferred benefit option based on sound  
2 actuarial data developed in accordance with subsection (10).

3 (d)~~(c)~~ In lieu of the deferred monthly benefit  
4 provided in paragraph (b) or paragraph (c), the terminated  
5 member may elect to receive a lump-sum amount equal to his or  
6 her accumulated contributions as of the date of termination.

7 (e)~~(d)~~ If any retired member dies without having  
8 received in benefit payments an amount equal to his or her  
9 accumulated contributions, there shall be payable to his or  
10 her designated beneficiary an amount equal to the excess, if  
11 any, of the member's accumulated contributions over the total  
12 monthly payments made to the member prior to the date of  
13 death.

14 (f)~~(e)~~ A member shall be deemed a terminated member  
15 when termination of employment has occurred as provided in s.  
16 121.021(39).

17 (g)~~(f)~~ Any member who has been found guilty by a  
18 verdict of a jury, or by the court trying the case without a  
19 jury, of committing, aiding, or abetting any embezzlement or  
20 theft from his or her employer, bribery in connection with the  
21 employment, or other felony specified in chapter 838, except  
22 ss. 838.15 and 838.16, committed prior to retirement, or who  
23 has entered a plea of guilty or of nolo contendere to such  
24 crime, or any member whose employment is terminated by reason  
25 of the member's admitted commitment, aiding, or abetting of an  
26 embezzlement or theft from his or her employer, bribery, or  
27 other felony specified in chapter 838, except ss. 838.15 and  
28 838.16, shall forfeit all rights and benefits under this  
29 chapter, except the return of his or her accumulated  
30 contributions as of the date of termination.

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1           (h)~~(g)~~ Any elected official who is convicted by the  
2 Senate of an impeachable offense shall forfeit all rights and  
3 benefits under this chapter, except the return of his or her  
4 accumulated contributions as of the date of the conviction.

5           (i)~~(h)~~ Any member who, prior to retirement, is  
6 adjudged by a court of competent jurisdiction to have violated  
7 any state law against strikes by public employees, or who has  
8 been found guilty by such court of violating any state law  
9 prohibiting strikes by public employees, shall forfeit all  
10 rights and benefits under this chapter, except the return of  
11 his or her accumulated contributions as of the date of the  
12 conviction.

13           (j)~~(i)~~ Any beneficiary who by a verdict of a jury or  
14 by the court trying the case without a jury is found guilty,  
15 or who has entered a plea of guilty or nolo contendere, of  
16 unlawfully and intentionally killing or procuring the death of  
17 the member forfeits all rights to the deceased member's  
18 benefits under this chapter, and the benefits will be paid as  
19 if such beneficiary had predeceased the decedent. Benefits may  
20 not be paid by the division pending final resolution of such  
21 charges against the beneficiary.

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

1 as provided in paragraph (c). Upon termination of employment,  
2 the participant shall receive the total DROP benefits and  
3 begin to receive the previously determined normal retirement  
4 benefits. Participation in the DROP does not guarantee  
5 employment for the specified period of DROP.

6 (b) Participation in the DROP.--

7 1. An eligible member may elect to participate in the  
8 DROP for a period not to exceed a maximum of 60 calendar  
9 months immediately following the date on which the member  
10 first reaches his or her normal retirement date or the date to  
11 which he or she is eligible to defer his or her election to  
12 participate as provided in subparagraph (a)2. However, a  
13 member who has reached normal retirement date prior to the  
14 effective date of the DROP shall be eligible to participate in  
15 the DROP for a period of time not to exceed 60 calendar months  
16 immediately following the effective date of the DROP, except a  
17 member of the Special Risk Class who has reached normal  
18 retirement date prior to the effective date of the DROP and  
19 whose total accrued value exceeds 75 percent of average final  
20 compensation as of his or her effective date of retirement  
21 shall be eligible to participate in the DROP for no more than  
22 36 calendar months immediately following the effective date of  
23 the DROP.

24 2. Upon deciding to participate in the DROP, the  
25 member shall submit, on forms required by the division:

26 a. A written election to participate in the DROP;

27 b. Selection of the DROP participation and termination  
28 dates, which satisfy the limitations stated in paragraph (a)  
29 and subparagraph 1. Such termination date shall be in a  
30 binding letter of resignation with the employer, establishing  
31 a deferred termination date. The member may change the

1 termination date within the limitations of subparagraph 1.,  
2 but only with the written approval of his employer;  
3 c. A properly completed DROP application for service  
4 retirement as provided in this section; and  
5 d. Any other information required by the division.  
6 3. The DROP participant shall be a retiree under the  
7 Florida Retirement System for all purposes, except for  
8 paragraph (5)(g) ~~(5)(f)~~ and subsection (9) and ss. 112.3173,  
9 112.363, 121.053, and 121.122. However, participation in the  
10 DROP does not alter the participant's employment status and  
11 such employee shall not be deemed retired from employment  
12 until his or her deferred resignation is effective and  
13 termination occurs as provided in s. 121.021(39).  
14 4. Elected officers shall be eligible to participate  
15 in the DROP subject to the following:  
16 a. An elected officer who reaches normal retirement  
17 date during a term of office may defer the election to  
18 participate in the DROP until the next succeeding term in that  
19 office. Such elected officer who exercises this option may  
20 participate in the DROP for up to 60 calendar months or a  
21 period of no longer than such succeeding term of office,  
22 whichever is less.  
23 b. An elected or a nonelected participant may run for  
24 a term of office while participating in DROP and, if elected,  
25 extend the DROP termination date accordingly, except, however,  
26 if such additional term of office exceeds the 60-month  
27 limitation established in subparagraph 1., and the officer  
28 does not resign from office within such 60-month limitation,  
29 the retirement and the participant's DROP shall be null and  
30 void as provided in sub-subparagraph (c)4.d.  
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1           c. An elected officer who is dually employed and  
2 elects to participate in DROP shall be required to satisfy the  
3 definition of termination within the 60-month limitation  
4 period as provided in subparagraph 1. for the nonelected  
5 position and may continue employment as an elected officer as  
6 provided in s. 121.053. The elected officer will be enrolled  
7 as a renewed member in the Elected State and County Officers'  
8 Class or the Regular Class, as provided in ss. 121.053 and  
9 121.22, on the first day of the month after termination of  
10 employment in the nonelected position and termination of DROP.  
11 Distribution of the DROP benefits shall be made as provided in  
12 paragraph (c).

13           (j) Forfeiture of retirement benefits.--Nothing in  
14 this section shall be construed to remove DROP participants  
15 from the scope of s. 8(d), Art. II of the State Constitution,  
16 s. 112.3173, and paragraph~~(5)(g)(5)(f)~~. DROP participants  
17 who commit a specified felony offense while employed will be  
18 subject to forfeiture of all retirement benefits, including  
19 DROP benefits, pursuant to those provisions of law.

20           Section 2. Subsection (30) of section 121.021, Florida  
21 Statutes, 1998 Supplement, is amended to read:

22           121.021 Definitions.--The following words and phrases  
23 as used in this chapter have the respective meanings set forth  
24 unless a different meaning is plainly required by the context:

25           (30) "Early retirement date" means the first day of  
26 the month following the date a member becomes vested and  
27 elects to receive retirement benefits in accordance with this  
28 chapter. Such benefits shall be calculated ~~based on average~~  
29 ~~monthly compensation and creditable service as of the member's~~  
30 ~~early retirement date, and the benefit so computed shall be~~  
31 ~~reduced by five-twelfths of 1 percent for each complete month~~

1 ~~by which the early retirement date precedes his or her normal~~  
2 ~~retirement date~~ as provided in s. 121.091(3).

3 Section 3. This act shall take effect January 1, 2000.

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SENATE SUMMARY

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Authorizes the calculation and payment of early retirement benefits or termination retirement benefits for regular, senior-management, and elected state and county officer members of the Florida Retirement System who have attained age 50 with 25 years' creditable service. Redefines the term "early retirement date" for purposes of the system.