

By Senator Silver

38-727-00

See HB 191

1                                   A bill to be entitled  
 2           An act relating to the Florida Retirement  
 3           System; amending s. 121.021, F.S.; revising the  
 4           definition of the term "average final  
 5           compensation" with respect to members of the  
 6           special risk class; amending s. 121.091, F.S.;  
 7           revising method of calculating average final  
 8           compensation; upgrading service credit for  
 9           certain years for special risk members;  
 10          providing for a declaration of important state  
 11          interest; providing an effective date.

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

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

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

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

29           ~~(1)(a)~~ The average final compensation shall include:

30           a.1. Accumulated annual leave payments, not to exceed  
 31 500 hours; and

1           ~~b.2.~~ All payments defined as compensation in  
2 subsection (22).

3           ~~(2)(b)~~ The average final compensation shall not  
4 include:

5           ~~a.1.~~ Compensation paid to professional persons for  
6 special or particular services;

7           ~~b.2.~~ Payments for accumulated sick leave made due to  
8 retirement or termination;

9           ~~c.3.~~ Payments for accumulated annual leave in excess  
10 of 500 hours;

11           ~~d.4.~~ Bonuses as defined in subsection (47);

12           ~~e.5.~~ Third party payments made on and after July 1,  
13 1990; or

14           ~~f.6.~~ Fringe benefits (for example, automobile  
15 allowances or housing allowances).

16           ~~(b)~~ "Average final compensation" with respect to  
17 members of the special risk class means the average of the 3  
18 highest fiscal years of compensation for creditable service  
19 prior to retirement, termination, or death. For  
20 in-line-of-duty disability benefits, if less than 3 years of  
21 creditable service have been completed, the term "average  
22 final compensation" means the average annual compensation of  
23 the total number of years of creditable service. Each year  
24 used in the calculation of average final compensation shall  
25 commence on July 1.

26           ~~(1)~~ The average final compensation shall include:

27           ~~a.~~ Accumulated annual leave payments, not to exceed  
28 500 hours; and

29           ~~b.~~ All payments defined as compensation in subsection  
30 (22).

31           ~~(2)~~ The average final compensation shall not include:

- 1           a. Compensation paid to professional persons for  
2 special or particular services;  
3           b. Payments for accumulated sick leave made due to  
4 retirement or termination;  
5           c. Payments for accumulated annual leave in excess of  
6 500 hours;  
7           d. Bonuses as defined in subsection (47);  
8           e. Third party payments made on and after July 1,  
9 1990; or  
10           f. Fringe benefits (for example, automobile allowances  
11 or housing allowances).

12           Section 2. Paragraphs (a) and (d) of subsection (1) of  
13 section 121.091, Florida Statutes, are amended to read:

14           121.091 Benefits payable under the system.--Benefits  
15 may not be paid under this section unless the member has  
16 terminated employment as provided in s. 121.021(39)(a) or  
17 begun participation in the Deferred Retirement Option Program  
18 as provided in subsection (13), and a proper application has  
19 been filed in the manner prescribed by the department. The  
20 department may cancel an application for retirement benefits  
21 when the member or beneficiary fails to timely provide the  
22 information and documents required by this chapter and the  
23 department's rules. The department shall adopt rules  
24 establishing procedures for application for retirement  
25 benefits and for the cancellation of such application when the  
26 required information or documents are not received.

27           (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or  
28 her normal retirement date, the member, upon application to  
29 the administrator, shall receive a monthly benefit which shall  
30 begin to accrue on the first day of the month of retirement  
31 and be payable on the last day of that month and each month

1 thereafter during his or her lifetime. The normal retirement  
2 benefit, including any past or additional retirement credit,  
3 may not exceed 100 percent of the average final compensation.  
4 The amount of monthly benefit shall be calculated as the  
5 product of A and B, subject to the adjustment of C, if  
6 applicable, as set forth below:

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

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

18 a. Two percent of the member's average final  
19 compensation for all creditable years prior to October 1,  
20 1974;

21 b. Three percent of the member's average final  
22 compensation for all creditable years after September 30,  
23 1974, and before October 1, 1978;

24 c. Two percent of the member's average final  
25 compensation for all creditable years after September 30,  
26 1978, and before January 1, 1989;

27 d. Two and two-tenths percent of the member's final  
28 monthly compensation for all creditable years after December  
29 31, 1988, and before January 1, 1990;

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1 e. Two and four-tenths percent of the member's average  
2 final compensation for all creditable years after December 31,  
3 1989, and before January 1, 1991;

4 f. Two and six-tenths percent of the member's average  
5 final compensation for all creditable years after December 31,  
6 1990, and before January 1, 1992;

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

10 h. Three percent of the member's average final  
11 compensation for all creditable years after December 31, 1992;  
12 and

13 i. Three percent of the member's average final  
14 compensation for all creditable years of service after  
15 September 30, 1978, and before January 1, 1993, for any  
16 special risk member who retires after July 1, 2000.

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

19 4. For creditable years of Elected Officers' Class  
20 service as a Supreme Court Justice, district court of appeal  
21 judge, circuit judge, or county court judge, A is 3 1/3  
22 percent of the member's average final compensation, and for  
23 all other creditable service in such class, A is 3 percent of  
24 average final compensation;

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

29 Section 3. The Legislature finds that a proper and  
30 legitimate state purpose is served when employees and retirees  
31 of the state and of its political subdivisions, and the

1 dependents, survivors, and beneficiaries of such employees and  
2 retirees, are extended the basic protections afforded by  
3 governmental retirement systems that provide fair and adequate  
4 benefits and that are managed, administered, and funded in an  
5 actuarially sound manner, as required by s. 14 of Art. X of  
6 the State Constitution and part VII of chapter 112 of the  
7 Florida Statutes. Therefore, the Legislature hereby determines  
8 and declares that the provisions of this act fulfill an  
9 important state interest.

10 Section 4. This act shall take effect July 1, 2000,  
11 provided that the provisions of this act which provide for  
12 additional benefit improvements shall not take effect until  
13 legislation is enacted to properly fund such benefit  
14 improvement as required by section 14, Article X, of the State  
15 Constitution.

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18 HOUSE SUMMARY

19 Revises the definition of the term "average final  
20 compensation" with respect to special risk members for  
21 the purposes of the Florida Retirement System to provide  
22 for calculation based upon the 3 highest fiscal years of  
23 compensation. Provides for upgraded service credit for  
24 certain years for special risk members. (See bill for  
25 details.)  
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