

By the Committee on Governmental Oversight and Productivity;
and Senators Silver and Latvala

302-1824-00

1 A bill to be entitled
2 An act relating to the Florida Retirement
3 System; amending ss. 121.021, 121.0515,
4 121.052, 121.053, 121.055, 121.081, 121.091,
5 121.1115, 121.1122, 121.031, and 121.121, F.S.;
6 prescribing the method for calculating average
7 final compensation; providing that members
8 employed in a regularly established position
9 shall be vested after 5 years of creditable
10 service; providing that any terminated,
11 inactive member must be actively employed in a
12 covered position for 1 calendar year or more on
13 or after the bill's effective date to achieve
14 vested status with 5 years of service;
15 providing for employer contribution rate
16 increases to each membership class; adding to
17 the Special Risk Class of membership certain
18 aerial firefighting surveillance positions;
19 upgrading service credit for certain years for
20 special risk members; providing for funding of
21 changes to the definition of average final
22 compensation from the assets of the Florida
23 Retirement System Trust Fund in an amount and
24 manner sufficient to maintain actuarial
25 soundness; providing for employer contribution
26 rate decreases to each membership class;
27 providing for the development of a rate
28 stabilization mechanism; adding assistant state
29 attorneys, assistant statewide prosecutors, and
30 assistant public defenders to the Senior
31 Management Service Class of the system;

1 providing a legislative declaration of an
2 important state interest; providing effective
3 dates.
4

5 Be It Enacted by the Legislature of the State of Florida:
6

7 Section 1. Subsections (24), (29), and (45) of section
8 121.021, Florida Statutes, are amended to read:

9 121.021 Definitions.--The following words and phrases
10 as used in this chapter have the respective meanings set forth
11 unless a different meaning is plainly required by the context:

12 (24) "Average final compensation" means the average of
13 the 3 ~~5~~ highest fiscal years of compensation for creditable
14 service prior to retirement, termination, or death. For
15 in-line-of-duty disability benefits, if less than 3 ~~5~~ years of
16 creditable service have been completed, the term "average
17 final compensation" means the average annual compensation of
18 the total number of years of creditable service. Each year
19 used in the calculation of average final compensation shall
20 commence on July 1.

21 (a) The average final compensation shall include:

22 1. Accumulated annual leave payments, not to exceed
23 500 hours; and

24 2. All payments defined as compensation in subsection
25 (22).

26 (b) The average final compensation shall not include:

27 1. Compensation paid to professional persons for
28 special or particular services;

29 2. Payments for accumulated sick leave made due to
30 retirement or termination;
31

- 1 3. Payments for accumulated annual leave in excess of
2 500 hours;
- 3 4. Bonuses as defined in subsection (47);
- 4 5. Third party payments made on and after July 1,
5 1990; or
- 6 6. Fringe benefits (for example, automobile allowances
7 or housing allowances).
- 8 (29) "Normal retirement date" means the first day of
9 any month following the date a member attains one of the
10 following statuses:
- 11 (a) If a Regular Class member, the member:
- 12 1. Completes 5 ~~10~~ or more years of creditable service
13 and attains age 62; or
- 14 2. Completes 30 years of creditable service,
15 regardless of age, which may include a maximum of 4 years of
16 military service credit as long as such credit is not claimed
17 under any other system.
- 18 (b) If a Special Risk Class member, the member:
- 19 1. Completes 5 ~~10~~ or more years of creditable service
20 in the Special Risk Class and attains age 55;
- 21 2. Completes 25 years of creditable service in the
22 Special Risk Class, regardless of age; or
- 23 3. Completes 25 years of creditable service and
24 attains age 52, which service may include a maximum of 4 years
25 of military service credit as long as such credit is not
26 claimed under any other system and the remaining years are in
27 the Special Risk Class.
- 28 (c) If a Senior Management Service Class member, the
29 member:
- 30 1. Completes 5 ~~7~~ years of creditable service in the
31 Senior Management Service Class and attains age 62; or

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

5 (d) If an Elected Officers' Class member, the member:

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

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

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

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

24 **(b) Effective July 1, 2000, a 5-year vesting**
25 **requirement shall be implemented for the Florida Retirement**
26 **System. Pursuant thereto:**

27 **1. Any member employed in a regularly established**
28 **position on July 1, 2000, who completes or has completed a**
29 **total of 5 years of creditable service will be considered**
30 **vested as described in paragraph (a).**

31

1 2. Any member not employed in a regularly established
2 position on July 1, 2000, will be deemed vested upon
3 completion of 5 years of creditable service, provided that
4 such member is employed in a covered position for at least 1
5 work year after July 1, 2000. However, no member shall be
6 required to complete more years of creditable service than
7 would have been required for that member to vest under
8 retirement laws in effect before July 1, 2000.

9 Section 2. Subsection (2) and paragraph (a) of
10 subsection (7) of section 121.0515, Florida Statutes, are
11 amended to read:

12 121.0515 Special risk membership; criteria;
13 designation and removal of classification; credits for past
14 service and prior service; retention of special risk normal
15 retirement date.--

16 (2) CRITERIA.--A member, to be designated as a special
17 risk member, must meet the following criteria:

18 (a) The member must be employed as a law enforcement
19 officer and be certified, or required to be certified, in
20 compliance with s. 943.1395; however, sheriffs and elected
21 police chiefs shall be excluded from meeting the certification
22 requirements of this paragraph. In addition, the member's
23 duties and responsibilities must include the pursuit,
24 apprehension, and arrest of law violators or suspected law
25 violators; or the member must be an active member of a bomb
26 disposal unit whose primary responsibility is the location,
27 handling, and disposal of explosive devices; or the member
28 must be the supervisor or command officer of a member or
29 members who have such responsibilities; provided, however,
30 administrative support personnel, including, but not limited
31 to, those whose primary duties and responsibilities are in

1 accounting, purchasing, legal, and personnel, shall not be
2 included;

3 (b) The member must be employed as a firefighter and
4 be certified, or required to be certified, in compliance with
5 s. 633.35 and be employed solely within the fire department of
6 a local government ~~the~~ employer, or an agency of state
7 government with firefighting responsibilities. In addition,
8 the member's duties and responsibilities must include
9 on-the-scene fighting of fires or direct supervision of
10 firefighting units or aerial firefighting surveillance
11 performed by fixed-wing pilots employed by the Department of
12 Agriculture and Consumer Services, Division of Forestry, or
13 the member must be the supervisor or command officer of a
14 member or members who have such responsibilities; provided,
15 however, administrative support personnel, including, but not
16 limited to, those whose primary duties and responsibilities
17 are in accounting, purchasing, legal, and personnel, shall not
18 be included;

19 (c) The member must be employed as a correctional
20 officer and be certified, or required to be certified, in
21 compliance with s. 943.1395. In addition, the member's
22 primary duties and responsibilities must be the custody, and
23 physical restraint when necessary, of prisoners or inmates
24 within a prison, jail, or other criminal detention facility,
25 or while on work detail outside the facility, or while being
26 transported; or the member must be the supervisor or command
27 officer of a member or members who have such responsibilities;
28 provided, however, administrative support personnel,
29 including, but not limited to, those whose primary duties and
30 responsibilities are in accounting, purchasing, legal, and
31 personnel, shall not be included; however, superintendents and

1 assistant superintendents shall participate in the Special
2 Risk Class; or

3 (d) The member must be employed by a licensed Advance
4 Life Support (ALS) or Basic Life Support (BLS) employer as an
5 emergency medical technician or a paramedic and be certified
6 in compliance with s. 401.27. In addition, the member's
7 primary duties and responsibilities must include on-the-scene
8 emergency medical care. However, administrative support
9 personnel, including, but not limited to, those whose primary
10 responsibilities are in accounting, purchasing, legal, and
11 personnel, shall not be included.

12 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT
13 DATE.--

14 (a) A special risk member who is moved or reassigned
15 to a nonspecial risk law enforcement, firefighting,
16 correctional, or emergency medical care administrative support
17 position with the same agency, or who is subsequently employed
18 in such a position with any law enforcement, firefighting,
19 correctional, or emergency medical care agency under the
20 Florida Retirement System, shall participate in the Special
21 Risk Administrative Support Class and shall earn credit for
22 such service at the same percentage rate as that earned by a
23 regular member. Notwithstanding the provisions of subsection
24 (4), service in such an administrative support position shall,
25 for purposes of s. 121.091, apply toward satisfaction of the
26 special risk normal retirement date, as defined in s.
27 121.021(29)(b), provided that, while in such position, the
28 member remains certified as a law enforcement officer,
29 firefighter, correctional officer, emergency medical
30 technician, or paramedic; remains subject to reassignment at
31 any time to a position qualifying for special risk membership;

1 and completes an aggregate of 5 ~~10~~ or more years of service as
2 a designated special risk member prior to retirement.

3 Section 3. Paragraphs (b) and (c) of subsection (12)
4 of section 121.052, Florida Statutes, are amended to read:

5 121.052 Membership class of elected officers.--

6 (12) BENEFITS.--

7 (b) The benefit provisions of s. 121.091(2)-(6), (8),
8 (9), and (11), relating to benefits payable for dual normal
9 retirement ages, early retirement, disability retirement,
10 termination benefits, optional forms of retirement,
11 designation of beneficiaries, employment after retirement, and
12 method of computing actuarial equivalent, respectively, shall
13 also apply to members of the Elected Officers' Class, ~~except~~
14 ~~that only 8 years of creditable service in this class are~~
15 ~~needed to attain the benefits specified in s. 121.091(3) and~~
16 ~~(5)~~. These provisions shall be construed in such manner as to
17 make them compatible with the provisions of this section.

18 (c) The benefit provisions of s. 121.091(7), relating
19 to death benefits, shall apply to members of the Elected
20 Officers' Class and shall be construed in such manner as to
21 make them compatible with the provisions of this section~~+~~
22 ~~however, only 8 years of creditable service in this class are~~
23 ~~needed to obtain such benefits~~, except that:

24 1. If any elected official dies in office who would
25 have been vested under the Elected Officers' Class, any other
26 class of the Florida Retirement System, or any other
27 state-administered retirement system, if the official had
28 lived to complete his or her term of office, the official's
29 spouse may elect to leave the official's retirement
30 contributions in the retirement trust fund and pay into said
31 fund any required contributions which would have been paid by

1 the officer or the employer had the officer lived to complete
2 the term of office.

3 2. If a deceased member's surviving spouse as
4 described in subparagraph 1. previously received a refund of
5 the member's contributions made to the retirement trust fund,
6 the surviving spouse may pay into the retirement trust fund an
7 amount equal to the deceased member's contributions previously
8 refunded, together with interest at 4 percent compounded
9 annually on the amount of such refunded contributions from the
10 date of refund until July 1, 1975, and at 6.5 percent
11 compounded annually thereafter to the date of payment, plus
12 such additional contributions as may be required under
13 subparagraph 1., in order to become vested, as applicable.

14
15 Upon conclusion of the term of office to which the deceased
16 officer was elected, a spouse who pays into the retirement
17 trust fund such additional or refunded contributions, plus
18 interest, shall be eligible to receive a monthly benefit in
19 the same manner as the surviving spouse of a member who dies
20 after accumulating the required number of years of creditable
21 service as described herein.

22 Section 4. Paragraph (a) of subsection (1) of section
23 121.053, Florida Statutes, is amended to read:

24 121.053 Participation in the Elected Officers' Class
25 for retired members.--

26 (1)(a) Any member who retired under any existing
27 system as defined in s. 121.021(2), and receives a benefit
28 thereof, and who serves in an office covered by the Elected
29 Officers' Class for a period of at least 5 ~~8~~ years, shall be
30 entitled to receive an additional retirement benefit for such
31 elected officer service prior to July 1, 1990, under the

1 Elected Officers' Class of the Florida Retirement System, as
2 follows:

3 1. Upon completion of 5 ~~8~~ or more years of creditable
4 service in an office covered by the Elected Officers' Class,
5 s. 121.052, such member shall notify the administrator of his
6 or her intent to purchase elected officer service prior to
7 July 1, 1990, and shall pay the member contribution applicable
8 for the period being claimed, plus 4 percent interest
9 compounded annually from the first year of service claimed
10 until July 1, 1975, and 6.5 percent interest compounded
11 annually thereafter, until full payment is made to the Florida
12 Retirement System Trust Fund; however, such member may
13 purchase retirement credit under the Elected Officers' Class
14 only for such service as an elected officer.

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

24 Section 5. Paragraph (h) of subsection (1) and
25 paragraph (b) of subsection (4) of section 121.055, Florida
26 Statutes, are amended to read:

27 121.055 Senior Management Service Class.--There is
28 hereby established a separate class of membership within the
29 Florida Retirement System to be known as the "Senior
30 Management Service Class," which shall become effective
31 February 1, 1987.

1 (1)
2 (h)1. Except as provided in subparagraph 3., effective
3 January 1, 1994, participation in the Senior Management
4 Service Class shall be compulsory for the State Courts
5 Administrator and the Deputy State Courts Administrators, the
6 Clerk of the Supreme Court, the Marshal of the Supreme Court,
7 the Executive Director of the Justice Administrative
8 Commission, the Capital Collateral Representative, the clerks
9 of the district courts of appeals, the marshals of the
10 district courts of appeals, and the trial court administrator
11 in each judicial circuit. Effective January 1, 1994,
12 additional positions in the offices of the state attorney and
13 public defender in each judicial circuit may be designated for
14 inclusion in the Senior Management Service Class of the
15 Florida Retirement System, provided that:
16 a. Positions to be included in the class shall be
17 designated by the state attorney or public defender, as
18 appropriate. Notice of intent to designate positions for
19 inclusion in the class shall be published once a week for 2
20 consecutive weeks in a newspaper of general circulation
21 published in the county or counties affected, as provided in
22 chapter 50.
23 b. One nonelective full-time position may be
24 designated for each state attorney and public defender
25 reporting to the Department of Management Services; for
26 agencies with 200 or more regularly established positions
27 under the state attorney or public defender, additional
28 nonelective full-time positions may be designated, not to
29 exceed 0.5 percent of the regularly established positions
30 within the agency.
31

1 c. Each position added to the class must be a
2 managerial or policymaking position filled by an employee who
3 serves at the pleasure of the state attorney or public
4 defender without civil service protection, and who:

5 (I) Heads an organizational unit; or

6 (II) Has responsibility to effect or recommend
7 personnel, budget, expenditure, or policy decisions in his or
8 her areas of responsibility.

9 2. Participation in this class shall be compulsory,
10 except as provided in subparagraph 3., for any judicial
11 employee who holds a position designated for coverage in the
12 Senior Management Service Class, and such participation shall
13 continue until the employee terminates employment in a covered
14 position. Effective January 1, 2001, participation in this
15 class is compulsory for assistant state attorneys, assistant
16 statewide prosecutors, and assistant public defenders.

17 3. In lieu of participation in the Senior Management
18 Service Class, such members may participate in the Senior
19 Management Service Optional Annuity Program as established in
20 subsection (6).

21 (4)

22 (b) Service in an eligible position prior to February
23 1, 1987, or after January 31, 1987, shall satisfy the
24 requirement of attaining the normal retirement date as defined
25 in s. 121.021(29) for a Senior Management Service Class
26 member, provided the employee is a member of the Senior
27 Management Service Class after January 31, 1987. A member of
28 this class who fails to complete 5 7 years of creditable
29 service in an eligible position shall be required to satisfy
30 the requirements for the normal retirement date for a regular
31 member as provided in s. 121.021(29).

1 Section 6. Paragraph (i) of subsection (1) and
2 paragraph (b) of subsection (2) of section 121.081, Florida
3 Statutes, are amended to read:

4 121.081 Past service; prior service;
5 contributions.--Conditions under which past service or prior
6 service may be claimed and credited are:

7 (1)

8 (i) An employee of a state agency who was a member of
9 a state-administered retirement system and who was granted
10 educational leave with pay pursuant to a written educational
11 leave-with-pay policy may claim such period of educational
12 leave as past service subject to the following conditions:

13 1. The educational leave must have occurred prior to
14 December 31, 1971;

15 2. The member must have completed at least 5 ~~10~~ years
16 of creditable service excluding the period of the educational
17 leave;

18 3. The employee must have returned to employment with
19 a state agency employer who participated in the retirement
20 system, which return was immediately upon termination of the
21 educational leave, and must have remained on the employer's
22 payroll for at least 1 calendar month following the return to
23 employment;

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

26 5. Not more than 24 months of creditable service may
27 be claimed for such period of educational leave with pay;

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

30 7. The member must pay to the retirement trust fund
31 for claiming such past-service credit an amount equal to 8

1 percent of his or her gross annual salary immediately prior to
2 the educational leave with pay for each year of past service
3 claimed, plus 4 percent interest thereon compounded annually
4 each June 30 from the first year of service claimed until July
5 1, 1975, and 6.5 percent interest thereafter on the unpaid
6 balance compounded annually each June 30 until paid.

7 (2) Prior service, as defined in s. 121.021(19), may
8 be claimed as creditable service under the Florida Retirement
9 System after a member has been reemployed for 1 complete year
10 of creditable service within a period of 12 consecutive
11 months, except as provided in paragraph (c). Service performed
12 as a participant of the optional retirement program for the
13 State University System under s. 121.35 or the Senior
14 Management Service Optional Annuity Program under s. 121.055
15 may be used to satisfy the reemployment requirement of 1
16 complete year of creditable service. The member shall not be
17 permitted to make any contributions for prior service until
18 after completion of the 1 year of creditable service. The
19 required contributions for claiming the various types of prior
20 service are:

21 (b) For prior service performed prior to the date the
22 system became ~~becomes~~ noncontributory for the member, and for
23 which the member had credit under the Florida Retirement
24 System and received a refund of contributions upon termination
25 of employment, the member shall contribute at the rate that
26 was required of him or her during the period of service being
27 claimed, on all salary received during such period, plus 4
28 percent interest compounded annually from the date of refund
29 until July 1, 1975, and 6.5 percent interest compounded
30 annually thereafter, until the full payment is made to the
31 Florida Retirement System Trust Fund.

1 Section 7. Paragraph (a) of subsection (1), paragraphs
2 (a), (h), and (j) of subsection (4) of section 121.091,
3 Florida Statutes, are amended to read:

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

17 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or
18 her normal retirement date, the member, upon application to
19 the administrator, shall receive a monthly benefit which shall
20 begin to accrue on the first day of the month of retirement
21 and be payable on the last day of that month and each month
22 thereafter during his or her lifetime. The normal retirement
23 benefit, including any past or additional retirement credit,
24 may not exceed 100 percent of the average final compensation.
25 The amount of monthly benefit shall be calculated as the
26 product of A and B, subject to the adjustment of C, if
27 applicable, as set forth below:

28 (a)1. For creditable years of Regular Class service, A
29 is 1.60 percent of the member's average final compensation, up
30 to the member's normal retirement date. Upon completion of the
31 first year after the normal retirement date, A is 1.63 percent

1 of the member's average final compensation. Following the
2 second year after the normal retirement date, A is 1.65
3 percent of the member's average final compensation. Following
4 the third year after the normal retirement date, and for
5 subsequent years, A is 1.68 percent of the member's average
6 final compensation.

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

8 a. A is 2.00 ~~Two~~ percent of the member's average final
9 compensation for all creditable years prior to October 1,
10 1974;

11 b. A is 3.00 ~~Three~~ percent of the member's average
12 final compensation for all creditable years after September
13 30, 1974, and before October 1, 1978;

14 c. A is 2.00 ~~Two~~ percent of the member's average final
15 compensation for all creditable years after September 30,
16 1978, and before January 1, 1989;

17 d. A is 2.20 ~~Two and two-tenths~~ percent of the
18 member's final monthly compensation for all creditable years
19 after December 31, 1988, and before January 1, 1990;

20 e. A is 2.40 ~~Two and four-tenths~~ percent of the
21 member's average final compensation for all creditable years
22 after December 31, 1989, and before January 1, 1991;

23 f. A is 2.60 ~~Two and six-tenths~~ percent of the
24 member's average final compensation for all creditable years
25 after December 31, 1990, and before January 1, 1992;

26 g. A is 2.80 ~~Two and eight-tenths~~ percent of the
27 member's average final compensation for all creditable years
28 after December 31, 1991, and before January 1, 1993; ~~and~~

29 h. A is 3.00 ~~Three~~ percent of the member's average
30 final compensation for all creditable years after December 31,
31 1992;

1 i. A is 3.00 percent of the member's average final
2 compensation for all creditable years of service after
3 September 30, 1978, and before January 1, 1993, for any
4 special risk member who retires after July 1, 2000;

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

7 4. For creditable years of Elected Officers' Class
8 service as a Supreme Court Justice, district court of appeal
9 judge, circuit judge, or county court judge, A is 3 1/3
10 percent of the member's average final compensation, and for
11 all other creditable service in such class, A is 3.00 3
12 percent of average final compensation;

13 (4) DISABILITY RETIREMENT BENEFIT.--

14 (a) Disability retirement; entitlement and effective
15 date.--

16 1. A member who becomes totally and permanently
17 disabled, as defined in paragraph (b), after completing 5
18 years of creditable service, or a member who becomes totally
19 and permanently disabled in the line of duty regardless of
20 service, shall be entitled to a monthly disability benefit+
21 ~~except that any member with less than 5 years of creditable~~
22 ~~service on July 1, 1980, or any person who becomes a member of~~
23 ~~the Florida Retirement System on or after such date must have~~
24 ~~completed 10 years of creditable service prior to becoming~~
25 ~~totally and permanently disabled in order to receive~~
26 ~~disability retirement benefits for any disability which occurs~~
27 ~~other than in the line of duty. However, if a member employed~~
28 ~~on July 1, 1980, with less than 5 years of creditable service~~
29 ~~as of that date, becomes totally and permanently disabled~~
30 ~~after completing 5 years of creditable service and is found~~
31 ~~not to have attained fully insured status for benefits under~~

1 ~~the federal Social Security Act, such member shall be entitled~~
2 ~~to a monthly disability benefit.~~

3 2. If the division has received from the employer the
4 required documentation of the member's termination of
5 employment, the effective retirement date for a member who
6 applies and is approved for disability retirement shall be
7 established by rule of the division.

8 3. For a member who is receiving Workers' Compensation
9 payments, the effective disability retirement date may not
10 precede the date the member reaches Maximum Medical
11 Improvement (MMI), unless the member terminates employment
12 prior to reaching MMI.

13 (h) Recovery from disability.--The administrator may
14 require periodic reexaminations at the expense of the
15 retirement fund. The division may adopt rules establishing
16 procedures for conducting and review of such reexaminations.

17 1. If the administrator finds that a member who is
18 receiving disability benefits is, at any time prior to his or
19 her normal retirement date, no longer disabled, the
20 administrator shall direct that the benefits be discontinued.
21 The decision of the administrator on this question shall be
22 final and binding. If such member:

23 a. Does not reenter the employ of an employer and was
24 not vested as of the disability retirement date, he or she
25 shall be entitled to a refund of the excess, if any, of his or
26 her accumulated contributions over the total disability
27 benefits received up to the date of recovery.

28 b. Does not reenter the employ of an employer, but was
29 vested as of the disability retirement date, he or she may
30 elect to receive:

31

1 (I) A refund of the excess, if any, of his or her
2 accumulated contributions over the total disability benefits
3 received up to the date of recovery; or

4 (II) A deferred benefit commencing on the last day of
5 the month of the normal retirement date which shall be payable
6 on the last day of the month thereafter during his or her
7 lifetime. The amount of such monthly benefit shall be
8 computed in the same manner as for a normal retirement
9 benefit, in accordance with subsection (1), but shall be based
10 on average monthly compensation and creditable service as of
11 the member's disability retirement date.

12 c. Reenters employment of an employer within 6 months
13 after recovery, the member's service will be deemed to have
14 been continuous, but the period beginning with the first month
15 for which he or she received a disability benefit payment and
16 ending with the date he or she reentered employment will not
17 be considered as creditable service for the purpose of
18 computing benefits except as provided in sub-subparagraph d.
19 As used in this section, the term "accumulated contributions"
20 for such member means the excess of the member's accumulated
21 contributions as of the disability retirement date over the
22 total disability benefits received under paragraph (e).

23 d. Terminates his or her disability benefit, reenters
24 covered employment, and is continuously employed for a minimum
25 of 1 year of creditable service, he or she may claim as
26 creditable service the months during which he or she was
27 receiving a disability benefit, upon payment of the required
28 contributions. Contributions shall equal the total required
29 employee and employer contribution rate applicable during the
30 period the retiree received retirement benefits, multiplied
31 times his or her rate of monthly compensation prior to the

1 commencement of disability retirement for each month of the
2 period claimed, plus 4 percent interest until July 1, 1975,
3 and 6.5 percent interest thereafter, compounded annually each
4 June 30 to the date of payment. If the member does not claim
5 credit for all of the months he or she received disability
6 benefits, the months claimed must be the most recent months of
7 retirement. Such credit for periods of disability, when
8 purchased under the Florida Retirement System, shall apply
9 toward vesting requirements for eligibility to purchase
10 additional credit for other service.

11 2. Both the member receiving disability benefits who
12 reenters employment and the employer employing such disability
13 retiree shall notify the division immediately upon
14 reemployment, and the division shall terminate such member's
15 disability benefits, effective the first day of the month
16 following the month in which notification of recovery is
17 received. If the member is reemployed with a Florida
18 Retirement System employer at the time of benefit termination,
19 and he or she has received disability retirement benefit and
20 salary payments concurrently prior to notifying the division,
21 he or she may elect within 30 days to:

22 a. Retain the retirement benefits received prior to
23 termination of disability benefits and begin receiving
24 retirement service credit effective upon the date of
25 termination of benefits; or

26 b. Repay, within 12 months after his or her decision
27 to receive service credit, the retirement benefits received
28 for each month of reemployment prior to termination of
29 disability benefits and begin receiving retirement service
30 credit effective upon the date of reemployment. Any such

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1 unpaid benefits shall have compound interest of 6.5 percent
2 added June 30.

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4 A member may not receive both retirement service credit for
5 employment and retirement benefits for the same month.

6 3. If, after recovery of disability and reentry into
7 covered employment, the member again becomes disabled and is
8 again approved for disability retirement, the Option 1 monthly
9 retirement benefit shall not be less than the Option 1 monthly
10 benefit calculated at the time of the previous disability,
11 plus any cost of living increases up to the time the
12 disability benefit was terminated upon his or her reentry into
13 covered employment.

14 (j) Disability retirement of justice or judge by order
15 of Supreme Court.--

16 1. If a member is a justice of the Supreme Court,
17 judge of a district court of appeal, circuit judge, or judge
18 of a county court who has served for 5 ~~10~~ years or more as an
19 elected constitutional judicial officer, including service as
20 a judicial officer in any court abolished pursuant to Art. V
21 of the State Constitution, and who is retired for disability
22 by order of the Supreme Court upon recommendation of the
23 Judicial Qualifications Commission pursuant to the provisions
24 of Art. V of the State Constitution, the member's Option 1
25 monthly benefit as provided in subparagraph (6)(a)1. shall not
26 be less than two-thirds of his or her monthly compensation as
27 of the member's disability retirement date. Such a member may
28 alternatively elect to receive a disability retirement benefit
29 under any other option as provided in paragraph (6)(a).

30 2. Should any justice or judge who is a member of the
31 Florida Retirement System be retired for disability by order

1 of the Supreme Court upon recommendation of the Judicial
2 Qualifications Commission pursuant to the provisions of Art. V
3 of the State Constitution, then all contributions to his or
4 her account and all contributions made on his or her behalf by
5 the employer shall be transferred to and deposited in the
6 General Revenue Fund of the state, and there is hereby
7 appropriated annually out of the General Revenue Fund, to be
8 paid into the Florida Retirement System Fund, an amount
9 necessary to pay the benefits of all justices and judges
10 retired from the Florida Retirement System pursuant to Art. V
11 of the State Constitution.

12 Section 8. Paragraph (b) of subsection (1) of section
13 121.1115, Florida Statutes, is amended to read:

14 121.1115 Purchase of retirement credit for
15 out-of-state and federal service.--Effective January 1, 1995,
16 a member of the Florida Retirement System may purchase
17 creditable service for periods of public employment in another
18 state and receive creditable service for such periods of
19 employment. Service with the Federal Government, including any
20 military service, may be claimed. Upon completion of each year
21 of service earned under the Florida Retirement System, a
22 member may purchase up to 1 year of retirement credit for his
23 or her out-of-state service, subject to the following
24 provisions:

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

27 (b) The member must have completed a minimum of 5 ~~10~~
28 years of creditable service under the Florida Retirement
29 System, excluding out-of-state service and in-state service
30 claimed and purchased under s. 121.1122.

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1 Section 9. Paragraph (a) of subsection (2) of section
2 121.1122, Florida Statutes, is amended to read:

3 121.1122 Purchase of retirement credit for in-state
4 public service and in-state service in accredited nonpublic
5 schools and colleges, including charter schools and charter
6 technical career centers.--Effective January 1, 1998, a member
7 of the Florida Retirement System may purchase creditable
8 service for periods of certain public or nonpublic employment
9 performed in this state, as provided in this section.

10 (2) LIMITATIONS AND CONDITIONS.--

11 (a) A member is not eligible to receive credit for
12 in-state service under this section until he or she has
13 completed 5 ~~10~~ years of creditable service under the Florida
14 Retirement System, excluding service purchased under this
15 section and out-of-state service claimed and purchased under
16 s. 121.1115.

17 Section 10. Paragraph (a) of subsection (1) of section
18 121.121, Florida Statutes, is amended to read:

19 121.121 Authorized leaves of absence.--

20 (1) A member may purchase creditable service for up to
21 2 work years of authorized leaves of absence if:

22 (a) The member has completed a minimum of 5 ~~10~~ years
23 of creditable service, excluding periods for which a leave of
24 absence was authorized;

25 Section 11. Effective July 1, 2000, in order to fund
26 the normal cost for changes in vesting requirements and the
27 computation of average final compensation under the Florida
28 Retirement System, as provided in this act:

29 (1) The contribution rates that apply to the Regular
30 Class of the Florida Retirement System shall be increased by
31 1.04 percentage points;

1 (2) The contribution rates that apply to the Special
2 Risk Class of the Florida Retirement System shall be increased
3 by 1.98 percentage points;

4 (3) The contribution rates that apply to the Special
5 Risk Administrative Support Class of the Florida Retirement
6 System shall be increased by 1.01 percentage points;

7 (4) The contribution rates that apply to the Judicial
8 sub-class of the Elected Officers' Class of the Florida
9 Retirement System shall be increased by 1.58 percentage
10 points;

11 (5) The contribution rates that apply to the
12 legislative-attorney-Cabinet sub-class of the Elected
13 Officers' Class of the Florida Retirement System shall be
14 increased by 1.63 percentage points;

15 (6) The contribution rates that apply to the County
16 Officers' sub-class of the Elected Officers' Class of the
17 Florida Retirement System shall be increased by 1.31
18 percentage points; and

19 (7) The contribution rates that apply to the Senior
20 Management Service Class of the Florida Retirement System
21 shall be increased by 0.96 percentage points.

22
23 These increases shall be in addition to all other changes to
24 such contribution rates which may be enacted into law to take
25 effect on that date. The Division of Statutory Revision is
26 directed to adjust the contribution rates set forth in
27 sections 121.052, 121.055, and 121.071, Florida Statutes.

28 Section 12. It is the intent of the Legislature that
29 the net unfunded actuarial past-service liability attributable
30 to the upgrading of special risk service between October 1,
31 1978, and January 1, 1993, and to changes in the vesting

1 requirements and the computation of average final compensation
2 under the Florida Retirement System, as provided in this act,
3 shall be funded by a one-time lump sum payment from the excess
4 actuarial assets of the Florida Retirement System Trust Fund.

5 Section 13. Effective July 1, 2000, and each year
6 thereafter, the Department of Management Services and the
7 consulting actuaries for the Florida Retirement System are
8 directed to annually recognize and determine the amount of any
9 excess actuarial assets that may exist in the Florida
10 Retirement System Trust Fund. Where such excess assets exist,
11 the actuaries shall calculate, as a percent of payroll, the
12 reduction that could be made in the retirement contribution
13 rate for each class and subclass in the Florida Retirement
14 System by applying 10 percent of the excess assets toward the
15 normal cost funding requirements for the system and shall
16 certify such reduced rates to the Department of Management
17 Services for recommendation to the Executive Office of the
18 Governor and the Legislature. If excess actuarial assets are
19 unavailable in any year for rate reduction as described in
20 this section, the consulting actuaries for the Florida
21 Retirement System shall certify to the Department of
22 Management Services the payroll contribution rate required for
23 each class and subclass of the Florida Retirement System in
24 order to effect and maintain funding for the Florida
25 Retirement System on a sound actuarial basis in compliance
26 with Section 14 of Article X of the State Constitution and
27 part VII of chapter 112, Florida Statutes.

28 Section 14. To implement the provisions of section 13
29 for fiscal year 2000-2001, effective July 1, 2000:
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1 (1) The contribution rates that apply to the Regular
2 Class of the Florida Retirement System shall be reduced by
3 3.37 percentage points.

4 (2) The contribution rates that apply to the Special
5 Risk Class of the Florida Retirement System shall be reduced
6 by 3.64 percentage points.

7 (3) The contribution rates that apply to the Special
8 Risk Administrative Support Class of the Florida Retirement
9 System shall be reduced by 4.39 percentage points.

10 (4) The contribution rates that apply to the Judicial
11 sub-class of the Elected Officers' Class of the Florida
12 Retirement System shall be reduced by 7.32 percentage points.

13 (5) The contribution rates that apply to the
14 legislative-attorney-Cabinet subclass of the Elected Officers'
15 Class of the Florida Retirement System shall be reduced by
16 5.19 percentage points.

17 (6) The contribution rates that apply to the County
18 Officers' sub-class of the Elected Officers' Class of the
19 Florida Retirement System shall be reduced by 6.03 percentage
20 points.

21 (7) The contribution rates that apply to the Senior
22 Management Service Class of the Florida Retirement System
23 shall be reduced by 4.15 percentage points.

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25 These changes shall be in addition to all other changes to
26 such contribution rates which may be enacted into law to take
27 effect on that date. The Division of Statutory Revision is
28 directed to adjust the contribution rates set forth in
29 sections 121.052, 121.055, and 121.071, Florida Statutes.

30 Section 15. Paragraph (a) of subsection (3) of section
31 121.031, Florida Statutes, is amended to read:

1 121.031 Administration of system; appropriation;
2 oaths; actuarial studies; public records.--

3 (3) The administrator shall cause an actuarial study
4 of the system to be made at least once every 2 years and shall
5 report the results of such study to the Legislature by
6 February 1 prior to the next legislative session.

7 (a) The study shall, at a minimum, conform to the
8 requirements of s. 112.63, with the following exceptions and
9 additions:

10 1. The valuation of plan assets shall be based on a
11 5-year averaging methodology such as that specified in the
12 United States Department of Treasury Regulations, 26 C.F.R. s.
13 1.412(c)(2)-1, or a similar accepted approach designed to
14 attenuate fluctuations in asset values.

15 2. The study shall include a narrative explaining the
16 changes in the covered group over the period between actuarial
17 valuations and the impact of those changes on actuarial
18 results.

19 3. When substantial changes in actuarial assumptions
20 have been made, the study shall reflect the results of an
21 actuarial assumption as of the current date based on the
22 assumptions utilized in the prior actuarial report.

23 4. The study shall include an analysis of the changes
24 in actuarial valuation results by the factors generating those
25 changes. Such analysis shall reconcile the current actuarial
26 valuation results with those results from the prior valuation.

27 5. The study shall include measures of funding status
28 and funding progress designed to facilitate the assessment of
29 trends over several actuarial valuations with respect to the
30 overall solvency of the system. Such measures shall be adopted
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1 by the division and shall be used consistently in all
2 actuarial valuations performed on the system.

3 6. The actuarial model used to determine contribution
4 rates for the purposes of the regular actuarial valuation
5 report shall provide a recommendation on the development of a
6 specific rate-stabilization mechanism. This mechanism shall,
7 as a minimum, define what amounts in excess of full funding
8 shall be held in reserve to offset future unfunded
9 liabilities, thereby minimizing the risk of future increases
10 in contribution rates due to adverse experience, and shall
11 define how any excess above those amounts is to be recognized
12 to reduce retirement system contributions. It is the
13 legislative intent that this mechanism should be developed by
14 pension system finance professionals, taking into account
15 possible volatility in investment returns and the uncertainty
16 over actual growth in plan liabilities. At the same time, the
17 mechanism should not allow an unnecessarily large surplus to
18 accumulate. It is further the intent that, once adopted by the
19 Legislature, the mechanism shall not be altered in response to
20 short-term budget exigencies.

21 Section 16. The Legislature finds that a proper and
22 legitimate state purpose is served when employees and retirees
23 of the state and of its political subdivisions, and the
24 dependents, survivors, and beneficiaries of such employees and
25 retirees, are extended the basic protections afforded by
26 governmental retirement systems that provide fair and adequate
27 benefits and that are managed, administered, and funded in an
28 actuarially sound manner, as required by section 14, Article X
29 of the State Constitution and part VII of chapter 112 of the
30 Florida Statutes. Therefore, the Legislature hereby

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1 determines and declares that the provisions of this act
2 fulfill an important state interest.

3 Section 17. Except as otherwise provided in this act,
4 this act shall take effect July 1, 2000.

5
6 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
7 COMMITTEE SUBSTITUTE FOR
8 Senate Bill 1026

9 The Committee Substitute provides five-year pension benefit
10 vesting for members of all classes and subclasses of the
11 Florida Retirement System (FRS). It also reduces the period of
time used for the calculation of a final pension benefit from
the highest five years to the highest three years of service.

12 The CS places assistant state attorneys, assistant public
13 defenders and assistant statewide prosecutors in the Senior
Management retirement class.

14 Pilots of fixed wing aircraft in the Department of Agriculture
15 and Consumer Services are enrolled in the Special Risk
retirement class.

16 Active employee members with service in the Special Risk
17 retirement class between 1978 and 1993 have that service
repurchased at the current higher accrual rate.

18 The CS provides for the development of a retirement
19 contribution rate stabilization mechanism through the State
Board of Administration and the Division of Retirement.

20 The bill recognizes ten percent of the accrued actuarial
21 surplus in the FRS trust fund and uses that to provide revised
payroll contribution rates for FY 00-01.

22 The CS recognizes a single lump sum transfer from the accrued
23 FRS surplus to pay for the Special Risk retirement class
24 upgrade for prior service at the lower accrual rates between
1978 and 1993.

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