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Bill No. HB 2393, 1st Eng.

Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

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Representative(s) Pruitt offered the following:

Amendment (with title amendment)

Remove from the bill: Everything after the enacting clause
and insert in lieu thereof:

Section 1. Subsection (1) of section 112.65, Florida Statutes, is amended to read:

112.65 Limitation of benefits.--

(1) ESTABLISHMENT OF PROGRAM.--The normal retirement benefit or pension payable to a retiree who becomes a member of any retirement system or plan and who has not previously participated in such plan, on or after January 1, 1980, shall not exceed 100 percent of his or her average final compensation. However, nothing contained in this section shall apply to supplemental retirement benefits or to pension increases attributable to cost-of-living increases or adjustments. For the purposes of this section, benefits accruing in individual participant accounts established under the Public Employee Optional Retirement Program established in part II of chapter 121 are considered supplemental benefits.

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1 As used in this section, the term "average final compensation"
2 means the average of the member's earnings over a period of
3 time which the governmental entity has established by statute,
4 charter, or ordinance.

5 Section 2. Subsection (3) of section 121.021, Florida
6 Statutes, is amended to read:

7 121.021 Definitions.--The following words and phrases
8 as used in this chapter have the respective meanings set forth
9 unless a different meaning is plainly required by the context:

10 (3) "System" means the general retirement system
11 established by this chapter to be known and cited as the
12 "Florida Retirement System," including, but not limited to,
13 the defined benefit retirement program administered under the
14 provisions of part I of this chapter and the defined
15 contribution retirement program known as the Public Employee
16 Optional Retirement Program and administered under the
17 provisions of part II of this chapter."

18 Section 3. Chapter 121, Florida Statutes, is
19 designated as part I of said chapter, and part II, consisting
20 of sections 121.4501 through 121.571, is created to read:

21 121.4501 Public Employee Optional Retirement
22 Program.--

23 (1) The Trustees of the State Board of Administration
24 shall establish an optional defined contribution retirement
25 program for members of the Florida Retirement System under
26 which retirement benefits will be provided for eligible
27 employees who elect to participate in the program. The
28 benefits to be provided for or on behalf of participants in
29 such optional retirement program shall be provided through
30 employee-directed investments, in accordance with s. 401(a) of
31 the Internal Revenue Code and its related regulations. The

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1 employers shall contribute, as provided in this section and s.
2 121.571, toward the funding of such optional benefits.
3 (2) DEFINITIONS.--As used in this section, the term:
4 (a) "Approved provider" or "provider" means a private
5 sector company that is selected and approved by the state
6 board to offer one or more investment products or services to
7 the Public Employee Optional Retirement Program. Private
8 sector companies include investment management companies,
9 insurance companies, depositories, and mutual fund companies.
10 (b) "Department" means the Department of Management
11 Services.
12 (c) "Division" means the Division of Retirement within
13 the Department of Management Services.
14 (d) "Eligible employee" means an officer or employee,
15 as defined in s. 121.021(11), who:
16 1. Is a member of, or is eligible for membership in,
17 the Florida Retirement System;
18 2. Participates in, or is eligible to participate in,
19 the Senior Management Service Optional Annuity Program as
20 established under s. 121.055(6); or
21 3. Is eligible to participate in, but does not
22 participate in, the State University System Optional
23 Retirement Program established under s. 121.35 or the State
24 Community College System Optional Retirement Program
25 established under s. 121.051(2)(c).
26
27 The term does not include any renewed member of the Florida
28 Retirement System, any member participating in the Deferred
29 Retirement Option Program established under s. 121.091(13), or
30 any employee participating in an optional retirement program
31 established under s. 121.35 or s. 121.051(2)(c).

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- 1 (e) "Employer" means an employer, as defined in s.
- 2 121.021(10), of an eligible employee.
- 3 (f) "Participant" means an eligible employee who
- 4 elects to participate in the Public Employee Optional
- 5 Retirement Program and enrolls in such optional program as
- 6 provided in subsection (4).
- 7 (g) "Public Employee Optional Retirement Program,"
- 8 "optional program" or "optional retirement program" means the
- 9 alternative defined contribution retirement program
- 10 established under this section.
- 11 (h) "State board" or "board" means the State Board of
- 12 Administration.
- 13 (i) "Trustees" means Trustees of the State Board of
- 14 Administration.
- 15 (j) "Vested" or "vesting" means the guarantee that a
- 16 participant is eligible to receive a retirement benefit upon
- 17 completion of the required years of service under the Public
- 18 Employee Optional Retirement Program.
- 19 (3) ELIGIBILITY; RETIREMENT SERVICE CREDIT.--
- 20 (a) Participation in the Public Employee Optional
- 21 Retirement Program is limited to eligible employees.
- 22 Participation in the optional retirement program is in lieu of
- 23 participation in the defined benefit program of the Florida
- 24 Retirement System.
- 25 (b) An eligible employee who is a member of the
- 26 defined benefit retirement program of the Florida Retirement
- 27 System at the time of his or her election to participate in
- 28 the Public Employee Optional Retirement Program shall retain
- 29 all retirement service credit earned under the defined benefit
- 30 retirement program of the Florida Retirement System as
- 31 credited under the system and shall be entitled to a deferred

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1 benefit upon termination, if eligible under the system.
2 However, election to participate in the Public Employee
3 Optional Retirement Program terminates the active membership
4 of the employee in the defined benefit program of the Florida
5 Retirement System, and the service of a participant in the
6 Public Employee Optional Retirement Program shall not be
7 creditable under the defined benefit retirement program of the
8 Florida Retirement System for purposes of benefit accrual but
9 shall be credited for purposes of vesting.

10 (c)1. Notwithstanding paragraph (b), each eligible
11 employee who elects to participate in the Public Employee
12 Optional Retirement Program and establishes one or more
13 individual participant accounts under the optional program may
14 elect to transfer to the optional program a sum representing
15 the present value of the employee's accumulated benefit
16 obligation under the defined benefit retirement program of the
17 Florida Retirement System. Upon such transfer, all service
18 credit previously earned under the defined benefit program of
19 the Florida Retirement System shall be nullified for purposes
20 of entitlement to a future benefit under the defined benefit
21 program of the Florida Retirement System. A participant is
22 precluded from transferring the accumulated benefit obligation
23 balance from the defined benefit program upon the expiration
24 of the period afforded to enroll in the optional program.

25 2. For purposes of this subsection, the present value
26 of the member's accumulated benefit obligation is based upon
27 the member's estimated creditable service and estimated
28 average final compensation as of midnight of the day prior to
29 the opening of the election window for the employee. The
30 actuarial present value of the employee's accumulated benefit
31 obligation shall be based on the following:

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- 1 a. The discount rate and other relevant actuarial
2 assumptions used to value the Florida Retirement System Trust
3 Fund at the time the amount to be transferred is determined,
4 consistent with the factors provided in sub-subparagraphs b.
5 and c.
- 6 b. A benefit commencement age, based on the member's
7 estimated creditable service as of midnight on May 31, 2002.
8 The benefit commencement age shall be the younger of the
9 following, but shall not be younger than the member's age as
10 of midnight on May 31, 2002:
- 11 (I) Age 62; or
12 (II) The age the member would attain if the member
13 completed 30 years of service with an employer, assuming the
14 member worked continuously from May 31, 2002, and disregarding
15 any vesting requirement that would otherwise apply under the
16 defined benefit program of the Florida Retirement System.
- 17 c. For members of the Special Risk Class and for
18 members of the Special Risk Administrative Support Class
19 entitled to retain special risk normal retirement date, the
20 benefit commencement age shall be the younger of the
21 following, but shall not be younger than the member's age as
22 of midnight on May 31, 2002:
- 23 (I) Age 55; or
24 (II) The age the member would attain if the member
25 completed 25 years of service with an employer, assuming the
26 member worked continuously from May 31, 2002, and disregarding
27 any vesting requirement that would otherwise apply under the
28 defined benefit program of the Florida Retirement System.
- 29 d. The calculation shall disregard vesting
30 requirements and early retirement reduction factors that would
31 otherwise apply under the defined benefit retirement program.

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1 3. For each participant who elects to transfer moneys
2 from the defined benefit program to his or her account in the
3 optional program, the division shall recompute the amount
4 transferred under subparagraph 2. not later than 60 days after
5 the actual transfer of funds based upon the participant's
6 actual creditable service and actual final average
7 compensation as of the initial date of participation in the
8 optional program. If the recomputed amount differs from the
9 amount transferred under subparagraph 2. by \$10 or more, the
10 division shall:

11 a. Transfer, or cause to be transferred, from the
12 Florida Retirement System Trust Fund to the participant's
13 account in the optional program the excess, if any, of the
14 recomputed amount over the previously transferred amount
15 together with interest from the initial date of transfer to
16 the date of transfer under this subparagraph, based upon 8
17 percent effective annual interest, compounded annually.

18 b. Transfer, or cause to be transferred, from the
19 participant's account to the Florida Retirement System Trust
20 Fund the excess, if any, of the previously transferred amount
21 over the recomputed amount, together with interest from the
22 initial date of transfer to the date of transfer under this
23 subparagraph, based upon 6 percent effective annual interest,
24 compounded annually, pro rata based on the participant's
25 allocation plan.

26 4. As directed by the participant, the board shall
27 transfer or cause to be transferred the appropriate amounts to
28 the designated accounts. The board shall establish transfer
29 procedures by rule, but the actual transfer shall not be later
30 than 30 days after the effective date of the member's
31 participation in the optional program. Transfers are not

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1 commissionable or subject to other fees and may be in the form
2 of securities or cash as determined by the state board. Such
3 securities shall be valued as of the date of receipt in the
4 participant's account.

5 5. If the board or the division receives notification
6 from the United States Internal Revenue Service that this
7 paragraph or any portion of this paragraph will cause the
8 retirement system, or a portion thereof, to be disqualified
9 for tax purposes under the Internal Revenue Code, then the
10 portion that will cause the disqualification does not apply.
11 Upon such notice, the state board and the division shall
12 notify the presiding officers of the Legislature.

13 (4) PARTICIPATION; ENROLLMENT.--

14 (a)1. With respect to an eligible employee who is
15 employed in a regularly established position on June 1, 2002,
16 by a state employer:

17 a. Any such employee may elect to participate in the
18 Public Employee Optional Retirement Program in lieu of
19 retaining his or her membership in the defined benefit program
20 of the Florida Retirement System. The election must be made in
21 writing or by electronic means and must be filed with the
22 department and the personnel officer of the employer within 90
23 days after June 1, 2002, or, in the case of an active employee
24 who is on a leave of absence on June 1, 2002, within 90 days
25 after the conclusion of the leave of absence. This election is
26 irrevocable, except as provided in paragraph (e). Upon making
27 such election, the employee shall be enrolled as a participant
28 of the Public Employee Optional Retirement Program, the
29 employee's membership in the Florida Retirement System shall
30 be governed by the provisions of this part, and the employee's
31 membership in the defined benefit program of the Florida

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1 Retirement System shall terminate. The employee's enrollment
2 in the Public Employee Optional Retirement Program shall be
3 effective the first day of the month for which a full month's
4 employer contribution is made to the optional program.

5 b. Any such employee who fails to elect to participate
6 in the Public Employee Optional Retirement Program within the
7 prescribed 90 days is deemed to have elected to retain
8 membership in the defined benefit program of the Florida
9 Retirement System and the employee's option to elect to
10 participate in the optional program is forfeited.

11 2. With respect to employees who become eligible to
12 participate in the Public Employee Optional Retirement Program
13 by reason of employment in a regularly established position
14 with a state employer commencing after June 1, 2002:

15 a. Any such employee shall, by default, be enrolled in
16 the defined benefit retirement program of the Florida
17 Retirement System at the commencement of employment, and may,
18 within 180 days after employment commences, elect to
19 participate in the Public Employee Optional Retirement
20 Program. The employee's election must be made in writing or by
21 electronic means and must be filed with the personnel officer
22 of the employer. The election to participate in the optional
23 program is irrevocable, except as provided in paragraph (e).

24 b. If the employee files such election before the
25 initial payroll is submitted for the employee, enrollment in
26 the Public Employee Optional Retirement Program shall be
27 effective on the first day of employment.

28 c. If the employee files such election within 180 days
29 after employment commences, but after the initial payroll is
30 submitted for the employee, enrollment in the optional program
31 shall be effective on the first day of the month for which a

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1 full month's employer contribution is made to the optional
2 program.

3 d. Any such employee who fails to elect to participate
4 in the Public Employee Optional Retirement Program within the
5 prescribed 180 days is deemed to have elected to retain
6 membership in the defined benefit program of the Florida
7 Retirement System and the employee's option to elect to
8 participate in the optional program is forfeited.

9 3. For purposes of this paragraph, "state employer"
10 means any agency, board, branch, commission, community
11 college, department, institution, institution of higher
12 education, or water management district of the state, which
13 participates in the Florida Retirement System for the benefit
14 of certain employees.

15 (b)1. With respect to an eligible employee who is
16 employed in a regularly established position on September 1,
17 2002, by a district school board employer:

18 a. Any such employee may elect to participate in the
19 Public Employee Optional Retirement Program in lieu of
20 retaining his or her membership in the defined benefit program
21 of the Florida Retirement System. The election must be made in
22 writing or by electronic means and must be filed with the
23 department and the personnel officer of the employer within 90
24 days after September 1, 2002, or, in the case of an active
25 employee who is on a leave of absence on September 1, 2002,
26 within 90 days after the conclusion of the leave of absence.

27 This election is irrevocable, except as provided in paragraph
28 (e). Upon making such election, the employee shall be enrolled
29 as a participant of the Public Employee Optional Retirement
30 Program, the employee's membership in the Florida Retirement
31 System shall be governed by the provisions of this part, and

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1 the employee's membership in the defined benefit program of
2 the Florida Retirement System shall terminate. The employee's
3 enrollment in the Public Employee Optional Retirement Program
4 shall be effective the first day of the month for which a full
5 month's employer contribution is made to the optional program.

6 b. Any such employee who fails to elect to participate
7 in the Public Employee Optional Retirement Program within the
8 prescribed 90 days is deemed to have elected to retain
9 membership in the defined benefit program of the Florida
10 Retirement System and the employee's option to elect to
11 participate in the optional program is forfeited.

12 2. With respect to employees who become eligible to
13 participate in the Public Employee Optional Retirement Program
14 by reason of employment in a regularly established position
15 with a district school board employer commencing after
16 September 1, 2002:

17 a. Any such employee shall, by default, be enrolled in
18 the defined benefit retirement program of the Florida
19 Retirement System at the commencement of employment, and may,
20 within 180 days after employment commences, elect to
21 participate in the Public Employee Optional Retirement
22 Program. The employee's election must be made in writing or by
23 electronic means and must be filed with the personnel officer
24 of the employer. The election to participate in the optional
25 program is irrevocable, except as provided in paragraph (e).

26 b. If the employee files such election before the
27 initial payroll is submitted for the employee, enrollment in
28 the Public Employee Optional Retirement Program shall be
29 effective on the first day of employment.

30 c. If the employee files such election within 180 days
31 after employment commences, but after the initial payroll is

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1 submitted for the employee, enrollment in the optional program
2 shall be effective on the first day of the month for which a
3 full month's employer contribution is made to the optional
4 program.

5 d. Any such employee who fails to elect to participate
6 in the Public Employee Optional Retirement Program within the
7 prescribed 180 days is deemed to have elected to retain
8 membership in the defined benefit program of the Florida
9 Retirement System and the employee's option to elect to
10 participate in the optional program is forfeited.

11 3. For purposes of this paragraph, "district school
12 board employer" means any district school board that
13 participates in the Florida Retirement System for the benefit
14 of certain employees, or a charter school or charter technical
15 career center that participates in the Florida Retirement
16 System as provided in s. 121.051(2)(d).

17 (c)1. With respect to an eligible employee who is
18 employed in a regularly established position on December 1,
19 2002, by a local employer:

20 a. Any such employee may elect to participate in the
21 Public Employee Optional Retirement Program in lieu of
22 retaining his or her membership in the defined benefit program
23 of the Florida Retirement System. The election must be made in
24 writing or by electronic means and must be filed with the
25 department and the personnel officer of the employer within 90
26 days after December 1, 2002, or, in the case of an active
27 employee who is on a leave of absence on December 1, 2002,
28 within 90 days after the conclusion of the leave of absence.
29 This election is irrevocable. Upon making such election, the
30 employee shall be enrolled as a participant of the Public
31 Employee Optional Retirement Program, the employee's

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1 membership in the Florida Retirement System shall be governed
2 by the provisions of this part, and the employee's membership
3 in the defined benefit program of the Florida Retirement
4 System shall terminate. The employee's enrollment in the
5 Public Employee Optional Retirement Program shall be effective
6 the first day of the month for which a full month's employer
7 contribution is made to the optional program.

8 b. Any such employee who fails to elect to participate
9 in the Public Employee Optional Retirement Program within the
10 prescribed 90 days is deemed to have elected to retain
11 membership in the defined benefit program of the Florida
12 Retirement System and the employee's option to elect to
13 participate in the optional program is forfeited.

14 2. With respect to employees who become eligible to
15 participate in the Public Employee Optional Retirement Program
16 by reason of employment in a regularly established position
17 with a local employer commencing after December 1, 2002:

18 a. Any such employee shall, by default, be enrolled in
19 the defined benefit retirement program of the Florida
20 Retirement System at the commencement of employment, and may,
21 within 180 days after employment commences, elect to
22 participate in the Public Employee Optional Retirement
23 Program. The employee's election must be made in writing or by
24 electronic means and must be filed with the personnel officer
25 of the employer. The election to participate in the optional
26 program is irrevocable, except as provided in paragraph (e).

27 b. If the employee files such election before the
28 initial payroll is submitted for the employee, enrollment in
29 the Public Employee Optional Retirement Program shall be
30 effective on the first day of employment.

31 c. If the employee files such election within 180 days

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1 after employment commences, but after the initial payroll is
2 submitted for the employee, enrollment in the optional program
3 shall be effective on the first day of the month for which a
4 full month's employer contribution is made to the optional
5 program.

6 d. Any such employee who fails to elect to participate
7 in the Public Employee Optional Retirement Program within the
8 prescribed 180 days is deemed to have elected to retain
9 membership in the defined benefit program of the Florida
10 Retirement System and the employee's option to elect to
11 participate in the optional program is forfeited.

12 3. For purposes of this paragraph, "local employer"
13 means any employer not included in paragraph (a) or paragraph
14 (b).

15 (d) Contributions available for self-direction by a
16 participant who has not selected one or more specific
17 investment products shall be allocated as prescribed by the
18 board. The third-party administrator shall notify any such
19 participant at least quarterly that the participant should
20 take an affirmative action to make an asset allocation among
21 the optional program products.

22 (e) After the period during which an eligible employee
23 had the choice to elect the defined benefit program or the
24 Public Employee Optional Retirement Program, the employee
25 shall have one opportunity, at the employee's discretion, to
26 choose to move from the defined benefit program to the Public
27 Employee Optional Retirement Program or from the Public
28 Employee Optional Retirement Program to the defined benefit
29 program. This paragraph shall be contingent upon approval from
30 the Internal Revenue Service for including the choice
31 described herein within the programs offered by the Florida

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1 Retirement System.

2 1. If the employee chooses to move to the Public
3 Employee Optional Retirement Program, the applicable
4 provisions of this section shall govern the transfer.

5 2. If the employee chooses to move to the defined
6 benefit program, the employee must transfer from his or her
7 Public Employee Optional Retirement Program account and from
8 other employee moneys as necessary, a sum representing all
9 contributions that would have been made to the defined benefit
10 plan for that employee and the actual return that would have
11 been earned on those contributions had they been invested in
12 the defined benefit program.

13 (5) CONTRIBUTIONS.--

14 (a) Each employer shall contribute on behalf of each
15 participant in the Public Employee Optional Retirement Program
16 an amount based on a percentage of the employee's monthly
17 compensation as set forth in s. 121.571. The state board,
18 acting as plan fiduciary, shall ensure that all plan assets
19 are held in a trust, pursuant to s. 401 of the Internal
20 Revenue Code. The employer shall forward all contributions
21 under this program to the third-party administrator. The
22 fiduciary shall ensure that said contributions are allocated
23 as follows:

24 1. The portion earmarked for participant accounts
25 shall be used to purchase interests in the appropriate
26 investment vehicles for the accounts of each participant as
27 specified by the participant, or in accordance with paragraph

28 (4)(d).

29 2. The portion earmarked for administrative and
30 educational expenses shall be transferred to the board.

31 3. The portion earmarked for disability benefits shall

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1 be transferred to the department.

2 (b) Employers are responsible for notifying
3 participants regarding maximum contribution levels permitted
4 under the Internal Revenue Code. If a participant contributes
5 to any other tax-deferred plan, he or she is responsible for
6 ensuring that total contributions made to the optional program
7 and to any other such plan do not exceed federally permitted
8 maximums.

9 (6) VESTING REQUIREMENTS.--

10 (a)1. With respect to employer contributions paid on
11 behalf of the participant to the Public Employee Optional
12 Retirement Program, plus interest and earnings thereon and
13 less investment fees and administrative charges, a participant
14 shall be vested after completing 1 work year, as defined in s.
15 121.021(54) with an employer, including any service while the
16 participant was a member of the defined benefit retirement
17 program or an optional retirement program authorized under s.
18 121.051(2)(c) or s. 121.055(6).

19 2. If the participant terminates employment prior to
20 satisfying the vesting requirements, the nonvested
21 accumulation shall be transferred from the participant's
22 accounts to the state board for deposit in the suspense
23 account of the Public Employee Optional Retirement Program
24 Trust Fund of the board. If the terminated participant is
25 reemployed as an eligible employee within 5 years, the state
26 board shall transfer to the participant's account any amount
27 of the moneys previously transferred from the participant's
28 accounts to the Public Employee Optional Retirement Program
29 Trust Fund, plus interest calculated at 3.0 percent per annum,
30 calculated from the date of transfer to the date of
31 reemployment.

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1 (b)1. A participant shall be vested in the amount
2 transferred from the defined benefit program, plus interest
3 and earnings thereon and less administrative charges and
4 investment fees, upon meeting the service requirements for the
5 participant's membership class as set forth in s. 121.021(29).
6 The third-party administrator shall account for such amounts
7 for each participant. The division shall notify the
8 participant and the third-party administrator when the
9 participant has satisfied the vesting period for Florida
10 Retirement System purposes.

11 2. If the participant terminates employment prior to
12 satisfying the vesting requirements, the nonvested
13 accumulation shall be transferred from the participant's
14 accounts to the state board for deposit in the suspense
15 account of the Public Employee Optional Retirement Program
16 Trust Fund of the board. If the terminated participant is
17 reemployed as an eligible employee within 5 years, the state
18 board shall transfer to the participant's account any amount
19 of the moneys previously transferred from the participant's
20 accounts to the Public Employee Optional Retirement Program
21 Trust Fund, plus interest calculated at 6.0 percent per annum,
22 calculated from the date of transfer to the date of
23 reemployment.

24 (c) Any nonvested accumulations transferred from a
25 participant's account to the suspense account shall be
26 forfeited by the participant if the participant is not
27 reemployed as an eligible employee within 5 years after
28 termination.

29 (7) BENEFITS.--Under the Public Employee Optional
30 Retirement Program:

31 (a) Benefits shall be provided in accordance with s.

1 401(a) of the Internal Revenue Code.

2 (b) Benefits shall accrue in individual accounts that
3 are participant-directed, portable, and funded by employer
4 contributions and earnings thereon.

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

7 1. To the extent vested, benefits shall be payable
8 only to a participant, or to his or her beneficiaries as
9 designated by the participant.

10 2. Benefits shall be paid by the third-party
11 administrator or designated approved providers in accordance
12 with the law, the contracts, and any applicable board rule or
13 policy.

14 3. To begin receiving the benefits, the participant
15 must be terminated from all employment with all Florida
16 Retirement System employers, as provided in s. 121.021(39), or
17 the participant must be deceased. If a participant elects to
18 receive his or her benefits upon termination of employment,
19 the participant must submit a written application to the
20 third-party administrator indicating his or her preferred
21 distribution date and selecting an authorized method of
22 distribution as provided in paragraph (d). The participant may
23 defer receipt of benefits until he or she chooses to make such
24 application, subject to federal requirements.

25 4. In the event of a participant's death, moneys
26 accumulated by, or on behalf of, the participant, less
27 withholding taxes remitted to the Internal Revenue Service,
28 shall be distributed to the participant's designated
29 beneficiary or beneficiaries, or to the participant's estate,
30 as if the participant retired on the date of death, as
31 provided in paragraph (e). No other death benefits shall be

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1 available for survivors of participants under the Public
2 Employee Optional Retirement Program, except for such
3 benefits, or coverage for such benefits, as are separately
4 afforded by the employer, at the employer's discretion.

5 (d) Upon receipt by the third-party administrator of a
6 properly executed application for distribution of benefits,
7 the total accumulated benefit shall be payable to the
8 participant, as:

- 9 1. A lump-sum distribution to the participant;
- 10 2. A lump-sum direct rollover distribution whereby all
11 accrued benefits, plus interest and investment earnings, are
12 paid from the participant's account directly to the custodian
13 of an eligible retirement plan, as defined in s. 402(c)(8)(B)
14 of the Internal Revenue Code, on behalf of the participant; or
- 15 3. Periodic distributions, as authorized by the state
16 board.

17 (e) Survivor benefits shall be payable as:

- 18 1. A lump-sum distribution payable to the
19 beneficiaries, or to the deceased participant's estate;
- 20 2. An eligible rollover distribution on behalf of the
21 surviving spouse of a deceased participant, whereby all
22 accrued benefits, plus interest and investment earnings, are
23 paid from the deceased participant's account directly to the
24 custodian of an individual retirement account or an individual
25 retirement annuity, as described in s. 402(c)(9) of the
26 Internal Revenue Code, on behalf of the surviving spouse; or
- 27 3. A partial lump-sum payment whereby a portion of the
28 accrued benefit is paid to the deceased participant's
29 surviving spouse or other designated beneficiaries, less
30 withholding taxes remitted to the Internal Revenue Service,
31 and the remaining amount is transferred directly to the

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1 custodian of an individual retirement account or an individual
2 retirement annuity, as described in s. 402(c)(9) of the
3 Internal Revenue Code, on behalf of the surviving spouse. The
4 proportions must be specified by the participant or the
5 surviving beneficiary.

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

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

17 (8) ADMINISTRATION OF PROGRAM.--

18 (a) The Public Employee Optional Retirement Program
19 shall be administered by the state board and affected
20 employers. The board shall adopt rules establishing the role
21 and responsibilities of affected state, local government, and
22 education-related employers, the state board, the department,
23 and third-party contractors in administering the Public
24 Employee Optional Retirement Program. The department shall
25 adopt rules necessary to implement the optional program in
26 coordination with the defined benefit retirement program and
27 the disability benefits available under the optional program.

28 (b)1. The state board shall select and contract with
29 one third-party administrator to provide administrative
30 services. With the approval of the state board, the
31 third-party administrator may subcontract with other

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1 organizations or individuals to provide components of the
2 administrative services. As a cost of administration, the
3 board may compensate any such contractor for its services, in
4 accordance with the terms of the contract, as is deemed
5 necessary or proper by the board. The third-party
6 administrator may not be an approved provider or be affiliated
7 with an approved provider.

8 2. Administrative services include, but are not
9 limited to, services relating to consolidated billing;
10 individual and collective recordkeeping and accounting; asset
11 purchase, control, and safekeeping; and direct disbursement of
12 funds to and from the third-party administrator, the division,
13 the board, employers, participants, approved providers, and
14 beneficiaries.

15 3. The state board shall select and contract with one
16 or more organizations to provide educational services. With
17 approval of the board, the organizations may subcontract with
18 other organizations or individuals to provide components of
19 the educational services. As a cost of administration, the
20 board may compensate any such contractor for its services in
21 accordance with the terms of the contract, as is deemed
22 necessary or proper by the board. The education organization
23 may not be an approved provider or be affiliated with an
24 approved provider.

25 4. Educational services shall be designed by the board
26 and department to assist employers, eligible employees,
27 participants, and beneficiaries in order to maintain
28 compliance with United States Department of Labor regulations
29 under section 404(c) of the Employee Retirement Income
30 Security Act of 1974 and to assist employees in their choice
31 of defined benefit or defined contribution retirement

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1 alternatives. Educational services include, but are not
2 limited to, disseminating educational materials; providing
3 retirement planning education; explaining the differences
4 between the defined benefit retirement plan and the defined
5 contribution retirement plan; and offering financial planning
6 guidance on matters such as investment diversification,
7 investment risks, investment costs, and asset allocation. An
8 approved provider may also provide educational information,
9 including retirement planning and investment allocation
10 information concerning its products and services.

11 (c)1. In evaluating and selecting a third-party
12 administrator, the board shall establish criteria under which
13 it shall consider the relative capabilities and qualifications
14 of each proposed administrator. In developing such criteria,
15 the board shall consider:

16 a. The administrator's demonstrated experience in
17 providing administrative services to public or private sector
18 retirement systems.

19 b. The administrator's demonstrated experience in
20 providing daily valued recordkeeping to defined contribution
21 plans.

22 c. The administrator's ability and willingness to
23 coordinate its activities with the Florida Retirement System
24 employers, the board, and the division, and to supply to such
25 employers, the board, and the division the information and
26 data they require, including, but not limited to, monthly
27 management reports, quarterly participant reports, and ad hoc
28 reports requested by the department or board.

29 d. The cost-effectiveness and levels of the
30 administrative services provided.

31 e. The administrator's ability to interact with the

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1 participants, the employers, the board, the division, and the
2 providers; the means by which participants may access account
3 information, direct investment of contributions, make changes
4 to their accounts, transfer moneys between available
5 investment vehicles, and transfer moneys between investment
6 products; and any fees that apply to such activities.

7 f. Any other factor deemed necessary by the Trustees
8 of the State Board of Administration.

9 g. The recommendations of the Public Employee Optional
10 Retirement Program Advisory Committee established in
11 subsection (12).

12 2. In evaluating and selecting an educational
13 provider, the board shall establish criteria under which it
14 shall consider the relative capabilities and qualifications of
15 each proposed educational provider. In developing such
16 criteria, the board shall consider:

17 a. Demonstrated experience in providing educational
18 services to public or private sector retirement systems.

19 b. Ability and willingness to coordinate its
20 activities with the Florida Retirement System employers, the
21 board, and the division, and to supply to such employers, the
22 board, and the division the information and data they require,
23 including, but not limited to, reports on educational
24 contacts.

25 c. The cost-effectiveness and levels of the
26 educational services provided.

27 d. Ability to provide educational services via
28 different media, including, but not limited to, the Internet,
29 personal contact, seminars, brochures, and newsletters.

30 e. Any other factor deemed necessary by the Trustees
31 of the State Board of Administration.

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1 f. The recommendations of the Public Employee Optional
2 Retirement Program Advisory Committee established in
3 subsection (12).

4 3. The establishment of the criteria shall be solely
5 within the discretion of the board.

6 (d) The board shall develop the form and content of
7 any contracts to be offered under the Public Employee Optional
8 Retirement Program. In developing its contracts, the board
9 must consider:

10 1. The nature and extent of the rights and benefits to
11 be afforded in relation to the required contributions under
12 the program.

13 2. The suitability of the rights and benefits to be
14 afforded and the interests of employers in the recruitment and
15 retention of eligible employees.

16 (e)1. The board may contract with any consultant for
17 professional services, including legal, consulting,
18 accounting, and actuarial services, deemed necessary to
19 implement and administer the optional program by the Trustees
20 of the State Board of Administration. The board may enter into
21 a contract with one or more vendors to provide low-cost
22 investment advice to participants, supplemental to education
23 provided by the third-party administrator. All fees under any
24 such contract shall be paid by those participants who choose
25 to use the services of the vendor.

26 2. The department may contract with consultants for
27 professional services, including legal, consulting,
28 accounting, and actuarial services, deemed necessary to
29 implement and administer the optional program in coordination
30 with the defined benefit program of the Florida Retirement
31 System. The department, in coordination with the board, may

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1 enter into a contract with the third-party administrator in
2 order to coordinate services common to the various programs
3 within the Florida Retirement System.

4 (f) The third-party administrator shall not receive
5 direct or indirect compensation from an approved provider,
6 except as specifically provided for in the contract with the
7 board.

8 (g) The board shall resolve any conflict between the
9 third-party administrator and an approved provider when such
10 conflict threatens the implementation or administration of the
11 program or the quality of services to employees and may
12 resolve any other conflicts.

13 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE
14 REVIEW.--

15 (a) The board shall develop policy and procedures for
16 selecting, evaluating, and monitoring the performance of
17 approved providers and investment products to which employees
18 may direct retirement contributions under the program. In
19 accordance with such policy and procedures, the board shall
20 designate and contract for a number of investment products as
21 determined by the board. The board shall select one or more
22 providers who offer multiple investment products when such an
23 approach is determined by the board to afford value to the
24 participants otherwise not available through individual
25 investment products. The board shall review and manage all
26 educational materials, contract terms, fee schedules, and
27 other aspects of the approved provider relationships to ensure
28 that no provider is unduly favored or penalized by virtue of
29 its status within the plan.

30 (b) The board shall consider investment options or
31 products it considers appropriate to give participants the

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- 1 opportunity to accumulate retirement benefits, subject to the
2 following:
- 3 1. The Public Employee Optional Retirement Program
4 must offer a diversified mix of low-cost investment products
5 that span the risk-return spectrum.
- 6 2. Investment options or products offered by the group
7 of approved providers may include mutual funds, group annuity
8 contracts, individual retirement annuities, interests in
9 trusts, collective trusts, separate accounts, and other such
10 financial instruments.
- 11 3. The board shall not contract with any provider that
12 imposes a front-end, back-end, contingent, or deferred sales
13 charge, or any other fee that limits or restricts the ability
14 of participants to select any investment product available in
15 the optional program.
- 16 (c) In evaluating and selecting approved providers and
17 products, the board shall establish criteria under which it
18 shall consider the relative capabilities and qualifications of
19 each proposed provider company and product. In developing such
20 criteria, the board shall consider the following to the extent
21 such factors may be applied in connection with investment
22 products, services, or providers:
- 23 1. Experience in the United States providing
24 retirement products and related financial services under
25 defined contribution retirement plans.
- 26 2. Financial strength and stability which shall be
27 evidenced by the highest ratings assigned by nationally
28 recognized rating services when comparing proposed providers
29 that are so rated.
- 30 3. Intrastate and interstate portability of the
31 product offered, including early withdrawal options.

1 4. Compliance with the Internal Revenue Code.

2 5. The cost-effectiveness of the product provided and
3 the levels of service supporting the product relative to its
4 benefits and its characteristics, including, without
5 limitation, the level of risk borne by the provider.

6 6. The provider company's ability and willingness to
7 coordinate its activities with Florida Retirement System
8 employers, the department, and the board, and to supply to
9 such employers, the department, and the board the information
10 and data they require.

11 7. The methods available to participants to interact
12 with the provider company; the means by which participants may
13 access account information, direct investment of
14 contributions, make changes to their accounts, transfer moneys
15 between available investment vehicles, and transfer moneys
16 between provider companies; and any fees that apply to such
17 activities.

18 8. The provider company's policies with respect to the
19 transfer of individual account balances, contributions, and
20 earnings thereon, both internally among investment products
21 offered by the provider company and externally between
22 approved providers, as well as any fees, charges, reductions,
23 or penalties that may be applied.

24 9. An evaluation of specific investment products,
25 taking into account each product's experience in meeting its
26 investment return objectives net of all related fees,
27 expenses, and charges, including, but not limited to,
28 investment management fees, loads, distribution and marketing
29 fees, custody fees, recordkeeping fees, education fees,
30 annuity expenses, and consulting fees.

31 10. Organizational factors, including, but not limited

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1 to, financial solvency, organizational depth, and experience
2 in providing institutional and retail investment services.

3 (d) As a condition of offering any investment option
4 or product in the optional retirement program, the approved
5 provider must agree to make the investment product or service
6 available under the most beneficial terms offered to any other
7 customer, subject to approval by the Trustees of the State
8 Board of Administration.

9 (e) The board shall regularly review the performance
10 of each approved provider and product and related
11 organizational factors to ensure continued compliance with
12 established selection criteria and with board policy and
13 procedures. Providers and products may be terminated subject
14 to contract provisions. The board shall adopt procedures to
15 transfer account balances from terminated products or
16 providers to other products or providers in the optional
17 program.

18 (10) EDUCATION COMPONENT.--

19 (a) The board, in coordination with the department,
20 shall provide for an education component for system members in
21 a manner consistent with the provisions of this section. The
22 education component must be available to eligible employees at
23 least 90 days prior to the beginning date of the election
24 period for the employees of the respective types of employers.

25 (b) The education component must provide system
26 members with impartial and balanced information about plan
27 choices. The education component must involve multimedia
28 formats. Program comparisons must, to the greatest extent
29 possible, be based upon the retirement income that different
30 retirement programs may provide to the participant. The board
31 shall monitor the performance of the contract to ensure that

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1 the program is conducted in accordance with the contract,
2 applicable law, and the rules of the board.

3 (c) The board, in coordination with the department,
4 shall provide for an initial and ongoing transfer education
5 component to provide system members with information necessary
6 to make informed plan choice decisions. The transfer education
7 component must include, but is not limited to, information on:

8 1. The amount of money available to a member to
9 transfer to the defined contribution program.

10 2. The features of and differences between the defined
11 benefit program and the defined contribution program, both
12 generally and specifically, as those differences may affect
13 the member.

14 3. The expected benefit available if the member were
15 to retire under each of the retirement programs, based on
16 appropriate alternative sets of assumptions.

17 4. The rate of return from investments in the defined
18 contribution program and the period of time over which such
19 rate of return must be achieved to equal or exceed the
20 expected monthly benefit payable to the member under the
21 defined benefit program.

22 5. The historical rates of return for the investment
23 alternatives available in the defined contribution programs.

24 6. The benefits and historical rates of return on
25 investments available in a typical deferred compensation plan
26 or a typical plan under s. 403(b) of the Internal Revenue Code
27 for which the employee may be eligible.

28 7. The program choices available to employees of the
29 State University System and the comparative benefits of each
30 available program, if applicable.

31 8. Payout options available in each of the retirement

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1 programs.

2 (d) An ongoing education and communication component
3 must provide system members with information necessary to make
4 informed decisions about choices within their program of
5 membership and in preparation for retirement. The component
6 must include, but is not limited to, information concerning:

7 1. Rights and conditions of membership.

8 2. Benefit features within the program, options, and
9 effects of certain decisions.

10 3. Coordination of contributions and benefits with a
11 deferred compensation plan under s. 457 or a plan under s.
12 403(b) of the Internal Revenue Code.

13 4. Significant program changes.

14 5. Contribution rates and program funding status.

15 6. Planning for retirement.

16 (e) Descriptive materials must be prepared under the
17 assumption that the employee is an unsophisticated investor,
18 and all materials used in the education component must be
19 approved by the state board prior to dissemination.

20 (f) The board and the department shall also establish
21 a communication component to provide program information to
22 participating employers and the employers' personnel and
23 payroll officers and to explain their respective
24 responsibilities in conjunction with the retirement programs.

25 (g) Funding for education of new employees may reflect
26 administrative costs to the optional program and the defined
27 benefit program.

28 (11) PARTICIPANT INFORMATION REQUIREMENTS.--The board
29 shall ensure that each participant is provided a quarterly
30 statement that accounts for the contributions made on behalf
31 of such participant; the interest and investment earnings

1 thereon; and any fees, penalties, or other deductions that
2 apply thereto. At a minimum, such statements must:
3 (a) Indicate the participant's investment options.
4 (b) State the market value of the account at the close
5 of the current quarter and previous quarter.
6 (c) Show account gains and losses for the period and
7 changes in account accumulation unit values for the period.
8 (d) Itemize account contributions for the quarter.
9 (e) Indicate any account changes due to adjustment of
10 contribution levels, reallocation of contributions, balance
11 transfers, or withdrawals.
12 (f) Set forth any fees, charges, penalties, and
13 deductions that apply to the account.
14 (g) Indicate the amount of the account in which the
15 participant is fully vested and the amount of the account in
16 which the participant is not vested.
17 (h) Indicate each investment product's performance
18 relative to an appropriate market benchmark.
19
20 The third-party administrator shall provide quarterly and
21 annual summary reports to the board and any other reports
22 requested by the department or the board. In any solicitation
23 or offer of coverage under an optional retirement program, a
24 provider company shall be governed by the contract readability
25 provisions of s. 627.4145, notwithstanding s. 627.4145(6)(c).
26 In addition, all descriptive materials must be prepared under
27 the assumption that the participant is an unsophisticated
28 investor. Provider companies must maintain an internal system
29 of quality assurance, have proven functional systems that are
30 date-calculation compliant, and be subject to a due-diligence
31 inquiry that proves their capacity and fitness to undertake

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1 service responsibilities.

2 (12) ADVISORY COMMITTEES TO PROVIDE ADVICE AND
3 ASSISTANCE.--The Investment Advisory Council and the Public
4 Employee Optional Retirement Program Advisory Committee shall
5 assist the board in implementing and administering the Public
6 Employee Optional Retirement Program.

7 (a) The Investment Advisory Council, created pursuant
8 to s. 215.444, shall review the board's initial
9 recommendations regarding the criteria to be used in selecting
10 and evaluating approved providers and investment products. The
11 council may provide comments on the recommendations to the
12 board within 45 days after receiving the initial
13 recommendations. The board shall make the final determination
14 as to whether any investment provider or product, any
15 contractor, or any and all contract provisions shall be
16 approved for the program.

17 (b)1. The Public Employee Optional Retirement Program
18 Advisory Committee shall be composed of seven members. The
19 President of the Senate shall appoint two members, the Speaker
20 of the House of Representatives shall appoint two members, the
21 Governor shall appoint one member, the Treasurer shall appoint
22 one member, and the Comptroller shall appoint one member. The
23 members of the advisory committee shall elect a member as
24 chair. The appointments shall be made by September 1, 2000,
25 and the committee shall meet to organize by October 1, 2000.
26 The initial appointments shall be for a term of 24 months.
27 Each appointing authority shall fill any vacancy occurring
28 among its appointees for the remainder of the original term.

29 2. The advisory committee shall make recommendations
30 on the selection of the third-party administrator, the
31 education providers, and the investment products and

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1 providers. The committee's recommendations on the third-party
2 administrator must be forwarded to the Trustees of the State
3 Board of Administration by January 1, 2001. The
4 recommendations on the education providers must be forwarded
5 to the trustees by April 1, 2001.

6 3. The advisory committee's recommendations and
7 activities shall be guided by the best interests of the
8 employees, considering the interests of employers, and the
9 intent of the Legislature in establishing the Public Employee
10 Optional Retirement Program.

11 4. The staff of the state board and the department
12 shall assist the advisory committee.

13 (13) FEDERAL REQUIREMENTS.--

14 (a) Provisions of this section shall be construed, and
15 the Public Employee Optional Retirement Program shall be
16 administered, so as to comply with the Internal Revenue Code,
17 26 U.S.C., and specifically with plan qualification
18 requirements imposed on governmental plans under s. 401(a) of
19 the Internal Revenue Code.

20 (b) Any section or provision of this chapter which is
21 susceptible to more than one construction must be interpreted
22 in favor of the construction most likely to satisfy
23 requirements imposed by s. 401(a) of the Internal Revenue
24 Code.

25 (c) Contributions payable under this section for any
26 limitation year may not exceed the maximum amount allowable
27 for qualified defined contribution pension plans under
28 applicable provisions of the Internal Revenue Code. If an
29 employee who has elected to participate in the Public Employee
30 Optional Retirement Program participates in any other plan
31 that is maintained by the participating employer, benefits

1 that accrue under the Public Employee Optional Retirement
2 Program shall be considered primary for any aggregate
3 limitation applicable under s. 415 of the Internal Revenue
4 Code.

5 (14) INVESTMENT POLICY STATEMENT.--

6 (a) Investment products and approved providers
7 selected for the Public Employee Optional Retirement Program
8 shall conform with the Public Employee Optional Retirement
9 Program Investment Policy Statement, herein referred to as the
10 "statement," as developed and approved by the Trustees of the
11 State Board of Administration. The statement must include,
12 among other items, the investment objectives of the Public
13 Employee Optional Retirement Program, manager selection and
14 monitoring guidelines, and performance measurement criteria.
15 As required from time to time, the executive director of the
16 state board may present recommended changes in the statement
17 to the board for approval.

18 (b) Prior to presenting the statement, or any
19 recommended changes thereto, to the state board, the executive
20 director of the board shall present such statement or changes
21 to the Investment Advisory Council for review. The council
22 shall present the results of its review to the board prior to
23 the board's final approval of the statement or changes in the
24 statement.

25 (15) STATEMENT OF FIDUCIARY STANDARDS AND
26 RESPONSIBILITIES.--

27 (a) Investment of optional defined contribution
28 retirement plan assets shall be made for the sole interest and
29 exclusive purpose of providing benefits to plan participants
30 and beneficiaries and defraying reasonable expenses of
31 administering the plan. The program's assets are to be

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1 invested, on behalf of the program participants, with the
2 care, skill, and diligence that a prudent person acting in a
3 like manner would undertake. The performance of the investment
4 duties set forth in this paragraph shall comply with the
5 fiduciary standards set forth in the Employee Retirement
6 Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C).
7 In case of conflict with other provisions of law authorizing
8 investments, the investment and fiduciary standards set forth
9 in this subsection shall prevail.

10 (b) If a participant or beneficiary of the Public
11 Employee Optional Retirement Program exercises control over
12 the assets in his or her account, as determined by reference
13 to regulations of the United States Department of Labor under
14 section 404(c) of the Employee Retirement Income Security Act
15 of 1974 and all applicable laws governing the operation of the
16 program, no program fiduciary shall be liable for any loss to
17 a participant's or beneficiary's account which results from
18 such participant's or beneficiary's exercise of control.

19 (16) DISABILITY BENEFITS.--For any participant of the
20 optional retirement program who becomes totally and
21 permanently disabled, as defined in s. 121.091(4)(b), the
22 participant shall be entitled to receive those moneys that
23 have accrued in his or her participant account. It is the
24 intent of the Legislature to design a disability benefit for
25 participants of the optional program similar to those
26 disability benefits afforded defined benefit program members.
27 The department is directed to study the potential options of
28 such coverage, including self-insurance and commercial
29 coverage, the alternative methods of administering such
30 benefits, and the fiscal impacts on the employees and
31 employers, and to make recommendations to the Legislature by

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1 January 15, 2001.

2 (17) SOCIAL SECURITY COVERAGE.--Social security
3 coverage shall be provided for all officers and employees who
4 become participants of the optional program. Any modification
5 of the present agreement with the Social Security
6 Administration, or referendum required under the Social
7 Security Act, for the purpose of providing social security
8 coverage for any member shall be requested by the state agency
9 in compliance with the applicable provisions of the Social
10 Security Act governing such coverage. However, retroactive
11 social security coverage for service prior to December 1,
12 1970, with the employer shall not be provided for any member
13 who was not covered under the agreement as of November 30,
14 1970.

15 (18) RETIREE HEALTH INSURANCE SUBSIDY.--All officers
16 and employees who are participants of the optional program
17 shall be eligible to receive the retiree health insurance
18 subsidy, subject to the provisions of s. 112.363.

19 121.571 Contributions.--Contributions to the Public
20 Employee Optional Retirement Program shall be made as follows:

21 (1) CONTRIBUTION RATES GENERALLY.--The contributions
22 established in this section shall fund the Public Employee
23 Optional Retirement Program and shall be paid by each
24 participant's employer to the third-party administrator based
25 on the class membership of the participant. The contributions
26 are stated as a percentage of each participant's gross
27 compensation for the calendar month. A change in a
28 contribution rate is effective the first day of the month for
29 which a full month's employer contribution is made on or after
30 the beginning date of the change. Contribution rates may be
31 modified by general law.

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1 (2) CONTRIBUTIONS TO PARTICIPANT ACCOUNTS.--Employer
2 and participant contributions to participant accounts shall be
3 accounted for separately. Interest and investment earnings on
4 employer contributions shall accrue on a tax-deferred basis
5 until proceeds are distributed. Pursuant thereto:

6 (a) All contributions made on behalf of a participant
7 pursuant to this subsection shall be transferred by the
8 employer to the third-party administrator for deposit in the
9 participant's account.

10 (b) Retirement contributions for Regular Class members
11 of the optional retirement plan are as follows:

12 Dates of Contribution Employers
13 Rate Changes
14 Effective July 1, 2002: 9.0%

15 (c) Retirement contributions for Special Risk Class
16 members of the optional retirement plan are as follows:

17 Dates of Contribution Employers
18 Rate Changes
19 Effective July 1, 2002: 20.0%

20 (d) Retirement contributions for Special Risk
21 Administrative Support Class members of the optional
22 retirement plan are as follows:

23 Dates of Contribution Employers
24 Rate Changes
25 Effective July 1, 2002: 11.35%

26 (e) Retirement contributions for Elected Officers'
27 Class members of the optional retirement plan are as follows:

28 Dates of Contribution Employers
29 Rate Changes
30 Effective July 1, 2002:
31 Legislators 13.40%

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1	<u>Governor, Lt. Governor,</u>	
2	<u>Cabinet Officers</u>	<u>13.40%</u>
3	<u>State Attorneys, Public</u>	
4	<u>Defenders</u>	<u>13.40%</u>
5	<u>Justices, Judges</u>	<u>18.90%</u>
6	<u>County Elected Officers</u>	<u>16.20%</u>

7 (f) Retirement contributions for Senior Management
 8 Service Class members of the optional retirement plan are as
 9 follows:

10	<u>Dates of Contribution</u>	<u>Employers</u>
11	<u>Rate Changes</u>	
12	<u>Effective July 1, 2002:</u>	<u>10.95%</u>

13 (3) CONTRIBUTIONS TO DISABILITY ACCOUNT.--

14 (a) All contributions made on behalf of a participant
 15 pursuant to this subsection shall be transferred by the
 16 employer to the third-party administrator for deposit in the
 17 Public Employee Disability Trust Fund administered by the
 18 Division of Retirement. Such contributions, less any fees or
 19 charges authorized by the Legislature to offset the costs of
 20 administering the disability component of the optional
 21 retirement program, shall be used to provide disability
 22 coverage for participants in the optional retirement program.

23 (b) Disability contributions for Regular Class members
 24 of the optional retirement plan are as follows:

25	<u>Dates of Contribution</u>	<u>Employers</u>
26	<u>Rate Changes</u>	
27	<u>Effective July 1, 2002:</u>	<u>0.39%</u>

28 (c) Disability contributions for Special Risk Class
 29 members of the optional retirement plan are as follows:

30	<u>Dates of Contribution</u>	<u>Employers</u>
31	<u>Rate Changes</u>	

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1 CONTRIBUTIONS.--Effective June 1, 2002, the contribution rate
2 for each employer shall be 0.1 percent on behalf of each
3 participant to fund the administrative and educational
4 expenses of the optional program. All contributions made on
5 behalf of a participant pursuant to this subsection shall be
6 transferred to the third-party administrator for deposit in
7 the board's administrative fund.

8 (6) DEDUCTIONS.--The board or the third-party
9 administrator may deduct reasonable fees and apply appropriate
10 charges to participant accounts. Payments for third-party
11 administrative or educational expenses shall be made only
12 pursuant to the terms of the approved contracts for such
13 services. In no event shall administrative and educational
14 expenses exceed the portion of employer contributions
15 earmarked for such expenses pursuant to this section, except
16 for reasonable administrative charges assessed against
17 participant accounts of persons for whom no employer
18 contributions are made during the year. Investment management
19 fees shall be deducted from the gross returns earned by each
20 authorized investment product or approved provider, pursuant
21 to the terms of the contract between the provider and the
22 board.

23 (7) PAYMENT AND DISTRIBUTION OF
24 CONTRIBUTIONS.--Contributions made pursuant to this section
25 shall be paid by the employer to the third-party administrator
26 by electronic funds transfer no later than the 5th day of the
27 month immediately following the month during which the payroll
28 period ended. The board and the third-party administrator
29 shall ensure that the contributions are distributed to the
30 appropriate trust funds or participant accounts in a timely
31 manner.

1 Section 4. Effective July 1, 2001, subsections (29)
2 and (45) of section 121.021, Florida Statutes, are amended to
3 read:

4 121.021 Definitions.--The following words and phrases
5 as used in this chapter have the respective meanings set forth
6 unless a different meaning is plainly required by the context:

7 (29) "Normal retirement date" means the first day of
8 any month following the date a member attains one of the
9 following statuses:

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

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

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

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

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

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

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

27 (c) If a Senior Management Service Class member, the
28 member:

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

31 2. Completes 30 years of any creditable service,

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

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

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

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

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

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

24 (b) Effective July 1, 2001, a 6-year vesting
25 requirement shall be implemented for the defined benefit
26 program of the Florida Retirement System. Pursuant thereto:

27 1. Any member employed in a regularly established
28 position on July 1, 2001, who completes or has completed a
29 total of 6 years of creditable service shall be considered
30 vested as described in paragraph (a).

31 2. Any member not employed in a regularly established

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1 position on July 1, 2001, shall be deemed vested upon
2 completion of 6 years of creditable service, provided that
3 such member is employed in a covered position for at least 1
4 work year after July 1, 2001. However, no member shall be
5 required to complete more years of creditable service than
6 would have been required for that member to vest under
7 retirement laws in effect before July 1, 2001.

8 Section 5. Paragraph (a) of subsection (2) of section
9 121.051, Florida Statutes, is amended to read:

10 121.051 Participation in the system.--

11 (2) OPTIONAL PARTICIPATION.--

12 (a)1. Any officer or employee who is a member of an
13 existing system, except any officer or employee of any
14 nonprofit professional association or corporation, may elect,
15 if eligible, to become a member of this system at any time
16 between April 15, 1971, and June 1, 1971, inclusive, by
17 notifying his or her employer in writing of the desire to
18 transfer membership from the existing system to this system.
19 Any officer or employee who was a member of an existing system
20 on December 1, 1970, and who did not elect to become a member
21 of this system shall continue to be covered under the existing
22 system subject to the provisions of s. 121.045. A person who
23 has retired under any state retirement system shall not be
24 eligible to transfer to the Florida Retirement System created
25 by this chapter subsequent to such retirement. Any officer or
26 employee who, prior to July 1, 1947, filed a written rejection
27 of membership in a state retirement system and who continues
28 employment without participating in the Florida Retirement
29 System may withdraw the rejection in writing and, if otherwise
30 eligible, participate in the Florida Retirement System and
31 purchase prior service in accordance with this chapter. Any

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1 former member of an existing system who was permitted to
2 transfer to the Florida Retirement System while employed by
3 the University Athletic Association, Inc., a nonprofit
4 association connected with the University of Florida, during
5 this or subsequent transfer periods, contrary to the
6 provisions of this paragraph, is hereby confirmed as a member
7 of the Florida Retirement System, the provisions of this
8 paragraph to the contrary notwithstanding. Any officer or
9 employee of the University Athletic Association, Inc.,
10 employed prior to July 1, 1979, who was a member of the
11 Florida Retirement System and who chose in writing on a
12 University Athletic Association Plan Participation Election
13 form, between July 1, 1979, and March 31, 1980, inclusively,
14 to terminate his or her participation in the Florida
15 Retirement System shall hereby have such termination of
16 participation confirmed and declared irrevocable retroactive
17 to the date Florida Retirement System retirement contributions
18 ceased to be reported for such officer or employee. The
19 following specific conditions shall apply to any such officer
20 or employee whose participation was so terminated: The officer
21 or employee shall retain all creditable service earned in the
22 Florida Retirement System through the month that retirement
23 contributions ceased to be reported and no creditable service
24 shall be earned after such month; the officer or employee
25 shall not be eligible for disability retirement or death in
26 line of duty benefits if such occurred after the date that
27 participation terminated; and, the officer or employee may
28 participate in the Florida Retirement System in the future
29 only if employed by a participating employer in a regularly
30 established position.

31 2. Any member transferring from the existing system

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1 under chapter 238 shall retain rights to survivor benefits
2 under that chapter through November 30, 1975, or until fully
3 insured for disability benefits under social security,
4 whichever is the earliest date, and thereafter no such rights
5 shall exist.

6 3. Any officer or employee who is a member of an
7 existing system on April 15, 1972, and who was eligible to
8 transfer to this system under the provisions of subparagraph
9 1., but who elected to remain in the existing system, may
10 elect, if eligible under the Social Security Act, 42 U.S.C. s.
11 418(d)(6)(F), to become a member of this system at any time
12 between April 15, 1972, and June 30, 1972, inclusive, by
13 notifying his or her employer in writing of the desire to
14 transfer membership from an existing system to this system.
15 Such transfer shall be subject to the following conditions:

16 a. All persons electing to transfer to the Florida
17 Retirement System under this subparagraph shall be transferred
18 on July 1, 1972, and shall thereafter be subject to the
19 provisions of the Florida Retirement System retroactively to
20 November 30, 1970, and at retirement have their benefits
21 calculated in accordance with the provisions of s. 121.091.

22 b. Social security coverage incidental to such
23 elective membership in the Florida Retirement System shall be
24 effective November 30, 1970, and all amounts required from a
25 member for retroactive social security coverage shall, at the
26 time such election is made, be deducted from the individual
27 account of the member, and the difference between the amount
28 remaining in the individual account of such member and the
29 total amount which such member would have contributed had he
30 or she become a member of the Florida Retirement System on
31 November 30, 1970, shall be paid into the system trust fund

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1 and added to the member's individual account prior to July 1,
2 1975, or by his or her date of retirement, if earlier.
3 Interest at the rate of 8 percent per annum, compounded
4 annually until paid, shall be charged on any balance remaining
5 unpaid on said date.

6 c. There is appropriated out of the system trust fund
7 into the Social Security Contribution Trust Fund the amount
8 required by federal laws and regulations to be contributed
9 with respect to social security coverage for the years after
10 November 30, 1970, of the members of an existing system who
11 transfer to the Florida Retirement System in accordance with
12 this subparagraph and who qualify for retroactive social
13 security coverage. The amount paid from this appropriation
14 with respect to the employees of any employer shall be charged
15 to the employing agency. There shall be credited against this
16 charge the difference between the matching contributions
17 actually made for the affected employees from November 30,
18 1970, to June 30, 1972, and the amount of matching
19 contributions that would have been required under the Florida
20 Retirement System.

21 d. The net amounts charged the employing agencies for
22 employees transferring to the Florida Retirement System under
23 this subparagraph shall be paid to the system trust fund prior
24 to July 1, 1975. Interest at the rate of 8 percent per annum,
25 compounded annually until paid, shall be charged on any
26 balance remaining unpaid on said date.

27 e. The administrator shall request such modification
28 of the state's agreement with the Social Security
29 Administration, or any referendum required under the Social
30 Security Act governing social security coverage, as may be
31 required to implement the provisions of this law. Retroactive

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1 social security coverage for service with an employer prior to
2 November 30, 1970, shall not be provided for any member who
3 was not covered under the agreement as of November 30, 1970.

4 4. Any officer or employee who was a member of an
5 existing system on December 1, 1970, and who is still a member
6 of an existing system, except any officer or employee of any
7 nonprofit professional association or corporation, may elect,
8 if eligible, to become a member of this system at any time
9 between September 1, 1974, and November 30, 1974, inclusive,
10 by notifying his or her employer in writing of the desire to
11 transfer membership from the existing system to this system.
12 This decision to transfer or not to transfer shall become
13 irrevocable on November 30, 1974. All members electing to
14 transfer during the transfer period shall become members of
15 the Florida Retirement System on January 1, 1975, and shall be
16 subject to the provisions of the Florida Retirement System on
17 and after that date. Any officer or employee who was a member
18 of an existing system on December 1, 1970, and who does not
19 elect to become a member of this system shall continue to be
20 covered under the existing system, subject to the provisions
21 of s. 121.045. Any member transferring from the Teachers'
22 Retirement System of Florida under chapter 238 to the Florida
23 Retirement System on January 1, 1975, shall retain rights to
24 survivor benefits under chapter 238 from January 1, 1975,
25 through December 31, 1979, or until fully insured for
26 disability benefits under the Social Security Act, whichever
27 is the earliest date, and thereafter no such rights shall
28 exist.

29 5.a. Any officer or employee who was a member of an
30 existing system on December 1, 1970, and who is still a member
31 of an existing system, except any officer or employee of any

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1 nonprofit professional association or corporation, may elect,
2 if eligible, to become a member of this system at any time
3 between January 2, 1982, and May 31, 1982, inclusive, by
4 notifying his or her employer in writing of the desire to
5 transfer membership from the existing system to this system.
6 This decision to transfer or not to transfer shall become
7 irrevocable on May 31, 1982. All members electing to transfer
8 during the transfer period shall become members of the Florida
9 Retirement System on July 1, 1982, and shall be subject to the
10 provisions of the Florida Retirement System on and after that
11 date. Any officer or employee who was a member of an existing
12 system on December 1, 1970, and who does not elect to become a
13 member of this system shall continue to be covered under the
14 existing system, subject to the provisions of s. 121.045. Any
15 member transferring from the Teachers' Retirement System under
16 chapter 238 to the Florida Retirement System on January 1,
17 1979, shall retain rights to survivor benefits under chapter
18 238 from January 1, 1979, through December 31, 1983, or until
19 fully insured for disability benefits under the federal Social
20 Security Act, whichever is the earliest date, and thereafter
21 no such rights shall exist. Any such member transferring to
22 the Florida Retirement System on July 1, 1982, shall retain
23 rights to survivor benefits under chapter 238 from July 1,
24 1982, through June 30, 1987, or until fully insured for
25 disability benefits under the federal Social Security Act,
26 whichever is the earliest date, and thereafter no such rights
27 shall exist.

28 b. Any deficit, as determined by the state actuary,
29 accruing to the Survivors' Benefit Trust Fund of the Teachers'
30 Retirement System and resulting from the passage of chapter
31 78-308, Laws of Florida, and chapter 80-242, Laws of Florida,

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1 shall become an obligation of the Florida Retirement System
2 Trust Fund.

3 6. Any active member of an existing system who was not
4 employed in a covered position during a time when transfer to
5 the Florida Retirement System was allowed as described in rule
6 22B-1.004(2)(a), Florida Administrative Code, or as provided
7 in paragraph (1)(c) of this section, may elect, if eligible,
8 to become a member of this system at any time between January
9 1, 1991, and May 29, 1991, inclusive, by notifying his or her
10 employer in writing of the desire to transfer membership from
11 the existing system to this system. The decision to transfer
12 or not to transfer shall become irrevocable on May 29, 1991.
13 Failure to notify the employer shall result in compulsory
14 membership in the existing system. All members electing to
15 transfer during the transfer period shall become members of
16 the Florida Retirement System on July 1, 1991, and shall be
17 subject to the provisions of the Florida Retirement System on
18 and after that date. Any member so transferring from the
19 existing system under chapter 238 to the Florida Retirement
20 System on July 1, 1991, shall retain rights to survivor
21 benefits under that chapter from July 1, 1991, through June
22 30, 1996, or until fully insured for benefits under the
23 federal Social Security Act, whichever is the earliest date,
24 and thereafter no such rights shall exist.

25 Section 6. Effective July 1, 2001, paragraph (a) of
26 subsection (7) of section 121.0515, Florida Statutes, is
27 amended to read:

28 121.0515 Special risk membership; criteria;
29 designation and removal of classification; credits for past
30 service and prior service; retention of special risk normal
31 retirement date.--

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1 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT

2 DATE.--

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

23 Section 7. Effective July 1, 2001, subsection (8) and
24 paragraphs (b) and (c) of subsection (12) of section 121.052,
25 Florida Statutes, are amended to read:

26 121.052 Membership class of elected officers.--

27 (8) NORMAL RETIREMENT DATE; VESTING REQUIREMENT.--A
28 member of the Elected Officers' Class shall have the same
29 normal retirement date as defined in s. 121.021(29) for a
30 member of the regular class of the Florida Retirement System,
31 ~~except that only 8 years of creditable service in this class~~

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1 ~~are needed to attain the normal retirement date specified in~~
2 ~~s. 121.021(29)(a).~~ Any public service commissioner who was
3 removed from the Elected State Officers' Class on July 1,
4 1979, after attaining at least 8 years of creditable service
5 in that class shall be considered to have reached the normal
6 retirement date upon attaining age 62 as required in s.
7 121.021(29)(a).

8 (12) BENEFITS.--

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

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

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

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1 contributions in the retirement trust fund and pay into said
2 fund any required contributions which would have been paid by
3 the officer or the employer had the officer lived to complete
4 the term of office.

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

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

24 Section 8. Effective July 1, 2001, paragraph (a) of
25 subsection (1) of section 121.053, Florida Statutes, is
26 amended to read:

27 121.053 Participation in the Elected Officers' Class
28 for retired members.--

29 (1)(a) Any member who retired under any existing
30 system as defined in s. 121.021(2), and receives a benefit
31 thereof, and who serves in an office covered by the Elected

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1 Officers' Class for a period of at least 6 & years, shall be
2 entitled to receive an additional retirement benefit for such
3 elected officer service prior to July 1, 1990, under the
4 Elected Officers' Class of the Florida Retirement System, as
5 follows:

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

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

27 Section 9. Effective July 1, 2001, paragraph (i) of
28 subsection (1) of section 121.081, Florida Statutes, is
29 amended to read:

30 121.081 Past service; prior service;
31 contributions.--Conditions under which past service or prior

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1 service may be claimed and credited are:

2 (1)

3 (i) An employee of a state agency who was a member of
4 a state-administered retirement system and who was granted
5 educational leave with pay pursuant to a written educational
6 leave-with-pay policy may claim such period of educational
7 leave as past service subject to the following conditions:

8 1. The educational leave must have occurred prior to
9 December 31, 1971;

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

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

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

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

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

25 7. The member must pay to the retirement trust fund
26 for claiming such past-service credit an amount equal to 8
27 percent of his or her gross annual salary immediately prior to
28 the educational leave with pay for each year of past service
29 claimed, plus 4 percent interest thereon compounded annually
30 each June 30 from the first year of service claimed until July
31 1, 1975, and 6.5 percent interest thereafter on the unpaid

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1 balance compounded annually each June 30 until paid.

2 Section 10. Effective July 1, 2001, paragraph (b) of
3 subsection (1) of section 121.1115, Florida Statutes, is
4 amended to read:

5 121.1115 Purchase of retirement credit for
6 out-of-state and federal service.--Effective January 1, 1995,
7 a member of the Florida Retirement System may purchase
8 creditable service for periods of public employment in another
9 state and receive creditable service for such periods of
10 employment. Service with the Federal Government, including any
11 military service, may be claimed. Upon completion of each year
12 of service earned under the Florida Retirement System, a
13 member may purchase up to 1 year of retirement credit for his
14 or her out-of-state service, subject to the following
15 provisions:

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

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

22 Section 11. Effective July 1, 2001, paragraph (a) of
23 subsection (2) of section 121.1122, Florida Statutes, is
24 amended to read:

25 121.1122 Purchase of retirement credit for in-state
26 public service and in-state service in accredited nonpublic
27 schools and colleges, including charter schools and charter
28 technical career centers.--Effective January 1, 1998, a member
29 of the Florida Retirement System may purchase creditable
30 service for periods of certain public or nonpublic employment
31 performed in this state, as provided in this section.

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1 (2) LIMITATIONS AND CONDITIONS.--

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

8 Section 12. Effective July 1, 2001, paragraph (a) of
9 subsection (1) of section 121.121, Florida Statutes, is
10 amended to read:

11 121.121 Authorized leaves of absence.--

12 (1) A member may purchase creditable service for up to
13 2 work years of authorized leaves of absence if:

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

17 Section 13. Paragraph (b) of subsection (2) of section
18 215.32, Florida Statutes, is amended to read:

19 215.32 State funds; segregation.--

20 (2) The source and use of each of these funds shall be
21 as follows:

22 (b)1. The trust funds shall consist of moneys received
23 by the state which under law or under trust agreement are
24 segregated for a purpose authorized by law. The state agency
25 or branch of state government receiving or collecting such
26 moneys shall be responsible for their proper expenditure as
27 provided by law. Upon the request of the state agency or
28 branch of state government responsible for the administration
29 of the trust fund, the Comptroller may establish accounts
30 within the trust fund at a level considered necessary for
31 proper accountability. Once an account is established within a

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1 trust fund, the Comptroller may authorize payment from that
2 account only upon determining that there is sufficient cash
3 and releases at the level of the account.

4 2. In order to maintain a minimum number of trust
5 funds in the State Treasury, each state agency or the judicial
6 branch may consolidate, if permitted under the terms and
7 conditions of their receipt, the trust funds administered by
8 it; provided, however, the agency or judicial branch employs
9 effectively a uniform system of accounts sufficient to
10 preserve the integrity of such trust funds; and provided,
11 further, that consolidation of trust funds is approved by the
12 Administration Commission or the Chief Justice.

13 3. All such moneys are hereby appropriated to be
14 expended in accordance with the law or trust agreement under
15 which they were received, subject always to the provisions of
16 chapter 216 relating to the appropriation of funds and to the
17 applicable laws relating to the deposit or expenditure of
18 moneys in the State Treasury.

19 4.a. Notwithstanding any provision of law restricting
20 the use of trust funds to specific purposes, unappropriated
21 cash balances from selected trust funds may be authorized by
22 the Legislature for transfer to the Budget Stabilization Fund
23 and Working Capital Fund in the General Appropriations Act.

24 b. This subparagraph does not apply to trust funds
25 required by federal programs or mandates; trust funds
26 established for bond covenants, indentures, or resolutions
27 whose revenues are legally pledged by the state or public body
28 to meet debt service or other financial requirements of any
29 debt obligations of the state or any public body; the State
30 Transportation Trust Fund; the trust fund containing the net
31 annual proceeds from the Florida Education Lotteries; the

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1 Florida Retirement System Trust Fund; trust funds under the
2 management of the Board of Regents, where such trust funds are
3 for auxiliary enterprises, self-insurance, and contracts,
4 grants, and donations, as those terms are defined by general
5 law; trust funds that serve as clearing funds or accounts for
6 the Comptroller or state agencies; trust funds that account
7 for assets held by the state in a trustee capacity as an agent
8 or fiduciary for individuals, private organizations, or other
9 governmental units; and other trust funds authorized by the
10 State Constitution.

11 Section 14. Paragraph (e) of subsection (1) of section
12 112.665, Florida Statutes, is amended to read:

13 112.665 Duties of Department of Management Services.--

14 (1) The Department of Management Services shall:

15 (e) Issue, by January 1 annually, a report to the
16 Special District Information Program of the Department of
17 Community Affairs that includes the participation in and
18 compliance of special districts with the local government
19 retirement system provisions in s. 112.63 and the
20 state-administered retirement system provisions as specified
21 in part I of chapter 121; and

22 Section 15. Paragraph (a) of subsection (1) of section
23 121.091, Florida Statutes, is amended to read:

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

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

6 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or
7 her normal retirement date, the member, upon application to
8 the administrator, shall receive a monthly benefit which shall
9 begin to accrue on the first day of the month of retirement
10 and be payable on the last day of that month and each month
11 thereafter during his or her lifetime. The normal retirement
12 benefit, including any past or additional retirement credit,
13 may not exceed 100 percent of the average final compensation.
14 The amount of monthly benefit shall be calculated as the
15 product of A and B, subject to the adjustment of C, if
16 applicable, as set forth below:

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

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

28 a. Two percent of the member's average final
29 compensation for all creditable years prior to October 1,
30 1974;

31 b. Three percent of the member's average final

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1 compensation for all creditable years after September 30,
2 1974, and before October 1, 1978;

3 c. Two percent of the member's average final
4 compensation for all creditable years after September 30,
5 1978, and before January 1, 1989;

6 d. Two and two-tenths percent of the member's final
7 monthly compensation for all creditable years after December
8 31, 1988, and before January 1, 1990;

9 e. Two and four-tenths percent of the member's average
10 final compensation for all creditable years after December 31,
11 1989, and before January 1, 1991;

12 f. Two and six-tenths percent of the member's average
13 final compensation for all creditable years after December 31,
14 1990, and before January 1, 1992;

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

18 h. Three percent of the member's average final
19 compensation for all creditable years after December 31, 1992;
20 and

21 i. Three percent of the member's average final
22 compensation for all creditable years of service after
23 September 30, 1978, and before January 1, 1993, for any
24 special risk member who retires after July 1, 2000, or any
25 member of the Special Risk Administrative Support Class
26 entitled to retain the special risk normal retirement date who
27 was a member of the Special Risk Class during the time period
28 and who retires after July 1, 2000.

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

31 4. For creditable years of Elected Officers' Class

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1 service as a Supreme Court Justice, district court of appeal
2 judge, circuit judge, or county court judge, A is 3 1/3
3 percent of the member's average final compensation, and for
4 all other creditable service in such class, A is 3 percent of
5 average final compensation;

6 Section 16. It is the intent of the Legislature that
7 costs attributable to increases in the retirement accrual
8 rates for October 1978 through December 1992 for members of
9 the Special Risk Class shall be funded by recognition of a
10 lump sum from the excess actuarial assets of the Florida
11 Retirement System Trust Fund as follows:

12 (1) For fiscal year 2000-2001, the lump sum to be
13 recognized shall be the greater of:

14 (a) \$345 million; or

15 (b) The amount available under the rate stabilization
16 mechanism described in s. 121.031, Florida Statutes, after any
17 other recognition of excess actuarial assets pursuant to this
18 act.

19 (2)(a) For fiscal years 2001-2002 and 2002-2003, the
20 lump sums to be recognized shall be the lesser of:

21 1. The amount available under the rate stabilization
22 mechanism described in s. 121.031, Florida Statutes, after any
23 other recognition of excess actuarial assets pursuant to this
24 act; or

25 2. The remaining amount needed to fully fund the
26 benefit accrual rate.

27 (b) If, after the recognition of excess actuarial
28 assets pursuant to this subsection, there remains an unfunded
29 actuarial liability attributable to the increase in the
30 retirement accrual rates for the Special Risk Class, the
31 contribution rate applicable to the Special Risk Class of the

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1 Florida Retirement System shall be increased by 1.85
2 percentage points, effective July 1, 2002, unless the
3 Legislature provides an alternative funding mechanism.

4 Section 17. Effective July 1, 2001, paragraphs (a) and
5 (j) of subsection (4) of section 121.091, Florida Statutes,
6 are amended to read:

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

20 (4) DISABILITY RETIREMENT BENEFIT.--

21 (a) Disability retirement; entitlement and effective
22 date.--

23 1.a. A member who becomes totally and permanently
24 disabled, as defined in paragraph (b), after completing 5
25 years of creditable service, or a member who becomes totally
26 and permanently disabled in the line of duty regardless of
27 service, shall be entitled to a monthly disability benefit;
28 except that any member with less than 5 years of creditable
29 service on July 1, 1980, or any person who becomes a member of
30 the Florida Retirement System on or after such date must have
31 completed 10 years of creditable service prior to becoming

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1 totally and permanently disabled in order to receive
2 disability retirement benefits for any disability which occurs
3 other than in the line of duty. However, if a member employed
4 on July 1, 1980, with less than 5 years of creditable service
5 as of that date, becomes totally and permanently disabled
6 after completing 5 years of creditable service and is found
7 not to have attained fully insured status for benefits under
8 the federal Social Security Act, such member shall be entitled
9 to a monthly disability benefit.

10 b. Effective July 1, 2001, a member of the defined
11 benefit retirement program who becomes totally and permanently
12 disabled, as defined in paragraph (b), after completing 8
13 years of creditable service, or a member who becomes totally
14 and permanently disabled in the line of duty regardless of
15 service, shall be entitled to a monthly disability benefit.

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

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

26 (j) Disability retirement of justice or judge by order
27 of Supreme Court.--

28 1. If a member is a justice of the Supreme Court,
29 judge of a district court of appeal, circuit judge, or judge
30 of a county court who has served for 6 ~~10~~ years or more as an
31 elected constitutional judicial officer, including service as

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1 a judicial officer in any court abolished pursuant to Art. V
2 of the State Constitution, and who is retired for disability
3 by order of the Supreme Court upon recommendation of the
4 Judicial Qualifications Commission pursuant to the provisions
5 of Art. V of the State Constitution, the member's Option 1
6 monthly benefit as provided in subparagraph (6)(a)1. shall not
7 be less than two-thirds of his or her monthly compensation as
8 of the member's disability retirement date. Such a member may
9 alternatively elect to receive a disability retirement benefit
10 under any other option as provided in paragraph (6)(a).

11 2. Should any justice or judge who is a member of the
12 Florida Retirement System be retired for disability by order
13 of the Supreme Court upon recommendation of the Judicial
14 Qualifications Commission pursuant to the provisions of Art. V
15 of the State Constitution, then all contributions to his or
16 her account and all contributions made on his or her behalf by
17 the employer shall be transferred to and deposited in the
18 General Revenue Fund of the state, and there is hereby
19 appropriated annually out of the General Revenue Fund, to be
20 paid into the Florida Retirement System Fund, an amount
21 necessary to pay the benefits of all justices and judges
22 retired from the Florida Retirement System pursuant to Art. V
23 of the State Constitution.

24 Section 18. Effective July 1, 2001, subsections (2)
25 and (3) of section 112.363, Florida Statutes, are amended to
26 read:

27 112.363 Retiree health insurance subsidy.--

28 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE
29 SUBSIDY.--

30 (a) A person who is retired under a state-administered
31 retirement system, or a beneficiary who is a spouse or

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1 financial dependent entitled to receive benefits under a
2 state-administered retirement system, is eligible for health
3 insurance subsidy payments provided under this section; except
4 that pension recipients under ss. 121.40, 238.07(16)(a), and
5 250.22, recipients of health insurance coverage under s.
6 110.1232, or any other special pension or relief act shall not
7 be eligible for such payments.

8 (b) For purposes of this section, a person is deemed
9 retired from a state-administered retirement system when he or
10 she terminates employment with all employers participating in
11 the Florida Retirement System as described in s. 121.021(39)
12 and:

13 1. For a participant of the Public Employee Optional
14 Retirement Program established under part II of chapter 121,
15 the participant meets the age or service requirements to
16 qualify for normal retirement as set forth in s. 121.021(29).

17 2. For a member of the Florida Retirement System
18 defined benefit program, or any employee who maintains
19 creditable service under both the defined benefit program and
20 the Public Employee Optional Retirement Program, the member
21 begins drawing retirement benefits from the defined benefit
22 program of the Florida Retirement System.

23 (c)1. Effective July 1, 2001, any person retiring on
24 or after such date as a member of the Florida Retirement
25 System, including any participant of the defined contribution
26 program administered pursuant to part II of chapter 121, must
27 have satisfied the vesting requirements for his or her
28 membership class under the Florida Retirement System defined
29 benefit program as administered under part I of chapter 121.

30 2. Notwithstanding the provisions of subparagraph 1.,
31 a person retiring due to disability must either qualify for a

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1 regular or in-line-of-duty disability benefit as provided in
2 s. 121.091(4) or qualify for a disability benefit under a
3 disability plan established under part II of chapter 121, as
4 appropriate.

5 (d) Payment of the retiree health insurance subsidy
6 shall be made only after coverage for health insurance for the
7 retiree or beneficiary has been certified in writing to the
8 Department of Management Services. Participation in a former
9 employer's group health insurance program is not a requirement
10 for eligibility under this section.

11 (e) ~~However,~~ Participants in the Senior Management
12 Service Optional Annuity Program as provided in s. 121.055(6)
13 and the State University System Optional Retirement Program as
14 provided in s. 121.35 shall not receive the retiree health
15 insurance subsidy provided in this section. The employer of
16 such participant shall pay the contributions required in
17 subsection (8) to the annuity program provided in s.
18 121.055(6)(d) or s. 121.35(4)(a), as applicable.

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

20 (a) Beginning January 1, 1988, each eligible retiree
21 or a beneficiary who is a spouse or financial dependent
22 thereof shall receive a monthly retiree health insurance
23 subsidy payment equal to the number of years of creditable
24 service, as defined in s. 121.021(17), completed at the time
25 of retirement multiplied by \$1; however, no retiree may
26 receive a subsidy payment of more than \$30 or less than \$10.

27 (b) Beginning January 1, 1989, each eligible retiree
28 or a beneficiary who is a spouse or financial dependent shall
29 receive a monthly retiree health insurance subsidy payment
30 equal to the number of years of creditable service, as defined
31 in s. 121.021(17), completed at the time of retirement

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1 multiplied by \$2; however, no retiree may receive a subsidy
2 payment of more than \$60 or less than \$20.

3 (c) Beginning January 1, 1991, each eligible retiree
4 or a beneficiary who is a spouse or financial dependent shall
5 receive a monthly retiree health insurance subsidy payment
6 equal to the number of years of creditable service, as defined
7 in s. 121.021(17), completed at the time of retirement
8 multiplied by \$3; however, no retiree may receive a subsidy
9 payment of more than \$90 or less than \$30.

10 (d) Beginning January 1, 1999, each eligible retiree
11 or, if the retiree is deceased, his or her beneficiary who is
12 receiving a monthly benefit from such retiree's account and
13 who is a spouse, or a person who meets the definition of joint
14 annuitant in s. 121.021(28), shall receive a monthly retiree
15 health insurance subsidy payment equal to the number of years
16 of creditable service, as defined in s. 121.021(17), completed
17 at the time of retirement multiplied by \$5; however, no
18 eligible retiree or such beneficiary may receive a subsidy
19 payment of more than \$150 or less than \$50. If there are
20 multiple beneficiaries, the total payment must not be greater
21 than the payment to which the retiree was entitled.

22 (e)1. Beginning July 1, 2001, each eligible retiree of
23 the defined benefit program of the Florida Retirement System,
24 or, if the retiree is deceased, his or her beneficiary who is
25 receiving a monthly benefit from such retiree's account and
26 who is a spouse, or a person who meets the definition of joint
27 annuitant in s. 121.021(28), shall receive a monthly retiree
28 health insurance subsidy payment equal to the number of years
29 of creditable service, as defined in s. 121.021(17), completed
30 at the time of retirement multiplied by \$5; however, no
31 eligible retiree or beneficiary may receive a subsidy payment

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1 of more than \$150 or less than \$30. If there are multiple
2 beneficiaries, the total payment must not be greater than the
3 payment to which the retiree was entitled. The health
4 insurance subsidy amount payable to any person receiving the
5 retiree health insurance subsidy payment on July 1, 2001,
6 shall not be reduced solely by operation of this subparagraph.

7 2. Beginning July 1, 2002, each eligible participant
8 of the Public Employee Optional Retirement Program of the
9 Florida Retirement System who has met the requirements of this
10 section, or, if the participant is deceased, his or her spouse
11 who is the participant's designated beneficiary, shall receive
12 a monthly retiree health insurance subsidy payment equal to
13 the number of years of creditable service, as provided in this
14 subparagraph, completed at the time of retirement, multiplied
15 by \$5; however, no eligible retiree or beneficiary may receive
16 a subsidy payment of more than \$150 or less than \$30. For
17 purposes of determining a participant's creditable service
18 used to calculate the health insurance subsidy, a
19 participant's years of service credit or fraction thereof
20 shall be based on the participant's work year as defined in s.
21 121.021(54). Credit shall be awarded for a full work year
22 whenever health insurance subsidy contributions have been made
23 as required by law for each month in the participant's work
24 year. In addition, all years of creditable service retained
25 under the Florida Retirement System defined benefit program
26 shall be included as creditable service for purposes of this
27 section.

28 Section 19. Paragraphs (b) and (h) of subsection (1),
29 paragraph (b) of subsection (4), and paragraph (e) of
30 subsection (6) of section 121.055, Florida Statutes, are
31 amended to read:

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1 121.055 Senior Management Service Class.--There is
 2 hereby established a separate class of membership within the
 3 Florida Retirement System to be known as the "Senior
 4 Management Service Class," which shall become effective
 5 February 1, 1987.

6 (1)

7 (b)1. Except as provided in subparagraph 2., effective
 8 January 1, 1990, participation in the Senior Management
 9 Service Class shall be compulsory for the president of each
 10 community college, the manager of each participating city or
 11 county, and all appointed district school superintendents.
 12 Effective January 1, 1994, additional positions may be
 13 designated for inclusion in the Senior Management Service
 14 Class of the Florida Retirement System, provided that:

15 a. Positions to be included in the class shall be
 16 designated by the local agency employer. Notice of intent to
 17 designate positions for inclusion in the class shall be
 18 published once a week for 2 consecutive weeks in a newspaper
 19 of general circulation published in the county or counties
 20 affected, as provided in chapter 50.

21 b. Up to 10 ~~one~~ nonelective full-time positions
 22 ~~position~~ may be designated for each local agency employer
 23 reporting to the Department of Management Services; for local
 24 agencies with 100 or more regularly established positions,
 25 additional nonelective full-time positions may be designated,
 26 not to exceed 1 percent of the regularly established positions
 27 within the agency.

28 c. Each position added to the class must be a
 29 managerial or policymaking position filled by an employee who
 30 is not subject to continuing contract and serves at the
 31 pleasure of the local agency employer without civil service

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1 protection, and who:

2 (I) Heads an organizational unit; or

3 (II) Has responsibility to effect or recommend

4 personnel, budget, expenditure, or policy decisions in his or

5 her areas of responsibility.

6 2. In lieu of participation in the Senior Management
7 Service Class, members of the Senior Management Service Class
8 pursuant to the provisions of subparagraph 1. may withdraw
9 from the Florida Retirement System altogether. The decision to
10 withdraw from the Florida Retirement System shall be
11 irrevocable for as long as the employee holds such a position.
12 Any service creditable under the Senior Management Service
13 Class shall be retained after the member withdraws from the
14 Florida Retirement System; however, additional service credit
15 in the Senior Management Service Class shall not be earned
16 after such withdrawal. Such members shall not be eligible to
17 participate in the Senior Management Service Optional Annuity
18 Program.

19 (h)1. Except as provided in subparagraph 3., effective
20 January 1, 1994, participation in the Senior Management
21 Service Class shall be compulsory for the State Courts
22 Administrator and the Deputy State Courts Administrators, the
23 Clerk of the Supreme Court, the Marshal of the Supreme Court,
24 the Executive Director of the Justice Administrative
25 Commission, the Capital Collateral Regional Counsels
26 ~~Representative~~, the clerks of the district courts of appeals,
27 the marshals of the district courts of appeals, and the trial
28 court administrator in each judicial circuit. Effective
29 January 1, 1994, additional positions in the offices of the
30 state attorney and public defender in each judicial circuit
31 may be designated for inclusion in the Senior Management

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1 Service Class of the Florida Retirement System, provided that:

2 a. Positions to be included in the class shall be
3 designated by the state attorney or public defender, as
4 appropriate. Notice of intent to designate positions for
5 inclusion in the class shall be published once a week for 2
6 consecutive weeks in a newspaper of general circulation
7 published in the county or counties affected, as provided in
8 chapter 50.

9 b. One nonelective full-time position may be
10 designated for each state attorney and public defender
11 reporting to the Department of Management Services; for
12 agencies with 200 or more regularly established positions
13 under the state attorney or public defender, additional
14 nonelective full-time positions may be designated, not to
15 exceed 0.5 percent of the regularly established positions
16 within the agency.

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

21 (I) Heads an organizational unit; or

22 (II) Has responsibility to effect or recommend
23 personnel, budget, expenditure, or policy decisions in his or
24 her areas of responsibility.

25 2. Participation in this class shall be compulsory,
26 except as provided in subparagraph 3., for any judicial
27 employee who holds a position designated for coverage in the
28 Senior Management Service Class, and such participation shall
29 continue until the employee terminates employment in a covered
30 position. Effective January 1, 2001, participation in this
31 class is compulsory for assistant state attorneys, assistant

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1 statewide prosecutors, assistant public defenders, and
2 assistant capital collateral regional counsels.

3 3. In lieu of participation in the Senior Management
4 Service Class, such members, excluding assistant state
5 attorneys, assistant public defenders, assistant statewide
6 prosecutors, and assistant capital collateral regional
7 counsels, may participate in the Senior Management Service
8 Optional Annuity Program as established in subsection (6).

9 (4)

10 (b) Service in an eligible position prior to February
11 1, 1987, or after January 31, 1987, shall satisfy the
12 requirement of attaining the normal retirement date as defined
13 in s. 121.021(29) for a Senior Management Service Class
14 member, provided the employee is a member of the Senior
15 Management Service Class after January 31, 1987. A member of
16 this class who fails to complete 6 7 years of creditable
17 service in an eligible position shall be required to satisfy
18 the requirements for the normal retirement date for a regular
19 member as provided in s. 121.021(29).

20 (6)

21 (e) Benefits.--

22 1. Benefits shall be payable under the Senior
23 Management Service Optional Annuity Program only to
24 participants in the program, or their beneficiaries as
25 designated by the participant in the contract with a provider
26 company, and such benefits shall be paid by the designated
27 company in accordance with the terms of the annuity contract
28 or contracts applicable to the participant. A participant must
29 be terminated from all employment with all Florida Retirement
30 System employers as provided in s. 121.021(39) to begin
31 receiving the employer-funded benefit. Benefits funded by

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1 employer contributions shall be payable only as a lifetime
2 annuity to the participant, his or her beneficiary, or his or
3 her estate, except for:

4 a. A lump-sum payment to the beneficiary upon the
5 death of the participant; ~~or~~

6 b. A cash-out of a de minimis account upon the request
7 of a former participant who has been terminated for a minimum
8 of 6 months from the employment that entitled him or her to
9 optional annuity program participation. A de minimis account
10 is an account with a provider company containing employer
11 contributions and accumulated earnings of not more than \$5,000
12 made under the provisions of this chapter. Such cash-out must
13 be a complete liquidation of the account balance with that
14 company and is subject to the provisions of the Internal
15 Revenue Code; or

16 c. A lump-sum direct rollover distribution whereby all
17 accrued benefits, plus interest and investment earnings, are
18 paid from the participant's account directly to the custodian
19 of an eligible retirement plan, as defined in s. 402(c)(8)(B)
20 of the Internal Revenue Code, on behalf of the participant.

21 2. The benefits payable to any person under the Senior
22 Management Service Optional Annuity Program, and any
23 contribution accumulated under such program, shall not be
24 subject to assignment, execution, or attachment or to any
25 legal process whatsoever.

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

31 Section 20. It is the intent of the Legislature that

1 the normal costs attributable to the reduction in vesting
2 requirements for members of the defined benefit retirement
3 program shall be funded by recognition of a lump sum from the
4 excess actuarial assets of the Florida Retirement System Trust
5 Fund as follows:

6 (1) For fiscal year 2001-2002, the lump sum to be
7 recognized shall be the annual cost attributable to 6-year
8 vesting.

9 (2) For fiscal year 2002-2003, the Legislature intends
10 to recognize a lump sum equal to the annual cost attributable
11 to 6-year vesting and shall review the contribution rates
12 necessary to fund this change in vesting requirements. Absent
13 legislative action to recognize an additional lump sum for
14 fiscal year 2002-2003 and thereafter, the contribution rates
15 shall be increased as follows:

16 (a) The contribution rate that applies to the Regular
17 Class of the Florida Retirement System shall be increased by
18 0.42 percentage points.

19 (b) The contribution rate that applies to the Special
20 Risk Class of the Florida Retirement System shall be increased
21 by 0.64 percentage points.

22 (c) The contribution rate that applies to the Special
23 Risk Administrative Support Class of the Florida Retirement
24 System shall be increased by 0.30 percentage points.

25 (d) The contribution rate that applies to the Judicial
26 subclass of the Elected Officers' Class of the Florida
27 Retirement System shall be increased by 0.34 percentage
28 points.

29 (e) The contribution rate that applies to the
30 legislative-attorney-Cabinet subclass of the Elected Officers'
31 Class of the Florida Retirement System shall be increased by

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1 0.66 percentage points.

2 (f) The contribution rate that applies to the County
3 Officers' subclass of the Elected Officers' Class of the
4 Florida Retirement System shall be increased by 0.17
5 percentage points.

6 (g) The contribution rate that applies to the Senior
7 Management Service Class of the Florida Retirement System
8 shall be increased by 0.19 percentage points.

9
10 These increases shall be in addition to all other changes to
11 such contribution rates which may be enacted into law to take
12 effect on that date. The Division of Statutory Revision is
13 directed to adjust the contribution rates set forth in ss.
14 121.052, 121.055, and 121.071, Florida Statutes.

15 Section 21. (1) It is the intent of the Legislature
16 that the normal costs attributable to the 1999 actuarial
17 experience study of the defined benefit retirement program
18 shall be funded by recognition of a lump sum from the excess
19 actuarial assets of the Florida Retirement System Trust Fund
20 as follows:

21 (2) For fiscal year 2000-2001, the lump sum to be
22 recognized shall be the annual cost attributable to the 1999
23 actuarial experience study. For fiscal year 2001-2002, the
24 Legislature intends to recognize a lump sum of \$76.7 million
25 and shall review the contribution rate necessary to fund these
26 costs. Absent legislative action to the contrary, the
27 contribution rates shall be increased on July 1, 2001, as
28 follows:

29 (a) The contribution rate that applies to the Regular
30 Class of the Florida Retirement System shall be increased by
31 0.28 percentage points.

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1 (b) The contribution rate that applies to the Special
2 Risk Class of the Florida Retirement System shall be increased
3 by 1.13 percentage points.

4 (c) The contribution rate that applies to the Special
5 Risk Administrative Support Class of the Florida Retirement
6 System shall be increased by 0.65 percentage points.

7 (d) The contribution rate that applies to the Judicial
8 subclass of the Elected Officers' Class of the Florida
9 Retirement System shall be increased by 0.00 percentage
10 points.

11 (e) The contribution rate that applies to the
12 legislative-attorney-Cabinet subclass of the Elected Officers'
13 Class of the Florida Retirement System shall be increased by
14 0.00 percentage points.

15 (f) The contribution rate that applies to the County
16 Officers' subclass of the Elected Officers' Class of the
17 Florida Retirement System shall be increased by 0.11
18 percentage points.

19 (g) The contribution rate that applies to the Senior
20 Management Service Class of the Florida Retirement System
21 shall be increased by 0.36 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 ss.
27 121.052, 121.055, and 121.071, Florida Statutes.

28 Section 22. (1) Effective July 1, 2000, for fiscal
29 year 2000-2001, the contribution rates for the Regular Class,
30 Special Risk Class, Special Risk Administrative Support Class,
31 each subclass of the Elected Officers' Class, and the Senior

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1 Management Service Class each shall be reduced by 1.0
2 percentage points. These reductions shall be in addition to
3 all other changes to such contribution rates which may be
4 enacted into law after July 1, 2000.

5 (2) It is the intent of the Legislature that the costs
6 attributable to the reduction of contribution rates pursuant
7 to subsection (1) shall be funded by recognition of a lump sum
8 equal to the annual cost attributable to this reduction of the
9 contribution rates from the excess actuarial assets of the
10 Florida Retirement System Trust Fund.

11 Section 23. Effective July 1, 2002, in order to fund
12 the changes in normal cost for the defined benefit retirement
13 program resulting from the implementation of the Public
14 Employee Optional Retirement Program, as created by this act:

15 (1) The contribution rate that applies to the Regular
16 Class of the Florida Retirement System shall be increased by
17 0.21 percentage points.

18 (2) The contribution rate that applies to the Special
19 Risk Class of the Florida Retirement System shall be increased
20 by 0.01 percentage points.

21 (3) The contribution rate that applies to the Special
22 Risk Administrative Support Class of the Florida Retirement
23 System shall be decreased by 0.02 percentage points.

24 (4) The contribution rate that applies to the Judicial
25 subclass of the Elected Officers' Class of the Florida
26 Retirement System shall be increased by 0.00 percentage
27 points.

28 (5) The contribution rate that applies to the
29 legislative-attorney-Cabinet subclass of the Elected Officers'
30 Class of the Florida Retirement System shall be increased by
31 0.07 percentage points.

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1 (6) The contribution rate that applies to the County
2 Officers' subclass of the Elected Officers' Class of the
3 Florida Retirement System shall be increased by 0.00
4 percentage points.

5 (7) The contribution rate that applies to the Senior
6 Management Service Class of the Florida Retirement System
7 shall be increased by 0.00 percentage points.

8
9 These increases shall be in addition to all other changes to
10 such contribution rates which may be enacted into law to take
11 effect on that date. The Division of Statutory Revision is
12 directed to adjust the contribution rates set forth in ss.
13 121.052, 121.055, and 121.071, Florida Statutes.

14 Section 24. (1) Effective July 1, 2000, for fiscal
15 years 2000-2001 and 2001-2002, the contribution rates for the
16 Regular Class, Special Risk Class, Special Risk Administrative
17 Support Class, each subclass of the Elected Officers' Class,
18 and the Senior Management Service Class each shall be reduced
19 by 0.1 percentage points. These reductions shall be in
20 addition to all other changes to such contribution rates which
21 may be enacted into law to take effect on that date.

22 (2) It is the intent of the Legislature that the costs
23 attributable to the reduction of contribution rates pursuant
24 to subsection (1) shall be funded by a recognition of a lump
25 sum from the excess actuarial assets of the Florida Retirement
26 System Trust Fund for fiscal years 2000-2001 and 2001-2002.

27 Section 25. (1) In order to implement the provisions
28 of this act, the State Board of Administration, the Department
29 of Management Services, and the employers participating in the
30 Florida Retirement System shall coordinate efforts to the
31 greatest extent practicable.

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1 (2)(a) For fiscal years 2000-2001 and 2001-2002, each
2 employer participating in the Florida Retirement System
3 administered pursuant to chapter 121, Florida Statutes, shall
4 pay an additional contribution to the Division of Retirement
5 equal to 0.1 percent of each member's gross compensation for
6 deposit in the division's Operating Trust Fund. The
7 contributions shall be made for each pay period and are in
8 addition to all contributions required for the Florida
9 Retirement System, social security, and the Retiree Health
10 Insurance Subsidy Trust Fund.

11 (b) Such contributions shall be transferred
12 immediately from the division's Operating Trust Fund to the
13 State Board of Administration's Administrative Expense Trust
14 Fund to offset the costs of implementing the Public Employee
15 Optional Retirement Program as created by this act. Such
16 funds may be expended by the State Board of Administration to
17 offset reasonable expenses incurred by the board and the
18 Public Employee Optional Retirement Program Advisory
19 Committee. The board shall transfer such funds as are
20 necessary to the Division of Retirement in order to carry out
21 the provisions of this act.

22 (3) The Trustees of the State Board of Administration
23 shall take all steps necessary and appropriate to ensure that
24 the Public Employee Optional Retirement Program created by
25 this act is implemented in an expeditious and professional
26 manner. Acting through the executive director of the State
27 Board of Administration, defined contribution program costs
28 shall be separately budgeted and accounted for, staff shall
29 report to a separate unit director, and other steps shall be
30 taken to ensure that a focused implementation working group is
31 organized and on task. The executive director shall report

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1 separately to the trustees on defined contribution and defined
2 benefit program activities and the trustees shall prepare
3 separate reports to the Legislature on each program's
4 accomplishments and activities. These reports shall be
5 prepared at the discretion of the trustees, but no less
6 frequently than annually.

7 Section 26. Subsection (3) of section 121.031, Florida
8 Statutes, is amended to read:

9 121.031 Administration of system; appropriation;
10 oaths; actuarial studies; public records.--

11 (3) The administrator shall cause an actuarial study
12 of the system to be made at least annually ~~once every 2 years~~
13 and shall report the results of such study to the Legislature
14 by December 31 ~~February 1~~ prior to the next legislative
15 session.

16 (a) The study shall, at a minimum, conform to the
17 requirements of s. 112.63, with the following exceptions and
18 additions:

19 1. The valuation of plan assets shall be based on a
20 5-year averaging methodology such as that specified in the
21 United States Department of Treasury Regulations, 26 C.F.R. s.
22 1.412(c)(2)-1, or a similar accepted approach designed to
23 attenuate fluctuations in asset values.

24 2. The study shall include a narrative explaining the
25 changes in the covered group over the period between actuarial
26 valuations and the impact of those changes on actuarial
27 results.

28 3. When substantial changes in actuarial assumptions
29 have been made, the study shall reflect the results of an
30 actuarial assumption as of the current date based on the
31 assumptions utilized in the prior actuarial report.

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1 4. The study shall include an analysis of the changes
2 in actuarial valuation results by the factors generating those
3 changes. Such analysis shall reconcile the current actuarial
4 valuation results with those results from the prior valuation.

5 5. The study shall include measures of funding status
6 and funding progress designed to facilitate the assessment of
7 trends over several actuarial valuations with respect to the
8 overall solvency of the system. Such measures shall be adopted
9 by the division and shall be used consistently in all
10 actuarial valuations performed on the system.

11 6. The actuarial model used to determine the adequate
12 level of funding for the Florida Retirement System shall
13 include a specific rate stabilization mechanism, as prescribed
14 herein. It is the intent of the Legislature to maintain as a
15 reserve a specific portion of any actuarial surplus, and to
16 use such reserve for the purpose of offsetting future unfunded
17 liabilities caused by experience losses, thereby minimizing
18 the risk of future increases in contribution rates. It is
19 further the intent of the Legislature that the use of any
20 excess above the reserve to offset retirement system normal
21 cost shall be in a manner that will allow system employers to
22 plan appropriately for resulting cost reductions and
23 subsequent cost increases. The rate stabilization mechanism
24 shall operate as follows:

25 a. The actuarial surplus shall be the value of
26 actuarial assets over actuarial liabilities, as is determined
27 on the preceding June 30 or as may be estimated on the
28 preceding December 31.

29 b. The full amount of any experience loss shall be
30 offset, to the extent possible, by any actuarial surplus.

31 c. If the actuarial surplus exceeds 5 percent of

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1 actuarial liabilities, one-half of the excess may be used to
2 offset total retirement system costs. In addition, if the
3 actuarial surplus exceeds 10 percent of actuarial liabilities,
4 an additional one-fourth of the excess above 10 percent may be
5 used to offset total retirement system costs. In addition, if
6 the actuarial surplus exceeds 15 percent of actuarial
7 liabilities, an additional one-fourth of the excess above 15
8 percent may be used to offset total retirement system costs.

9 d. Any surplus amounts available to offset total
10 retirement system costs pursuant to sub-subparagraph c. should
11 be amortized each year over a 10-year rolling period on a
12 level-dollar basis.

13 (b) The Florida Retirement System Actuarial Assumption
14 Conference which is hereby created shall by consensus develop
15 official information with respect to the economic and
16 noneconomic assumptions and funding methods of the Florida
17 Retirement System necessary to perform the study. Such
18 information shall include: an analysis of the actuarial
19 assumptions and actuarial methods and a determination of
20 whether changes to the assumptions or methods need to be made
21 due to experience changes or revised future forecasts. The
22 members of the conference shall include the Executive Office
23 of the Governor, the coordinator of the Office of Economic and
24 Demographic Research, and professional staff of the Senate and
25 House of Representatives who have forecasting expertise, or
26 their designees. The Executive Office of the Governor shall
27 have the responsibility of presiding over the sessions of the
28 conference. The State Board of Administration and the
29 Division of Retirement shall be participants, as defined in s.
30 216.134, in the conference.

31 Section 27. The Department of Management Services

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1 shall report to the Legislature no later than February 1,
 2 2001, on the effects of 6-year vesting on the incidental
 3 disability benefit and the health insurance subsidy. The
 4 Legislature intends to consider legislation regarding
 5 disability for both the defined benefit and defined
 6 contribution programs during the 2001 regular legislative
 7 session.

8 Section 28. Paragraph (d) is added to subsection (15)
 9 of section 121.021, Florida Statutes, to read:

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

13 (15)

14 (d)1. Effective January 1, 2001, "special risk member"
 15 includes any member who is employed as a community-based
 16 correctional probation officer and meets the special criteria
 17 set forth in s. 121.0515(2)(e).

18 2. Effective January 1, 2001, "special risk member"
 19 includes any professional health care bargaining unit or
 20 non-unit member who is employed by the Department of
 21 Corrections or the Department of Children and Family Services
 22 and meets the special criteria set forth in s. 121.0515(2)(f).

23 Section 29. Subsection (2) of section 121.0515,
 24 Florida Statutes, is amended to read:

25 121.0515 Special risk membership; criteria;
 26 designation and removal of classification; credits for past
 27 service and prior service; retention of special risk normal
 28 retirement date.--

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

31 (a) The member must be employed as a law enforcement

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1 officer and be certified, or required to be certified, in
2 compliance with s. 943.1395; however, sheriffs and elected
3 police chiefs shall be excluded from meeting the certification
4 requirements of this paragraph. In addition, the member's
5 duties and responsibilities must include the pursuit,
6 apprehension, and arrest of law violators or suspected law
7 violators; or the member must be an active member of a bomb
8 disposal unit whose primary responsibility is the location,
9 handling, and disposal of explosive devices; or the member
10 must be the supervisor or command officer of a member or
11 members who have such responsibilities; provided, however,
12 administrative support personnel, including, but not limited
13 to, those whose primary duties and responsibilities are in
14 accounting, purchasing, legal, and personnel, shall not be
15 included;

16 (b) The member must be employed as a firefighter and
17 be certified, or required to be certified, in compliance with
18 s. 633.35 and be employed solely within the fire department of
19 the employer or agency of state government. In addition, the
20 member's duties and responsibilities must include on-the-scene
21 fighting of fires or direct supervision of firefighting units,
22 or the member must be the supervisor or command officer of a
23 member or members who have such responsibilities; provided,
24 however, administrative support personnel, including, but not
25 limited to, those whose primary duties and responsibilities
26 are in accounting, purchasing, legal, and personnel, shall not
27 be included;

28 (c) The member must be employed as a correctional
29 officer and be certified, or required to be certified, in
30 compliance with s. 943.1395. In addition, the member's
31 primary duties and responsibilities must be the custody, and

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1 physical restraint when necessary, of prisoners or inmates
2 within a prison, jail, or other criminal detention facility,
3 or while on work detail outside the facility, or while being
4 transported; or the member must be the supervisor or command
5 officer of a member or members who have such responsibilities;
6 provided, however, administrative support personnel,
7 including, but not limited to, those whose primary duties and
8 responsibilities are in accounting, purchasing, legal, and
9 personnel, shall not be included; however, superintendents and
10 assistant superintendents shall participate in the Special
11 Risk Class; ~~or~~

12 (d) The member must be employed by a licensed Advance
13 Life Support (ALS) or Basic Life Support (BLS) employer as an
14 emergency medical technician or a paramedic and be certified
15 in compliance with s. 401.27. In addition, the member's
16 primary duties and responsibilities must include on-the-scene
17 emergency medical care. However, administrative support
18 personnel, including, but not limited to, those whose primary
19 responsibilities are in accounting, purchasing, legal, and
20 personnel, shall not be included; ~~-~~

21 (e) The member must be employed as a community-based
22 correctional probation officer and be certified, or required
23 to be certified, in compliance with s. 943.1395. In addition,
24 the member's primary duties and responsibilities must be the
25 supervised custody, surveillance, control, investigation, and
26 counseling of assigned inmates, probationers, parolees, or
27 community controllees within the community; or the member must
28 be the supervisor of a member or members who have such
29 responsibilities. Administrative support personnel, including,
30 but not limited to, those whose primary duties and
31 responsibilities are in accounting, purchasing, legal

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1 services, and personnel management, shall not be included;
2 however, probation and parole circuit and deputy circuit
3 administrators shall participate in the Special Risk Class; or
4 (f) The member must be employed in one of the
5 following classes and must spend at least 75 percent of his or
6 her time performing duties which involve contact with patients
7 or inmates in a correctional or forensic facility or
8 institution:
9 1. Dietitian (class codes 5203 and 5204).
10 2. Public health nutrition consultant (class code
11 5224).
12 3. Psychological specialist (class codes 5230 and
13 5231).
14 4. Psychologist (class code 5234).
15 5. Senior psychologist (class codes 5237 and 5238).
16 6. Regional mental health consultant (class code
17 5240).
18 7. Psychological Services Director - DCF (class code
19 5242).
20 8. Pharmacist (class codes 5245 and 5246).
21 9. Senior pharmacist (class codes 5248 and 5249).
22 10. Dentist (class code 5266).
23 11. Senior dentist (class code 5269).
24 12. Registered nurse (class codes 5290 and 5291).
25 13. Senior registered nurse (class codes 5292 and
26 5293).
27 14. Registered nurse specialist (class codes 5294 and
28 5295).
29 15. Clinical associate (class codes 5298 and 5299).
30 16. Advanced registered nurse practitioner (class
31 codes 5297 and 5300).

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1 17. Advanced registered nurse practitioner specialist
2 (class codes 5304 and 5305).

3 18. Registered nurse supervisor (class codes 5306 and
4 5307).

5 19. Senior registered nurse supervisor (class codes
6 5308 and 5309).

7 20. Registered nursing consultant (class codes 5312
8 and 5313).

9 21. Quality management program supervisor (class code
10 5314).

11 22. Executive nursing director (class codes 5320 and
12 5321).

13 23. Speech and hearing therapist (class code 5406); or

14 24. Pharmacy manager (class code 5251).

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

26 Section 31. The State Board of Administration shall,
27 as soon as practicable after the effective date of this act,
28 request an expedited opinion from the United States Internal
29 Revenue Service as to the qualified status of the defined
30 contribution program.

31 Section 32. Except as otherwise provided herein, this

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1 act shall take effect July 1, 2000, and the Public Employee
2 Optional Retirement Program created by this act shall be
3 contingent upon:

4 1. The State Board of Administration receiving a
5 favorable determination letter and a favorable private letter
6 ruling from the Internal Revenue Service by May 1, 2002. If
7 the Internal Revenue Service refuses to act upon a request for
8 a private letter ruling, then a favorable legal opinion from a
9 qualified tax attorney or firm may be substituted for such
10 private letter ruling.

11 2. The State Board of Administration having selected
12 and contracted with the third-party administrator.

13 3. The third-party administrator having successfully
14 established data links with the employers participating in the
15 Florida Retirement System.

16 4. The education component of the Public Employee
17 Optional Retirement Program having been available for at least
18 90 days.

19 5. A diversified portfolio of financial instruments
20 having become available to participants of the Public Employee
21 Optional Retirement Program.

22

23

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

25 And the title is amended as follows:

26 remove from the title of the bill: the entire title

27

28 and insert in lieu thereof:

29 A bill to be entitled

30 An act relating to retirement; amending s.

31 112.65, F.S.; providing that certain benefits

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1 under chapter 121, F.S., shall be considered
2 supplemental benefits; amending s. 121.021,
3 F.S.; redefining the term "system" with respect
4 to the Florida Retirement System; designating
5 ss. 121.011-121.45, F.S., as part I of chapter
6 121, F.S.; designating ss. 121.4501-121.571,
7 F.S., as part II of chapter 121, F.S.; creating
8 s. 121.4501, F.S.; directing the State Board of
9 Administration to establish an optional defined
10 contribution retirement program for members of
11 the Florida Retirement System; providing
12 definitions; providing for eligibility and
13 retirement service credit; providing for
14 participation and enrollment; providing for
15 contributions; providing vesting requirements;
16 providing benefits; providing for
17 administration; providing for investment
18 options or products; providing for performance
19 review; providing for an education component;
20 providing participant information requirements;
21 providing that advisory committees shall
22 provide advice and assistance; providing for
23 federal requirements; providing an investment
24 policy statement; providing a statement of
25 fiduciary standards and responsibilities;
26 providing for disability benefits; providing
27 for social security and health insurance
28 subsidy coverage; creating s. 121.571, F.S.;
29 providing for contributions; amending ss.
30 121.021, 121.051, 121.0515, 121.052, 121.053,
31 121.081, 121.1115, 121.1122, 121.121, and

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1 215.32, F.S.; providing that members employed
2 in a regularly established position shall be
3 vested after 6 years of creditable service;
4 conforming to the act; amending s. 112.665,
5 F.S.; correcting cross references to conform to
6 the act; amending s. 121.091, F.S.; upgrading
7 service credit for certain years for special
8 risk members; providing funding for the benefit
9 increase; providing a contingent contribution
10 rate increase; amending s. 121.091, F.S.;
11 reducing the service time required to qualify
12 for disability benefits to 8 years; amending s.
13 112.363, F.S.; revising provisions relating to
14 the retiree health insurance subsidy to include
15 applicability to retirees under the optional
16 retirement program; amending s. 121.055, F.S.;
17 increasing the number of personnel that may be
18 designated as Senior Management Service Class
19 by local governments; requiring participation
20 in the Senior Management Service Class by
21 certain legal staff; allowing senior management
22 optional annuity program benefits to be
23 distributed through a direct rollover;
24 providing for funding of the revision of the
25 Florida Retirement System by this act; revising
26 contribution rates as part of the funding
27 process; providing implementation requirements
28 for the State Board of Administration, the
29 Department of Management Services, and
30 participating employers; amending s. 121.031,
31 F.S.; requiring an actuarial study of the

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1 retirement system at least annually; requiring
2 the actuarial model to include a rate
3 stabilization mechanism; defining the
4 mechanism; requiring a report on the effects of
5 6-year vesting on the disability benefit and
6 the health insurance subsidy; amending s.
7 121.021, F.S.; including certain
8 community-based correctional probation officers
9 within the Special Risk Class of the Florida
10 Retirement System; amending s. 121.0515, F.S.;
11 specifying criteria for inclusion of
12 community-based correctional probation officers
13 in the Special Risk Class; providing for
14 inclusion of probation and parole circuit and
15 deputy circuit administrators in the Special
16 Risk Class; including certain members of the
17 system who are employed by the Department of
18 Corrections or the Department of Children and
19 Family Services for membership in the special
20 risk class; providing exceptions; providing a
21 finding of important state interest; directing
22 the State Board of Administration to request an
23 opinion from the Internal Revenue Service;
24 providing future effect for certain provisions;
25 providing a contingent effective date.

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