

1 A bill to be entitled
2 An act relating to retirement; amending s.
3 112.65, F.S.; providing that certain benefits
4 under chapter 121, F.S., shall be considered
5 supplemental benefits; amending s. 121.021,
6 F.S.; redefining the term "system" with respect
7 to the Florida Retirement System; designating
8 ss. 121.011-121.45, F.S., as part I of chapter
9 121, F.S.; designating ss. 121.4501-121.571,
10 F.S., as part II of chapter 121, F.S.; creating
11 s. 121.4501, F.S.; directing the State Board of
12 Administration to establish an optional defined
13 contribution retirement program for members of
14 the Florida Retirement System; providing
15 definitions; providing for eligibility and
16 retirement service credit; providing for
17 participation and enrollment; providing for
18 contributions; providing vesting requirements;
19 providing benefits; providing for
20 administration; providing for investment
21 options or products; providing for performance
22 review; providing for an education component;
23 providing participant information requirements;
24 providing that advisory committees shall
25 provide advice and assistance; providing for
26 federal requirements; providing an investment
27 policy statement; providing a statement of
28 fiduciary standards and responsibilities;
29 providing for disability benefits; providing
30 for social security and health insurance
31 subsidy coverage; creating s. 121.571, F.S.;

1 providing for contributions; amending ss.
2 121.021, 121.051, 121.0515, 121.052, 121.053,
3 121.081, 121.1115, 121.1122, 121.121, and
4 215.32, F.S.; providing that members employed
5 in a regularly established position shall be
6 vested after 6 years of creditable service;
7 conforming to the act; amending s. 112.665,
8 F.S.; correcting cross references to conform to
9 the act; amending s. 121.091, F.S.; upgrading
10 service credit for certain years for special
11 risk members; providing funding for the benefit
12 increase; providing a contingent contribution
13 rate increase; amending s. 121.091, F.S.;
14 reducing the service time required to qualify
15 for disability benefits to 8 years; amending s.
16 112.363, F.S.; revising provisions relating to
17 the retiree health insurance subsidy to include
18 applicability to retirees under the optional
19 retirement program; amending s. 121.055, F.S.;
20 increasing the number of personnel that may be
21 designated as Senior Management Service Class
22 by local governments; requiring participation
23 in the Senior Management Service Class by
24 certain legal staff; allowing senior management
25 optional annuity program benefits to be
26 distributed through a direct rollover;
27 providing for funding of the revision of the
28 Florida Retirement System by this act; revising
29 contribution rates as part of the funding
30 process; providing implementation requirements
31 for the State Board of Administration, the

1 Department of Management Services, and
2 participating employers; amending s. 121.031,
3 F.S.; requiring an actuarial study of the
4 retirement system at least annually; requiring
5 the actuarial model to include a rate
6 stabilization mechanism; defining the
7 mechanism; requiring a report on the effects of
8 6-year vesting on the disability benefit and
9 the health insurance subsidy; amending s.
10 121.021, F.S.; including certain
11 community-based correctional probation officers
12 within the Special Risk Class of the Florida
13 Retirement System; amending s. 121.0515, F.S.;
14 specifying criteria for inclusion of
15 community-based correctional probation officers
16 in the Special Risk Class; providing for
17 inclusion of probation and parole circuit and
18 deputy circuit administrators in the Special
19 Risk Class; including certain members of the
20 system who are employed by the Department of
21 Corrections or the Department of Children and
22 Family Services for membership in the special
23 risk class; providing exceptions; providing a
24 finding of important state interest; directing
25 the State Board of Administration to request an
26 opinion from the Internal Revenue Service;
27 providing future effect for certain provisions;
28 providing a contingent effective date.

29
30 Be It Enacted by the Legislature of the State of Florida:
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1 Section 1. Subsection (1) of section 112.65, Florida
2 Statutes, is amended to read:

3 112.65 Limitation of benefits.--

4 (1) ESTABLISHMENT OF PROGRAM.--The normal retirement
5 benefit or pension payable to a retiree who becomes a member
6 of any retirement system or plan and who has not previously
7 participated in such plan, on or after January 1, 1980, shall
8 not exceed 100 percent of his or her average final
9 compensation. However, nothing contained in this section

10 shall apply to supplemental retirement benefits or to pension
11 increases attributable to cost-of-living increases or
12 adjustments. For the purposes of this section, benefits
13 accruing in individual participant accounts established under
14 the Public Employee Optional Retirement Program established in
15 part II of chapter 121 are considered supplemental benefits.

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

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

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

25 (3) "System" means the general retirement system
26 established by this chapter to be known and cited as the
27 "Florida Retirement System," including, but not limited to,
28 the defined benefit retirement program administered under the
29 provisions of part I of this chapter and the defined
30 contribution retirement program known as the Public Employee

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1 Optional Retirement Program and administered under the
2 provisions of part II of this chapter."

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

6 121.4501 Public Employee Optional Retirement
7 Program.--

8 (1) The Trustees of the State Board of Administration
9 shall establish an optional defined contribution retirement
10 program for members of the Florida Retirement System under
11 which retirement benefits will be provided for eligible
12 employees who elect to participate in the program. The
13 benefits to be provided for or on behalf of participants in
14 such optional retirement program shall be provided through
15 employee-directed investments, in accordance with s. 401(a) of
16 the Internal Revenue Code and its related regulations. The
17 employers shall contribute, as provided in this section and s.
18 121.571, toward the funding of such optional benefits.

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

20 (a) "Approved provider" or "provider" means a private
21 sector company that is selected and approved by the state
22 board to offer one or more investment products or services to
23 the Public Employee Optional Retirement Program. Private
24 sector companies include investment management companies,
25 insurance companies, depositories, and mutual fund companies.

26 (b) "Department" means the Department of Management
27 Services.

28 (c) "Division" means the Division of Retirement within
29 the Department of Management Services.

30 (d) "Eligible employee" means an officer or employee,
31 as defined in s. 121.021(11), who:

1 1. Is a member of, or is eligible for membership in,
2 the Florida Retirement System;

3 2. Participates in, or is eligible to participate in,
4 the Senior Management Service Optional Annuity Program as
5 established under s. 121.055(6); or

6 3. Is eligible to participate in, but does not
7 participate in, the State University System Optional
8 Retirement Program established under s. 121.35 or the State
9 Community College System Optional Retirement Program
10 established under s. 121.051(2)(c).

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12 The term does not include any renewed member of the Florida
13 Retirement System, any member participating in the Deferred
14 Retirement Option Program established under s. 121.091(13), or
15 any employee participating in an optional retirement program
16 established under s. 121.35 or s. 121.051(2)(c).

17 (e) "Employer" means an employer, as defined in s.
18 121.021(10), of an eligible employee.

19 (f) "Participant" means an eligible employee who
20 elects to participate in the Public Employee Optional
21 Retirement Program and enrolls in such optional program as
22 provided in subsection (4).

23 (g) "Public Employee Optional Retirement Program,"
24 "optional program" or "optional retirement program" means the
25 alternative defined contribution retirement program
26 established under this section.

27 (h) "State board" or "board" means the State Board of
28 Administration.

29 (i) "Trustees" means Trustees of the State Board of
30 Administration.

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1 (j) "Vested" or "vesting" means the guarantee that a
2 participant is eligible to receive a retirement benefit upon
3 completion of the required years of service under the Public
4 Employee Optional Retirement Program.

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

6 (a) Participation in the Public Employee Optional
7 Retirement Program is limited to eligible employees.
8 Participation in the optional retirement program is in lieu of
9 participation in the defined benefit program of the Florida
10 Retirement System.

11 (b) An eligible employee who is a member of the
12 defined benefit retirement program of the Florida Retirement
13 System at the time of his or her election to participate in
14 the Public Employee Optional Retirement Program shall retain
15 all retirement service credit earned under the defined benefit
16 retirement program of the Florida Retirement System as
17 credited under the system and shall be entitled to a deferred
18 benefit upon termination, if eligible under the system.
19 However, election to participate in the Public Employee
20 Optional Retirement Program terminates the active membership
21 of the employee in the defined benefit program of the Florida
22 Retirement System, and the service of a participant in the
23 Public Employee Optional Retirement Program shall not be
24 creditable under the defined benefit retirement program of the
25 Florida Retirement System for purposes of benefit accrual but
26 shall be credited for purposes of vesting.

27 (c)1. Notwithstanding paragraph (b), each eligible
28 employee who elects to participate in the Public Employee
29 Optional Retirement Program and establishes one or more
30 individual participant accounts under the optional program may
31 elect to transfer to the optional program a sum representing

1 the present value of the employee's accumulated benefit
2 obligation under the defined benefit retirement program of the
3 Florida Retirement System. Upon such transfer, all service
4 credit previously earned under the defined benefit program of
5 the Florida Retirement System shall be nullified for purposes
6 of entitlement to a future benefit under the defined benefit
7 program of the Florida Retirement System. A participant is
8 precluded from transferring the accumulated benefit obligation
9 balance from the defined benefit program upon the expiration
10 of the period afforded to enroll in the optional program.

11 2. For purposes of this subsection, the present value
12 of the member's accumulated benefit obligation is based upon
13 the member's estimated creditable service and estimated
14 average final compensation as of midnight of the day prior to
15 the opening of the election window for the employee. The
16 actuarial present value of the employee's accumulated benefit
17 obligation shall be based on the following:

18 a. The discount rate and other relevant actuarial
19 assumptions used to value the Florida Retirement System Trust
20 Fund at the time the amount to be transferred is determined,
21 consistent with the factors provided in sub-subparagraphs b.
22 and c.

23 b. A benefit commencement age, based on the member's
24 estimated creditable service as of midnight on May 31, 2002.
25 The benefit commencement age shall be the younger of the
26 following, but shall not be younger than the member's age as
27 of midnight on May 31, 2002:

28 (I) Age 62; or

29 (II) The age the member would attain if the member
30 completed 30 years of service with an employer, assuming the
31 member worked continuously from May 31, 2002, and disregarding

1 any vesting requirement that would otherwise apply under the
2 defined benefit program of the Florida Retirement System.

3 c. For members of the Special Risk Class and for
4 members of the Special Risk Administrative Support Class
5 entitled to retain special risk normal retirement date, the
6 benefit commencement age shall be the younger of the
7 following, but shall not be younger than the member's age as
8 of midnight on May 31, 2002:

9 (I) Age 55; or

10 (II) The age the member would attain if the member
11 completed 25 years of service with an employer, assuming the
12 member worked continuously from May 31, 2002, and disregarding
13 any vesting requirement that would otherwise apply under the
14 defined benefit program of the Florida Retirement System.

15 d. The calculation shall disregard vesting
16 requirements and early retirement reduction factors that would
17 otherwise apply under the defined benefit retirement program.

18 3. For each participant who elects to transfer moneys
19 from the defined benefit program to his or her account in the
20 optional program, the division shall recompute the amount
21 transferred under subparagraph 2. not later than 60 days after
22 the actual transfer of funds based upon the participant's
23 actual creditable service and actual final average
24 compensation as of the initial date of participation in the
25 optional program. If the recomputed amount differs from the
26 amount transferred under subparagraph 2. by \$10 or more, the
27 division shall:

28 a. Transfer, or cause to be transferred, from the
29 Florida Retirement System Trust Fund to the participant's
30 account in the optional program the excess, if any, of the
31 recomputed amount over the previously transferred amount

1 together with interest from the initial date of transfer to
2 the date of transfer under this subparagraph, based upon 8
3 percent effective annual interest, compounded annually.

4 b. Transfer, or cause to be transferred, from the
5 participant's account to the Florida Retirement System Trust
6 Fund the excess, if any, of the previously transferred amount
7 over the recomputed amount, together with interest from the
8 initial date of transfer to the date of transfer under this
9 subparagraph, based upon 6 percent effective annual interest,
10 compounded annually, pro rata based on the participant's
11 allocation plan.

12 4. As directed by the participant, the board shall
13 transfer or cause to be transferred the appropriate amounts to
14 the designated accounts. The board shall establish transfer
15 procedures by rule, but the actual transfer shall not be later
16 than 30 days after the effective date of the member's
17 participation in the optional program. Transfers are not
18 commissionable or subject to other fees and may be in the form
19 of securities or cash as determined by the state board. Such
20 securities shall be valued as of the date of receipt in the
21 participant's account.

22 5. If the board or the division receives notification
23 from the United States Internal Revenue Service that this
24 paragraph or any portion of this paragraph will cause the
25 retirement system, or a portion thereof, to be disqualified
26 for tax purposes under the Internal Revenue Code, then the
27 portion that will cause the disqualification does not apply.
28 Upon such notice, the state board and the division shall
29 notify the presiding officers of the Legislature.

30 (4) PARTICIPATION; ENROLLMENT.--
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1 (a)1. With respect to an eligible employee who is
2 employed in a regularly established position on June 1, 2002,
3 by a state employer:

4 a. Any such employee may elect to participate in the
5 Public Employee Optional Retirement Program in lieu of
6 retaining his or her membership in the defined benefit program
7 of the Florida Retirement System. The election must be made in
8 writing or by electronic means and must be filed with the
9 department and the personnel officer of the employer within 90
10 days after June 1, 2002, or, in the case of an active employee
11 who is on a leave of absence on June 1, 2002, within 90 days
12 after the conclusion of the leave of absence. This election is
13 irrevocable, except as provided in paragraph (e). Upon making
14 such election, the employee shall be enrolled as a participant
15 of the Public Employee Optional Retirement Program, the
16 employee's membership in the Florida Retirement System shall
17 be governed by the provisions of this part, and the employee's
18 membership in the defined benefit program of the Florida
19 Retirement System shall terminate. The employee's enrollment
20 in the Public Employee Optional Retirement Program shall be
21 effective the first day of the month for which a full month's
22 employer contribution is made to the optional program.

23 b. Any such employee who fails to elect to participate
24 in the Public Employee Optional Retirement Program within the
25 prescribed 90 days is deemed to have elected to retain
26 membership in the defined benefit program of the Florida
27 Retirement System and the employee's option to elect to
28 participate in the optional program is forfeited.

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

3 a. Any such employee shall, by default, be enrolled in
4 the defined benefit retirement program of the Florida
5 Retirement System at the commencement of employment, and may,
6 within 180 days after employment commences, elect to
7 participate in the Public Employee Optional Retirement
8 Program. The employee's election must be made in writing or by
9 electronic means and must be filed with the personnel officer
10 of the employer. The election to participate in the optional
11 program is irrevocable, except as provided in paragraph (e).

12 b. If the employee files such election before the
13 initial payroll is submitted for the employee, enrollment in
14 the Public Employee Optional Retirement Program shall be
15 effective on the first day of employment.

16 c. If the employee files such election within 180 days
17 after employment commences, but after the initial payroll is
18 submitted for the employee, enrollment in the optional program
19 shall be effective on the first day of the month for which a
20 full month's employer contribution is made to the optional
21 program.

22 d. Any such employee who fails to elect to participate
23 in the Public Employee Optional Retirement Program within the
24 prescribed 180 days is deemed to have elected to retain
25 membership in the defined benefit program of the Florida
26 Retirement System and the employee's option to elect to
27 participate in the optional program is forfeited.

28 3. For purposes of this paragraph, "state employer"
29 means any agency, board, branch, commission, community
30 college, department, institution, institution of higher
31 education, or water management district of the state, which

1 participates in the Florida Retirement System for the benefit
2 of certain employees.

3 (b)1. With respect to an eligible employee who is
4 employed in a regularly established position on September 1,
5 2002, by a district school board employer:

6 a. Any such employee may elect to participate in the
7 Public Employee Optional Retirement Program in lieu of
8 retaining his or her membership in the defined benefit program
9 of the Florida Retirement System. The election must be made in
10 writing or by electronic means and must be filed with the
11 department and the personnel officer of the employer within 90
12 days after September 1, 2002, or, in the case of an active
13 employee who is on a leave of absence on September 1, 2002,
14 within 90 days after the conclusion of the leave of absence.
15 This election is irrevocable, except as provided in paragraph
16 (e). Upon making such election, the employee shall be enrolled
17 as a participant of the Public Employee Optional Retirement
18 Program, the employee's membership in the Florida Retirement
19 System shall be governed by the provisions of this part, and
20 the employee's membership in the defined benefit program of
21 the Florida Retirement System shall terminate. The employee's
22 enrollment in the Public Employee Optional Retirement Program
23 shall be effective the first day of the month for which a full
24 month's employer contribution is made to the optional program.

25 b. Any such employee who fails to elect to participate
26 in the Public Employee Optional Retirement Program within the
27 prescribed 90 days is deemed to have elected to retain
28 membership in the defined benefit program of the Florida
29 Retirement System and the employee's option to elect to
30 participate in the optional program is forfeited.

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

6 a. Any such employee shall, by default, be enrolled in
7 the defined benefit retirement program of the Florida
8 Retirement System at the commencement of employment, and may,
9 within 180 days after employment commences, elect to
10 participate in the Public Employee Optional Retirement
11 Program. The employee's election must be made in writing or by
12 electronic means and must be filed with the personnel officer
13 of the employer. The election to participate in the optional
14 program is irrevocable, except as provided in paragraph (e).

15 b. If the employee files such election before the
16 initial payroll is submitted for the employee, enrollment in
17 the Public Employee Optional Retirement Program shall be
18 effective on the first day of employment.

19 c. If the employee files such election within 180 days
20 after employment commences, but after the initial payroll is
21 submitted for the employee, enrollment in the optional program
22 shall be effective on the first day of the month for which a
23 full month's employer contribution is made to the optional
24 program.

25 d. Any such employee who fails to elect to participate
26 in the Public Employee Optional Retirement Program within the
27 prescribed 180 days is deemed to have elected to retain
28 membership in the defined benefit program of the Florida
29 Retirement System and the employee's option to elect to
30 participate in the optional program is forfeited.

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

7 (c)1. With respect to an eligible employee who is
8 employed in a regularly established position on December 1,
9 2002, by a local employer:

10 a. Any such employee may elect to participate in the
11 Public Employee Optional Retirement Program in lieu of
12 retaining his or her membership in the defined benefit program
13 of the Florida Retirement System. The election must be made in
14 writing or by electronic means and must be filed with the
15 department and the personnel officer of the employer within 90
16 days after December 1, 2002, or, in the case of an active
17 employee who is on a leave of absence on December 1, 2002,
18 within 90 days after the conclusion of the leave of absence.
19 This election is irrevocable. Upon making such election, the
20 employee shall be enrolled as a participant of the Public
21 Employee Optional Retirement Program, the employee's
22 membership in the Florida Retirement System shall be governed
23 by the provisions of this part, and the employee's membership
24 in the defined benefit program of the Florida Retirement
25 System shall terminate. The employee's enrollment in the
26 Public Employee Optional Retirement Program shall be effective
27 the first day of the month for which a full month's employer
28 contribution is made to the optional program.

29 b. Any such employee who fails to elect to participate
30 in the Public Employee Optional Retirement Program within the
31 prescribed 90 days is deemed to have elected to retain

1 membership in the defined benefit program of the Florida
2 Retirement System and the employee's option to elect to
3 participate in the optional program is forfeited.

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

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

17 b. If the employee files such election before the
18 initial payroll is submitted for the employee, enrollment in
19 the Public Employee Optional Retirement Program shall be
20 effective on the first day of employment.

21 c. If the employee files such election within 180 days
22 after employment commences, but after the initial payroll is
23 submitted for the employee, enrollment in the optional program
24 shall be effective on the first day of the month for which a
25 full month's employer contribution is made to the optional
26 program.

27 d. Any such employee who fails to elect to participate
28 in the Public Employee Optional Retirement Program within the
29 prescribed 180 days is deemed to have elected to retain
30 membership in the defined benefit program of the Florida
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1 Retirement System and the employee's option to elect to
2 participate in the optional program is forfeited.

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

6 (d) Contributions available for self-direction by a
7 participant who has not selected one or more specific
8 investment products shall be allocated as prescribed by the
9 board. The third-party administrator shall notify any such
10 participant at least quarterly that the participant should
11 take an affirmative action to make an asset allocation among
12 the optional program products.

13 (e) After the period during which an eligible employee
14 had the choice to elect the defined benefit program or the
15 Public Employee Optional Retirement Program, the employee
16 shall have one opportunity, at the employee's discretion, to
17 choose to move from the defined benefit program to the Public
18 Employee Optional Retirement Program or from the Public
19 Employee Optional Retirement Program to the defined benefit
20 program. This paragraph shall be contingent upon approval from
21 the Internal Revenue Service for including the choice
22 described herein within the programs offered by the Florida
23 Retirement System.

24 1. If the employee chooses to move to the Public
25 Employee Optional Retirement Program, the applicable
26 provisions of this section shall govern the transfer.

27 2. If the employee chooses to move to the defined
28 benefit program, the employee must transfer from his or her
29 Public Employee Optional Retirement Program account and from
30 other employee moneys as necessary, a sum representing all
31 contributions that would have been made to the defined benefit

1 plan for that employee and the actual return that would have
2 been earned on those contributions had they been invested in
3 the defined benefit program.

4 (5) CONTRIBUTIONS.--

5 (a) Each employer shall contribute on behalf of each
6 participant in the Public Employee Optional Retirement Program
7 an amount based on a percentage of the employee's monthly
8 compensation as set forth in s. 121.571. The state board,
9 acting as plan fiduciary, shall ensure that all plan assets
10 are held in a trust, pursuant to s. 401 of the Internal
11 Revenue Code. The employer shall forward all contributions
12 under this program to the third-party administrator. The
13 fiduciary shall ensure that said contributions are allocated
14 as follows:

15 1. The portion earmarked for participant accounts
16 shall be used to purchase interests in the appropriate
17 investment vehicles for the accounts of each participant as
18 specified by the participant, or in accordance with paragraph
19 (4)(d).

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

22 3. The portion earmarked for disability benefits shall
23 be transferred to the department.

24 (b) Employers are responsible for notifying
25 participants regarding maximum contribution levels permitted
26 under the Internal Revenue Code. If a participant contributes
27 to any other tax-deferred plan, he or she is responsible for
28 ensuring that total contributions made to the optional program
29 and to any other such plan do not exceed federally permitted
30 maximums.

31 (6) VESTING REQUIREMENTS.--

1 (a)1. With respect to employer contributions paid on
 2 behalf of the participant to the Public Employee Optional
 3 Retirement Program, plus interest and earnings thereon and
 4 less investment fees and administrative charges, a participant
 5 shall be vested after completing 1 work year, as defined in s.
 6 121.021(54) with an employer, including any service while the
 7 participant was a member of the defined benefit retirement
 8 program or an optional retirement program authorized under s.
 9 121.051(2)(c) or s. 121.055(6).

10 2. If the participant terminates employment prior to
 11 satisfying the vesting requirements, the nonvested
 12 accumulation shall be transferred from the participant's
 13 accounts to the state board for deposit in the suspense
 14 account of the Public Employee Optional Retirement Program
 15 Trust Fund of the board. If the terminated participant is
 16 reemployed as an eligible employee within 5 years, the state
 17 board shall transfer to the participant's account any amount
 18 of the moneys previously transferred from the participant's
 19 accounts to the Public Employee Optional Retirement Program
 20 Trust Fund, plus interest calculated at 3.0 percent per annum,
 21 calculated from the date of transfer to the date of
 22 reemployment.

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

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

16 (c) Any nonvested accumulations transferred from a
17 participant's account to the suspense account shall be
18 forfeited by the participant if the participant is not
19 reemployed as an eligible employee within 5 years after
20 termination.

21 (7) BENEFITS.--Under the Public Employee Optional
22 Retirement Program:

23 (a) Benefits shall be provided in accordance with s.
24 401(a) of the Internal Revenue Code.

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

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

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

4 2. Benefits shall be paid by the third-party
5 administrator or designated approved providers in accordance
6 with the law, the contracts, and any applicable board rule or
7 policy.

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

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

30 (d) Upon receipt by the third-party administrator of a
31 properly executed application for distribution of benefits,

1 the total accumulated benefit shall be payable to the
2 participant, as:

3 1. A lump-sum distribution to the participant;

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

9 3. Periodic distributions, as authorized by the state
10 board.

11 (e) Survivor benefits shall be payable as:

12 1. A lump-sum distribution payable to the
13 beneficiaries, or to the deceased participant's estate;

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

21 3. A partial lump-sum payment whereby a portion of the
22 accrued benefit is paid to the deceased participant's
23 surviving spouse or other designated beneficiaries, less
24 withholding taxes remitted to the Internal Revenue Service,
25 and the remaining amount is transferred directly to the
26 custodian of an individual retirement account or an individual
27 retirement annuity, as described in s. 402(c)(9) of the
28 Internal Revenue Code, on behalf of the surviving spouse. The
29 proportions must be specified by the participant or the
30 surviving beneficiary.

31

1 This paragraph does not abrogate other applicable provisions
2 of state or federal law providing for payment of death
3 benefits.

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

11 (8) ADMINISTRATION OF PROGRAM.--

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

22 (b)1. The state board shall select and contract with
23 one third-party administrator to provide administrative
24 services. With the approval of the state board, the
25 third-party administrator may subcontract with other
26 organizations or individuals to provide components of the
27 administrative services. As a cost of administration, the
28 board may compensate any such contractor for its services, in
29 accordance with the terms of the contract, as is deemed
30 necessary or proper by the board. The third-party
31

1 administrator may not be an approved provider or be affiliated
2 with an approved provider.

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

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

20 4. Educational services shall be designed by the board
21 and department to assist employers, eligible employees,
22 participants, and beneficiaries in order to maintain
23 compliance with United States Department of Labor regulations
24 under section 404(c) of the Employee Retirement Income
25 Security Act of 1974 and to assist employees in their choice
26 of defined benefit or defined contribution retirement
27 alternatives. Educational services include, but are not
28 limited to, disseminating educational materials; providing
29 retirement planning education; explaining the differences
30 between the defined benefit retirement plan and the defined
31 contribution retirement plan; and offering financial planning

1 guidance on matters such as investment diversification,
2 investment risks, investment costs, and asset allocation. An
3 approved provider may also provide educational information,
4 including retirement planning and investment allocation
5 information concerning its products and services.

6 (c)1. In evaluating and selecting a third-party
7 administrator, the board shall establish criteria under which
8 it shall consider the relative capabilities and qualifications
9 of each proposed administrator. In developing such criteria,
10 the board shall consider:

11 a. The administrator's demonstrated experience in
12 providing administrative services to public or private sector
13 retirement systems.

14 b. The administrator's demonstrated experience in
15 providing daily valued recordkeeping to defined contribution
16 plans.

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

24 d. The cost-effectiveness and levels of the
25 administrative services provided.

26 e. The administrator's ability to interact with the
27 participants, the employers, the board, the division, and the
28 providers; the means by which participants may access account
29 information, direct investment of contributions, make changes
30 to their accounts, transfer moneys between available
31

1 investment vehicles, and transfer moneys between investment
2 products; and any fees that apply to such activities.

3 f. Any other factor deemed necessary by the Trustees
4 of the State Board of Administration.

5 g. The recommendations of the Public Employee Optional
6 Retirement Program Advisory Committee established in
7 subsection (12).

8 2. In evaluating and selecting an educational
9 provider, the board shall establish criteria under which it
10 shall consider the relative capabilities and qualifications of
11 each proposed educational provider. In developing such
12 criteria, the board shall consider:

13 a. Demonstrated experience in providing educational
14 services to public or private sector retirement systems.

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

21 c. The cost-effectiveness and levels of the
22 educational services provided.

23 d. Ability to provide educational services via
24 different media, including, but not limited to, the Internet,
25 personal contact, seminars, brochures, and newsletters.

26 e. Any other factor deemed necessary by the Trustees
27 of the State Board of Administration.

28 f. The recommendations of the Public Employee Optional
29 Retirement Program Advisory Committee established in
30 subsection (12).

31

1 3. The establishment of the criteria shall be solely
2 within the discretion of the board.

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

7 1. The nature and extent of the rights and benefits to
8 be afforded in relation to the required contributions under
9 the program.

10 2. The suitability of the rights and benefits to be
11 afforded and the interests of employers in the recruitment and
12 retention of eligible employees.

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

23 2. The department may contract with consultants for
24 professional services, including legal, consulting,
25 accounting, and actuarial services, deemed necessary to
26 implement and administer the optional program in coordination
27 with the defined benefit program of the Florida Retirement
28 System. The department, in coordination with the board, may
29 enter into a contract with the third-party administrator in
30 order to coordinate services common to the various programs
31 within the Florida Retirement System.

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

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

10 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE
11 REVIEW.--

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

27 (b) The board shall consider investment options or
28 products it considers appropriate to give participants the
29 opportunity to accumulate retirement benefits, subject to the
30 following:

31

1 1. The Public Employee Optional Retirement Program
2 must offer a diversified mix of low-cost investment products
3 that span the risk-return spectrum.

4 2. Investment options or products offered by the group
5 of approved providers may include mutual funds, group annuity
6 contracts, individual retirement annuities, interests in
7 trusts, collective trusts, separate accounts, and other such
8 financial instruments.

9 3. The board shall not contract with any provider that
10 imposes a front-end, back-end, contingent, or deferred sales
11 charge, or any other fee that limits or restricts the ability
12 of participants to select any investment product available in
13 the optional program.

14 (c) In evaluating and selecting approved providers and
15 products, the board shall establish criteria under which it
16 shall consider the relative capabilities and qualifications of
17 each proposed provider company and product. In developing such
18 criteria, the board shall consider the following to the extent
19 such factors may be applied in connection with investment
20 products, services, or providers:

21 1. Experience in the United States providing
22 retirement products and related financial services under
23 defined contribution retirement plans.

24 2. Financial strength and stability which shall be
25 evidenced by the highest ratings assigned by nationally
26 recognized rating services when comparing proposed providers
27 that are so rated.

28 3. Intrastate and interstate portability of the
29 product offered, including early withdrawal options.

30 4. Compliance with the Internal Revenue Code.

31

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

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

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

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

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

30
31

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

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

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

19 (10) EDUCATION COMPONENT.--

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

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

1 shall monitor the performance of the contract to ensure that
2 the program is conducted in accordance with the contract,
3 applicable law, and the rules of the board.

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

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

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

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

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

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

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

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

1 8. Payout options available in each of the retirement
2 programs.

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

8 1. Rights and conditions of membership.

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

11 3. Coordination of contributions and benefits with a
12 deferred compensation plan under s. 457 or a plan under s.
13 403(b) of the Internal Revenue Code.

14 4. Significant program changes.

15 5. Contribution rates and program funding status.

16 6. Planning for retirement.

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

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

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

29 (11) PARTICIPANT INFORMATION REQUIREMENTS.--The board
30 shall ensure that each participant is provided a quarterly
31 statement that accounts for the contributions made on behalf

1 of such participant; the interest and investment earnings
2 thereon; and any fees, penalties, or other deductions that
3 apply thereto. At a minimum, such statements must:

4 (a) Indicate the participant's investment options.

5 (b) State the market value of the account at the close
6 of the current quarter and previous quarter.

7 (c) Show account gains and losses for the period and
8 changes in account accumulation unit values for the period.

9 (d) Itemize account contributions for the quarter.

10 (e) Indicate any account changes due to adjustment of
11 contribution levels, reallocation of contributions, balance
12 transfers, or withdrawals.

13 (f) Set forth any fees, charges, penalties, and
14 deductions that apply to the account.

15 (g) Indicate the amount of the account in which the
16 participant is fully vested and the amount of the account in
17 which the participant is not vested.

18 (h) Indicate each investment product's performance
19 relative to an appropriate market benchmark.

20
21 The third-party administrator shall provide quarterly and
22 annual summary reports to the board and any other reports
23 requested by the department or the board. In any solicitation
24 or offer of coverage under an optional retirement program, a
25 provider company shall be governed by the contract readability
26 provisions of s. 627.4145, notwithstanding s. 627.4145(6)(c).
27 In addition, all descriptive materials must be prepared under
28 the assumption that the participant is an unsophisticated
29 investor. Provider companies must maintain an internal system
30 of quality assurance, have proven functional systems that are
31 date-calculation compliant, and be subject to a due-diligence

1 inquiry that proves their capacity and fitness to undertake
2 service responsibilities.

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

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

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

30 2. The advisory committee shall make recommendations
31 on the selection of the third-party administrator, the

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

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

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

14 (13) FEDERAL REQUIREMENTS.--

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

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

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

1 that is maintained by the participating employer, benefits
2 that accrue under the Public Employee Optional Retirement
3 Program shall be considered primary for any aggregate
4 limitation applicable under s. 415 of the Internal Revenue
5 Code.

6 (14) INVESTMENT POLICY STATEMENT.--

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

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

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

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

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

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

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

1 employers, and to make recommendations to the Legislature by
2 January 15, 2001.

3 (17) SOCIAL SECURITY COVERAGE.--Social security
4 coverage shall be provided for all officers and employees who
5 become participants of the optional program. Any modification
6 of the present agreement with the Social Security
7 Administration, or referendum required under the Social
8 Security Act, for the purpose of providing social security
9 coverage for any member shall be requested by the state agency
10 in compliance with the applicable provisions of the Social
11 Security Act governing such coverage. However, retroactive
12 social security coverage for service prior to December 1,
13 1970, with the employer shall not be provided for any member
14 who was not covered under the agreement as of November 30,
15 1970.

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

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

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

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1 the beginning date of the change. Contribution rates may be
2 modified by general law.

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

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

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

<u>Dates of Contribution</u>	<u>Employers</u>
<u>Rate Changes</u>	
<u>Effective July 1, 2002:</u>	<u>9.0%</u>

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

<u>Dates of Contribution</u>	<u>Employers</u>
<u>Rate Changes</u>	
<u>Effective July 1, 2002:</u>	<u>20.0%</u>

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

<u>Dates of Contribution</u>	<u>Employers</u>
<u>Rate Changes</u>	
<u>Effective July 1, 2002:</u>	<u>11.35%</u>

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

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

1	<u>Effective July 1, 2002:</u>	
2	<u>Legislators</u>	<u>13.40%</u>
3	<u>Governor, Lt. Governor,</u>	
4	<u>Cabinet Officers</u>	<u>13.40%</u>
5	<u>State Attorneys, Public</u>	
6	<u>Defenders</u>	<u>13.40%</u>
7	<u>Justices, Judges</u>	<u>18.90%</u>
8	<u>County Elected Officers</u>	<u>16.20%</u>

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

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

15 (3) CONTRIBUTIONS TO DISABILITY ACCOUNT.--

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

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

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

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

1 Dates of Contribution Employers
 2 Rate Changes
 3 Effective July 1, 2002: 1.25%
 4 (d) Disability contributions for Special Risk
 5 Administrative Support Class members of the optional
 6 retirement plan are as follows:
 7 Dates of Contribution Employers
 8 Rate Changes
 9 Effective July 1, 2002: 0.73%
 10 (e) Disability contributions for Elected Officers'
 11 Class members of the optional retirement plan are as follows:
 12 Dates of Contribution Employers
 13 Rate Changes
 14 Effective July 1, 2002:
 15 Legislators 0.61%
 16 Governor, Lt. Governor,
 17 Cabinet Officers 0.61%
 18 State Attorneys, Public
 19 Defenders 0.61%
 20 Justices, Judges 1.45%
 21 County Elected Officers 0.86%
 22 (f) Disability contributions for Senior Management
 23 Service Class members of the optional retirement plan are as
 24 follows:
 25 Dates of Contribution Employers
 26 Rate Changes
 27 Effective July 1, 2002: 0.50%
 28 (4) CONTRIBUTIONS FOR SOCIAL SECURITY COVERAGE AND FOR
 29 RETIREE HEALTH INSURANCE SUBSIDY.--Contributions required
 30 under this section shall be in addition to employer and member
 31

1 contributions required for social security and the Retiree
2 Health Insurance Subsidy Trust Fund as provided in s. 121.071.

3 (5) ADMINISTRATIVE AND EDUCATIONAL

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

11 (6) DEDUCTIONS.--The board or the third-party

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

26 (7) PAYMENT AND DISTRIBUTION OF

27 CONTRIBUTIONS.--Contributions made pursuant to this section
28 shall be paid by the employer to the third-party administrator
29 by electronic funds transfer no later than the 5th day of the
30 month immediately following the month during which the payroll
31 period ended. The board and the third-party administrator

1 shall ensure that the contributions are distributed to the
2 appropriate trust funds or participant accounts in a timely
3 manner.

4 Section 4. Effective July 1, 2001, subsections (29)
5 and (45) of section 121.021, Florida Statutes, are amended to
6 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 (29) "Normal retirement date" means the first day of
11 any month following the date a member attains one of the
12 following statuses:

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

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

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

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

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

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

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

30 (c) If a Senior Management Service Class member, the
31 member:

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

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

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

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

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

14
15 "Normal retirement age" is attained on the "normal retirement
16 date."

17 (45)(a) "Vested" or "vesting" means the guarantee that
18 a member is eligible to receive a future retirement benefit
19 upon completion of the required years of creditable service
20 for the employee's class of membership, even though the member
21 may have terminated covered employment before reaching normal
22 or early retirement date. Being vested does not entitle a
23 member to a disability benefit. Provisions governing
24 entitlement to disability benefits are set forth under s.
25 121.091(4)~~based on a disability caused by an injury or~~
26 ~~disease that occurs after termination of covered employment.~~

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

30 **1. Any member employed in a regularly established**
31 **position on July 1, 2001, who completes or has completed a**

1 total of 6 years of creditable service shall be considered
2 vested as described in paragraph (a).

3 2. Any member not employed in a regularly established
4 position on July 1, 2001, shall be deemed vested upon
5 completion of 6 years of creditable service, provided that
6 such member is employed in a covered position for at least 1
7 work year after July 1, 2001. However, no member shall be
8 required to complete more years of creditable service than
9 would have been required for that member to vest under
10 retirement laws in effect before July 1, 2001.

11 Section 5. Paragraph (a) of subsection (2) of section
12 121.051, Florida Statutes, is amended to read:

13 121.051 Participation in the system.--

14 (2) OPTIONAL PARTICIPATION.--

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

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

1 only if employed by a participating employer in a regularly
2 established position.

3 2. Any member transferring from the existing system
4 under chapter 238 shall retain rights to survivor benefits
5 under that chapter through November 30, 1975, or until fully
6 insured for disability benefits under social security,
7 whichever is the earliest date, and thereafter no such rights
8 shall exist.

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

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

25 b. Social security coverage incidental to such
26 elective membership in the Florida Retirement System shall be
27 effective November 30, 1970, and all amounts required from a
28 member for retroactive social security coverage shall, at the
29 time such election is made, be deducted from the individual
30 account of the member, and the difference between the amount
31 remaining in the individual account of such member and the

1 total amount which such member would have contributed had he
2 or she become a member of the Florida Retirement System on
3 November 30, 1970, shall be paid into the system trust fund
4 and added to the member's individual account prior to July 1,
5 1975, or by his or her date of retirement, if earlier.
6 Interest at the rate of 8 percent per annum, compounded
7 annually until paid, shall be charged on any balance remaining
8 unpaid on said date.

9 c. There is appropriated out of the system trust fund
10 into the Social Security Contribution Trust Fund the amount
11 required by federal laws and regulations to be contributed
12 with respect to social security coverage for the years after
13 November 30, 1970, of the members of an existing system who
14 transfer to the Florida Retirement System in accordance with
15 this subparagraph and who qualify for retroactive social
16 security coverage. The amount paid from this appropriation
17 with respect to the employees of any employer shall be charged
18 to the employing agency. There shall be credited against this
19 charge the difference between the matching contributions
20 actually made for the affected employees from November 30,
21 1970, to June 30, 1972, and the amount of matching
22 contributions that would have been required under the Florida
23 Retirement System.

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

30 e. The administrator shall request such modification
31 of the state's agreement with the Social Security

1 Administration, or any referendum required under the Social
2 Security Act governing social security coverage, as may be
3 required to implement the provisions of this law. Retroactive
4 social security coverage for service with an employer prior to
5 November 30, 1970, shall not be provided for any member who
6 was not covered under the agreement as of November 30, 1970.

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

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

1 b. Any deficit, as determined by the state actuary,
 2 accruing to the Survivors' Benefit Trust Fund of the Teachers'
 3 Retirement System and resulting from the passage of chapter
 4 78-308, Laws of Florida, and chapter 80-242, Laws of Florida,
 5 shall become an obligation of the Florida Retirement System
 6 Trust Fund.

7 6. Any active member of an existing system who was not
 8 employed in a covered position during a time when transfer to
 9 the Florida Retirement System was allowed as described in rule
 10 22B-1.004(2)(a), Florida Administrative Code, or as provided
 11 in paragraph (1)(c) of this section, may elect, if eligible,
 12 to become a member of this system at any time between January
 13 1, 1991, and May 29, 1991, inclusive, by notifying his or her
 14 employer in writing of the desire to transfer membership from
 15 the existing system to this system. The decision to transfer
 16 or not to transfer shall become irrevocable on May 29, 1991.
 17 Failure to notify the employer shall result in compulsory
 18 membership in the existing system. All members electing to
 19 transfer during the transfer period shall become members of
 20 the Florida Retirement System on July 1, 1991, and shall be
 21 subject to the provisions of the Florida Retirement System on
 22 and after that date. Any member so transferring from the
 23 existing system under chapter 238 to the Florida Retirement
 24 System on July 1, 1991, shall retain rights to survivor
 25 benefits under that chapter from July 1, 1991, through June
 26 30, 1996, or until fully insured for benefits under the
 27 federal Social Security Act, whichever is the earliest date,
 28 and thereafter no such rights shall exist.

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

1 121.0515 Special risk membership; criteria;
2 designation and removal of classification; credits for past
3 service and prior service; retention of special risk normal
4 retirement date.--

5 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT
6 DATE.--

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

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

30 121.052 Membership class of elected officers.--

31

1 (8) NORMAL RETIREMENT DATE; VESTING REQUIREMENT.--A
2 member of the Elected Officers' Class shall have the same
3 normal retirement date as defined in s. 121.021(29) for a
4 member of the regular class of the Florida Retirement System,
5 ~~except that only 8 years of creditable service in this class~~
6 ~~are needed to attain the normal retirement date specified in~~
7 ~~s. 121.021(29)(a).~~ Any public service commissioner who was
8 removed from the Elected State Officers' Class on July 1,
9 1979, after attaining at least 8 years of creditable service
10 in that class shall be considered to have reached the normal
11 retirement date upon attaining age 62 as required in s.
12 121.021(29)(a).

13 (12) BENEFITS.--

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

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

31

1 1. If any elected official dies in office who would
2 have been vested under the Elected Officers' Class, any other
3 class of the Florida Retirement System, or any other
4 state-administered retirement system, if the official had
5 lived to complete his or her term of office, the official's
6 spouse may elect to leave the official's retirement
7 contributions in the retirement trust fund and pay into said
8 fund any required contributions which would have been paid by
9 the officer or the employer had the officer lived to complete
10 the term of office.

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

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

30
31

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

4 121.053 Participation in the Elected Officers' Class
5 for retired members.--

6 (1)(a) Any member who retired under any existing
7 system as defined in s. 121.021(2), and receives a benefit
8 thereof, and who serves in an office covered by the Elected
9 Officers' Class for a period of at least 6 & years, shall be
10 entitled to receive an additional retirement benefit for such
11 elected officer service prior to July 1, 1990, under the
12 Elected Officers' Class of the Florida Retirement System, as
13 follows:

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

26 2. Upon payment of the amount specified in
27 subparagraph 1., the employer shall pay into the Florida
28 Retirement System Trust Fund the applicable employer
29 contribution for the period of elected officer service prior
30 to July 1, 1990, being claimed by the member, plus 4 percent
31 interest compounded annually from the first year of service

1 claimed until July 1, 1975, and 6.5 percent interest
2 compounded annually thereafter, until full payment is made to
3 the Florida Retirement System Trust Fund.

4 Section 9. Effective July 1, 2001, paragraph (i) of
5 subsection (1) of section 121.081, Florida Statutes, is
6 amended to read:

7 121.081 Past service; prior service;
8 contributions.--Conditions under which past service or prior
9 service may be claimed and credited are:

10 (1)

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

16 1. The educational leave must have occurred prior to
17 December 31, 1971;

18 2. The member must have completed at least 6 ~~±0~~ years
19 of creditable service excluding the period of the educational
20 leave;

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

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

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

31

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

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

11 Section 10. Effective July 1, 2001, paragraph (b) of
12 subsection (1) of section 121.1115, Florida Statutes, is
13 amended to read:

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

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

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

31

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

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

11 (2) LIMITATIONS AND CONDITIONS.--

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

18 Section 12. Effective July 1, 2001, paragraph (a) of
19 subsection (1) of section 121.121, Florida Statutes, is
20 amended to read:

21 121.121 Authorized leaves of absence.--

22 (1) A member may purchase creditable service for up to
23 2 work years of authorized leaves of absence if:

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

27 Section 13. Paragraph (b) of subsection (2) of section
28 215.32, Florida Statutes, is amended to read:

29 215.32 State funds; segregation.--

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

1 (b)1. The trust funds shall consist of moneys received
 2 by the state which under law or under trust agreement are
 3 segregated for a purpose authorized by law. The state agency
 4 or branch of state government receiving or collecting such
 5 moneys shall be responsible for their proper expenditure as
 6 provided by law. Upon the request of the state agency or
 7 branch of state government responsible for the administration
 8 of the trust fund, the Comptroller may establish accounts
 9 within the trust fund at a level considered necessary for
 10 proper accountability. Once an account is established within a
 11 trust fund, the Comptroller may authorize payment from that
 12 account only upon determining that there is sufficient cash
 13 and releases at the level of the account.

14 2. In order to maintain a minimum number of trust
 15 funds in the State Treasury, each state agency or the judicial
 16 branch may consolidate, if permitted under the terms and
 17 conditions of their receipt, the trust funds administered by
 18 it; provided, however, the agency or judicial branch employs
 19 effectively a uniform system of accounts sufficient to
 20 preserve the integrity of such trust funds; and provided,
 21 further, that consolidation of trust funds is approved by the
 22 Administration Commission or the Chief Justice.

23 3. All such moneys are hereby appropriated to be
 24 expended in accordance with the law or trust agreement under
 25 which they were received, subject always to the provisions of
 26 chapter 216 relating to the appropriation of funds and to the
 27 applicable laws relating to the deposit or expenditure of
 28 moneys in the State Treasury.

29 4.a. Notwithstanding any provision of law restricting
 30 the use of trust funds to specific purposes, unappropriated
 31 cash balances from selected trust funds may be authorized by

1 the Legislature for transfer to the Budget Stabilization Fund
2 and Working Capital Fund in the General Appropriations Act.

3 b. This subparagraph does not apply to trust funds
4 required by federal programs or mandates; trust funds
5 established for bond covenants, indentures, or resolutions
6 whose revenues are legally pledged by the state or public body
7 to meet debt service or other financial requirements of any
8 debt obligations of the state or any public body; the State
9 Transportation Trust Fund; the trust fund containing the net
10 annual proceeds from the Florida Education Lotteries; the
11 Florida Retirement System Trust Fund; trust funds under the
12 management of the Board of Regents, where such trust funds are
13 for auxiliary enterprises, self-insurance, and contracts,
14 grants, and donations, as those terms are defined by general
15 law; trust funds that serve as clearing funds or accounts for
16 the Comptroller or state agencies; trust funds that account
17 for assets held by the state in a trustee capacity as an agent
18 or fiduciary for individuals, private organizations, or other
19 governmental units; and other trust funds authorized by the
20 State Constitution.

21 Section 14. Paragraph (e) of subsection (1) of section
22 112.665, Florida Statutes, is amended to read:

23 112.665 Duties of Department of Management Services.--

24 (1) The Department of Management Services shall:

25 (e) Issue, by January 1 annually, a report to the
26 Special District Information Program of the Department of
27 Community Affairs that includes the participation in and
28 compliance of special districts with the local government
29 retirement system provisions in s. 112.63 and the
30 state-administered retirement system provisions as specified
31 in part I of chapter 121; and

1 Section 15. Paragraph (a) of subsection (1) of section
2 121.091, Florida Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

31

1 i. Three percent of the member's average final
2 compensation for all creditable years of service after
3 September 30, 1978, and before January 1, 1993, for any
4 special risk member who retires after July 1, 2000, or any
5 member of the Special Risk Administrative Support Class
6 entitled to retain the special risk normal retirement date who
7 was a member of the Special Risk Class during the time period
8 and who retires after July 1, 2000.

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

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

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

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

25 (a) \$345 million; or

26 (b) The amount available under the rate stabilization
27 mechanism described in s. 121.031, Florida Statutes, after any
28 other recognition of excess actuarial assets pursuant to this
29 act.

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

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

5 2. The remaining amount needed to fully fund the
6 benefit accrual rate.

7 (b) If, after the recognition of excess actuarial
8 assets pursuant to this subsection, there remains an unfunded
9 actuarial liability attributable to the increase in the
10 retirement accrual rates for the Special Risk Class, the
11 contribution rate applicable to the Special Risk Class of the
12 Florida Retirement System shall be increased by 1.85
13 percentage points, effective July 1, 2002, unless the
14 Legislature provides an alternative funding mechanism.

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

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

31 (4) DISABILITY RETIREMENT BENEFIT.--

1 (a) Disability retirement; entitlement and effective
2 date.--

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

21 b. Effective July 1, 2001, a member of the defined
22 benefit retirement program who becomes totally and permanently
23 disabled, as defined in paragraph (b), after completing 8
24 years of creditable service, or a member who becomes totally
25 and permanently disabled in the line of duty regardless of
26 service, shall be entitled to a monthly disability benefit.

27 2. If the division has received from the employer the
28 required documentation of the member's termination of
29 employment, the effective retirement date for a member who
30 applies and is approved for disability retirement shall be
31 established by rule of the division.

1 3. For a member who is receiving Workers' Compensation
2 payments, the effective disability retirement date may not
3 precede the date the member reaches Maximum Medical
4 Improvement (MMI), unless the member terminates employment
5 prior to reaching MMI.

6 (j) Disability retirement of justice or judge by order
7 of Supreme Court.--

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

22 2. Should any justice or judge who is a member of the
23 Florida Retirement System be retired for disability by order
24 of the Supreme Court upon recommendation of the Judicial
25 Qualifications Commission pursuant to the provisions of Art. V
26 of the State Constitution, then all contributions to his or
27 her account and all contributions made on his or her behalf by
28 the employer shall be transferred to and deposited in the
29 General Revenue Fund of the state, and there is hereby
30 appropriated annually out of the General Revenue Fund, to be
31 paid into the Florida Retirement System Fund, an amount

1 necessary to pay the benefits of all justices and judges
2 retired from the Florida Retirement System pursuant to Art. V
3 of the State Constitution.

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

7 112.363 Retiree health insurance subsidy.--

8 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE
9 SUBSIDY.--

10 (a) A person who is retired under a state-administered
11 retirement system, or a beneficiary who is a spouse or
12 financial dependent entitled to receive benefits under a
13 state-administered retirement system, is eligible for health
14 insurance subsidy payments provided under this section; except
15 that pension recipients under ss. 121.40, 238.07(16)(a), and
16 250.22, recipients of health insurance coverage under s.
17 110.1232, or any other special pension or relief act shall not
18 be eligible for such payments.

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

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

28 2. For a member of the Florida Retirement System
29 defined benefit program, or any employee who maintains
30 creditable service under both the defined benefit program and
31 the Public Employee Optional Retirement Program, the member

1 begins drawing retirement benefits from the defined benefit
2 program of the Florida Retirement System.

3 (c)1. Effective July 1, 2001, any person retiring on
4 or after such date as a member of the Florida Retirement
5 System, including any participant of the defined contribution
6 program administered pursuant to part II of chapter 121, must
7 have satisfied the vesting requirements for his or her
8 membership class under the Florida Retirement System defined
9 benefit program as administered under part I of chapter 121.

10 2. Notwithstanding the provisions of subparagraph 1.,
11 a person retiring due to disability must either qualify for a
12 regular or in-line-of-duty disability benefit as provided in
13 s. 121.091(4) or qualify for a disability benefit under a
14 disability plan established under part II of chapter 121, as
15 appropriate.

16 (d) Payment of the retiree health insurance subsidy
17 shall be made only after coverage for health insurance for the
18 retiree or beneficiary has been certified in writing to the
19 Department of Management Services. Participation in a former
20 employer's group health insurance program is not a requirement
21 for eligibility under this section.

22 (e) ~~However,~~ Participants in the Senior Management
23 Service Optional Annuity Program as provided in s. 121.055(6)
24 and the State University System Optional Retirement Program as
25 provided in s. 121.35 shall not receive the retiree health
26 insurance subsidy provided in this section. The employer of
27 such participant shall pay the contributions required in
28 subsection (8) to the annuity program provided in s.
29 121.055(6)(d) or s. 121.35(4)(a), as applicable.

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

31

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

8 (b) Beginning January 1, 1989, each eligible retiree
9 or a beneficiary who is a spouse or financial dependent shall
10 receive a monthly retiree health insurance subsidy payment
11 equal to the number of years of creditable service, as defined
12 in s. 121.021(17), completed at the time of retirement
13 multiplied by \$2; however, no retiree may receive a subsidy
14 payment of more than \$60 or less than \$20.

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

22 (d) Beginning January 1, 1999, each eligible retiree
23 or, if the retiree is deceased, his or her beneficiary who is
24 receiving a monthly benefit from such retiree's account and
25 who is a spouse, or a person who meets the definition of joint
26 annuitant in s. 121.021(28), shall receive a monthly retiree
27 health insurance subsidy payment equal to the number of years
28 of creditable service, as defined in s. 121.021(17), completed
29 at the time of retirement multiplied by \$5; however, no
30 eligible retiree or such beneficiary may receive a subsidy
31 payment of more than \$150 or less than \$50. If there are

1 multiple beneficiaries, the total payment must not be greater
 2 than the payment to which the retiree was entitled.

3 (e)1. Beginning July 1, 2001, each eligible retiree of
 4 the defined benefit program of the Florida Retirement System,
 5 or, if the retiree is deceased, his or her beneficiary who is
 6 receiving a monthly benefit from such retiree's account and
 7 who is a spouse, or a person who meets the definition of joint
 8 annuitant in s. 121.021(28), shall receive a monthly retiree
 9 health insurance subsidy payment equal to the number of years
 10 of creditable service, as defined in s. 121.021(17), completed
 11 at the time of retirement multiplied by \$5; however, no
 12 eligible retiree or beneficiary may receive a subsidy payment
 13 of more than \$150 or less than \$30. If there are multiple
 14 beneficiaries, the total payment must not be greater than the
 15 payment to which the retiree was entitled. The health
 16 insurance subsidy amount payable to any person receiving the
 17 retiree health insurance subsidy payment on July 1, 2001,
 18 shall not be reduced solely by operation of this subparagraph.

19 2. Beginning July 1, 2002, each eligible participant
 20 of the Public Employee Optional Retirement Program of the
 21 Florida Retirement System who has met the requirements of this
 22 section, or, if the participant is deceased, his or her spouse
 23 who is the participant's designated beneficiary, shall receive
 24 a monthly retiree health insurance subsidy payment equal to
 25 the number of years of creditable service, as provided in this
 26 subparagraph, completed at the time of retirement, multiplied
 27 by \$5; however, no eligible retiree or beneficiary may receive
 28 a subsidy payment of more than \$150 or less than \$30. For
 29 purposes of determining a participant's creditable service
 30 used to calculate the health insurance subsidy, a
 31 participant's years of service credit or fraction thereof

1 shall be based on the participant's work year as defined in s.
2 121.021(54). Credit shall be awarded for a full work year
3 whenever health insurance subsidy contributions have been made
4 as required by law for each month in the participant's work
5 year. In addition, all years of creditable service retained
6 under the Florida Retirement System defined benefit program
7 shall be included as creditable service for purposes of this
8 section.

9 Section 19. Paragraphs (b) and (h) of subsection (1),
10 paragraph (b) of subsection (4), and paragraph (e) of
11 subsection (6) of section 121.055, Florida Statutes, are
12 amended to read:

13 121.055 Senior Management Service Class.--There is
14 hereby established a separate class of membership within the
15 Florida Retirement System to be known as the "Senior
16 Management Service Class," which shall become effective
17 February 1, 1987.

18 (1)

19 (b)1. Except as provided in subparagraph 2., effective
20 January 1, 1990, participation in the Senior Management
21 Service Class shall be compulsory for the president of each
22 community college, the manager of each participating city or
23 county, and all appointed district school superintendents.
24 Effective January 1, 1994, additional positions may be
25 designated for inclusion in the Senior Management Service
26 Class of the Florida Retirement System, provided that:

27 a. Positions to be included in the class shall be
28 designated by the local agency employer. Notice of intent to
29 designate positions for inclusion in the class shall be
30 published once a week for 2 consecutive weeks in a newspaper
31

1 of general circulation published in the county or counties
2 affected, as provided in chapter 50.

3 b. Up to 10 ~~one~~ nonelective full-time positions
4 ~~position~~ may be designated for each local agency employer
5 reporting to the Department of Management Services; for local
6 agencies with 100 or more regularly established positions,
7 additional nonelective full-time positions may be designated,
8 not to exceed 1 percent of the regularly established positions
9 within the agency.

10 c. Each position added to the class must be a
11 managerial or policymaking position filled by an employee who
12 is not subject to continuing contract and serves at the
13 pleasure of the local agency employer without civil service
14 protection, and who:

15 (I) Heads an organizational unit; or

16 (II) Has responsibility to effect or recommend
17 personnel, budget, expenditure, or policy decisions in his or
18 her areas of responsibility.

19 2. In lieu of participation in the Senior Management
20 Service Class, members of the Senior Management Service Class
21 pursuant to the provisions of subparagraph 1. may withdraw
22 from the Florida Retirement System altogether. The decision to
23 withdraw from the Florida Retirement System shall be
24 irrevocable for as long as the employee holds such a position.
25 Any service creditable under the Senior Management Service
26 Class shall be retained after the member withdraws from the
27 Florida Retirement System; however, additional service credit
28 in the Senior Management Service Class shall not be earned
29 after such withdrawal. Such members shall not be eligible to
30 participate in the Senior Management Service Optional Annuity
31 Program.

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

1 serves at the pleasure of the state attorney or public
2 defender without civil service protection, and who:

3 (I) Heads an organizational unit; or

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

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

16 3. In lieu of participation in the Senior Management
17 Service Class, such members, excluding assistant state
18 attorneys, assistant public defenders, assistant statewide
19 prosecutors, and assistant capital collateral regional
20 counsels, may participate in the Senior Management Service
21 Optional Annuity Program as established in subsection (6).

22 (4)

23 (b) Service in an eligible position prior to February
24 1, 1987, or after January 31, 1987, shall satisfy the
25 requirement of attaining the normal retirement date as defined
26 in s. 121.021(29) for a Senior Management Service Class
27 member, provided the employee is a member of the Senior
28 Management Service Class after January 31, 1987. A member of
29 this class who fails to complete 6 ~~7~~ years of creditable
30 service in an eligible position shall be required to satisfy
31

1 the requirements for the normal retirement date for a regular
2 member as provided in s. 121.021(29).

3 (6)

4 (e) Benefits.--

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

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

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

30 c. A lump-sum direct rollover distribution whereby all
31 accrued benefits, plus interest and investment earnings, are

1 paid from the participant's account directly to the custodian
2 of an eligible retirement plan, as defined in s. 402(c)(8)(B)
3 of the Internal Revenue Code, on behalf of the participant.

4 2. The benefits payable to any person under the Senior
5 Management Service Optional Annuity Program, and any
6 contribution accumulated under such program, shall not be
7 subject to assignment, execution, or attachment or to any
8 legal process whatsoever.

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

14 Section 20. It is the intent of the Legislature that
15 the normal costs attributable to the reduction in vesting
16 requirements for members of the defined benefit retirement
17 program shall be funded by recognition of a lump sum from the
18 excess actuarial assets of the Florida Retirement System Trust
19 Fund as follows:

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

23 (2) For fiscal year 2002-2003, the Legislature intends
24 to recognize a lump sum equal to the annual cost attributable
25 to 6-year vesting and shall review the contribution rates
26 necessary to fund this change in vesting requirements. Absent
27 legislative action to recognize an additional lump sum for
28 fiscal year 2002-2003 and thereafter, the contribution rates
29 shall be increased as follows:

1 (a) The contribution rate that applies to the Regular
2 Class of the Florida Retirement System shall be increased by
3 0.42 percentage points.

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

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

10 (d) The contribution rate that applies to the Judicial
11 subclass of the Elected Officers' Class of the Florida
12 Retirement System shall be increased by 0.34 percentage
13 points.

14 (e) The contribution rate that applies to the
15 legislative-attorney-Cabinet subclass of the Elected Officers'
16 Class of the Florida Retirement System shall be increased by
17 0.66 percentage points.

18 (f) The contribution rate that applies to the County
19 Officers' subclass of the Elected Officers' Class of the
20 Florida Retirement System shall be increased by 0.17
21 percentage points.

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

25
26 These increases shall be in addition to all other changes to
27 such contribution rates which may be enacted into law to take
28 effect on that date. The Division of Statutory Revision is
29 directed to adjust the contribution rates set forth in ss.
30 121.052, 121.055, and 121.071, Florida Statutes.

31

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

7 (2) For fiscal year 2000-2001, the lump sum to be
8 recognized shall be the annual cost attributable to the 1999
9 actuarial experience study. For fiscal year 2001-2002, the
10 Legislature intends to recognize a lump sum of \$76.7 million
11 and shall review the contribution rate necessary to fund these
12 costs. Absent legislative action to the contrary, the
13 contribution rates shall be increased on July 1, 2001, as
14 follows:

15 (a) The contribution rate that applies to the Regular
16 Class of the Florida Retirement System shall be increased by
17 0.28 percentage points.

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

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

24 (d) 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 (e) 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 0.00 percentage points.

1 (f) 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 0.11
4 percentage points.

5 (g) The contribution rate that applies to the Senior
6 Management Service Class of the Florida Retirement System
7 shall be increased by 0.36 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 22. (1) Effective July 1, 2000, for fiscal
15 year 2000-2001, the contribution rates for the Regular Class,
16 Special Risk Class, Special Risk Administrative Support Class,
17 each subclass of the Elected Officers' Class, and the Senior
18 Management Service Class each shall be reduced by 1.0
19 percentage points. These reductions shall be in addition to
20 all other changes to such contribution rates which may be
21 enacted into law after July 1, 2000.

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 recognition of a lump sum
25 equal to the annual cost attributable to this reduction of the
26 contribution rates from the excess actuarial assets of the
27 Florida Retirement System Trust Fund.

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

1 (1) The contribution rate that applies to the Regular
2 Class of the Florida Retirement System shall be increased by
3 0.21 percentage points.

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

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

10 (4) The contribution rate that applies to the Judicial
11 subclass of the Elected Officers' Class of the Florida
12 Retirement System shall be increased by 0.00 percentage
13 points.

14 (5) The contribution rate that applies to the
15 legislative-attorney-Cabinet subclass of the Elected Officers'
16 Class of the Florida Retirement System shall be increased by
17 0.07 percentage points.

18 (6) The contribution rate that applies to the County
19 Officers' subclass of the Elected Officers' Class of the
20 Florida Retirement System shall be increased by 0.00
21 percentage points.

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

25
26 These increases shall be in addition to all other changes to
27 such contribution rates which may be enacted into law to take
28 effect on that date. The Division of Statutory Revision is
29 directed to adjust the contribution rates set forth in ss.
30 121.052, 121.055, and 121.071, Florida Statutes.

31

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

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

14 Section 25. (1) In order to implement the provisions
15 of this act, the State Board of Administration, the Department
16 of Management Services, and the employers participating in the
17 Florida Retirement System shall coordinate efforts to the
18 greatest extent practicable.

19 (2)(a) For fiscal years 2000-2001 and 2001-2002, each
20 employer participating in the Florida Retirement System
21 administered pursuant to chapter 121, Florida Statutes, shall
22 pay an additional contribution to the Division of Retirement
23 equal to 0.1 percent of each member's gross compensation for
24 deposit in the division's Operating Trust Fund. The
25 contributions shall be made for each pay period and are in
26 addition to all contributions required for the Florida
27 Retirement System, social security, and the Retiree Health
28 Insurance Subsidy Trust Fund.

29 (b) Such contributions shall be transferred
30 immediately from the division's Operating Trust Fund to the
31 State Board of Administration's Administrative Expense Trust

1 Fund to offset the costs of implementing the Public Employee
2 Optional Retirement Program as created by this act. Such
3 funds may be expended by the State Board of Administration to
4 offset reasonable expenses incurred by the board and the
5 Public Employee Optional Retirement Program Advisory
6 Committee. The board shall transfer such funds as are
7 necessary to the Division of Retirement in order to carry out
8 the provisions of this act.

9 (3) The Trustees of the State Board of Administration
10 shall take all steps necessary and appropriate to ensure that
11 the Public Employee Optional Retirement Program created by
12 this act is implemented in an expeditious and professional
13 manner. Acting through the executive director of the State
14 Board of Administration, defined contribution program costs
15 shall be separately budgeted and accounted for, staff shall
16 report to a separate unit director, and other steps shall be
17 taken to ensure that a focused implementation working group is
18 organized and on task. The executive director shall report
19 separately to the trustees on defined contribution and defined
20 benefit program activities and the trustees shall prepare
21 separate reports to the Legislature on each program's
22 accomplishments and activities. These reports shall be
23 prepared at the discretion of the trustees, but no less
24 frequently than annually.

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

27 121.031 Administration of system; appropriation;
28 oaths; actuarial studies; public records.--

29 (3) The administrator shall cause an actuarial study
30 of the system to be made at least annually ~~once every 2 years~~
31 and shall report the results of such study to the Legislature

1 by December 31 ~~February 1~~ prior to the next legislative
2 session.

3 (a) The study shall, at a minimum, conform to the
4 requirements of s. 112.63, with the following exceptions and
5 additions:

6 1. The valuation of plan assets shall be based on a
7 5-year averaging methodology such as that specified in the
8 United States Department of Treasury Regulations, 26 C.F.R. s.
9 1.412(c)(2)-1, or a similar accepted approach designed to
10 attenuate fluctuations in asset values.

11 2. The study shall include a narrative explaining the
12 changes in the covered group over the period between actuarial
13 valuations and the impact of those changes on actuarial
14 results.

15 3. When substantial changes in actuarial assumptions
16 have been made, the study shall reflect the results of an
17 actuarial assumption as of the current date based on the
18 assumptions utilized in the prior actuarial report.

19 4. The study shall include an analysis of the changes
20 in actuarial valuation results by the factors generating those
21 changes. Such analysis shall reconcile the current actuarial
22 valuation results with those results from the prior valuation.

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

29 6. The actuarial model used to determine the adequate
30 level of funding for the Florida Retirement System shall
31 include a specific rate stabilization mechanism, as prescribed

1 herein. It is the intent of the Legislature to maintain as a
2 reserve a specific portion of any actuarial surplus, and to
3 use such reserve for the purpose of offsetting future unfunded
4 liabilities caused by experience losses, thereby minimizing
5 the risk of future increases in contribution rates. It is
6 further the intent of the Legislature that the use of any
7 excess above the reserve to offset retirement system normal
8 cost shall be in a manner that will allow system employers to
9 plan appropriately for resulting cost reductions and
10 subsequent cost increases. The rate stabilization mechanism
11 shall operate as follows:

12 a. The actuarial surplus shall be the value of
13 actuarial assets over actuarial liabilities, as is determined
14 on the preceding June 30 or as may be estimated on the
15 preceding December 31.

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

18 c. If the actuarial surplus exceeds 5 percent of
19 actuarial liabilities, one-half of the excess may be used to
20 offset total retirement system costs. In addition, if the
21 actuarial surplus exceeds 10 percent of actuarial liabilities,
22 an additional one-fourth of the excess above 10 percent may be
23 used to offset total retirement system costs. In addition, if
24 the actuarial surplus exceeds 15 percent of actuarial
25 liabilities, an additional one-fourth of the excess above 15
26 percent may be used to offset total retirement system costs.

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

31

1 (b) The Florida Retirement System Actuarial Assumption
 2 Conference which is hereby created shall by consensus develop
 3 official information with respect to the economic and
 4 noneconomic assumptions and funding methods of the Florida
 5 Retirement System necessary to perform the study. Such
 6 information shall include: an analysis of the actuarial
 7 assumptions and actuarial methods and a determination of
 8 whether changes to the assumptions or methods need to be made
 9 due to experience changes or revised future forecasts. The
 10 members of the conference shall include the Executive Office
 11 of the Governor, the coordinator of the Office of Economic and
 12 Demographic Research, and professional staff of the Senate and
 13 House of Representatives who have forecasting expertise, or
 14 their designees. The Executive Office of the Governor shall
 15 have the responsibility of presiding over the sessions of the
 16 conference. The State Board of Administration and the
 17 Division of Retirement shall be participants, as defined in s.
 18 216.134, in the conference.

19 Section 27. The Department of Management Services
 20 shall report to the Legislature no later than February 1,
 21 2001, on the effects of 6-year vesting on the incidental
 22 disability benefit and the health insurance subsidy. The
 23 Legislature intends to consider legislation regarding
 24 disability for both the defined benefit and defined
 25 contribution programs during the 2001 regular legislative
 26 session.

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

29 121.021 Definitions.--The following words and phrases
 30 as used in this chapter have the respective meanings set forth
 31 unless a different meaning is plainly required by the context:

1 (15)

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

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

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

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

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

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

1 to, those whose primary duties and responsibilities are in
 2 accounting, purchasing, legal, and personnel, shall not be
 3 included;

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

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

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

10 (e) The member must be employed as a community-based
11 correctional probation officer and be certified, or required
12 to be certified, in compliance with s. 943.1395. In addition,
13 the member's primary duties and responsibilities must be the
14 supervised custody, surveillance, control, investigation, and
15 counseling of assigned inmates, probationers, parolees, or
16 community controllees within the community; or the member must
17 be the supervisor of a member or members who have such
18 responsibilities. Administrative support personnel, including,
19 but not limited to, those whose primary duties and
20 responsibilities are in accounting, purchasing, legal
21 services, and personnel management, shall not be included;
22 however, probation and parole circuit and deputy circuit
23 administrators shall participate in the Special Risk Class; or

24 (f) The member must be employed in one of the
25 following classes and must spend at least 75 percent of his or
26 her time performing duties which involve contact with patients
27 or inmates in a correctional or forensic facility or
28 institution:

- 29 1. Dietitian (class codes 5203 and 5204).
30 2. Public health nutrition consultant (class code
31 5224).

- 1 3. Psychological specialist (class codes 5230 and
2 5231).
- 3 4. Psychologist (class code 5234).
- 4 5. Senior psychologist (class codes 5237 and 5238).
- 5 6. Regional mental health consultant (class code
6 5240).
- 7 7. Psychological Services Director - DCF (class code
8 5242).
- 9 8. Pharmacist (class codes 5245 and 5246).
- 10 9. Senior pharmacist (class codes 5248 and 5249).
- 11 10. Dentist (class code 5266).
- 12 11. Senior dentist (class code 5269).
- 13 12. Registered nurse (class codes 5290 and 5291).
- 14 13. Senior registered nurse (class codes 5292 and
15 5293).
- 16 14. Registered nurse specialist (class codes 5294 and
17 5295).
- 18 15. Clinical associate (class codes 5298 and 5299).
- 19 16. Advanced registered nurse practitioner (class
20 codes 5297 and 5300).
- 21 17. Advanced registered nurse practitioner specialist
22 (class codes 5304 and 5305).
- 23 18. Registered nurse supervisor (class codes 5306 and
24 5307).
- 25 19. Senior registered nurse supervisor (class codes
26 5308 and 5309).
- 27 20. Registered nursing consultant (class codes 5312
28 and 5313).
- 29 21. Quality management program supervisor (class code
30 5314).
- 31

1 22. Executive nursing director (class codes 5320 and
2 5321).

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

4 24. Pharmacy manager (class code 5251).

5 Section 30. The Legislature finds that a proper and
6 legitimate state purpose is served when employees and retirees
7 of the state and of its political subdivisions, and the
8 dependents, survivors, and beneficiaries of such employees and
9 retirees, are extended the basic protections afforded by
10 governmental retirement systems that provide fair and adequate
11 benefits that are managed, administered, and funded in an
12 actuarially sound manner, as required by section 14, Article X
13 of the State Constitution and part VII of chapter 112, Florida
14 Statutes. Therefore, the Legislature determines and declares
15 that this act fulfills an important state interest.

16 Section 31. The State Board of Administration shall,
17 as soon as practicable after the effective date of this act,
18 request an expedited opinion from the United States Internal
19 Revenue Service as to the qualified status of the defined
20 contribution program.

21 Section 32. Except as otherwise provided herein, this
22 act shall take effect July 1, 2000, and the Public Employee
23 Optional Retirement Program created by this act shall be
24 contingent upon:

25 1. The State Board of Administration receiving a
26 favorable determination letter and a favorable private letter
27 ruling from the Internal Revenue Service by May 1, 2002. If
28 the Internal Revenue Service refuses to act upon a request for
29 a private letter ruling, then a favorable legal opinion from a
30 qualified tax attorney or firm may be substituted for such
31 private letter ruling.

- 1 2. The State Board of Administration having selected
- 2 and contracted with the third-party administrator.
- 3 3. The third-party administrator having successfully
- 4 established data links with the employers participating in the
- 5 Florida Retirement System.
- 6 4. The education component of the Public Employee
- 7 Optional Retirement Program having been available for at least
- 8 90 days.
- 9 5. A diversified portfolio of financial instruments
- 10 having become available to participants of the Public Employee
- 11 Optional Retirement Program.
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