

By Representatives Fiorentino and Fasano

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

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

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

16           121.021 Definitions.--The following words and phrases  
17 as used in this chapter have the respective meanings set forth  
18 unless a different meaning is plainly required by the context:

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

28           (a) The average final compensation shall include:

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

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

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

4           1. Compensation paid to professional persons for  
5 special or particular services;

6           2. Payments for accumulated sick leave made due to  
7 retirement or termination;

8           3. Payments for accumulated annual leave in excess of  
9 500 hours;

10          4. Bonuses as defined in subsection (47);

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

13          6. Fringe benefits (for example, automobile allowances  
14 or housing allowances).

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

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

30          (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or  
31 her normal retirement date, the member, upon application to

1 the administrator, shall receive a monthly benefit which shall  
2 begin to accrue on the first day of the month of retirement  
3 and be payable on the last day of that month and each month  
4 thereafter during his or her lifetime. The normal retirement  
5 benefit, including any past or additional retirement credit,  
6 may not exceed 100 percent of the average final compensation.  
7 The amount of monthly benefit shall be calculated as the  
8 product of A and B, subject to the adjustment of C, if  
9 applicable, as set forth below:

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

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

21 a. Two percent of the member's average final  
22 compensation for all creditable years prior to October 1,  
23 1974;

24 b. Three percent of the member's average final  
25 compensation for all creditable years after September 30,  
26 1974, and before October 1, 1978;

27 c. Two percent of the member's average final  
28 compensation for all creditable years after September 30,  
29 1978, and before January 1, 1989;

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1           d. Two and two-tenths percent of the member's final  
2 monthly compensation for all creditable years after December  
3 31, 1988, and before January 1, 1990;

4           e. Two and four-tenths percent of the member's average  
5 final compensation for all creditable years after December 31,  
6 1989, and before January 1, 1991;

7           f. Two and six-tenths percent of the member's average  
8 final compensation for all creditable years after December 31,  
9 1990, and before January 1, 1992;

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

13          h. Three percent of the member's average final  
14 compensation for all creditable years after December 31, 1992;

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

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

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

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

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

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

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21   HOUSE SUMMARY

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