

1 A bill to be entitled
2 An act relating to state-administered
3 retirement programs; amending s. 112.363,
4 121.052, 121.055, and 121.071, F.S.; changing
5 the employer contribution for the retiree
6 health insurance subsidy; amending s. 121.4501,
7 F.S.; modifying provisions relating to
8 opportunity to transfer between the Public
9 Employee Optional Retirement Program and the
10 defined benefit program of the Florida
11 Retirement System, to establish the means by
12 which the cost of such transfers would be
13 covered; amending s. 121.571, F.S.; adding
14 cross references; providing a finding of
15 important state interest; providing an
16 effective date.

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

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20 Section 1. Paragraph (f) is added to subsection (8) of
21 section 112.363, Florida Statutes, to read:

22 112.363 Retiree health insurance subsidy.--
23 (8) CONTRIBUTIONS.--For purposes of funding the
24 insurance subsidy provided by this section:

25 (f) Beginning July 1, 2001, the employer of each
26 member of a state-administered plan shall contribute 1.00
27 percent of gross compensation each pay period.

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29 Such contributions shall be submitted to the Department of
30 Management Services and deposited in the Retiree Health
31 Insurance Subsidy Trust Fund.

1 Section 2. Paragraph (c) of subsection (7) of section
 2 121.052, Florida Statutes, is amended to read:

3 121.052 Membership class of elected officers.--

4 (7) CONTRIBUTIONS.--

5 (c) The following table states the required employer
 6 contribution on behalf of each member of the Elected Officers'
 7 Class in terms of a percentage of the member's gross
 8 compensation. Such contribution constitutes the entire health
 9 insurance subsidy contribution with respect to the member. A
 10 change in the contribution rate is effective with the first
 11 salary paid on or after the beginning date of the change. The
 12 retiree health insurance subsidy contribution rate is as
 13 follows:

| 15 Dates of Contribution | Contribution |
|---|--------------|
| 16 Rate Changes | Rate |
| 18 October 1, 1987, through December 31, 1988 | 0.24% |
| 19 January 1, 1989, through December 31, 1993 | 0.48% |
| 20 January 1, 1994, through December 31, 1994 | 0.56% |
| 21 January 1, 1995, through June 30, 1998 | 0.66% |
| 22 Effective July 1, 1998, <u>through June 30,</u> 23 <u>2001</u> | 0.94% |
| 24 <u>Effective July 1, 2001</u> | <u>1.00%</u> |

25
 26 Such contributions shall be deposited by the administrator in
 27 the Retiree Health Insurance Subsidy Trust Fund.

28 Section 3. Paragraph (c) of subsection (3) of section
 29 121.055, Florida Statutes, is amended to read:

30 121.055 Senior Management Service Class.--There is
 31 hereby established a separate class of membership within the

1 Florida Retirement System to be known as the "Senior
 2 Management Service Class," which shall become effective
 3 February 1, 1987.

4 (3)

5 (c) The following table states the required employer
 6 contribution on behalf of each member of the Senior Management
 7 Service Class in terms of a percentage of the member's gross
 8 compensation. Such contribution constitutes the entire health
 9 insurance subsidy contribution with respect to the member. A
 10 change in the contribution rate is effective with the first
 11 salary paid on or after the beginning date of the change. The
 12 retiree health insurance subsidy contribution rate is as
 13 follows:

| 15 Dates of Contribution | Contribution |
|---|--------------|
| 16 Rate Changes | Rate |
| 18 October 1, 1987, through December 31, 1988 | 0.24% |
| 19 January 1, 1989, through December 31, 1993 | 0.48% |
| 20 January 1, 1994, through December 31, 1994 | 0.56% |
| 21 January 1, 1995, through June 30, 1998 | 0.66% |
| 22 Effective July 1, 1998, <u>through June 30,</u> 23 <u>2001</u> | 0.94% |
| 24 <u>Effective July 1, 2001</u> | <u>1.00%</u> |

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 26 Such contributions shall be deposited by the administrator in
 27 the Retiree Health Insurance Subsidy Trust Fund.

28 Section 4. Subsection (4) of section 121.071, Florida
 29 Statutes, is amended to read:

30 121.071 Contributions.--Contributions to the system
 31 shall be made as follows:

1 (4) The following table states the required employer
 2 contribution on behalf of each member of the Regular Class,
 3 Special Risk Class, or Special Risk Administrative Support
 4 Class in terms of a percentage of the member's gross
 5 compensation. Such contribution constitutes the entire health
 6 insurance subsidy contribution with respect to the member. A
 7 change in the contribution rate is effective with the first
 8 salary paid on or after the beginning date of the change. The
 9 retiree health insurance subsidy contribution rate is as
 10 follows:

| 12 Dates of Contribution | Contribution |
|---|--------------|
| 13 Rate Changes | Rate |
| 15 October 1, 1987, through December 31, 1988 | 0.24% |
| 16 January 1, 1989, through December 31, 1993 | 0.48% |
| 17 January 1, 1994, through December 31, 1994 | 0.56% |
| 18 January 1, 1995, through June 30, 1998 | 0.66% |
| 19 Effective July 1, 1998, <u>through June 30,</u> 20 <u>2001</u> | 0.94% |
| 21 <u>Effective July 1, 2001</u> | <u>1.00%</u> |

23 Such contributions shall be deposited by the administrator in
 24 the Retiree Health Insurance Subsidy Trust Fund.

25 Section 5. Paragraph (e) of subsection (4) of section
 26 121.4501, Florida Statutes, is amended to read:

27 121.4501 Public Employee Optional Retirement
 28 Program.--

29 (4) PARTICIPATION; ENROLLMENT.--

30 (e) After the period during which an eligible employee
 31 had the choice to elect the defined benefit program or the

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

1 Public Employee Optional Retirement Program, the employee
2 shall have one opportunity, that is, a second election ~~at the~~
3 ~~employee's discretion~~, to choose to move from the defined
4 benefit program to the Public Employee Optional Retirement
5 Program or from the Public Employee Optional Retirement
6 Program to the defined benefit program. This paragraph shall
7 be contingent upon approval from the Internal Revenue Service
8 for including the choice described herein within the programs
9 offered by the Florida Retirement System.

10 1. If the employee chooses to move to the Public
11 Employee Optional Retirement Program, the applicable
12 provisions of this section shall govern the transfer.

13 2. If the employee chooses to move from the Public
14 Employee Optional Retirement Program to the defined benefit
15 program, the employee must transfer from his or her optional
16 ~~program Public Employee Optional Retirement Program~~ account an
17 amount equal to the sum of the following:

18 a. The value of any account balance representing the
19 actuarial present value of the employee's accrued benefit
20 transferred to the optional program at the time of the initial
21 transfer;

22 b. The product of the participant's salary during the
23 period of participation in the optional program times the
24 greater of the applicable contribution rate or the applicable
25 employer normal cost rate in effect for the Florida Retirement
26 System defined benefit program membership class to which the
27 member belonged during each fiscal year of such period; and

28 c. Interest on the sum of the amounts calculated under
29 sub-subparagraphs a. and b. The interest rate shall be equal
30 to the greater of the annualized rate of return earned on
31 investments of the assets of the Florida Retirement System

1 Trust Fund as calculated by the State Board of Administration
2 for each fiscal year of the participation period or the
3 Florida Retirement System actuarial valuation assumed rate of
4 return of 8 percent and from other employee moneys as
5 necessary, a sum representing all contributions that would
6 have been made to the defined benefit plan for that employee
7 and the actual return that would have been earned on those
8 contributions had they been invested in the defined benefit
9 program.

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11 If, at the time of a member's election to transfer to the
12 defined benefit program, the member's optional program account
13 does not contain the total amount required to be transferred
14 to the defined benefit program, the member must pay the
15 remaining balance. If the member's optional program account
16 contains more than the amount required to be transferred to
17 the defined benefit program, such additional amount shall
18 remain in the member's optional program account.

19 3. The second election must be made no later than 3
20 years after the initial election.

21 Section 6. Subsection (4) of section 121.571, Florida
22 Statutes, is amended to read:

23 121.571 Contributions.--Contributions to the Public
24 Employee Optional Retirement Program shall be made as follows:

25 (4) CONTRIBUTIONS FOR SOCIAL SECURITY COVERAGE AND FOR
26 RETIREE HEALTH INSURANCE SUBSIDY.--Contributions required
27 under this section shall be in addition to employer and member
28 contributions required for social security and the Retiree
29 Health Insurance Subsidy Trust Fund as provided in ss.
30 112.363, 121.052, 121.055, and s-121.071, as appropriate.

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1 Section 7. The Legislature finds that a proper and
2 legitimate state purpose is served when employees, officers,
3 and retirees of the state and of its political subdivisions,
4 and the dependents, survivors, and beneficiaries of such
5 employees, officers, and retirees, are extended the basic
6 protections afforded governmental retirement systems that
7 provide fair and adequate benefits, including health insurance
8 subsidies, and that are managed, administered, and funded in a
9 reasonable manner. Therefore, the Legislature hereby
10 determines and declares that the provisions of this act
11 fulfill an important state interest.

12 Section 8. This act shall take effect July 1, 2001.
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