

By the Committees on Appropriations; Governmental Oversight and Productivity; and Senators Pruitt, Crist and Posey

309-1957-01

1                                   A bill to be entitled  
 2           An act relating to the Florida Retirement  
 3           System; amending s. 121.021, F.S.; defining the  
 4           term "public school member" for purposes of the  
 5           system; amending s. 121.091, F.S.; providing  
 6           retirement benefits payable to public school  
 7           members; providing retroactive applicability;  
 8           providing for funding of the revision of the  
 9           Florida Retirement System by this act;  
 10          providing a finding of important state  
 11          interest; providing an effective date.

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

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 15           Section 1. Subsection (62) is added to section  
 16 121.021, Florida Statutes, to read:  
 17           121.021 Definitions.--The following words and phrases  
 18 as used in this chapter have the respective meanings set forth  
 19 unless a different meaning is plainly required by the context:  
 20           (62) "Public school member" means a member of the  
 21 Florida Retirement System Regular Class who is employed by a  
 22 district school system, a public charter school, or the  
 23 Florida School for the Deaf and the Blind.

24           Section 2. Subsection (1) of section 121.091, Florida  
 25 Statutes, is amended to read:

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

1 department may cancel an application for retirement benefits  
2 when the member or beneficiary fails to timely provide the  
3 information and documents required by this chapter and the  
4 department's rules. The department shall adopt rules  
5 establishing procedures for application for retirement  
6 benefits and for the cancellation of such application when the  
7 required information or documents are not received.

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

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

29 b. For creditable years of Regular Class service,  
30 public school members shall have A determined under the  
31 provisions of sub-subparagraph 1.a. for service up to the

1 "applicability date," and according to the following table for  
2 service earned after the "applicability date":

<u>Years of Regular</u> <u>Class Service</u>	<u>Benefit Accrual Rate</u>
6 <u>0-6</u>	<u>1.60%</u>
7 <u>7-12</u>	<u>1.75%</u>
8 <u>13-18</u>	<u>1.90%</u>
9 <u>Over 18</u>	<u>2.10%</u>

10 Applicability date means July 1, 2002, adjusted as  
11 follows: for each year of creditable service as a public  
12 school member earned after the applicability date, 2 years  
13 will be subtracted from the applicability date up to a maximum  
14 adjustment of 18 years.

15 2. For creditable years of special risk service, A is:  
16 a. Two percent of the member's average final  
17 compensation for all creditable years prior to October 1,  
18 1974;

19 b. Three percent of the member's average final  
20 compensation for all creditable years after September 30,  
21 1974, and before October 1, 1978;

22 c. Two percent of the member's average final  
23 compensation for all creditable years after September 30,  
24 1978, and before January 1, 1989;

25 d. Two and two-tenths percent of the member's final  
26 monthly compensation for all creditable years after December  
27 31, 1988, and before January 1, 1990;

28 e. Two and four-tenths percent of the member's average  
29 final compensation for all creditable years after December 31,  
30 1989, and before January 1, 1991;

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

1 f. Two and six-tenths percent of the member's average  
2 final compensation for all creditable years after December 31,  
3 1990, and before January 1, 1992;

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

7 h. Three percent of the member's average final  
8 compensation for all creditable years after December 31, 1992;  
9 and

10 i. Three percent of the member's average final  
11 compensation for all creditable years of service after  
12 September 30, 1978, and before January 1, 1993, for any  
13 special risk member who retires after July 1, 2000, or any  
14 member of the Special Risk Administrative Support Class  
15 entitled to retain the special risk normal retirement date who  
16 was a member of the Special Risk Class during the time period  
17 and who retires after July 1, 2000.

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

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

26 (b) B is the number of the member's years and any  
27 fractional part of a year of creditable service earned  
28 subsequent to November 30, 1970; and

29 (c) C is the normal retirement benefit credit brought  
30 forward as of November 30, 1970, by a former member of an  
31 existing system. Such normal retirement benefit credit shall

1 be determined as the product of X and Y when X is the  
2 percentage of average final compensation which the member  
3 would have been eligible to receive if the member had attained  
4 his or her normal retirement date as of November 30, 1970, all  
5 in accordance with the existing system under which the member  
6 is covered on November 30, 1970, and Y is average final  
7 compensation as defined in s. 121.021(25). However, any  
8 member of an existing retirement system who is eligible to  
9 retire and who does retire, become disabled, or die prior to  
10 April 15, 1971, may have his or her retirement benefits  
11 calculated on the basis of the best 5 of the last 10 years of  
12 service.

13 (d) A member's average final compensation shall be  
14 determined by formula to obtain the coverage for the 5 highest  
15 fiscal years' salaries, calculated as provided by rule.

16 Section 3. It is the intent of the Legislature that  
17 costs attributable to benefit increases for regular class  
18 public school members shall be funded by recognition of lump  
19 sums from the excess actuarial assets of the Florida  
20 Retirement System Trust Fund as follows:

21 (1) For fiscal year 2002-2003, the lump sum to be  
22 recognized shall be the lesser of:

23 (a) The amount available under the rate stabilization  
24 mechanism described in section 121.031, Florida Statutes; or

25 (b) The amount needed to pay the annual cost  
26 attributable to the increased benefit accrual rate for public  
27 school members. The annual cost shall consist of the increase  
28 in normal cost for public school members plus payment of the  
29 30-year amortization amount of the increase in the actuarial  
30 accrued liability attributable to the increase, equal to 2.51

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1 percent of the public school member payroll or \$212 million  
2 for the fiscal year 2002-2003.

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4 If, after the recognition of excess actuarial assets pursuant  
5 to this subsection, there remains an unfunded cost, the  
6 contribution rate applicable to public school members shall be  
7 increased by the difference between the annual cost and the  
8 amount provided by the excess actuarial assets, unless the  
9 Legislature provides an alternate funding mechanism.

10 (2) For fiscal years starting 2003-2004 and thereafter,  
11 the Legislature shall, as provided in subsection (1), continue  
12 to fund on an ongoing basis the annual cost attributable to  
13 the formula improvements.

14 Section 4. The Legislature finds that a proper and  
15 legitimate state purpose is served when employees and retirees  
16 of the state and of its political subdivisions, and the  
17 dependents, survivors, and beneficiaries of such employees and  
18 retirees, are extended the basic protections afforded by  
19 governmental retirement systems that provide fair and adequate  
20 benefits that are managed, administered, and funded in an  
21 actuarially sound manner, as required by Section 14, Article X  
22 of the State Constitution and part VII of chapter 112, Florida  
23 Statutes. Therefore, the Legislature determines and declares  
24 that this act fulfills an important state interest.

25 Section 5. This act shall take effect July 1, 2002.

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27 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
28 COMMITTEE SUBSTITUTE FOR  
29 CS for SB 478

30 Removes contribution rate for public school members.

31 States that the cost of the improved benefit would represent  
2.51 percent of public school employee payroll costs.