

By Representative Richardson

1 A bill to be entitled
 2 An act relating to the Florida Retirement
 3 System; amending s. 121.021, F.S.; redefining
 4 the term "average final compensation" to be the
 5 average of the 3 highest fiscal years of
 6 compensation and the term "normal retirement
 7 date" to mean attainment of 5 years of
 8 creditable service; providing for funding of
 9 the revision of the system by this act;
 10 revising contribution rates; providing a
 11 finding of important state interest; providing
 12 an effective date.

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

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 16 Section 1. Subsections (24), (29), and (45) of section
 17 121.021, Florida Statutes, are amended to read:

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

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

30 (a) The average final compensation shall include:
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- 1 1. Accumulated annual leave payments, not to exceed
2 500 hours; and
- 3 2. All payments defined as compensation in subsection
4 (22).
- 5 (b) The average final compensation shall not include:
- 6 1. Compensation paid to professional persons for
7 special or particular services;
- 8 2. Payments for accumulated sick leave made due to
9 retirement or termination;
- 10 3. Payments for accumulated annual leave in excess of
11 500 hours;
- 12 4. Bonuses as defined in subsection (47);
- 13 5. Third party payments made on and after July 1,
14 1990; or
- 15 6. Fringe benefits (for example, automobile allowances
16 or housing allowances).
- 17 (29) "Normal retirement date" means the first day of
18 any month following the date a member attains one of the
19 following statuses:
- 20 (a) If a Regular Class member, the member:
- 21 1. Completes 5 ~~6~~ or more years of creditable service
22 and attains age 62; or
- 23 2. Completes 30 years of creditable service,
24 regardless of age, which may include a maximum of 4 years of
25 military service credit as long as such credit is not claimed
26 under any other system.
- 27 (b) If a Special Risk Class member, the member:
- 28 1. Completes 5 ~~6~~ or more years of creditable service
29 in the Special Risk Class and attains age 55;
- 30 2. Completes 25 years of creditable service in the
31 Special Risk Class, regardless of age; or

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

6 (c) If a Senior Management Service Class member, the
7 member:

8 1. Completes 5 ~~6~~ years of creditable service in the
9 Senior Management Service 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 (d) If an Elected Officers' Class member, the member:

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

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

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22 "Normal retirement age" is attained on the "normal retirement
23 date."

24 (45)(a) "Vested" or "vesting" means the guarantee that
25 a member is eligible to receive a future retirement benefit
26 upon completion of the required years of creditable service
27 for the employee's class of membership, even though the member
28 may have terminated covered employment before reaching normal
29 or early retirement date. Being vested does not entitle a
30 member to a disability benefit. Provisions governing
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1 entitlement to disability benefits are set forth under s.
2 121.091(4).

3 (b) Effective July 1, 2001, a 5-year ~~6-year~~ vesting
4 requirement shall be implemented for the defined benefit
5 program of the Florida Retirement System. Pursuant thereto:

6 1. Any member employed in a regularly established
7 position on July 1, 2001, who completes or has completed a
8 total of 5 ~~6~~ years of creditable service shall be considered
9 vested as described in paragraph (a).

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

18 Section 2. It is the intent of the Legislature that
19 the normal costs attributable to the reduction in vesting
20 requirements for members of the defined benefit retirement
21 program shall be funded by recognition of a lump sum from the
22 excess actuarial assets of the Florida Retirement System Trust
23 Fund as follows:

24 (1) For fiscal year 2001-2002, the lump sum to be
25 recognized shall be the annual cost attributable to 5-year
26 vesting.

27 (2) For fiscal year 2002-2003, the Legislature intends
28 to recognize a lump sum equal to the annual cost attributable
29 to 5-year vesting and shall review the contribution rates
30 necessary to fund this change in vesting requirements. Absent
31 legislative action to recognize an additional lump sum for

1 fiscal year 2002-2003 and thereafter, the contribution rates
2 shall be increased as follows:
3 (a) The contribution rate that applies to the Regular
4 Class of the Florida Retirement System shall be increased by
5 _____ percentage points.
6 (b) The contribution rate that applies to the Special
7 Risk Class of the Florida Retirement System shall be increased
8 by _____ percentage points.
9 (c) The contribution rate that applies to the Special
10 Risk Administrative Support Class of the Florida Retirement
11 System shall be increased by _____ percentage points.
12 (d) The contribution rate that applies to the Judicial
13 subclass of the Elected Officers' Class of the Florida
14 Retirement System shall be increased by _____ percentage
15 points.
16 (e) The contribution rate that applies to the
17 legislative-attorney-Cabinet subclass of the Elected Officers'
18 Class of the Florida Retirement System shall be increased by
19 _____ percentage points.
20 (f) The contribution rate that applies to the County
21 Officers' subclass of the Elected Officers' Class of the
22 Florida Retirement System shall be increased by _____
23 percentage points.
24 (g) The contribution rate that applies to the Senior
25 Management Service Class of the Florida Retirement System
26 shall be increased by _____ percentage points.
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28 These increases shall be in addition to all other changes to
29 such contribution rates which may be enacted into law to take
30 effect on that date. The Division of Statutory Revision is
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1 directed to adjust the contribution rates set forth in
2 sections 121.052, 121.055, and 121.071, Florida Statutes.
3 Section 3. The Legislature finds that a proper and
4 legitimate state purpose is served when employees and retirees
5 of the state and of its political subdivisions, and the
6 dependents, survivors, and beneficiaries of such employees and
7 retirees, are extended the basic protections afforded by
8 governmental retirement systems that provide fair and adequate
9 benefits that are managed, administered, and funded in an
10 actuarially sound manner, as required by section 14, Article X
11 of the State Constitution and part VII of chapter 112, Florida
12 Statutes. Therefore, the Legislature determines and declares
13 that this act fulfills an important state interest.

14 Section 4. This act shall take effect July 1, 2001.

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17 SENATE SUMMARY

18 Changes the "average final compensation" for purposes of
19 calculating the benefit under the Florida Retirement
20 System from the average of the best 5 years to the
21 average of the best 3 years. Provides for vesting after 5
22 years of creditable service.

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