

1                                   A bill to be entitled  
2           An act relating to the Florida Retirement  
3           System; amending s. 122.0515, F.S., relating to  
4           special risk membership; revising criteria for  
5           members employed as firefighters, emergency  
6           medical technicians, or paramedics; adding  
7           specified classes of members employed within a  
8           correctional or forensic facility or  
9           institution; amending s. 121.055, F.S.,  
10          relating to the Senior Management Service  
11          Class; requiring participation in the class by  
12          assistant attorneys general; amending s.  
13          121.4501, F.S.; redefining the term "approved  
14          provider" for purposes of the Public Employee  
15          Optional Retirement Program; revising  
16          requirements for transferring a member's  
17          optional program account to the defined benefit  
18          plan; providing for amortization of any  
19          unfunded liability; providing requirements for  
20          the State Board of Administration in  
21          administering the program; revising  
22          requirements for the board in selecting  
23          providers of investment products; requiring  
24          that providers comply with federal and state  
25          securities and insurance laws and rules  
26          governing the ethical marketing of investment  
27          products; requiring that the board develop  
28          procedures for resolving complaints of  
29          participants; prohibiting providers from  
30          selling or distributing customer lists  
31          generated through the optional retirement

1 program; amending s. 121.0515, F.S.; allowing  
2 certain Special Risk Class members of the  
3 Florida Retirement System to purchase  
4 additional retirement credit; providing for  
5 funding; amending s. 121.052, F.S.; providing a  
6 period in which municipalities and special  
7 districts may designate elected positions for  
8 inclusion in the Elected Officers' Class;  
9 providing effective dates.

10  
11 Be It Enacted by the Legislature of the State of Florida:

12  
13 Section 1. Effective October 1, 2001, subsection (2)  
14 of section 121.0515, Florida Statutes, is amended to read:

15 121.0515 Special risk membership.--

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

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

1 accounting, purchasing, legal, and personnel, shall not be  
2 included;

3 (b) The member must be employed as a firefighter and  
4 be certified, or required to be certified, in compliance with  
5 s. 633.35 and be employed solely within the fire department of  
6 a local government ~~the~~ employer or an agency of state  
7 government with firefighting responsibilities. In addition,  
8 the member's duties and responsibilities must include  
9 on-the-scene fighting of fires, fire prevention, or  
10 firefighter training; ~~or~~ direct supervision of firefighting  
11 units, fire prevention, or firefighter training; or aerial  
12 firefighting surveillance performed by fixed-wing pilots  
13 employed by the Division of Forestry of the Department of  
14 Agriculture and Consumer Services; or the member must be the  
15 supervisor or command officer of a member or members who have  
16 such responsibilities; provided, however, administrative  
17 support personnel, including, but not limited to, those whose  
18 primary duties and responsibilities are in accounting,  
19 purchasing, legal, and personnel, shall not be included;

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

1 personnel, shall not be included; however, wardens and  
2 assistant wardens, as defined by rule, shall participate in  
3 the Special Risk Class;

4 (d) The member must be employed by a licensed Advance  
5 Life Support (ALS) or Basic Life Support (BLS) employer as an  
6 emergency medical technician or a paramedic and be certified  
7 in compliance with s. 401.27. In addition, the member's  
8 primary duties and responsibilities must include on-the-scene  
9 emergency medical care or direct supervision of emergency  
10 medical technicians or paramedics, or the member must be the  
11 supervisor or command officer of one or more members who have  
12 such responsibility. However, administrative support  
13 personnel, including, but not limited to, those whose primary  
14 responsibilities are in accounting, purchasing, legal, and  
15 personnel, shall not be included;

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

30 (f) The member must be employed in one of the  
31 following classes and must spend at least 75 percent of his or

1 her time performing duties which involve contact with patients  
2 or inmates in a correctional or forensic facility or  
3 institution:

- 4 1. Dietitian (class codes 5203 and 5204).
- 5 2. Public health nutrition consultant (class code  
6 5224).
- 7 3. Psychological specialist (class codes 5230 and  
8 5231).
- 9 4. Psychologist (class code 5234).
- 10 5. Senior psychologist (class codes 5237 and 5238).
- 11 6. Regional mental health consultant (class code  
12 5240).
- 13 7. Psychological Services Director--DCF (class code  
14 5242).
- 15 8. Pharmacist (class codes 5245 and 5246).
- 16 9. Senior pharmacist (class codes 5248 and 5249).
- 17 10. Dentist (class code 5266).
- 18 11. Senior dentist (class code 5269).
- 19 12. Registered nurse (class codes 5290 and 5291).
- 20 13. Senior registered nurse (class codes 5292 and  
21 5293).
- 22 14. Registered nurse specialist (class codes 5294 and  
23 5295).
- 24 15. Clinical associate (class codes 5298 and 5299).
- 25 16. Advanced registered nurse practitioner (class  
26 codes 5297 and 5300).
- 27 17. Advanced registered nurse practitioner specialist  
28 (class codes 5304 and 5305).
- 29 18. Registered nurse supervisor (class codes 5306 and  
30 5307).
- 31

- 1           19. Senior registered nurse supervisor (class codes  
2 5308 and 5309).
- 3           20. Registered nursing consultant (class codes 5312  
4 and 5313).
- 5           21. Quality management program supervisor (class code  
6 5314).
- 7           22. Executive nursing director (class codes 5320 and  
8 5321).
- 9           23. Speech and hearing therapist (class code 5406); or  
10          24. Pharmacy manager (class code 5251).
- 11          25. Unit treatment and rehabilitation director-F/C  
12 (class code 5805).
- 13          26. Unit treatment and rehabilitation senior  
14 supervisor I-F/C (class code 5793).
- 15          27. Unit treatment and rehabilitation supervisor  
16 II-F/C (class code 5796).
- 17          28. Unit treatment and rehabilitation specialist-F/C  
18 (class code 5791).
- 19          29. Unit treatment and rehabilitation supervisor I-F/C  
20 (class code 5786).
- 21          30. Unit treatment and rehabilitation director (class  
22 code 5779).
- 23          31. Unit treatment and rehabilitation senior  
24 supervisor I (class code 5777).
- 25          32. Unit treatment and rehabilitation senior  
26 supervisor II (class code 5778).
- 27          33. Unit treatment and rehabilitation senior  
28 supervisor III (class code 5780).
- 29          34. Unit treatment and rehabilitation senior  
30 supervisor III-F/C (class code 5799).
- 31

1           35. Unit treatment and rehabilitation specialist  
2 (class code 5776).

3           36. Unit treatment and rehabilitation supervisor I  
4 (class code 5710).

5           Section 2. Effective October 1, 2001, subsection (1)  
6 of section 121.055, Florida Statutes, is amended to read:

7           121.055 Senior Management Service Class.--There is  
8 hereby established a separate class of membership within the  
9 Florida Retirement System to be known as the "Senior  
10 Management Service Class," which shall become effective  
11 February 1, 1987.

12           (1)(a) Participation in the Senior Management Service  
13 Class shall be limited to and compulsory for any member of the  
14 Florida Retirement System who holds a position in the Senior  
15 Management Service of the State of Florida, established by  
16 part III of chapter 110, unless such member elects, within the  
17 time specified herein, to participate in the Senior Management  
18 Service Optional Annuity Program as established in subsection  
19 (6).

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

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

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

3         b. Up to 10 nonelective full-time positions may be  
4 designated for each local agency employer reporting to the  
5 Department of Management Services; for local agencies with 100  
6 or more regularly established positions, additional  
7 nonelective full-time positions may be designated, not to  
8 exceed 1 percent of the regularly established positions within  
9 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 (c)1. Effective January 1, 1990, participation in the  
2 Senior Management Service Class shall be compulsory for up to  
3 75 nonelective positions at the level of committee staff  
4 director or higher or equivalent managerial or policymaking  
5 positions within the House of Representatives, as selected by  
6 the Speaker of the House of Representatives, up to 50  
7 nonelective positions at the level of committee staff director  
8 or higher or equivalent managerial or policymaking positions  
9 within the Senate, as selected by the President of the Senate,  
10 all staff directors of joint committees and service offices of  
11 the Legislature, the Auditor General and up to 9 managerial or  
12 policymaking positions within his or her office as selected by  
13 the Auditor General, and the executive director of the  
14 Commission on Ethics.

15 2. Participation in this class shall be compulsory,  
16 except as provided in subparagraph 3., for any legislative  
17 employee who holds a position designated for coverage in the  
18 Senior Management Service Class, and such participation shall  
19 continue until the employee terminates employment in a covered  
20 position.

21 3. In lieu of participation in the Senior Management  
22 Service Class, at the discretion of the President of the  
23 Senate and the Speaker of the House of Representatives, such  
24 members may participate in the Senior Management Service  
25 Optional Annuity Program as established in subsection (6).

26 (d) Effective January 1, 1991, participation in the  
27 Senior Management Service Class shall be compulsory for any  
28 member of the Florida Retirement System in a position that has  
29 been designated eligible for inclusion in the Executive  
30 Service of the State University System or who holds a position  
31 as president of a state university, unless such member elects,

1 pursuant to s. 121.35, to participate in the optional  
2 retirement program.

3 (e) Effective January 1, 1991, participation in the  
4 Senior Management Service Class shall be compulsory for the  
5 number of senior managers who have policymaking authority with  
6 the State Board of Administration, as determined by the  
7 Governor, Treasurer, and Comptroller acting as the State Board  
8 of Administration, unless such member elects to participate in  
9 the Senior Management Service Optional Annuity Program as  
10 established in subsection (6) in lieu of participation in the  
11 Senior Management Service Class. Such election shall be made  
12 in writing and filed with the division and the personnel  
13 officer of the State Board of Administration within 90 days  
14 after becoming eligible for membership in the Senior  
15 Management Service Class.

16 (f) Effective July 1, 1997:

17 1. Any elected state officer eligible for membership  
18 in the Elected Officers' Class under s. 121.052(2)(a), (b), or  
19 (c) who elects membership in the Senior Management Service  
20 Class under s. 121.052(3)(c) may, within 6 months after  
21 assuming office or within 6 months after this act becomes a  
22 law for serving elected state officers, elect to participate  
23 in the Senior Management Service Optional Annuity Program, as  
24 provided in subsection (6), in lieu of membership in the  
25 Senior Management Service Class.

26 2. Any elected county officer eligible for membership  
27 in the Elected Officers' Class under s. 121.052(2)(d) who  
28 elects membership in the Senior Management Service Class under  
29 s. 121.052(3)(c) may, within 6 months after assuming office,  
30 or within 6 months after this act becomes a law for serving  
31 elected county officers, elect to participate in a lifetime

1 monthly annuity program, as provided in subparagraph (b)2., in  
2 lieu of membership in the Senior Management Service Class.

3 (g) Effective July 1, 1996, participation in the  
4 Senior Management Service Class shall be compulsory for any  
5 member of the Florida Retirement System employed with the  
6 Department of Military Affairs in the positions of the  
7 Adjutant General, Assistant Adjutant General-Army, Assistant  
8 Adjutant General-Air, State Quartermaster, Director of  
9 Military Personnel, Director of Administration, and additional  
10 directors as designated by the agency head, not to exceed a  
11 total of 10 positions. In lieu of participation in the Senior  
12 Management Service Class, such members may participate in the  
13 Senior Management Service Optional Annuity Program as  
14 established in subsection (6).

15 (h)1. Except as provided in subparagraph 3., effective  
16 January 1, 1994, participation in the Senior Management  
17 Service Class shall be compulsory for the State Courts  
18 Administrator and the Deputy State Courts Administrators, the  
19 Clerk of the Supreme Court, the Marshal of the Supreme Court,  
20 the Executive Director of the Justice Administrative  
21 Commission, the Capital Collateral Regional Counsels, the  
22 clerks of the district courts of appeals, the marshals of the  
23 district courts of appeals, and the trial court administrator  
24 in each judicial circuit. Effective January 1, 1994,  
25 additional positions in the offices of the state attorney and  
26 public defender in each judicial circuit may be designated for  
27 inclusion in the Senior Management Service Class of the  
28 Florida Retirement System, provided that:

29 a. Positions to be included in the class shall be  
30 designated by the state attorney or public defender, as  
31 appropriate. Notice of intent to designate positions for

1 inclusion in the class shall be published once a week for 2  
2 consecutive weeks in a newspaper of general circulation  
3 published in the county or counties affected, as provided in  
4 chapter 50.

5           b. One nonelective full-time position may be  
6 designated for each state attorney and public defender  
7 reporting to the Department of Management Services; for  
8 agencies with 200 or more regularly established positions  
9 under the state attorney or public defender, additional  
10 nonelective full-time positions may be designated, not to  
11 exceed 0.5 percent of the regularly established positions  
12 within the agency.

13           c. Each position added to the class must be a  
14 managerial or policymaking position filled by an employee who  
15 serves at the pleasure of the state attorney or public  
16 defender without civil service protection, and who:

17           (I) Heads an organizational unit; or

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

21           2. Participation in this class shall be compulsory,  
22 except as provided in subparagraph 3., for any judicial  
23 employee who holds a position designated for coverage in the  
24 Senior Management Service Class, and such participation shall  
25 continue until the employee terminates employment in a covered  
26 position. Effective January 1, 2001, participation in this  
27 class is compulsory for assistant state attorneys, assistant  
28 statewide prosecutors, assistant public defenders, and  
29 assistant capital collateral regional counsels. Effective  
30 January 1, 2002, participation in this class is compulsory for  
31 assistant attorneys general.

1           3. In lieu of participation in the Senior Management  
2 Service Class, such members, excluding assistant state  
3 attorneys, assistant public defenders, assistant statewide  
4 prosecutors, assistant attorneys general, and assistant  
5 capital collateral regional counsels, may participate in the  
6 Senior Management Service Optional Annuity Program as  
7 established in subsection (6).

8           (i)1. Except as provided in subparagraph 2., effective  
9 July 1, 1999, participation in the Senior Management Service  
10 Class is compulsory for any member of the Florida Retirement  
11 System who is employed as a judge of compensation claims with  
12 the Office of the Judges of Compensation Claims within the  
13 Department of Labor and Employment Security.

14           2. In lieu of participating in the Senior Management  
15 Service Class, a judge of compensation claims may participate  
16 in the Senior Management Service Optional Annuity Program  
17 established under subsection (6).

18           (j) Except as may otherwise be provided, any member of  
19 the Senior Management Service Class may purchase additional  
20 retirement credit in such class for creditable service within  
21 the purview of the Senior Management Service Class retroactive  
22 to February 1, 1987, and may upgrade retirement credit for  
23 such service, to the extent of 2 percent of the member's  
24 average monthly compensation as specified in paragraph (4)(d)  
25 for such service. Contributions for upgrading the additional  
26 Senior Management Service credit pursuant to this paragraph  
27 shall be equal to the difference in the contributions paid and  
28 the Senior Management Service Class contribution rate as a  
29 percentage of gross salary in effect for the period being  
30 claimed, plus interest thereon at the rate of 6.5 percent a  
31 year, compounded annually until the date of payment. This

1 service credit may be purchased by the employer on behalf of  
2 the member.

3 Section 3. Subsection (1), paragraph (a) of subsection  
4 (2), paragraph (e) of subsection (4), paragraph (b) of  
5 subsection (8), and paragraphs (a) and (b) of subsection (9)  
6 of section 121.4501, Florida Statutes, are amended, and  
7 paragraph (f) is added to subsection (9) of that section, to  
8 read:

9 121.4501 Public Employee Optional Retirement  
10 Program.--

11 (1) The Trustees of the State Board of Administration  
12 shall establish an optional defined contribution retirement  
13 program for members of the Florida Retirement System under  
14 which retirement benefits will be provided for eligible  
15 employees who elect to participate in the program. The  
16 benefits to be provided for or on behalf of participants in  
17 such optional retirement program shall be provided through  
18 employee-directed investments, in accordance with s. 401(a) of  
19 the Internal Revenue Code and its related regulations. The  
20 employers shall contribute, as provided in this section and s.  
21 121.571, to the Public Employee Optional Retirement Program  
22 Trust Fund toward the funding of such optional benefits.

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

24 (a) "Approved provider" or "provider" means a private  
25 sector company that is selected and approved by the state  
26 board to offer one or more investment products or services to  
27 the Public Employee Optional Retirement Program. The term  
28 includes a bundled provider that offers participants a range  
29 of individually allocated or unallocated investment products  
30 and may offer a range of administrative and customer services,  
31 which may include accounting and administration of individual

1 participant benefits and contributions; individual participant  
2 recordkeeping; asset purchase, control, and safekeeping;  
3 direct execution of the participant's instructions as to asset  
4 and contribution allocation; calculation of daily net asset  
5 values; direct access to participant account information;  
6 periodic reporting to participants, at least quarterly, on  
7 account balances and transactions; guidance, advice, and  
8 allocation services directly relating to its own investment  
9 options or products, but only if the bundled provider complies  
10 with the standard of care of s. 404(a)(1)(A-B) of the Employee  
11 Retirement Income Security Act of 1974 (ERISA) and if  
12 providing such guidance, advice, or allocation services does  
13 not constitute a prohibited transaction under s. 4975(c)(1) of  
14 the Internal Revenue Code or s. 406 of ERISA, notwithstanding  
15 that such prohibited transaction provisions do not apply to  
16 the optional retirement program; a broad array of distribution  
17 options; asset allocation; and retirement counseling and  
18 education. Private sector companies include investment  
19 management companies, insurance companies, depositories, and  
20 mutual fund companies.

21 (4) PARTICIPATION; ENROLLMENT.--

22 (e) After the period during which an eligible employee  
23 had the choice to elect the defined benefit program or the  
24 Public Employee Optional Retirement Program, the employee  
25 shall have one opportunity, at the employee's discretion, to  
26 choose to move from the defined benefit program to the Public  
27 Employee Optional Retirement Program or from the Public  
28 Employee Optional Retirement Program to the defined benefit  
29 program. This paragraph shall be contingent upon approval from  
30 the Internal Revenue Service for including the choice  
31

1 described herein within the programs offered by the Florida  
2 Retirement System.

3 1. If the employee chooses to move to the Public  
4 Employee Optional Retirement Program, the applicable  
5 provisions of this section shall govern the transfer.

6 2. If the employee chooses to move to the defined  
7 benefit program, the employee must transfer from his or her  
8 Public Employee Optional Retirement Program account and from  
9 other employee moneys as necessary, a sum representing the  
10 present value of that employee's accumulated benefit  
11 obligation immediately following the time of such movement,  
12 determined assuming that attained service equals the sum of  
13 service in the defined benefit program and service in the  
14 Public Employee Optional Retirement Program ~~all contributions~~  
15 ~~that would have been made to the defined benefit plan for that~~  
16 ~~employee and the actual return that would have been earned on~~  
17 ~~those contributions had they been invested in the defined~~  
18 ~~benefit program.~~ Benefit commencement occurs on the first date  
19 the employee would become eligible for unreduced benefits,  
20 using the discount rate and other relevant actuarial  
21 assumptions that were used to value the Florida Retirement  
22 System defined benefit plan liabilities in the most recent  
23 actuarial valuation. For any employee who, at the time of the  
24 second election, already maintains an accrued benefit amount  
25 in the defined benefit plan, the then-present value of such  
26 accrued benefit shall be deemed part of the required transfer  
27 amount described in this subparagraph. The division shall  
28 ensure that the transfer sum is prepared using a formula and  
29 methodology certified by an enrolled actuary.

30 3. Notwithstanding subparagraph 2., an employee who  
31 chooses to move to the defined benefit program and who became



1 eligible to participate in the Public Employee Optional  
2 Retirement Program by reason of employment in a regularly  
3 established position with a state employer after June 1, 2002;  
4 a district school board employer after September 1, 2002; or a  
5 local employer after December 1, 2002, must transfer from his  
6 or her Public Employee Optional Retirement Program account  
7 and, from other employee moneys as necessary, a sum  
8 representing that employee's actuarial accrued liability.

9 4. Employees' ability to transfer from the Florida  
10 Retirement System defined benefit program to the Public  
11 Employee Optional Retirement Program pursuant to paragraphs  
12 (a) through (d), and the ability for current employees to have  
13 an option to later transfer back into the defined benefit  
14 program under subparagraph 2., shall be deemed a significant  
15 system amendment. Pursuant to s. 121.031(4), any such  
16 resulting unfunded liability arising from actual original  
17 transfers from the defined benefit program to the optional  
18 program shall be amortized within 30 plan years as a separate  
19 unfunded actuarial base independent of the reserve  
20 stabilization mechanism defined in s. 121.031(3)(f). For the  
21 first 25 years, no direct amortization payment shall be  
22 calculated for this base. During this 25-year period, such  
23 separate base shall be used to offset the impact of employees  
24 exercising their second program election under this paragraph.  
25 It is the legislative intent that the actuarial funded status  
26 of the Florida Retirement System defined benefit plan is  
27 neither beneficially nor adversely impacted by such second  
28 program elections in any significant manner, after due  
29 recognition of the separate unfunded actuarial base. Following  
30 this initial 25-year period, any remaining balance of the

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1 original separate base shall be amortized over the remaining 5  
2 years of the required 30-year amortization period.

3 (8) ADMINISTRATION OF PROGRAM.--

4 (b)1. The state board shall select and contract with  
5 one third-party administrator to provide administrative  
6 services if those services cannot be competitively and  
7 contractually provided by the Division of Retirement within  
8 the Department of Management Services. With the approval of  
9 the state board, the third-party administrator may subcontract  
10 with other organizations or individuals to provide components  
11 of the administrative services. As a cost of administration,  
12 the board may compensate any such contractor for its services,  
13 in accordance with the terms of the contract, as is deemed  
14 necessary or proper by the board. The third-party  
15 administrator may not be an approved provider or be affiliated  
16 with an approved provider.

17 2. These administrative services may include, but are  
18 not limited to, enrollment of eligible employees, collection  
19 of employer contributions, disbursement of such contributions  
20 to approved providers in accordance with the allocation  
21 directions of participants; services relating to consolidated  
22 billing; individual and collective recordkeeping and  
23 accounting; asset purchase, control, and safekeeping; and  
24 direct disbursement of funds to and from the third-party  
25 administrator, the division, the board, employers,  
26 participants, approved providers, and beneficiaries. This  
27 section does not prevent or prohibit a bundled provider from  
28 providing any administrative or customer service, including  
29 accounting and administration of individual participant  
30 benefits and contributions; individual participant  
31 recordkeeping; asset purchase, control, and safekeeping;

1 direct execution of the participant's instructions as to asset  
2 and contribution allocation; calculation of daily net asset  
3 values; direct access to participant account information; or  
4 periodic reporting to participants, at least quarterly, on  
5 account balances and transactions, if these services are  
6 authorized by the board as part of the contract.

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

17           4. Educational services shall be designed by the board  
18 and department to assist employers, eligible employees,  
19 participants, and beneficiaries in order to maintain  
20 compliance with United States Department of Labor regulations  
21 under s. 404(c) of the Employee Retirement Income Security Act  
22 of 1974 and to assist employees in their choice of defined  
23 benefit or defined contribution retirement alternatives.  
24 Educational services include, but are not limited to,  
25 disseminating educational materials; providing retirement  
26 planning education; explaining the differences between the  
27 defined benefit retirement plan and the defined contribution  
28 retirement plan; and offering financial planning guidance on  
29 matters such as investment diversification, investment risks,  
30 investment costs, and asset allocation. An approved provider  
31 may also provide educational information, including retirement

1 planning and investment allocation information concerning its  
2 products and services.

3 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE  
4 REVIEW.--

5 (a) The board shall develop policy and procedures for  
6 selecting, evaluating, and monitoring the performance of  
7 approved providers and investment products to which employees  
8 may direct retirement contributions under the program. In  
9 accordance with such policy and procedures, the board shall  
10 designate and contract for a number of investment products as  
11 determined by the board. The board shall also select one or  
12 more bundled providers each of whom may offer multiple ~~who~~  
13 ~~offer multiple~~ investment options and related services  
14 ~~products~~ when such an approach is determined by the board to  
15 afford value to the participants otherwise not available  
16 through individual investment products. Each approved bundled  
17 provider may offer investment options that provide  
18 participants with the opportunity to invest in each of the  
19 following asset classes, to be composed of individual options  
20 that represent either a single asset class or a combination  
21 thereof: money markets, United States fixed income, United  
22 States equities, and foreign stock.The board shall review and  
23 manage all educational materials, contract terms, fee  
24 schedules, and other aspects of the approved provider  
25 relationships to ensure that no provider is unduly favored or  
26 penalized by virtue of 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 and may include a  
4 guaranteed account as well as investment products, such as  
5 individually allocated guaranteed and variable annuities,  
6 which meet the requirements of this subsection and combine the  
7 ability to accumulate investment returns with the option of  
8 receiving lifetime income consistent with the long-term  
9 retirement security of a pension plan and similar to the  
10 lifetime-income benefit provided by the Florida Retirement  
11 System.

12           2. Investment options or products offered by the group  
13 of approved providers may include mutual funds, group annuity  
14 contracts, individual retirement annuities, interests in  
15 trusts, collective trusts, separate accounts, and other such  
16 financial instruments, and may include products that give  
17 participants the option of committing their contributions for  
18 an extended time period in an effort to obtain returns higher  
19 than those that could be obtained from investment products  
20 offering full liquidity.

21           3. The board shall not contract with any provider that  
22 imposes a front-end, back-end, contingent, or deferred sales  
23 charge, or any other fee that limits or restricts the ability  
24 of participants to select any investment product available in  
25 the optional program. This prohibition does not apply to fees  
26 or charges that are imposed on withdrawals from products that  
27 give participants the option of committing their contributions  
28 for an extended time period in an effort to obtain returns  
29 higher than those that could be obtained from investment  
30 products offering full liquidity, provided that the product in  
31 question, net of all fees and charges, produces material

1 benefits relative to other comparable products in the program  
2 offering full liquidity.

3 4. Fees or charges for insurance features, such as  
4 mortality and expense-risk charges, must be reasonable  
5 relative to the benefits provided.

6 (f)1. An approved provider shall comply with all  
7 federal and state securities and insurance laws and  
8 regulations applicable to the provider, as well as the  
9 applicable rules and guidelines of the National Association of  
10 Securities Dealers which govern the ethical marketing of  
11 investment products. In furtherance of this mandate, an  
12 approved provider must agree in its contract with the board to  
13 establish and maintain a compliance education and monitoring  
14 system to supervise the activities of all personnel who  
15 directly communicate with individual participants and  
16 recommend investment products, which system is consistent with  
17 rules of the National Association of Securities Dealers.

18 2. Approved provider personnel who directly  
19 communicate with individual participants and who recommend  
20 investment products shall make an independent and unbiased  
21 determination as to whether an investment product is suitable  
22 for a particular participant.

23 3. The board shall develop procedures to receive and  
24 resolve participant complaints against a provider or approved  
25 provider personnel, and, when appropriate, refer such  
26 complaints to the appropriate agency.

27 4. Approved providers may not sell or in any way  
28 distribute any customer list or participant identification  
29 information generated through their offering of products or  
30 services through the optional retirement program.

31

1 Section 4. Subsection (9) is added to section  
2 121.0515, Florida Statutes, to read:

3 121.0515 Special risk membership.--

4 (9) CREDIT FOR UPGRADED SERVICE.--Any member of the  
5 Special Risk Class who has earned creditable service in  
6 another membership class of the Florida Retirement System as  
7 an emergency medical technician or paramedic, which service is  
8 within the purview of the Special Risk Class, may purchase  
9 additional retirement credit to upgrade such service to  
10 Special Risk Class service, to the extent of the percentages  
11 of the member's average final compensation provided in s.  
12 121.091(1)(a)2. Contributions for upgrading such service to  
13 Special Risk Class credit under this subsection shall be equal  
14 to the difference in the contributions paid and the Special  
15 Risk Class contribution rate as a percentage of gross salary  
16 in effect for the period being claimed, plus interest thereon  
17 at the rate of 6.5 percent a year, compounded annually until  
18 the date of payment. This service credit may be purchased by  
19 the employer on behalf of the member.

20 Section 5. It is the intent of the Legislature that  
21 any additional cost attributable to the upgrade in the  
22 retirement benefits for emergency medical technicians and  
23 paramedics above the contributions paid in accordance with  
24 section 4 of this act shall be funded by recognition of the  
25 necessary amount from the excess actuarial assets of the  
26 Florida Retirement System Trust Fund.

27 Section 6. Paragraph (e) of subsection (3) of section  
28 121.052, Florida Statutes, is amended to read:

29 121.052 Membership class of elected officers.--

30 (3) PARTICIPATION AND WITHDRAWAL,  
31 GENERALLY.--Effective July 1, 1990, participation in the

1 Elected Officers' Class shall be compulsory for elected  
2 officers listed in paragraphs (2)(a)-(d) and (f) assuming  
3 office on or after said date, unless the elected officer  
4 elects membership in another class or withdraws from the  
5 Florida Retirement System as provided in paragraphs  
6 (3)(a)-(d):

7 (e) Effective July 1, 2001 ~~1997~~, the governing body of  
8 a municipality or special district may, by majority vote,  
9 elect to designate all its elected positions for inclusion in  
10 the Elected Officers' Class. Such election shall be made  
11 between July 1, 2001 ~~1997~~, and December 31, 2001 ~~1997~~, and  
12 shall be irrevocable. The designation of such positions shall  
13 be effective the first day of the month following receipt by  
14 the department of the ordinance or resolution passed by the  
15 governing body.

16 Section 7. Except as otherwise expressly provided in  
17 this act, this act shall take effect upon becoming a law.