

By the Committee on Governmental Oversight and Productivity;  
and Senator Sanderson

302-2228-02

1                                   A bill to be entitled  
2           An act relating to the Florida Retirement  
3           System; amending s. 121.4501, F.S., relating to  
4           the Public Employee Optional Retirement  
5           Program; amending the definition of "eligible  
6           employee"; providing for an extension of time  
7           to transfer assets from the defined benefit  
8           plan in the event of market disruption;  
9           providing for acceptance of rollovers;  
10          requiring that the election be filed with the  
11          third-party administrator; amending the  
12          earnings rate for funds in the suspense account  
13          to be invested by the board; providing for  
14          spousal notification of designation of  
15          beneficiary; providing for spousal rollovers to  
16          an eligible retirement plan; providing  
17          authorization for statements under oath;  
18          amending s. 121.571, F.S., relating to  
19          contributions to participant accounts;  
20          providing for a penalty for late contributions;  
21          providing for an assessment equal to certain  
22          market losses; providing for calculating the  
23          assessment; providing an effective date.

24  
25 Be It Enacted by the Legislature of the State of Florida:

26  
27           Section 1. Paragraph (d) of subsection (2), paragraph  
28           (c) of subsection (3), paragraphs (a), (b), and (c) of  
29           subsection (4), subsection (6), paragraphs (c) and (e) of  
30           subsection (7), and paragraph (a) of subsection (8) of section

31

1 121.4501, Florida Statutes, are amended, and paragraph (c) is  
2 added to subsection (5) of said section, to read:

3 121.4501 Public Employee Optional Retirement  
4 Program.--

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

6 (d) "Eligible employee" means an officer or employee,  
7 as defined in s. 121.021(11), who:

8 1. Is a member of, or is eligible for membership in,  
9 the Florida Retirement System, including any renewed member of  
10 the Florida Retirement System;

11 2. Participates in, or is eligible to participate in,  
12 the Senior Management Service Optional Annuity Program as  
13 established under s. 121.055(6); or

14 3. Is eligible to participate in, but does not  
15 participate in, the State University System Optional  
16 Retirement Program established under s. 121.35 or the State  
17 Community College System Optional Retirement Program  
18 established under s. 121.051(2)(c).

19  
20 The term does not include ~~any renewed member of the Florida~~  
21 ~~Retirement System~~, any member participating in the Deferred  
22 Retirement Option Program established under s. 121.091(13), or  
23 any employee participating in an optional retirement program  
24 established under s. 121.051(2)(c) or s. 121.35.

25 (3) ELIGIBILITY; RETIREMENT SERVICE CREDIT.--

26 (c)1. Notwithstanding paragraph (b), each eligible  
27 employee who elects to participate in the Public Employee  
28 Optional Retirement Program and establishes one or more  
29 individual participant accounts under the optional program may  
30 elect to transfer to the optional program a sum representing  
31 the present value of the employee's accumulated benefit

1 obligation under the defined benefit retirement program of the  
2 Florida Retirement System. Upon such transfer, all service  
3 credit previously earned under the defined benefit program of  
4 the Florida Retirement System shall be nullified for purposes  
5 of entitlement to a future benefit under the defined benefit  
6 program of the Florida Retirement System. A participant is  
7 precluded from transferring the accumulated benefit obligation  
8 balance from the defined benefit program upon the expiration  
9 of the period afforded to enroll in the optional program.

10         2. For purposes of this subsection, the present value  
11 of the member's accumulated benefit obligation is based upon  
12 the member's estimated creditable service and estimated  
13 average final compensation as of midnight of the day prior to  
14 the opening of the election window for the employee. The  
15 actuarial present value of the employee's accumulated benefit  
16 obligation shall be based on the following:

17             a. The discount rate and other relevant actuarial  
18 assumptions used to value the Florida Retirement System Trust  
19 Fund at the time the amount to be transferred is determined,  
20 consistent with the factors provided in sub-subparagraphs b.  
21 and c.

22             b. A benefit commencement age, based on the member's  
23 estimated creditable service as of midnight on May 31, 2002.  
24 The benefit commencement age shall be the younger of the  
25 following, but shall not be younger than the member's age as  
26 of midnight on May 31, 2002:

27                 (I) Age 62; or

28                 (II) The age the member would attain if the member  
29 completed 30 years of service with an employer, assuming the  
30 member worked continuously from May 31, 2002, and disregarding  
31

1 any vesting requirement that would otherwise apply under the  
2 defined benefit program of the Florida Retirement System.

3 c. For members of the Special Risk Class and for  
4 members of the Special Risk Administrative Support Class  
5 entitled to retain special risk normal retirement date, the  
6 benefit commencement age shall be the younger of the  
7 following, but shall not be younger than the member's age as  
8 of midnight on May 31, 2002:

9 (I) Age 55; or

10 (II) The age the member would attain if the member  
11 completed 25 years of service with an employer, assuming the  
12 member worked continuously from May 31, 2002, and disregarding  
13 any vesting requirement that would otherwise apply under the  
14 defined benefit program of the Florida Retirement System.

15 d. The calculation shall disregard vesting  
16 requirements and early retirement reduction factors that would  
17 otherwise apply under the defined benefit retirement program.

18 3. For each participant who elects to transfer moneys  
19 from the defined benefit program to his or her account in the  
20 optional program, the division shall recompute the amount  
21 transferred under subparagraph 2. not later than 60 days after  
22 the actual transfer of funds based upon the participant's  
23 actual creditable service and actual final average  
24 compensation as of the initial date of participation in the  
25 optional program. If the recomputed amount differs from the  
26 amount transferred under subparagraph 2. by \$10 or more, the  
27 division shall:

28 a. Transfer, or cause to be transferred, from the  
29 Florida Retirement System Trust Fund to the participant's  
30 account in the optional program the excess, if any, of the  
31 recomputed amount over the previously transferred amount

1 together with interest from the initial date of transfer to  
2 the date of transfer under this subparagraph, based upon 8  
3 percent effective annual interest, compounded annually.

4 b. Transfer, or cause to be transferred, from the  
5 participant's account to the Florida Retirement System Trust  
6 Fund the excess, if any, of the previously transferred amount  
7 over the recomputed amount, together with interest from the  
8 initial date of transfer to the date of transfer under this  
9 subparagraph, based upon 6 percent effective annual interest,  
10 compounded annually, pro rata based on the participant's  
11 allocation plan.

12 4. As directed by the participant, the board shall  
13 transfer or cause to be transferred the appropriate amounts to  
14 the designated accounts. The board shall establish transfer  
15 procedures by rule, but the actual transfer shall not be later  
16 than 30 days after the effective date of the member's  
17 participation in the optional program unless the major  
18 financial markets for securities available for a transfer are  
19 seriously disrupted by an unforeseen event which also causes  
20 the suspension of trading on any national securities exchange  
21 in the country where the securities were issued. In that  
22 event, such 30-day period of time may be extended by a  
23 resolution of the trustees. Transfers are not commissionable  
24 or subject to other fees and may be in the form of securities  
25 or cash as determined by the state board. Such securities  
26 shall be valued as of the date of receipt in the participant's  
27 account.

28 5. If the board or the division receives notification  
29 from the United States Internal Revenue Service that this  
30 paragraph or any portion of this paragraph will cause the  
31 retirement system, or a portion thereof, to be disqualified

1 for tax purposes under the Internal Revenue Code, then the  
2 portion that will cause the disqualification does not apply.  
3 Upon such notice, the state board and the division shall  
4 notify the presiding officers of the Legislature.

5 (4) PARTICIPATION; ENROLLMENT.--

6 (a)1. With respect to an eligible employee who is  
7 employed in a regularly established position on June 1, 2002,  
8 by a state employer:

9 a. Any such employee may elect to participate in the  
10 Public Employee Optional Retirement Program in lieu of  
11 retaining his or her membership in the defined benefit program  
12 of the Florida Retirement System. The election must be made in  
13 writing or by electronic means and must be filed with the  
14 third-party administrator by August 31 ~~department and the~~  
15 ~~personnel officer of the employer within 90 days after June 1,~~  
16 2002, or, in the case of an active employee who is on a leave  
17 of absence on April June 1, 2002, by August 31, 2002, or  
18 within 90 days after the conclusion of the leave of absence,  
19 whichever is later. This election is irrevocable, except as  
20 provided in paragraph (e). Upon making such election, the  
21 employee shall be enrolled as a participant of the Public  
22 Employee Optional Retirement Program, the employee's  
23 membership in the Florida Retirement System shall be governed  
24 by the provisions of this part, and the employee's membership  
25 in the defined benefit program of the Florida Retirement  
26 System shall terminate. The employee's enrollment in the  
27 Public Employee Optional Retirement Program shall be effective  
28 the first day of the month for which a full month's employer  
29 contribution is made to the optional program.

30 b. Any such employee who fails to elect to participate  
31 in the Public Employee Optional Retirement Program within the

1 prescribed time period ~~90 days~~ is deemed to have elected to  
2 retain membership in the defined benefit program of the  
3 Florida Retirement System, and the employee's option to elect  
4 to participate in the optional program is forfeited.

5 2. With respect to employees who become eligible to  
6 participate in the Public Employee Optional Retirement Program  
7 by reason of employment in a regularly established position  
8 with a state employer commencing after April ~~June~~ 1, 2002:

9 a. Any such employee shall, by default, be enrolled in  
10 the defined benefit retirement program of the Florida  
11 Retirement System at the commencement of employment, and may,  
12 by the end of the fifth month following the employee's month  
13 of hire ~~within 180 days after employment commences~~, elect to  
14 participate in the Public Employee Optional Retirement  
15 Program. The employee's election must be made in writing or by  
16 electronic means and must be filed with the third-party  
17 administrator ~~personnel officer of the employer~~. The election  
18 to participate in the optional program is irrevocable, except  
19 as provided in paragraph (e).

20 b. If the employee files such election before the  
21 initial payroll is submitted for the employee, enrollment in  
22 the Public Employee Optional Retirement Program shall be  
23 effective on the first day of employment.

24 c. If the employee files such election within the  
25 prescribed time period ~~180 days after employment commences~~,  
26 but after the initial payroll is submitted for the employee,  
27 enrollment in the optional program shall be effective on the  
28 first day of the month for which a full month's employer  
29 contribution is made to the optional program.

30 d. Any such employee who fails to elect to participate  
31 in the Public Employee Optional Retirement Program within the

1 prescribed time period ~~180 days~~ is deemed to have elected to  
2 retain membership in the defined benefit program of the  
3 Florida Retirement System, and the employee's option to elect  
4 to participate in the optional program is forfeited.

5 3. For purposes of this paragraph, "state employer"  
6 means any agency, board, branch, commission, community  
7 college, department, institution, institution of higher  
8 education, or water management district of the state, which  
9 participates in the Florida Retirement System for the benefit  
10 of certain employees.

11 (b)1. With respect to an eligible employee who is  
12 employed in a regularly established position on September 1,  
13 2002, by a district school board employer:

14 a. Any such employee may elect to participate in the  
15 Public Employee Optional Retirement Program in lieu of  
16 retaining his or her membership in the defined benefit program  
17 of the Florida Retirement System. The election must be made in  
18 writing or by electronic means and must be filed with the  
19 third-party administrator by November 30 ~~department and the~~  
20 ~~personnel officer of the employer within 90 days after~~  
21 ~~September 1, 2002, or, in the case of an active employee who~~  
22 is on a leave of absence on July ~~September~~ 1, 2002, by  
23 November 30, 2002, or within 90 days after the conclusion of  
24 the leave of absence, whichever is later. This election is  
25 irrevocable, except as provided in paragraph (e). Upon making  
26 such election, the employee shall be enrolled as a participant  
27 of the Public Employee Optional Retirement Program, the  
28 employee's membership in the Florida Retirement System shall  
29 be governed by the provisions of this part, and the employee's  
30 membership in the defined benefit program of the Florida  
31 Retirement System shall terminate. The employee's enrollment



1 in the Public Employee Optional Retirement Program shall be  
2 effective the first day of the month for which a full month's  
3 employer contribution is made to the optional program.

4         b. Any such employee who fails to elect to participate  
5 in the Public Employee Optional Retirement Program within the  
6 prescribed time period ~~90 days~~ is deemed to have elected to  
7 retain membership in the defined benefit program of the  
8 Florida Retirement System, and the employee's option to elect  
9 to participate in the optional program is forfeited.

10         2. With respect to employees who become eligible to  
11 participate in the Public Employee Optional Retirement Program  
12 by reason of employment in a regularly established position  
13 with a district school board employer commencing after July  
14 ~~September~~ 1, 2002:

15         a. Any such employee shall, by default, be enrolled in  
16 the defined benefit retirement program of the Florida  
17 Retirement System at the commencement of employment, and may,  
18 by the end of the fifth month following the employee's month  
19 of hire ~~within 180 days after employment commences~~, elect to  
20 participate in the Public Employee Optional Retirement  
21 Program. The employee's election must be made in writing or by  
22 electronic means and must be filed with the third-party  
23 administrator ~~personnel officer of the employer~~. The election  
24 to participate in the optional program is irrevocable, except  
25 as provided in paragraph (e).

26         b. If the employee files such election before the  
27 initial payroll is submitted for the employee, enrollment in  
28 the Public Employee Optional Retirement Program shall be  
29 effective on the first day of employment.

30         c. If the employee files such election within the  
31 prescribed time period ~~180 days after employment commences~~,

1 but after the initial payroll is submitted for the employee,  
2 enrollment in the optional program shall be effective on the  
3 first day of the month for which a full month's employer  
4 contribution is made to the optional program.

5 d. Any such employee who fails to elect to participate  
6 in the Public Employee Optional Retirement Program within the  
7 prescribed time period ~~180 days~~ is deemed to have elected to  
8 retain membership in the defined benefit program of the  
9 Florida Retirement System, and the employee's option to elect  
10 to participate in the optional program is forfeited.

11 3. For purposes of this paragraph, "district school  
12 board employer" means any district school board that  
13 participates in the Florida Retirement System for the benefit  
14 of certain employees, or a charter school or charter technical  
15 career center that participates in the Florida Retirement  
16 System as provided in s. 121.051(2)(d).

17 (c)1. With respect to an eligible employee who is  
18 employed in a regularly established position on December 1,  
19 2002, by a local employer:

20 a. Any such employee may elect to participate in the  
21 Public Employee Optional Retirement Program in lieu of  
22 retaining his or her membership in the defined benefit program  
23 of the Florida Retirement System. The election must be made in  
24 writing or by electronic means and must be filed with the  
25 third-party administrator by February 28, 2003 ~~department and~~  
26 ~~the personnel officer of the employer within 90 days after~~  
27 ~~December 1, 2002~~, or, in the case of an active employee who is  
28 on a leave of absence on October ~~December~~ 1, 2002, by February  
29 28, 2003, or within 90 days after the conclusion of the leave  
30 of absence, whichever is later. This election is irrevocable.  
31 Upon making such election, the employee shall be enrolled as a

1 participant of the Public Employee Optional Retirement  
2 Program, the employee's membership in the Florida Retirement  
3 System shall be governed by the provisions of this part, and  
4 the employee's membership in the defined benefit program of  
5 the Florida Retirement System shall terminate. The employee's  
6 enrollment in the Public Employee Optional Retirement Program  
7 shall be effective the first day of the month for which a full  
8 month's employer contribution is made to the optional program.  
9       b. Any such employee who fails to elect to participate  
10 in the Public Employee Optional Retirement Program within the  
11 prescribed time period ~~90 days~~ is deemed to have elected to  
12 retain membership in the defined benefit program of the  
13 Florida Retirement System, and the employee's option to elect  
14 to participate in the optional program is forfeited.  
15       2. With respect to employees who become eligible to  
16 participate in the Public Employee Optional Retirement Program  
17 by reason of employment in a regularly established position  
18 with a local employer commencing after October ~~December~~ 1,  
19 2002:  
20       a. Any such employee shall, by default, be enrolled in  
21 the defined benefit retirement program of the Florida  
22 Retirement System at the commencement of employment, and may,  
23 by the end of the fifth month following the employee's month  
24 of hire ~~within 180 days after employment commences~~, elect to  
25 participate in the Public Employee Optional Retirement  
26 Program. The employee's election must be made in writing or by  
27 electronic means and must be filed with the third-party  
28 administrator ~~personnel officer of the employer~~. The election  
29 to participate in the optional program is irrevocable, except  
30 as provided in paragraph (e).  
31

1           b. If the employee files such election before the  
2 initial payroll is submitted for the employee, enrollment in  
3 the Public Employee Optional Retirement Program shall be  
4 effective on the first day of employment.

5           c. If the employee files such election within the  
6 prescribed time period ~~180 days after employment commences~~,  
7 but after the initial payroll is submitted for the employee,  
8 enrollment in the optional program shall be effective on the  
9 first day of the month for which a full month's employer  
10 contribution is made to the optional program.

11           d. Any such employee who fails to elect to participate  
12 in the Public Employee Optional Retirement Program within the  
13 prescribed time period ~~180 days~~ is deemed to have elected to  
14 retain membership in the defined benefit program of the  
15 Florida Retirement System, and the employee's option to elect  
16 to participate in the optional program is forfeited.

17           3. For purposes of this paragraph, "local employer"  
18 means any employer not included in paragraph (a) or paragraph  
19 (b).

20           (5) CONTRIBUTIONS.--

21           (c) The Public Employee Optional Retirement Program  
22 may accept for deposit into participant accounts contributions  
23 in the form of rollovers or direct trustee-to-trustee  
24 transfers by or on behalf of participants, reasonably  
25 determined by the board to be eligible for rollover or  
26 transfer to the optional retirement program pursuant to the  
27 Internal Revenue Code, if such contributions are made in  
28 accordance with rules as may be adopted by the board. Such  
29 contributions shall be accounted for in accordance with any  
30 applicable Internal Revenue Code requirements and rules of the  
31 board.

1 (6) VESTING REQUIREMENTS.--

2 (a)1. With respect to employer contributions paid on  
3 behalf of the participant to the Public Employee Optional  
4 Retirement Program, plus interest and earnings thereon and  
5 less investment fees and administrative charges, a participant  
6 shall be vested after completing 1 work year, as defined in s.  
7 121.021(54), with an employer, including any service while the  
8 participant was a member of the defined benefit retirement  
9 program or an optional retirement program authorized under s.  
10 121.051(2)(c) or s. 121.055(6).

11 2. If the participant terminates employment prior to  
12 satisfying the vesting requirements, the nonvested  
13 accumulation shall be transferred from the participant's  
14 accounts to the state board for deposit and investment by the  
15 board in the suspense account of the Public Employee Optional  
16 Retirement Program Trust Fund of the board. If the terminated  
17 participant is reemployed as an eligible employee within 5  
18 years, the state board shall transfer to the participant's  
19 account any amount of the moneys previously transferred from  
20 the participant's accounts to the suspense account of the  
21 Public Employee Optional Retirement Program Trust Fund, plus  
22 the actual earnings on such amount while in the suspense  
23 account ~~interest calculated at 3.0 percent per annum,~~  
24 ~~calculated from the date of transfer to the date of~~  
25 ~~reemployment.~~

26 (b)1. A participant shall be vested in the amount  
27 transferred from the defined benefit program, plus interest  
28 and earnings thereon and less administrative charges and  
29 investment fees, upon meeting the service requirements for the  
30 participant's membership class as set forth in s. 121.021(29).  
31 The third-party administrator shall account for such amounts

1 for each participant. The division shall notify the  
2 participant and the third-party administrator when the  
3 participant has satisfied the vesting period for Florida  
4 Retirement System purposes.

5           2. If the participant terminates employment prior to  
6 satisfying the vesting requirements, the nonvested  
7 accumulation shall be transferred from the participant's  
8 accounts to the state board for deposit and investment by the  
9 board in the suspense account of the Public Employee Optional  
10 Retirement Program Trust Fund of the board. If the terminated  
11 participant is reemployed as an eligible employee within 5  
12 years, the state board shall transfer to the participant's  
13 account any amount of the moneys previously transferred from  
14 the participant's accounts to the suspense account of the  
15 Public Employee Optional Retirement Program Trust Fund, plus  
16 the actual earnings on such amount while in the suspense  
17 account interest calculated at 6.0 percent per annum,  
18 ~~calculated from the date of transfer to the date of~~  
19 ~~reemployment.~~

20           (c) Any nonvested accumulations transferred from a  
21 participant's account to the suspense account shall be  
22 forfeited by the participant if the participant is not  
23 reemployed as an eligible employee within 5 years after  
24 termination.

25           (7) BENEFITS.--Under the Public Employee Optional  
26 Retirement Program:

27           (c) Benefits shall be payable in accordance with the  
28 following terms and conditions:

29           1. To the extent vested, benefits shall be payable  
30 only to a participant, or to his or her beneficiaries as  
31 designated by the participant. If a participant designates a

1 beneficiary who is not the participant's spouse, the  
2 participant's spouse shall be notified. This requirement shall  
3 not apply to the designation of a contingent beneficiary  
4 designated to receive benefits hereunder in the event the  
5 participant's spouse dies before such contingent beneficiary.

6           2. Benefits shall be paid by the third-party  
7 administrator or designated approved providers in accordance  
8 with the law, the contracts, and any applicable board rule or  
9 policy.

10           3. To begin receiving the benefits, the participant  
11 must be terminated from all employment with all Florida  
12 Retirement System employers, as provided in s. 121.021(39), or  
13 the participant must be deceased. If a participant elects to  
14 receive his or her benefits upon termination of employment,  
15 the participant must submit a written application to the  
16 third-party administrator indicating his or her preferred  
17 distribution date and selecting an authorized method of  
18 distribution as provided in paragraph (d). The participant may  
19 defer receipt of benefits until he or she chooses to make such  
20 application, subject to federal requirements.

21           4. In the event of a participant's death, moneys  
22 accumulated by, or on behalf of, the participant, less  
23 withholding taxes remitted to the Internal Revenue Service,  
24 shall be distributed to the participant's designated  
25 beneficiary or beneficiaries, or to the participant's estate,  
26 as if the participant retired on the date of death, as  
27 provided in paragraph (e). No other death benefits shall be  
28 available for survivors of participants under the Public  
29 Employee Optional Retirement Program, except for such  
30 benefits, or coverage for such benefits, as are separately  
31 afforded by the employer, at the employer's discretion.

- 1 (e) Survivor benefits shall be payable as:
- 2 1. A lump-sum distribution payable to the
- 3 beneficiaries, or to the deceased participant's estate;
- 4 2. An eligible rollover distribution on behalf of the
- 5 surviving spouse of a deceased participant, whereby all
- 6 accrued benefits, plus interest and investment earnings, are
- 7 paid from the deceased participant's account directly to the
- 8 custodian of an eligible retirement plan ~~individual retirement~~
- 9 ~~account or an individual retirement annuity~~, as described in
- 10 s. 402(c)(8)(B)~~(9)~~ of the Internal Revenue Code, on behalf of
- 11 the surviving spouse; or
- 12 3. A partial lump-sum payment whereby a portion of the
- 13 accrued benefit is paid to the deceased participant's
- 14 surviving spouse or other designated beneficiaries, less
- 15 withholding taxes remitted to the Internal Revenue Service,
- 16 and the remaining amount is transferred directly to the
- 17 custodian of an individual retirement account or an individual
- 18 retirement annuity, as described in s. 402(c)(9) of the
- 19 Internal Revenue Code, on behalf of the surviving spouse. The
- 20 proportions must be specified by the participant or the
- 21 surviving beneficiary.

22

23 This paragraph does not abrogate other applicable provisions

24 of state or federal law providing for payment of death

25 benefits.

26 (8) ADMINISTRATION OF PROGRAM.--

27 (a) The Public Employee Optional Retirement Program

28 shall be administered by the state board and affected

29 employers. The board is authorized to require oaths, by

30 affidavit or otherwise, and acknowledgments from persons in

31 connection with the administration of its duties and



1 responsibilities under this chapter. No oath, by affidavit or  
2 otherwise, shall be required of an employee participant at the  
3 time of election. Acknowledgement of an employee's election to  
4 participate in the program shall be no greater than necessary  
5 to confirm the employee's election.The board shall adopt  
6 rules establishing the role and responsibilities of affected  
7 state, local government, and education-related employers, the  
8 state board, the department, and third-party contractors in  
9 administering the Public Employee Optional Retirement Program.  
10 The department shall adopt rules necessary to implement the  
11 optional program in coordination with the defined benefit  
12 retirement program and the disability benefits available under  
13 the optional program.

14 Section 2. Paragraph (a) of subsection (2) of section  
15 121.571, Florida Statutes, is amended to read:

16 121.571 Contributions.--Contributions to the Public  
17 Employee Optional Retirement Program shall be made as follows:

18 (2) CONTRIBUTIONS TO PARTICIPANT ACCOUNTS.--Employer  
19 and participant contributions to participant accounts shall be  
20 accounted for separately. Interest and investment earnings on  
21 employer contributions shall accrue on a tax-deferred basis  
22 until proceeds are distributed. Pursuant thereto:

23 (a) All contributions made on behalf of a participant  
24 pursuant to this subsection shall be transferred by the  
25 employer to the third-party administrator for deposit in the  
26 participant's account. All contributions made on behalf of a  
27 participant shall be made timely. Employer contributions  
28 received after the 5th working day of each month shall be  
29 considered late. The employer shall be assessed a penalty of 1  
30 percent of the contributions due for each calendar month or  
31 part thereof that the contributions are late. If contributions

1 made by an employer are not received within the calendar month  
2 they are due and if that lateness results in market losses to  
3 participants, the employer shall make each participant whole  
4 for market losses resulting from the late contributions.  
5 Proceeds from the 1-percent assessment and any market loss  
6 shall be deposited into participant accounts by the  
7 third-party administrator. The third-party administrator hired  
8 by the board pursuant to s. 121.4501(8) shall calculate the  
9 market losses for each affected participant. When the  
10 contributions are more than one calendar month late, the  
11 employer shall also pay the cost of the third-party  
12 administrator's calculation and reconciliation adjustments  
13 resulting from the late contributions. The third-party  
14 administrator shall notify the employer of the results of the  
15 calculations and the total amount due from the employer. The  
16 employer shall remit to the third-party administrator the  
17 amount due within 10 working days after the date of the  
18 penalty notice sent by the third-party administrator. The  
19 board is authorized to adopt rules to implement the provisions  
20 regarding late contributions, the process for making  
21 participants whole for resultant market losses, and the  
22 penalties charged to the employers.

23 Section 3. This act shall take effect June 1, 2002.

24  
25 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
26 COMMITTEE SUBSTITUTE FOR  
27 Senate Bill 1102

28 The Committee Substitute reinstates the original enrollment  
29 dates and provides that the duration of the respective public  
30 employee enrollment periods shall be set by the State Board of  
31 Administration.