

1 A bill to be entitled
2 An act relating to retirement contribution
3 rates; amending ss. 121.052, 121.055, and
4 121.071, F.S.; revising the contribution rates
5 for the Elected Officers' Class, Senior
6 Management Service Class, Regular Class,
7 Special Risk Class, and Special Risk
8 Administrative Support Class; recognizing
9 excess actuarial assets of the Florida
10 Retirement System Trust Fund to fund costs and
11 rate reductions; amending s. 11 of chapter
12 2001-235, Laws of Florida, to reduce the amount
13 of excess actuarial assets to be recognized to
14 offset costs; amending s. 121.571, F.S.;
15 delaying the administrative and educational
16 contribution for the optional retirement
17 program; repealing s. 23 of ch. 2000-169, Laws
18 of Florida, relating to increased retirement
19 contribution rates; requiring participating
20 employers to pay additional contribution for
21 implementation of the optional program and
22 educational services for the retirement system;
23 providing a declaration of important state
24 interest; providing an effective date.

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

27
28 Section 1. Paragraph (a) of subsection (7) of section
29 121.052, Florida Statutes, is amended to read:
30 121.052 Membership class of elected officers.--
31 (7) CONTRIBUTIONS.--

(a) The following table states the required retirement contribution rates for members of the Elected Officers' Class and their employers in terms of a percentage of the member's gross compensation. A change in a contribution rate is effective with the first salary paid on or after the beginning date of the change. Contributions shall be made or deducted as may be appropriate for each pay period and are in addition to the contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund.

Dates of Contribution

Rate Changes	Members	Employers
Effective July 1, 2001, through		
<u>June 30, 2002</u>		
Legislators	0%	15.14%
Governor, Lt. Governor, Cabinet		
Officers	0%	15.14%
State Attorneys, Public Defenders	0%	15.14%
Justices, Judges	0%	20.61%
County Elected Officers	0%	17.61%
Effective July 1, 2002, through June 30,		
<u>2003</u>		
<u>Legislators</u>	<u>0%</u>	<u>9.26%</u>
<u>Governor, Lt. Governor, Cabinet</u>		
<u>Officers</u>	<u>0%</u>	<u>9.26%</u>
<u>State Attorneys, Public Defenders</u>	<u>0%</u>	<u>9.26%</u>
<u>Justices, Judges</u>	<u>0%</u>	<u>15.42%</u>
<u>County Elected Officers</u>	<u>0%</u>	<u>12.00%</u>
Effective July 1, 2003		
<u>Legislators</u>	<u>0%</u>	<u>15.42%</u>
<u>Governor, Lt. Governor, Cabinet</u>		

1	<u>Officers</u>	<u>0%</u>	<u>15.42%</u>
2	<u>State Attorneys, Public Defenders</u>	<u>0%</u>	<u>15.42%</u>
3	<u>Justices, Judges</u>	<u>0%</u>	<u>20.64%</u>
4	<u>County Elected Officers</u>	<u>0%</u>	<u>17.52%</u>

5
 6 Section 2. Paragraph (a) of subsection (3) of section
 7 121.055, Florida Statutes, is amended to read:

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

13 (3)(a) The following table states the required
 14 retirement contribution rates for members of the Senior
 15 Management Service Class and their employers in terms of a
 16 percentage of the member's gross compensation. A change in the
 17 contribution rate is effective with the first salary paid on
 18 or after the beginning date of the change. Contributions
 19 shall be made for each pay period and are in addition to the
 20 contributions required for social security and the Retiree
 21 Health Insurance Subsidy Trust Fund.

22
 23 Dates of Contribution

24	Rate Changes	Members	Employers
25	Effective <u>July 1, 2001, through</u>	0%	11.73%
26	<u>June 30, 2002</u>		
27	<u>Effective July 1, 2002, through June 30, 0%</u>		<u>6.14%</u>
28	<u>2003</u>		
29	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>11.68%</u>

1 Section 3. Subsection (1) of section 121.071, Florida
2 Statutes, is amended to read:

3 121.071 Contributions.--Contributions to the system
4 shall be made as follows:

5 (1) The following tables state the required retirement
6 contribution rates for members of the Regular Class, Special
7 Risk Class, or Special Risk Administrative Support Class and
8 their employers in terms of a percentage of the member's gross
9 compensation. A change in a contribution rate is effective
10 with the first salary paid on or after the beginning date of
11 the change. Contributions shall be made or deducted as may be
12 appropriate for each pay period and are in addition to the
13 contributions required for social security and the Retiree
14 Health Insurance Subsidy Trust Fund.

15 (a) Retirement contributions for regular members are
16 as follows:

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18	Dates of Contribution		
19	Rate Changes	Members	Employers
20	Effective July 1, 2001,		
21	<u>through June 30, 2002</u>	0%	9.91%
22	<u>Effective July 1, 2002, through June</u>		
23	<u>30, 2003</u>	<u>0%</u>	<u>4.16%</u>
24	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>9.94%</u>

25
26 (b) Retirement contributions for special risk members
27 are as follows:

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29	Dates of Contribution		
30	Rate Changes	Members	Employers

31

1	Effective July 1,		
2	<u>2001, through June 30, 2002</u>	0%	22.07%
3	<u>Effective July 1, 2002, through</u>		
4	<u>June 30, 2003</u>	<u>0%</u>	<u>15.30%</u>
5	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>22.15%</u>

6
 7 (c) Retirement contributions for special risk
 8 administrative support members are as follows:

9
 10 Dates of Contribution

11	Rate Changes	Members	Employers
12	Effective July 1, 2001, <u>through</u>	0%	12.55%
13	<u>June 30, 2002</u>		
14	<u>Effective July 1, 2002, through June 30,</u>	<u>0%</u>	<u>6.69%</u>
15	<u>2003</u>		
16	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>12.60%</u>

17
 18 Section 4. It is the intent of the Legislature that
 19 the normal cost increases attributable to the actuarial
 20 experience study and 6-year vesting as determined by Milliman
 21 USA, consulting actuaries for the system, as well as other
 22 benefit increases and the costs attributable to a reduction of
 23 5.05 percentage points for each class and subclass of the
 24 defined benefit plan below the normal costs of the system
 25 shall be funded by a recognition of a lump sum from the excess
 26 actuarial assets of the Florida Retirement System Trust Fund
 27 for fiscal year 2002-2003.

28 Section 5. Section 11 of chapter 2001-235, Laws of
 29 Florida, is amended to read:

30 Section 11. It is the intent of the Legislature that
 31 the costs attributable to the additional cost-of-living

1 increase for special risk retirees and Deferred Retirement
2 Option Program participants as provided under section 2 shall
3 be funded by recognition of excess actuarial assets, amortized
4 over 30 years with the payments assumed to remain relatively
5 stable when expressed as a percentage of payroll. For fiscal
6 year 2001-2002, the payment shall be \$9.3 million. For fiscal
7 year 2002-2003, the payment shall be \$15.1~~\$19~~ million, and,
8 thereafter, payments shall increase by 5 percent per year. If
9 insufficient funds are available to fund this additional cost
10 through recognition of excess actuarial assets in fiscal year
11 2002-2003 and any year thereafter, and there remains an
12 unfunded actuarial liability attributable to the one-time
13 cost-of-living increase provided under section 2, the payroll
14 contribution rate for the Special Risk Class of the Florida
15 Retirement System shall be increased by .93 percent effective
16 July 1 of that year, unless the Legislature provides an
17 alternative funding mechanism before that date.

18 Section 6. Subsection (5) of section 121.571, Florida
19 Statutes, is amended to read:

20 121.571 Contributions.--Contributions to the Public
21 Employee Optional Retirement Program shall be made as follows:

22 (5) ADMINISTRATIVE AND EDUCATIONAL
23 CONTRIBUTIONS.--Effective June 1, 2003 ~~2002~~, the contribution
24 rate for each employer shall be 0.15 ~~0.1~~ percent on behalf of
25 each participant to fund the administrative and educational
26 expenses of the optional program. All contributions made on
27 behalf of a participant pursuant to this subsection shall be
28 transferred to the third-party administrator for deposit in
29 the board's administrative fund.

30 Section 7. Section 23 of chapter 2000-169, Laws of
31 Florida, is repealed.

1 Section 8. (1) Effective July 1, 2002, for fiscal
2 year 2002-2003 only, each employer participating in the
3 Florida Retirement System administered pursuant to chapter
4 121, Florida Statutes, shall pay to the Division of Retirement
5 an additional contribution equal to 0.15 percent of each
6 member's gross compensation for deposit in the Division of
7 Retirement's Operating Trust Fund. The contributions shall be
8 made for each pay period and are in addition to all
9 contributions required for the Florida Retirement System,
10 social security, and the Retiree Health Insurance Subsidy
11 Trust Fund. Such contributions are not subject to the service
12 charges imposed pursuant to s. 215.20, Florida Statutes.

13 (2) Such contributions shall be transferred
14 immediately from the Division of Retirement's Operating Trust
15 Fund to the State Board of Administration's Administrative
16 Expense Trust Fund to offset the costs of implementing the
17 Public Employee Optional Retirement Program and providing
18 educational services to participants of the defined benefit
19 plan and defined contribution plan.

20 (3) Approval of the trustees of the State Board of
21 Administration is required prior to the expenditure of any
22 funds generated by the additional contributions collected
23 pursuant to subsection (1).

24 Section 9. The Legislature finds that a proper and
25 legitimate state purpose is served when employees, officers,
26 and retirees of the state and of its political subdivisions,
27 and the dependents, survivors, and beneficiaries of such
28 employees, officers, and retirees, are extended the basic
29 protections afforded by governmental retirement systems that
30 provide fair and adequate benefits and that are managed,
31 administered, and funded in an actuarially sound manner, as

1 required by s. 14, Art. X of the State Constitution and part
2 VII of chapter 112, Florida Statutes. Therefore, the
3 Legislature hereby determines and declares that the provisions
4 of this act fulfill an important state interest.

5 Section 10. This act shall take effect June 1, 2002.
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