

By Representative Fiorentino

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

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

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15 Section 1. Subsection (62) is added to section
16 121.021, Florida Statutes, to read:

17 121.021 Definitions.--The following words and phrases
18 as used in this chapter have the respective meanings set forth
19 unless a different meaning is plainly required by the context:

20 (62) "Public school member" means a member of the
21 Florida Retirement System Regular Class who is employed by a
22 district school system, a public charter school, or the
23 Florida School for the Deaf and the Blind.

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

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

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

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

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

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

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

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4 <u>Years of Regular</u>	5 <u>Benefit Accrual Rate</u>
6 <u>Class Service</u>	
7 <u>0-6</u>	8 <u>1.60%</u>
9 <u>7-12</u>	10 <u>1.75%</u>
11 <u>13-18</u>	12 <u>1.90%</u>
13 <u>Over 18</u>	14 <u>2.10%</u>

15 Applicability date means July 1, 2003, adjusted as
16 follows: for each year of creditable service as a public
17 school member earned after the applicability date, 2 years
18 will be subtracted from the applicability date up to a maximum
19 adjustment of 18 years.

20 2. For creditable years of special risk service, A is:
21 a. Two percent of the member's average final
22 compensation for all creditable years prior to October 1,
23 1974;

24 b. Three percent of the member's average final
25 compensation for all creditable years after September 30,
26 1974, and before October 1, 1978;

27 c. Two percent of the member's average final
28 compensation for all creditable years after September 30,
29 1978, and before January 1, 1989;

30 d. Two and two-tenths percent of the member's final
31 monthly compensation for all creditable years after December
32 31, 1988, and before January 1, 1990;

33 e. Two and four-tenths percent of the member's average
34 final compensation for all creditable years after December 31,
35 1989, and before January 1, 1991;

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

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

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

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

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

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

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

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

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

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

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

21 (1) For fiscal year 2003-2004, the lump sum to be
22 recognized shall be the lesser of:

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

25 (b) The amount needed to pay the annual cost
26 attributable to the increased benefit accrual rate for public
27 school members. The annual cost shall consist of the increase
28 in normal cost for public school members plus payment of the
29 30-year amortization amount of the increase in the actuarial
30 accrued liability attributable to the increase, equal to 2.51
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1 percent of the public school member payroll or \$212 million
2 for the fiscal year 2003-2004.

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

10 (2) For fiscal years starting 2004-2005 and thereafter,
11 the Legislature shall, as provided in subsection (1), continue
12 to fund on an ongoing basis the annual cost attributable to
13 the formula improvements.

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

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

Defines the term "public school member" of the Florida Retirement System and provides for payment of retirement benefits to such members based on 2.25 percent of average final compensation for each year of creditable service. Makes this benefit retroactively applicable for the previous 4 years for currently active members who qualify. Provides for funding the increase through the excess actuarial assets of the Florida Retirement System Trust Fund.

Removes contribution rate for public school members.

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