

By the Committee on Finance and Taxation; and Senator Burt

314-2174-02

1 A bill to be entitled
2 An act relating to the Florida Retirement
3 System; amending s. 121.021, F.S.; redefining
4 the terms "compensation" and "bonus" for
5 purposes of the system; providing an effective
6 date.

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

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10 Section 1. Paragraph (a) of subsection (22) and
11 paragraph (b) of subsection (47) of section 121.021, Florida
12 Statutes, are amended to read:

13 121.021 Definitions.--The following words and phrases
14 as used in this chapter have the respective meanings set forth
15 unless a different meaning is plainly required by the context:

16 (22) "Compensation" means the monthly salary paid a
17 member by his or her employer for work performed arising from
18 that employment.

19 (a) Compensation shall include:

- 20 1. Overtime payments paid from a salary fund.
21 2. Accumulated annual leave payments.
22 3. Payments in addition to the employee's base rate of
23 pay if all the following apply:
24 a. The payments are paid according to a formal written
25 policy that applies to all eligible employees equally;
26 b. The policy provides that payments shall commence no
27 later than the 11th year of employment;
28 c. The payments are paid for as long as the employee
29 continues his or her employment; and
30 d. The payments are paid at least annually.

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1 4. Amounts withheld for tax sheltered annuities or
2 deferred compensation programs, or any other type of salary
3 reduction plan authorized under the Internal Revenue Code.

4 5. Payments made in lieu of a permanent increase in
5 the base rate of pay, whether made annually or in 12 or 26
6 equal payments within a 12-month period, when the member's
7 base pay is at the maximum of his or her pay range. When a
8 portion of a member's annual increase raises his or her pay
9 range and the excess is paid as a lump sum payment, such lump
10 sum payment shall be compensation for retirement purposes.

11 6. Salary supplements made pursuant to ss. 231.700 and
12 236.08106 requiring a valid National Board for Professional
13 Teaching Standards certificate or equivalent status as
14 provided in s. 231.700(3)(e)5., notwithstanding the provisions
15 of subparagraph 3.

16 (47) "Bonus" means a payment made in addition to an
17 employee's regular or overtime salary. A bonus is usually
18 nonrecurring, does not increase the employee's base rate of
19 pay, and includes no commitment for payment in a subsequent
20 year. Such payments are not considered compensation. Effective
21 July 1, 1989, employers may not report such payments to the
22 division as salary, and may not make retirement contributions
23 on such payments.

24 (b) Bonuses shall include, but not be limited to, the
25 following:

- 26 1. Exit bonus or severance pay.
- 27 2. Longevity payments in conformance with the
28 provisions of paragraph (a).
- 29 3. Salary increases granted pursuant to an employee's
30 agreement to retire, including increases paid over several
31 months or years prior to retirement.

1 4. Payments for accumulated overtime or compensatory
2 time, reserve time, or holiday time worked, if not made within
3 11 months of the month in which the work was performed.

4 ~~5. Quality Instruction Incentives Program (QUIIP)~~
5 ~~Payments.~~

6 5.6. Lump sum payments in recognition of employees'
7 accomplishments.

8 Section 2. This act shall take effect July 1, 2002.

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10 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
11 COMMITTEE SUBSTITUTE FOR
12 SB 922

13 Clarifies that bonus payments will be recognized as salary
14 supplements, and, therefore, eligible for retirement matching
15 contributions, upon attainment of the professional designation
16 offered by the National Board of Professional Teaching
17 Standards or its equivalent.
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