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A bill to be entitled
 An act relating to the Florida Retirement System; amending
 s. 121.021, F.S.; defining the term "public school member"
 for purposes of the system; amending s. 121.091, F.S.;
 providing retirement benefits payable to public school
 members; providing retroactive applicability; providing
 for funding of the revision of the Florida Retirement
 System by this act; providing an effective date.

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

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

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

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

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

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



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30 member or beneficiary fails to timely provide the information
31 and documents required by this chapter and the department's
32 rules. The department shall adopt rules establishing procedures
33 for application for retirement benefits and for the cancellation
34 of such application when the required information or documents
35 are not received.

36 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
37 normal retirement date, the member, upon application to the
38 administrator, shall receive a monthly benefit which shall begin
39 to accrue on the first day of the month of retirement and be
40 payable on the last day of that month and each month thereafter
41 during his or her lifetime. The normal retirement benefit,
42 including any past or additional retirement credit, may not
43 exceed 100 percent of the average final compensation. The amount
44 of monthly benefit shall be calculated as the product of A and
45 B, subject to the adjustment of C, if applicable, as set forth
46 below:

47 (a) 1.a. For creditable years of Regular Class service, A
48 is 1.60 percent of the member's average final compensation, up
49 to the member's normal retirement date. Upon completion of the
50 first year after the normal retirement date, A is 1.63 percent
51 of the member's average final compensation. Following the second
52 year after the normal retirement date, A is 1.65 percent of the
53 member's average final compensation. Following the third year
54 after the normal retirement date, and for subsequent years, A is
55 1.68 percent of the member's average final compensation.

56 b. For creditable years of Regular Class service, public
57 school members shall have A determined under the provisions of
58 sub-subparagraph 1.a. for service up to the "applicability



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59 date," and according to the following table for service earned
 60 after the "applicability date":

61

| <u>Years of Regular</u> <u>Class Service</u> | <u>Benefit Accrual Rate</u> |
|---|-----------------------------|
| <u>0-6</u> | <u>1.60%</u> |
| <u>7-12</u> | <u>1.75%</u> |
| <u>13-18</u> | <u>2.10%</u> |

62

63 Applicability date means July 1, 2004, adjusted as follows:
 64 for each year of creditable service as a public school member
 65 earned after the applicability date, 2 years will be subtracted
 66 from the applicability date up to a maximum adjustment of 18
 67 years.

68

2. For creditable years of special risk service, A is:

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a. Two percent of the member's average final compensation
 70 for all creditable years prior to October 1, 1974;

71

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

74

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

77

d. Two and two-tenths percent of the member's final
 78 monthly compensation for all creditable years after December 31,
 79 1988, and before January 1, 1990;

80

e. Two and four-tenths percent of the member's average
 81 final compensation for all creditable years after December 31,
 82 1989, and before January 1, 1991;



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83 f. Two and six-tenths percent of the member's average
84 final compensation for all creditable years after December 31,
85 1990, and before January 1, 1992;

86 g. Two and eight-tenths percent of the member's average
87 final compensation for all creditable years after December 31,
88 1991, and before January 1, 1993;

89 h. Three percent of the member's average final
90 compensation for all creditable years after December 31, 1992;
91 and

92 i. Three percent of the member's average final
93 compensation for all creditable years of service after September
94 30, 1978, and before January 1, 1993, for any special risk
95 member who retires after July 1, 2000, or any member of the
96 Special Risk Administrative Support Class entitled to retain the
97 special risk normal retirement date who was a member of the
98 Special Risk Class during the time period and who retires after
99 July 1, 2000.

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

102 4. For creditable years of Elected Officers' Class service
103 as a Supreme Court Justice, district court of appeal judge,
104 circuit judge, or county court judge, A is $3\frac{1}{3}$ percent of the
105 member's average final compensation, and for all other
106 creditable service in such class, A is 3 percent of average
107 final compensation;

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



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111 (c) C is the normal retirement benefit credit brought
 112 forward as of November 30, 1970, by a former member of an
 113 existing system. Such normal retirement benefit credit shall be
 114 determined as the product of X and Y when X is the percentage of
 115 average final compensation which the member would have been
 116 eligible to receive if the member had attained his or her normal
 117 retirement date as of November 30, 1970, all in accordance with
 118 the existing system under which the member is covered on
 119 November 30, 1970, and Y is average final compensation as
 120 defined in s. 121.021(25). However, any member of an existing
 121 retirement system who is eligible to retire and who does retire,
 122 become disabled, or die prior to April 15, 1971, may have his or
 123 her retirement benefits calculated on the basis of the best 5 of
 124 the last 10 years of service.

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

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

133 (1) For fiscal year 2004-2005, the lump sum to be
 134 recognized shall be the lesser of:

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

137 (b) The amount needed to pay the annual cost attributable
 138 to the increased benefit accrual rate for public school members.
 139 The annual cost shall consist of the increase in normal cost for



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140 public school members plus payment of the 30-year amortization
141 amount of the increase in the actuarial accrued liability
142 attributable to the increase, equal to 2.51 percent of the
143 public school member payroll or \$212 million for the fiscal year
144 2004-2005.

145
146 If, after the recognition of excess actuarial assets pursuant to
147 this subsection, there remains an unfunded cost, the
148 contribution rate applicable to public school members shall be
149 increased by the difference between the annual cost and the
150 amount provided by the excess actuarial assets, unless the
151 Legislature provides an alternate funding mechanism.

152 (2) For fiscal years starting 2005-2006 and thereafter,
153 the Legislature shall, as provided in subsection (1), continue
154 to fund on an ongoing basis the annual cost attributable to the
155 formula improvements.

156 Section 4. This act shall take effect July 1, 2003.