



A bill to be entitled

An act relating to agency reorganization; transferring the Division of Retirement and its powers, duties, functions, components, and assets from the Department of Management Services to the State Board of Administration; amending s. 110.205, F.S.; providing status of division personnel under the Career Service System; amending ss. 20.22, 20.28, 112.05, 112.3173, 112.352, 112.354, 112.356, 112.358, 112.361, 112.362, 112.363, 112.625, 112.63, 112.64, 112.658, 112.661, 112.665, 121.021, 121.025, 121.031, 121.051, 121.0511, 121.0515, 121.052, 121.055, 121.081, 121.085, 121.091, 121.101, 121.111, 121.133, 121.135, 121.136, 121.1815, 121.1905, 121.192, 121.193, 121.22, 121.23, 121.24, 121.30, 121.35, 121.40, 121.45, 121.4501, 122.02, 122.03, 122.05, 122.06, 122.07, 122.08, 122.09, 122.10, 122.12, 122.13, 122.15, 122.16, 122.23, 122.30, 122.34, 122.351, 175.032, 175.1215, 185.02, 185.105, 215.20, 215.28, 215.50, 238.01, 238.02, 238.03, 238.05, 238.07, 238.08, 238.09, 238.10, 238.11, 238.12, 238.14, 238.15, 238.171, 238.181, 238.32, and 650.02, F.S., to conform to such transfer; providing an effective date.

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

Section 1. The Division of Retirement of the Department of Management Services is transferred to the State Board of Administration. All powers, duties, functions, records, personnel, property, and unexpended balances of appropriations, allocations, and other funds relating to the Division of



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31 Retirement are transferred by a type one transfer, as defined in
 32 s. 20.06, Florida Statutes, to the State Board of
 33 Administration.

34 Section 2. Paragraphs (g) and (h) of subsection (2) of
 35 section 20.22, Florida Statutes, are amended to read:

36 20.22 Department of Management Services.--There is created
 37 a Department of Management Services.

38 (2) The following divisions and programs within the
 39 Department of Management Services are established:

40 ~~(g) Division of Retirement.~~

41 (g)(h) Division of State Group Insurance.

42 Section 3. Section 20.28, Florida Statutes, is amended to
 43 read:

44 20.28 State Board of Administration.--The State Board of
 45 Administration, continued by s. 9, Art. XII of the State
 46 Constitution, retains all of its powers, duties, and functions
 47 as prescribed by law. There is established under the State Board
 48 of Administration a Division of Retirement, which shall be
 49 subject to the direction of the executive director of the board.
 50 Nothing in this act shall be construed to alter or amend the
 51 powers, operations, or functioning of the State Board of
 52 Administration with respect to its duties, responsibilities, and
 53 authority existing prior to the enactment of this legislation.

54 Section 4. Paragraph (u) of subsection (2) of section
 55 110.205, Florida Statutes, is amended to read:

56 110.205 Career service; exemptions.--

57 (2) EXEMPT POSITIONS.--The exempt positions that are not
 58 covered by this part include the following:

59 (u) All officers and employees of the State Board of
 60 Administration, including its Division of Retirement. The State



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61 Board of Administration shall set the salaries and benefits of
 62 these positions.

63 Section 5. Paragraph (b) of subsection (4) of section
 64 112.05, Florida Statutes, is amended to read:

65 112.05 Retirement; cost-of-living adjustment; employment
 66 after retirement.--

67 (4)

68 (b) Any person to whom the limitation in paragraph (a)
 69 applies who violates such reemployment limitation and is
 70 reemployed with any agency participating in the Florida
 71 Retirement System prior to completion of the 12-month limitation
 72 period shall give timely notice of this fact in writing to the
 73 employer and to the Division of Retirement of the State Board of
 74 Administration; and the person's retirement benefits shall be
 75 suspended for the balance of the 12-month limitation period. Any
 76 person employed in violation of this subsection and any
 77 employing agency which knowingly employs or appoints such person
 78 without notifying the Division of Retirement ~~Department of~~
 79 ~~Management Services~~ to suspend retirement benefits shall be
 80 jointly and severally liable for reimbursement to the retirement
 81 trust fund of any benefits paid during the reemployment
 82 limitation period. To avoid liability, such employing agency
 83 shall have a written statement from the retiree that he or she
 84 is not retired from a state-administered retirement system. Any
 85 retirement benefits received by such person while reemployed
 86 during this limitation period shall be repaid to the retirement
 87 trust fund, and the retirement benefits shall remain suspended
 88 until such repayment has been made. Any benefits suspended
 89 beyond the reemployment limitation period shall apply toward the



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90 repayment of benefits received in violation of the reemployment
91 limitation.

92 Section 6. Paragraph (d) of subsection (4) of section
93 112.3173, Florida Statutes, is amended to read:

94 112.3173 Felonies involving breach of public trust and
95 other specified offenses by public officers and employees;
96 forfeiture of retirement benefits.--

97 (4) NOTICE.--

98 (d) The Commission on Ethics shall forward any notice and
99 any other document received by it pursuant to this subsection to
100 the governing body of the public retirement system of which the
101 public officer or employee is a member or from which the public
102 officer or employee may be entitled to receive a benefit. When
103 called on by the Commission on Ethics, the Division of
104 Retirement of the State Board of Administration ~~Department of~~
105 ~~Management Services~~ shall assist the commission in identifying
106 the appropriate public retirement system.

107 Section 7. Subsection (7) of section 112.352, Florida
108 Statutes, is amended to read:

109 112.352 Definitions.--The following words and phrases as
110 used in this act shall have the following meaning unless a
111 different meaning is required by the context:

112 (7) "Division ~~Department~~" means the Division of Retirement
113 of the State Board of Administration ~~Department of Management~~
114 ~~Services~~.

115 Section 8. Section 112.354, Florida Statutes, is amended
116 to read:

117 112.354 Eligibility for supplement.--Each retired member
118 or, if applicable, a joint annuitant, except any person
119 receiving survivor benefits under the teachers' retirement



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120 system of the state in accordance with s. 238.07(16), shall be
 121 entitled to receive a supplement computed in accordance with s.
 122 112.355 upon:

123 (1) Furnishing to the division ~~Department of Management~~
 124 ~~Services~~ evidence from the Social Security Administration
 125 setting forth the retired member's social security benefit or
 126 certifying the noninsured status of the retired member under the
 127 Social Security Act, and

128 (2) Filing written application with the division
 129 ~~Department of Management Services~~ for such supplement.

130 Section 9. Section 112.356, Florida Statutes, is amended
 131 to read:

132 112.356 Payment of supplement.--Any supplement due and
 133 payable under this act shall be paid by the division ~~department~~
 134 or under the direction and control of the division ~~department~~,
 135 based on information furnished by the retired member, or a joint
 136 annuitant, and the administrator of the system under which
 137 retirement benefits are being paid, beginning on the first day
 138 of the month coincident with or next following the later of the
 139 effective date of this act and the date of approval of the
 140 application for supplement by the division ~~department~~, and
 141 payable thereafter on the first day of each month in the normal
 142 or optional form in which retirement benefits under the
 143 applicable system are being paid; provided, however, that if
 144 application for supplement is made subsequent to December 31,
 145 1967, not more than 6 retroactive monthly supplements shall be
 146 paid.

147 Section 10. Section 112.358, Florida Statutes, is amended
 148 to read:



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149 112.358 Administration of system.--The division ~~Department~~
 150 ~~of Management Services~~ shall make such rules and regulations as
 151 are necessary for the effective and efficient administration of
 152 this act and the cost to pay the expenses of such administration
 153 is hereby appropriated out of the appropriate retirement fund.

154 Section 11. Paragraph (g) of subsection (2), and
 155 subsections (4), (6), and (8) of section 112.361, Florida
 156 Statutes, are amended to read:

157 112.361 Additional and updated supplemental retirement
 158 benefits.--

159 (2) DEFINITIONS.--As used in this section, unless a
 160 different meaning is required by the context:

161 (g) "Division ~~Department~~" means the Division of Retirement
 162 of the State Board of Administration ~~Department of Management~~
 163 ~~Services~~.

164 (4) ELIGIBILITY FOR SUPPLEMENT.--Each retired member or,
 165 if applicable, a joint annuitant, except any person receiving
 166 survivor's benefits under the Teachers' Retirement System of the
 167 state in accordance with s. 238.07(16), shall be entitled to
 168 receive a supplement computed in accordance with subsection (5),
 169 upon:

170 (a) Furnishing to the division ~~department~~ evidence from
 171 the Social Security Administration setting forth the retired
 172 member's social security benefit or certifying the noninsured
 173 status of the retired member under the Social Security Act, and

174 (b) Filing written application with the division
 175 ~~department~~ for such supplement.

176 (6) PAYMENT OF SUPPLEMENT.--Any supplement due and payable
 177 under this section shall be paid by the division ~~department~~ or
 178 under the direction and control of the division ~~department~~,



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179 based on information furnished by the retired member, or a joint
 180 annuitant, and the administrator of the system under which
 181 retirement benefits are being paid, beginning on the first day
 182 of the month coincident with or next following the later of:

- 183 (a) July 1, 1969, or
- 184 (b) The date of approval of the application for supplement
 185 by the division ~~department~~,

186
 187 and payable thereafter on the first day of each month in the
 188 normal or optional form in which retirement benefits under the
 189 applicable system are being paid. However, no retroactive
 190 monthly supplements shall be paid for any period prior to the
 191 date specified in this paragraph.

192 (8) ADMINISTRATION OF SYSTEM.--The division ~~department~~
 193 shall make such rules as are necessary for the effective and
 194 efficient administration of this section, and the cost to pay
 195 the expenses of such administration is hereby appropriated out
 196 of the appropriate fund pursuant to subsection (7).

197 Section 12. Paragraphs (a) and (b) of subsection (4) of
 198 section 112.362, Florida Statutes, are amended to read:

199 112.362 Recomputation of retirement benefits.--

200 (4)(a) Effective July 1, 1980, any person who retired
 201 prior to July 1, 1987, under a state-supported retirement system
 202 with not less than 10 years of creditable service and who is not
 203 receiving or entitled to receive federal social security
 204 benefits shall, upon reaching 65 years of age and upon
 205 application to the division ~~Department of Management Services~~,
 206 be entitled to receive a minimum monthly benefit equal to \$16.50
 207 multiplied by the member's total number of years of creditable
 208 service and adjusted by the actuarial factor applied to the



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209 original benefit for optional forms of retirement. Thereafter,
210 the minimum monthly benefit shall be recomputed as provided in
211 paragraph (5)(a). Application for this minimum monthly benefit
212 shall include certification by the retired member that he or she
213 is not receiving and is not entitled to receive social security
214 benefits and shall include written authorization for the
215 division ~~Department of Management Services~~ to have access to
216 information from the Federal Social Security Administration
217 concerning the member's entitlement to or eligibility for social
218 security benefits. The minimum benefit provided by this
219 paragraph shall not be paid unless and until the application
220 requirements of this paragraph are satisfied.

221 (b) Effective July 1, 1978, the surviving spouse or
222 beneficiary who is receiving or entitled to receive a monthly
223 benefit commencing prior to July 1, 1987, from the account of
224 any deceased retired member who had completed at least 10 years
225 of creditable service shall, at the time such deceased retiree
226 would have reached age 65, if living, and, upon application to
227 the division ~~Department of Management Services~~, be entitled to
228 receive the minimum monthly benefit described in paragraph (a),
229 adjusted by the actuarial factor applied to the optional form of
230 benefit payable to said surviving spouse or beneficiary,
231 provided said person is not receiving or entitled to receive
232 federal social security benefits. Application for this minimum
233 monthly benefit shall include certification by the surviving
234 spouse or beneficiary that he or she is not receiving and is not
235 entitled to receive social security benefits and shall include
236 written authorization for the division ~~Department of Management~~
237 ~~Services~~ to have access to information from the Federal Social
238 Security Administration concerning such person's entitlement to



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239 or eligibility for social security benefits. The minimum benefit
240 provided by this paragraph shall not be paid unless and until
241 the application requirements of this paragraph are satisfied.

242 Section 13. Subsections (2), (4), (7), and (8) of section
243 112.363, Florida Statutes, are amended to read:

244 112.363 Retiree health insurance subsidy.--

245 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE SUBSIDY.--

246 (a) A person who is retired under a state-administered
247 retirement system, or a beneficiary who is a spouse or financial
248 dependent entitled to receive benefits under a state-
249 administered retirement system, is eligible for health insurance
250 subsidy payments provided under this section; except that
251 pension recipients under ss. 121.40, 238.07(16)(a), and 250.22,
252 recipients of health insurance coverage under s. 110.1232, or
253 any other special pension or relief act shall not be eligible
254 for such payments.

255 (b) For purposes of this section, a person is deemed
256 retired from a state-administered retirement system when he or
257 she terminates employment with all employers participating in
258 the Florida Retirement System as described in s. 121.021(39)
259 and:

260 1. For a participant of the Public Employee Optional
261 Retirement Program established under part II of chapter 121, the
262 participant meets the age or service requirements to qualify for
263 normal retirement as set forth in s. 121.021(29).

264 2. For a member of the Florida Retirement System defined
265 benefit program, or any employee who maintains creditable
266 service under both the defined benefit program and the Public
267 Employee Optional Retirement Program, the member begins drawing



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268 retirement benefits from the defined benefit program of the
269 Florida Retirement System.

270 (c)1. Effective July 1, 2001, any person retiring on or
271 after such date as a member of the Florida Retirement System,
272 including any participant of the defined contribution program
273 administered pursuant to part II of chapter 121, must have
274 satisfied the vesting requirements for his or her membership
275 class under the Florida Retirement System defined benefit
276 program as administered under part I of chapter 121.

277 2. Notwithstanding the provisions of subparagraph 1., a
278 person retiring due to disability must either qualify for a
279 regular or in-line-of-duty disability benefit as provided in s.
280 121.091(4) or qualify for a disability benefit under a
281 disability plan established under part II of chapter 121, as
282 appropriate.

283 (d) Payment of the retiree health insurance subsidy shall
284 be made only after coverage for health insurance for the retiree
285 or beneficiary has been certified in writing to the division
286 ~~Department of Management Services~~. Participation in a former
287 employer's group health insurance program is not a requirement
288 for eligibility under this section.

289 (e) Participants in the Senior Management Service Optional
290 Annuity Program as provided in s. 121.055(6) and the State
291 University System Optional Retirement Program as provided in s.
292 121.35 shall not receive the retiree health insurance subsidy
293 provided in this section. The employer of such participant shall
294 pay the contributions required in subsection (8) to the annuity
295 program provided in s. 121.055(6)(d) or s. 121.35(4)(a), as
296 applicable.



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297 (4) PAYMENT OF RETIREE HEALTH INSURANCE
298 SUBSIDY.--Beginning January 1, 1988, any monthly retiree health
299 insurance subsidy amount due and payable under this section
300 shall be paid to retired members by the division ~~Department of~~
301 ~~Management Services~~ or under the direction and control of the
302 division ~~department~~.

303 (7) ADMINISTRATION OF SYSTEM.--The division ~~Department of~~
304 ~~Management Services~~ may adopt such rules and regulations as are
305 necessary for the effective and efficient administration of this
306 section. The cost of administration shall be appropriated from
307 the trust fund.

308 (8) CONTRIBUTIONS.--For purposes of funding the insurance
309 subsidy provided by this section:

310 (a) Beginning October 1, 1987, the employer of each member
311 of a state-administered retirement plan shall contribute 0.24
312 percent of gross compensation each pay period.

313 (b) Beginning January 1, 1989, the employer of each member
314 of a state-administered retirement plan shall contribute 0.48
315 percent of gross compensation each pay period.

316 (c) Beginning January 1, 1994, the employer of each member
317 of a state-administered retirement plan shall contribute 0.56
318 percent of gross compensation each pay period.

319 (d) Beginning January 1, 1995, the employer of each member
320 of a state-administered retirement plan shall contribute 0.66
321 percent of gross compensation each pay period.

322 (e) Beginning July 1, 1998, the employer of each member of
323 a state-administered retirement plan shall contribute 0.94
324 percent of gross compensation each pay period.



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325 (f) Beginning July 1, 2001, the employer of each member of
326 a state-administered plan shall contribute 1.11 percent of gross
327 compensation each pay period.

328
329 Such contributions shall be submitted to the division ~~Department~~
330 ~~of Management Services~~ and deposited in the Retiree Health
331 Insurance Subsidy Trust Fund.

332 Section 14. Subsection (10) is added to section 112.625,
333 Florida Statutes, to read:

334 112.625 Definitions.--As used in this act:

335 (10) "Division" means the Division of Retirement of the
336 State Board of Administration.

337 Section 15. Subsections (2) and (4) of section 112.63,
338 Florida Statutes, are amended to read:

339 112.63 Actuarial reports and statements of actuarial
340 impact; review.--

341 (2) The frequency of actuarial reports must be at least
342 every 3 years commencing from the last actuarial report of the
343 plan or system or October 1, 1980, if no actuarial report has
344 been issued within the 3-year period prior to October 1, 1979.
345 The results of each actuarial report shall be filed with the
346 plan administrator within 60 days of certification. Thereafter,
347 the results of each actuarial report shall be made available for
348 inspection upon request. Additionally, each retirement system or
349 plan covered by this act which is not administered directly by
350 the division ~~Department of Management Services~~ shall furnish a
351 copy of each actuarial report to the division ~~Department of~~
352 ~~Management Services~~ within 60 days after receipt from the
353 actuary. The requirements of this section are supplemental to



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354 actuarial valuations necessary to comply with the requirements
355 of ss. 218.321 and 218.39.

356 (4) Upon receipt, pursuant to subsection (2), of an
357 actuarial report, or upon receipt, pursuant to subsection (3),
358 of a statement of actuarial impact, the division ~~Department of~~
359 ~~Management Services~~ shall acknowledge such receipt, but shall
360 only review and comment on each retirement system's or plan's
361 actuarial valuations at least on a triennial basis. If the
362 division ~~department~~ finds that the actuarial valuation is not
363 complete, accurate, or based on reasonable assumptions, or if
364 the division ~~department~~ does not receive the actuarial report or
365 statement of actuarial impact, the division ~~department~~ shall
366 notify the local government and request appropriate adjustment.
367 If, after a reasonable period of time, a satisfactory adjustment
368 is not made, the affected local government or the division
369 ~~department~~ may petition for a hearing under the provisions of
370 ss. 120.569 and 120.57. If the administrative law judge
371 recommends in favor of the division ~~department~~, the division
372 ~~department~~ shall perform an actuarial review or prepare the
373 statement of actuarial impact. The cost to the division
374 ~~department~~ of performing such actuarial review or preparing such
375 statement shall be charged to the governmental entity of which
376 the employees are covered by the retirement system or plan. If
377 payment of such costs is not received by the division ~~department~~
378 within 60 days after receipt by the governmental entity of the
379 request for payment, the division ~~department~~ shall certify to
380 the Comptroller the amount due, and the Comptroller shall pay
381 such amount to the division ~~department~~ from any funds payable to
382 the governmental entity of which the employees are covered by
383 the retirement system or plan. If the administrative law judge



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384 recommends in favor of the local retirement system and the
 385 division ~~department~~ performs an actuarial review, the cost to
 386 the division ~~department~~ of performing the actuarial review shall
 387 be paid by the division ~~department~~.

388 Section 16. Subsection (1) of section 112.64, Florida
 389 Statutes, is amended to read:

390 112.64 Administration of funds; amortization of unfunded
 391 liability.--

392 (1) Employee contributions shall be deposited in the
 393 retirement system or plan at least monthly. Employer
 394 contributions shall be deposited at least quarterly; however,
 395 any revenues received from any source by an employer which are
 396 specifically collected for the purpose of allocation for deposit
 397 into a retirement system or plan shall be so deposited within 30
 398 days of receipt by the employer. All employers and employees
 399 participating in the Florida Retirement System and other
 400 existing retirement systems which are administered by the
 401 division ~~Department of Management Services~~ shall continue to
 402 make contributions at least monthly.

403 Section 17. Subsections (1) and (3) of section 112.658,
 404 Florida Statutes, are amended to read:

405 112.658 Office of Program Policy Analysis and Government
 406 Accountability to determine compliance of the Florida Retirement
 407 System.--

408 (1) The Office of Program Policy Analysis and Government
 409 Accountability shall determine, through the examination of
 410 actuarial reviews, financial statements, and the practices and
 411 procedures of the Division of Retirement ~~Department of~~
 412 ~~Management Services~~, the compliance of the Florida Retirement
 413 System with the provisions of this act.



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414 (3) The Office of Program Policy Analysis and Government
415 Accountability shall employ the same actuarial standards to
416 monitor the division ~~Department of Management Services~~ as the
417 division ~~Department of Management Services~~ uses to monitor local
418 governments.

419 Section 18. Subsections (9), (16), and (17) of section
420 112.661, Florida Statutes, are amended to read:

421 112.661 Investment policies.--Investment of the assets of
422 any local retirement system or plan must be consistent with a
423 written investment policy adopted by the board. Such policies
424 shall be structured to maximize the financial return to the
425 retirement system or plan consistent with the risks incumbent in
426 each investment and shall be structured to establish and
427 maintain an appropriate diversification of the retirement system
428 or plan's assets.

429 (9) EXPECTED ANNUAL RATE OF RETURN.--The investment policy
430 shall require that, for each actuarial valuation, the board
431 determine the total expected annual rate of return for the
432 current year, for each of the next several years, and for the
433 long term thereafter. This determination must be filed promptly
434 with the division ~~Department of Management Services~~ and with the
435 plan's sponsor and the consulting actuary. The department shall
436 use this determination only to notify the board, the plan's
437 sponsor, and consulting actuary of material differences between
438 the total expected annual rate of return and the actuarial
439 assumed rate of return.

440 (16) FILING OF INVESTMENT POLICY.--Upon adoption by the
441 board, the investment policy shall be promptly filed with the
442 division ~~Department of Management Services~~ and the plan's
443 sponsor and consulting actuary. The effective date of the



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444 investment policy, and any amendment thereto, shall be the 31st
445 calendar day following the filing date with the plan sponsor.

446 (17) VALUATION OF ILLIQUID INVESTMENTS.--The investment
447 policy shall provide for the valuation of illiquid investments
448 for which a generally recognized market is not available or for
449 which there is no consistent or generally accepted pricing
450 mechanism. If those investments are utilized, the investment
451 policy must include the criteria set forth in s. 215.47(6),
452 except that submission to the Investment Advisory Council is not
453 required. The investment policy shall require that, for each
454 actuarial valuation, the board must verify the determination of
455 the fair market value for those investments and ascertain that
456 the determination complies with all applicable state and federal
457 requirements. The investment policy shall require that the board
458 disclose to the division ~~Department of Management Services~~ and
459 the plan's sponsor each such investment for which the fair
460 market value is not provided.

461 Section 19. Section 112.665, Florida Statutes, is amended
462 to read:

463 112.665 Duties of Division of Retirement ~~Department of~~
464 ~~Management Services~~.--

465 (1) The Division of Retirement ~~Department of Management~~
466 ~~Services~~ shall:

467 (a) Gather, catalog, and maintain complete, computerized
468 data information on all public employee retirement systems or
469 plans in the state, based upon a review of audits, reports, and
470 other data pertaining to the systems or plans;

471 (b) Receive and comment upon all actuarial reviews of
472 retirement systems or plans maintained by units of local
473 government;



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474 (c) Cooperate with local retirement systems or plans on
475 matters of mutual concern and provide technical assistance to
476 units of local government in the assessment and revision of
477 retirement systems or plans;

478 (d) Issue, by January 1 annually, a report to the
479 President of the Senate and the Speaker of the House of
480 Representatives, which report details division activities,
481 findings, and recommendations concerning all governmental
482 retirement systems. The report may include legislation proposed
483 to carry out such recommendations;

484 (e) Issue, by January 1 annually, a report to the Special
485 District Information Program of the Department of Community
486 Affairs that includes the participation in and compliance of
487 special districts with the local government retirement system
488 provisions in s. 112.63 and the state-administered retirement
489 system provisions as specified in part I of chapter 121; and

490 (f) Adopt reasonable rules to administer the provisions of
491 this part.

492 (2) The division ~~department~~ may subpoena actuarial
493 witnesses, review books and records, hold hearings, and take
494 testimony. A witness shall have the right to be accompanied by
495 counsel.

496 Section 20. Subsections (4), (5), and (32), and paragraph
497 (a) of subsection (39) of section 121.021, Florida Statutes, are
498 amended to read:

499 121.021 Definitions.--The following words and phrases as
500 used in this chapter have the respective meanings set forth
501 unless a different meaning is plainly required by the context:



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502 (4) "Division Department" means the Division of Retirement
 503 of the State Board of Administration ~~Department of Management~~
 504 ~~Services~~.

505 (5) "Administrator" means the executive director of the
 506 State Board of Administration ~~secretary of the Department of~~
 507 ~~Management Services~~.

508 (32) "State agency" means the Division of Retirement
 509 ~~Department of Management Services~~ within the provisions and
 510 contemplation of chapter 650.

511 (39)(a) "Termination" occurs, except as provided in
 512 paragraph (b), when a member ceases all employment relationships
 513 with employers under this system, as defined in subsection (10),
 514 but in the event a member should be employed by any such
 515 employer within the next calendar month, termination shall be
 516 deemed not to have occurred. A leave of absence shall constitute
 517 a continuation of the employment relationship, except that a
 518 leave of absence without pay due to disability may constitute
 519 termination for a member, if such member makes application for
 520 and is approved for disability retirement in accordance with s.
 521 121.091(4). The division department may require other evidence
 522 of termination as it deems necessary.

523 Section 21. Section 121.025, Florida Statutes, is amended
 524 to read:

525 121.025 Administrator; powers and duties.--The Division of
 526 Retirement ~~secretary of the Department of Management Services~~
 527 shall be the administrator of the retirement and pension systems
 528 assigned or transferred to it ~~the Department of Management~~
 529 ~~Services~~ by law. The executive director of the State Board of
 530 Administration ~~and~~ shall have the authority to sign the
 531 contracts necessary to carry out the duties and responsibilities



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532 assigned by law to the division ~~Department of Management~~
533 ~~Services~~.

534 Section 22. Subsections (1), (2), and (5) and paragraph
535 (e) of subsection (3) of section 121.031, Florida Statutes, are
536 amended to read:

537 121.031 Administration of system; appropriation; oaths;
538 actuarial studies; public records.--

539 (1) The division ~~Department of Management Services~~ has the
540 authority to adopt rules pursuant to ss. 120.536(1) and 120.54
541 to implement the provisions of law conferring duties upon the
542 division ~~department~~ and to adopt rules as are necessary for the
543 effective and efficient administration of this system. The funds
544 to pay the expenses for administration of the system are hereby
545 appropriated from the interest earned on investments made for
546 the retirement and social security trust funds and the
547 assessments allowed under chapter 650.

548 (2) The division ~~Department of Management Services~~ is
549 authorized to require oaths, by affidavit or otherwise, and
550 acknowledgments from persons in connection with the
551 administration of its duties and responsibilities under this
552 chapter.

553 (3) The administrator shall cause an actuarial study of
554 the system to be made at least annually and shall report the
555 results of such study to the Legislature by December 31 prior to
556 the next legislative session. The study shall, at a minimum,
557 conform to the requirements of s. 112.63, with the following
558 exceptions and additions:

559 (e) The study shall include measures of funding status and
560 funding progress designed to facilitate the assessment of trends
561 over several actuarial valuations with respect to the overall



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562 solvency of the system. Such measures shall be adopted by the
 563 division ~~department~~ and shall be used consistently in all
 564 actuarial valuations performed on the system.

565 (5) The names and addresses of retirees are confidential
 566 and exempt from the provisions of s. 119.07(1) to the extent
 567 that no state or local governmental agency may provide the names
 568 or addresses of such persons in aggregate, compiled, or list
 569 form to any person except to a public agency engaged in official
 570 business. However, a state or local government agency may
 571 provide the names and addresses of retirees from that agency to
 572 a bargaining agent as defined in s. 447.203(12) or to a retiree
 573 organization for official business use. Lists of names or
 574 addresses of retirees may be exchanged by public agencies, but
 575 such lists shall not be provided to, or open for inspection by,
 576 the public. Any person may view or copy any individual's
 577 retirement records at the division ~~Department of Management~~
 578 ~~Services~~, one record at a time, or may obtain information by a
 579 separate written request for a named individual for which
 580 information is desired.

581 Section 23. Paragraph (c) of subsection (1) and paragraphs
 582 (b) and (f) of subsection (2) of section 121.051, Florida
 583 Statutes, are amended to read:

584 121.051 Participation in the system.--

585 (1) COMPULSORY PARTICIPATION.--

586 (c)1. After June 30, 1983, a member of an existing system
 587 who is reemployed after terminating employment shall have at the
 588 time of reemployment the option of selecting to remain in the
 589 existing retirement system or to transfer to the Florida
 590 Retirement System. Failure to submit such selection in writing
 591 to the division ~~Department of Management Services~~ within 6



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592 months of reemployment shall result in compulsory membership in
593 the Florida Retirement System.

594 2. After June 30, 1988, the provisions of subparagraph 1.
595 shall not apply to a member of an existing system who is
596 reemployed within 12 months after terminating employment. Such
597 member shall continue to have membership in the existing system
598 upon reemployment and shall not be permitted to become a member
599 of the Florida Retirement System, except by transferring to that
600 system as provided in ss. 121.052 and 121.055.

601 (2) OPTIONAL PARTICIPATION.--

602 (b)1. The governing body of any municipality or special
603 district in the state may elect to participate in the system
604 upon proper application to the administrator and may cover all
605 or any of its units as approved by the Secretary of Health and
606 Human Services and the administrator. The division ~~department~~
607 shall adopt rules establishing provisions for the submission of
608 documents necessary for such application. Prior to being
609 approved for participation in the Florida Retirement System, the
610 governing body of any such municipality or special district that
611 has a local retirement system shall submit to the administrator
612 a certified financial statement showing the condition of the
613 local retirement system as of a date within 3 months prior to
614 the proposed effective date of membership in the Florida
615 Retirement System. The statement must be certified by a
616 recognized accounting firm that is independent of the local
617 retirement system. All required documents necessary for
618 extending Florida Retirement System coverage must be received by
619 the division ~~department~~ for consideration at least 15 days prior
620 to the proposed effective date of coverage. If the municipality
621 or special district does not comply with this requirement, the



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622 division ~~department~~ may require that the effective date of
 623 coverage be changed.

624 2. Any city or special district that has an existing
 625 retirement system covering the employees in the units that are
 626 to be brought under the Florida Retirement System may
 627 participate only after holding a referendum in which all
 628 employees in the affected units have the right to participate.
 629 Only those employees electing coverage under the Florida
 630 Retirement System by affirmative vote in said referendum shall
 631 be eligible for coverage under this chapter, and those not
 632 participating or electing not to be covered by the Florida
 633 Retirement System shall remain in their present systems and
 634 shall not be eligible for coverage under this chapter. After the
 635 referendum is held, all future employees shall be compulsory
 636 members of the Florida Retirement System.

637 3. The governing body of any city or special district
 638 complying with subparagraph 1. may elect to provide, or not
 639 provide, benefits based on past service of officers and
 640 employees as described in s. 121.081(1). However, if such
 641 employer elects to provide past service benefits, such benefits
 642 must be provided for all officers and employees of its covered
 643 group.

644 4. Once this election is made and approved it may not be
 645 revoked, except pursuant to subparagraphs 5. and 6., and all
 646 present officers and employees electing coverage under this
 647 chapter and all future officers and employees shall be
 648 compulsory members of the Florida Retirement System.

649 5. Subject to the conditions set forth in subparagraph 6.,
 650 the governing body of any hospital licensed under chapter 395
 651 which is governed by the board of a special district as defined



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652 in s. 189.403(1) or by the board of trustees of a public health
653 trust created under s. 154.07, hereinafter referred to as
654 "hospital district," and which participates in the system, may
655 elect to cease participation in the system with regard to future
656 employees in accordance with the following procedure:

657 a. No more than 30 days and at least 7 days before
658 adopting a resolution to partially withdraw from the Florida
659 Retirement System and establish an alternative retirement plan
660 for future employees, a public hearing must be held on the
661 proposed withdrawal and proposed alternative plan.

662 b. From 7 to 15 days before such hearing, notice of intent
663 to withdraw, specifying the time and place of the hearing, must
664 be provided in writing to employees of the hospital district
665 proposing partial withdrawal and must be published in a
666 newspaper of general circulation in the area affected, as
667 provided by ss. 50.011-50.031. Proof of publication of such
668 notice shall be submitted to the division ~~Department of~~
669 ~~Management Services~~.

670 c. The governing body of any hospital district seeking to
671 partially withdraw from the system must, before such hearing,
672 have an actuarial report prepared and certified by an enrolled
673 actuary, as defined in s. 112.625(3), illustrating the cost to
674 the hospital district of providing, through the retirement plan
675 that the hospital district is to adopt, benefits for new
676 employees comparable to those provided under the Florida
677 Retirement System.

678 d. Upon meeting all applicable requirements of this
679 subparagraph, and subject to the conditions set forth in
680 subparagraph 6., partial withdrawal from the system and adoption
681 of the alternative retirement plan may be accomplished by



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682 resolution duly adopted by the hospital district board. The
683 hospital district board must provide written notice of such
684 withdrawal to the division by mailing a copy of the resolution
685 to the division, postmarked no later than December 15, 1995. The
686 withdrawal shall take effect January 1, 1996.

687 6. Following the adoption of a resolution under sub-
688 subparagraph 5.d., all employees of the withdrawing hospital
689 district who were participants in the Florida Retirement System
690 prior to January 1, 1996, shall remain as participants in the
691 system for as long as they are employees of the hospital
692 district, and all rights, duties, and obligations between the
693 hospital district, the system, and the employees shall remain in
694 full force and effect. Any employee who is hired or appointed on
695 or after January 1, 1996, may not participate in the Florida
696 Retirement System, and the withdrawing hospital district shall
697 have no obligation to the system with respect to such employees.

698 (f)1. Whenever an employer that participates in the
699 Florida Retirement System undertakes the transfer, merger, or
700 consolidation of governmental services or functions, the
701 employer must notify the division ~~department~~ at least 60 days
702 prior to such action and shall provide documentation as required
703 by the division ~~department~~.

704 2. When the agency to which a member's employing unit is
705 transferred, merged, or consolidated does not participate in the
706 Florida Retirement System, a member shall elect in writing to
707 remain in the Florida Retirement System or to transfer to the
708 local retirement system operated by such agency. If such agency
709 does not participate in a local retirement system, the member
710 shall continue membership in the Florida Retirement System. In
711 either case, the membership shall continue for as long as the



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712 member is employed by the agency to which his or her unit was
713 transferred, merged, or consolidated.

714 Section 24. Subsection (2) of section 121.0511, Florida
715 Statutes, is amended to read:

716 121.0511 Revocation of election and alternative plan.--The
717 governing body of any municipality or independent special
718 district that has elected to participate in the Florida
719 Retirement System may revoke its election in accordance with the
720 following procedure:

721 (2) At least 7 days, but not more than 15 days, before the
722 hearing, notice of intent to revoke, specifying the time and
723 place of the hearing, must be published in a newspaper of
724 general circulation in the area affected, as provided by ss.
725 50.011-50.031. Proof of publication of the notice must be
726 submitted to the division ~~Department of Management Services~~.

727 Section 25. Subsections (3) and (4) and paragraph (c) of
728 subsection (7) of section 121.0515, Florida Statutes, are
729 amended to read:

730 121.0515 Special risk membership.--

731 (3) PROCEDURE FOR DESIGNATING.--

732 (a) Any member of the Florida Retirement System employed
733 by a county, city, or special district who feels that he or she
734 meets the criteria set forth in this section for membership in
735 the Special Risk Class may request that his or her employer
736 submit an application to the division ~~department~~ requesting that
737 the division ~~department~~ designate him or her as a special risk
738 member. If the employer agrees that the member meets the
739 requirements for special risk membership, the employer shall
740 submit an application to the division ~~department~~ in behalf of
741 the employee containing a certification that the member meets



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742 the criteria for special risk membership set forth in this
 743 section and such other supporting documentation as may be
 744 required by administrative rule. The division ~~department~~ shall,
 745 within 90 days, either designate or refuse to designate the
 746 member as a special risk member. If the employer declines to
 747 submit the member's application to the division ~~department~~ or if
 748 the division ~~department~~ does not designate the member as a
 749 special risk member, the member or the employer may appeal to
 750 the State Retirement Commission, as provided in s. 121.23, for
 751 designation as a special risk member. A member who receives a
 752 final affirmative ruling pursuant to such appeal for special
 753 risk membership shall have special risk membership retroactive
 754 to the date such member would have had special risk membership
 755 had such membership been approved by the employer and the
 756 division ~~department~~, as determined by the division ~~department~~,
 757 and the employer contributions shall be paid in full within 1
 758 year after such final ruling.

759 (b)1. Applying the criteria set forth in this section, the
 760 division ~~Department of Management Services~~ shall specify which
 761 current and newly created classes of positions under the uniform
 762 classification plan established pursuant to chapter 110 entitle
 763 the incumbents of positions in those classes to membership in
 764 the Special Risk Class. Only employees employed in the classes
 765 so specified shall be special risk members.

766 2. When a class is not specified by the division
 767 ~~department~~ as provided in subparagraph 1., the employing agency
 768 may petition the State Retirement Commission for approval in
 769 accordance with s. 121.23.

770 (4) REMOVAL OF SPECIAL RISK MEMBERSHIP.--Any member who is
 771 a special risk member on October 1, 1978, and who fails to meet



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772 the criteria for special risk membership established by this
773 section shall have his or her special risk designation removed
774 and thereafter shall be a regular member and shall earn only
775 regular membership credit. The division ~~department~~ shall have
776 the authority to review the special risk designation of members
777 to determine whether or not those members continue to meet the
778 criteria for special risk membership.

779 (7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT DATE.--

780 (c) The division ~~department~~ shall adopt such rules as are
781 required to administer this subsection.

782 Section 26. Paragraph (e) of subsection (3) of section
783 121.052, Florida Statutes, is amended to read:

784 121.052 Membership class of elected officers.--

785 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.--Effective
786 July 1, 1990, participation in the Elected Officers' Class shall
787 be compulsory for elected officers listed in paragraphs (2)(a)-
788 (d) and (f) assuming office on or after said date, unless the
789 elected officer elects membership in another class or withdraws
790 from the Florida Retirement System as provided in paragraphs
791 (3)(a)-(d):

792 (e) Effective July 1, 2001, the governing body of a
793 municipality or special district may, by majority vote, elect to
794 designate all its elected positions for inclusion in the Elected
795 Officers' Class. Such election shall be made between July 1,
796 2001, and December 31, 2001, and shall be irrevocable. The
797 designation of such positions shall be effective the first day
798 of the month following receipt by the division ~~department~~ of the
799 ordinance or resolution passed by the governing body.



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800 Section 27. Paragraphs (b) and (h) of subsection (1) and
801 paragraphs (a), (c), (d), and (f) of subsection (6) of section
802 121.055, Florida Statutes, are amended to read:

803 121.055 Senior Management Service Class.--There is hereby
804 established a separate class of membership within the Florida
805 Retirement System to be known as the "Senior Management Service
806 Class," which shall become effective February 1, 1987.

807 (1)

808 (b)1. Except as provided in subparagraph 2., effective
809 January 1, 1990, participation in the Senior Management Service
810 Class shall be compulsory for the president of each community
811 college, the manager of each participating city or county, and
812 all appointed district school superintendents. Effective January
813 1, 1994, additional positions may be designated for inclusion in
814 the Senior Management Service Class of the Florida Retirement
815 System, provided that:

816 a. Positions to be included in the class shall be
817 designated by the local agency employer. Notice of intent to
818 designate positions for inclusion in the class shall be
819 published once a week for 2 consecutive weeks in a newspaper of
820 general circulation published in the county or counties
821 affected, as provided in chapter 50.

822 b. Up to 10 nonelective full-time positions may be
823 designated for each local agency employer reporting to the
824 division ~~Department of Management Services~~; for local agencies
825 with 100 or more regularly established positions, additional
826 nonelective full-time positions may be designated, not to exceed
827 1 percent of the regularly established positions within the
828 agency.



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829 c. Each position added to the class must be a managerial
830 or policymaking position filled by an employee who is not
831 subject to continuing contract and serves at the pleasure of the
832 local agency employer without civil service protection, and who:

833 (I) Heads an organizational unit; or

834 (II) Has responsibility to effect or recommend personnel,
835 budget, expenditure, or policy decisions in his or her areas of
836 responsibility.

837 2. In lieu of participation in the Senior Management
838 Service Class, members of the Senior Management Service Class
839 pursuant to the provisions of subparagraph 1. may withdraw from
840 the Florida Retirement System altogether. The decision to
841 withdraw from the Florida Retirement System shall be irrevocable
842 for as long as the employee holds such a position. Any service
843 creditable under the Senior Management Service Class shall be
844 retained after the member withdraws from the Florida Retirement
845 System; however, additional service credit in the Senior
846 Management Service Class shall not be earned after such
847 withdrawal. Such members shall not be eligible to participate in
848 the Senior Management Service Optional Annuity Program.

849 (h)1. Except as provided in subparagraph 3., effective
850 January 1, 1994, participation in the Senior Management Service
851 Class shall be compulsory for the State Courts Administrator and
852 the Deputy State Courts Administrators, the Clerk of the Supreme
853 Court, the Marshal of the Supreme Court, the Executive Director
854 of the Justice Administrative Commission, the Capital Collateral
855 Regional Counsels, the clerks of the district courts of appeals,
856 the marshals of the district courts of appeals, and the trial
857 court administrator and the Chief Deputy Court Administrator in
858 each judicial circuit. Effective January 1, 1994, additional



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859 positions in the offices of the state attorney and public
860 defender in each judicial circuit may be designated for
861 inclusion in the Senior Management Service Class of the Florida
862 Retirement System, provided that:

863 a. Positions to be included in the class shall be
864 designated by the state attorney or public defender, as
865 appropriate. Notice of intent to designate positions for
866 inclusion in the class shall be published once a week for 2
867 consecutive weeks in a newspaper of general circulation
868 published in the county or counties affected, as provided in
869 chapter 50.

870 b. One nonelective full-time position may be designated
871 for each state attorney and public defender reporting to the
872 division ~~Department of Management Services~~; for agencies with
873 200 or more regularly established positions under the state
874 attorney or public defender, additional nonelective full-time
875 positions may be designated, not to exceed 0.5 percent of the
876 regularly established positions within the agency.

877 c. Each position added to the class must be a managerial
878 or policymaking position filled by an employee who serves at the
879 pleasure of the state attorney or public defender without civil
880 service protection, and who:

881 (I) Heads an organizational unit; or

882 (II) Has responsibility to effect or recommend personnel,
883 budget, expenditure, or policy decisions in his or her areas of
884 responsibility.

885 2. Participation in this class shall be compulsory, except
886 as provided in subparagraph 3., for any judicial employee who
887 holds a position designated for coverage in the Senior
888 Management Service Class, and such participation shall continue



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889 until the employee terminates employment in a covered position.
 890 Effective January 1, 2001, participation in this class is
 891 compulsory for assistant state attorneys, assistant statewide
 892 prosecutors, assistant public defenders, and assistant capital
 893 collateral regional counsels. Effective January 1, 2002,
 894 participation in this class is compulsory for assistant
 895 attorneys general.

896 3. In lieu of participation in the Senior Management
 897 Service Class, such members, excluding assistant state
 898 attorneys, assistant public defenders, assistant statewide
 899 prosecutors, assistant attorneys general, and assistant capital
 900 collateral regional counsels, may participate in the Senior
 901 Management Service Optional Annuity Program as established in
 902 subsection (6).

903 (6)(a) *Senior Management Service Optional Annuity*
 904 *Program.*--The Division of Retirement ~~Department of Management~~
 905 ~~Services~~ shall establish a Senior Management Service Optional
 906 Annuity Program under which contracts providing retirement,
 907 death, and disability benefits may be purchased for those
 908 employees who elect to participate in the optional annuity
 909 program. The benefits to be provided for or on behalf of
 910 participants in such optional annuity program shall be provided
 911 through individual contracts or individual certificates issued
 912 for group annuity contracts, which may be fixed, variable, or a
 913 combination thereof, in accordance with s. 401(a) of the
 914 Internal Revenue Code. Any such individual contract or
 915 certificate shall state the annuity plan on its face page, and
 916 shall include, but not be limited to, a statement of ownership,
 917 the contract benefits, annuity income options, limitations,
 918 expense charges, and surrender charges, if any. The employing



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919 agency shall contribute, as provided in this section, toward the
920 purchase of such optional benefits which shall be fully and
921 immediately vested in the participants.

922 (c) *Participation.*--

923 1. Any eligible employee who is employed on or before
924 February 1, 1987, may elect to participate in the optional
925 annuity program in lieu of participation in the Senior
926 Management Service Class. Such election shall be made in writing
927 and filed with the division ~~department~~ and the personnel officer
928 of the employer on or before May 1, 1987. Any eligible employee
929 who is employed on or before February 1, 1987, and who fails to
930 make an election to participate in the optional annuity program
931 by May 1, 1987, shall be deemed to have elected membership in
932 the Senior Management Service Class.

933 2. Any employee who becomes eligible to participate in the
934 optional annuity program by reason of initial employment
935 commencing after February 1, 1987, may, within 90 days after the
936 date of commencement of employment, elect to participate in the
937 optional annuity program. Such election shall be made in writing
938 and filed with the personnel officer of the employer. Any
939 eligible employee who does not within 90 days after commencement
940 of such employment elect to participate in the optional annuity
941 program shall be deemed to have elected membership in the Senior
942 Management Service Class.

943 3. A person who is appointed to a position in the Senior
944 Management Service Class and who is a member of an existing
945 retirement system or the Special Risk or Special Risk
946 Administrative Support Classes of the Florida Retirement System
947 may elect to remain in such system or class in lieu of
948 participation in the Senior Management Service Class or optional



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949 annuity program. Such election shall be made in writing and
950 filed with the division ~~department~~ and the personnel officer of
951 the employer within 90 days of such appointment. Any eligible
952 employee who fails to make an election to participate in the
953 existing system, the Special Risk Class of the Florida
954 Retirement System, the Special Risk Administrative Support Class
955 of the Florida Retirement System, or the optional annuity
956 program shall be deemed to have elected membership in the Senior
957 Management Service Class.

958 4. Except as provided in subparagraph 5., an employee's
959 election to participate in the optional annuity program is
960 irrevocable as long as such employee continues to be employed in
961 an eligible position and continues to meet the eligibility
962 requirements set forth in this paragraph.

963 5. Effective from July 1, 2002, through September 30,
964 2002, any active employee in a regularly established position
965 who has elected to participate in the Senior Management Service
966 Optional Annuity Program has one opportunity to choose to move
967 from the Senior Management Service Optional Annuity Program to
968 the Florida Retirement System defined benefit program.

969 a. The election must be made in writing and must be filed
970 with the department and the personnel officer of the employer
971 before October 1, 2002, or, in the case of an active employee
972 who is on a leave of absence on July 1, 2002, within 90 days
973 after the conclusion of the leave of absence. This election is
974 irrevocable.

975 b. The employee will receive service credit under the
976 defined benefit program of the Florida Retirement System equal
977 to his or her years of service under the Senior Management
978 Service Optional Annuity Program. The cost for such credit shall



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979 be an amount representing the present value of that employee's
 980 accumulated benefit obligation for the affected period of
 981 service.

982 c. The employee must transfer the total accumulated
 983 employer contributions and earnings on deposit in his or her
 984 Senior Management Service Optional Annuity Program account. If
 985 the transferred amount is not sufficient to pay the amount due,
 986 the employee must pay a sum representing the remainder of the
 987 amount due. In no case may the employee retain any employer
 988 contributions or earnings thereon from the Senior Management
 989 Service Optional Annuity Program account.

990 (d) *Contributions*.--

991 1. Through June 30, 2001, each employer shall contribute
 992 on behalf of each participant in the Senior Management Service
 993 Optional Annuity Program an amount equal to the normal cost
 994 portion of the employer retirement contribution which would be
 995 required if the participant were a Senior Management Service
 996 Class member of the Florida Retirement System defined benefit
 997 program, plus the portion of the contribution rate required in
 998 s. 112.363(8) that would otherwise be assigned to the Retiree
 999 Health Insurance Subsidy Trust Fund. Effective July 1, 2001,
 1000 each employer shall contribute on behalf of each participant in
 1001 the optional program an amount equal to 12.49 percent of the
 1002 participant's gross monthly compensation. The division
 1003 ~~department~~ shall deduct an amount approved by the Legislature to
 1004 provide for the administration of this program. The payment of
 1005 the contributions to the optional program which is required by
 1006 this subparagraph for each participant shall be made by the
 1007 employer to the division ~~department~~, which shall forward the



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1008 contributions to the designated company or companies contracting
1009 for payment of benefits for the participant under the program.

1010 2. Each employer shall contribute on behalf of each
1011 participant in the Senior Management Service Optional Annuity
1012 Program an amount equal to the unfunded actuarial accrued
1013 liability portion of the employer contribution which would be
1014 required for members of the Senior Management Service Class in
1015 the Florida Retirement System. This contribution shall be paid
1016 to the division ~~department~~ for transfer to the Florida
1017 Retirement System Trust Fund.

1018 3. An Optional Annuity Program Trust Fund shall be
1019 established in the State Treasury and administered by the
1020 division ~~department~~ to make payments to provider companies on
1021 behalf of the optional annuity program participants, and to
1022 transfer the unfunded liability portion of the state optional
1023 annuity program contributions to the Florida Retirement System
1024 Trust Fund.

1025 4. Contributions required for social security by each
1026 employer and each participant, in the amount required for social
1027 security coverage as now or hereafter may be provided by the
1028 federal Social Security Act shall be maintained for each
1029 participant in the Senior Management Service retirement program
1030 and shall be in addition to the retirement contributions
1031 specified in this paragraph.

1032 5. Each participant in the Senior Management Service
1033 Optional Annuity Program may contribute by way of salary
1034 reduction or deduction a percentage amount of the participant's
1035 gross compensation not to exceed the percentage amount
1036 contributed by the employer to the optional annuity program.
1037 Payment of the participant's contributions shall be made by the



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1038 employer to the division ~~department~~, which shall forward the
 1039 contributions to the designated company or companies contracting
 1040 for payment of benefits for the participant under the program.

1041 (f) *Administration.*--

1042 1. The Senior Management Service Optional Annuity Program
 1043 authorized by this section shall be administered by the division
 1044 ~~department~~. The division ~~department~~ shall designate one or more
 1045 provider companies from which annuity contracts may be purchased
 1046 under the program and shall approve the form and content of the
 1047 contracts. The division ~~department~~ shall sign a contract with
 1048 each of the provider companies and shall evaluate the
 1049 performance of the provider companies on a continuing basis. The
 1050 division ~~department~~ may terminate the services of a provider
 1051 company for reasons stated in the contract. The division
 1052 ~~department~~ shall adopt rules establishing its responsibilities
 1053 and the responsibilities of employers in administering the
 1054 optional annuity program.

1055 2. Effective July 1, 1997, the State Board of
 1056 Administration shall review and make recommendations to the
 1057 division ~~department~~ on the acceptability of all investment
 1058 products proposed by provider companies of the optional annuity
 1059 program before such products are offered through annuity
 1060 contracts to the participants and may advise the division
 1061 ~~department~~ of any changes deemed necessary to ensure that the
 1062 optional annuity program offers an acceptable mix of investment
 1063 products. The division ~~department~~ shall make the final
 1064 determination as to whether an investment product will be
 1065 approved for the program.

1066 3. The provisions of each contract applicable to a
 1067 participant in the Senior Management Service Optional Annuity



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1068 Program shall be contained in a written program description
 1069 which shall include a report of pertinent financial and
 1070 actuarial information on the solvency and actuarial soundness of
 1071 the program and the benefits applicable to the participant. Such
 1072 description shall be furnished by the company or companies to
 1073 each participant in the program and to the division ~~department~~
 1074 upon commencement of participation in the program and annually
 1075 thereafter.

1076 4. The division ~~department~~ shall ensure that each
 1077 participant in the Senior Management Service Optional Annuity
 1078 Program is provided an accounting of the total contribution and
 1079 the annual contribution made by and on behalf of such
 1080 participants.

1081 Section 28. Paragraph (h) of subsection (1) and paragraph
 1082 (e) of subsection (2) of section 121.081, Florida Statutes, are
 1083 amended to read:

1084 121.081 Past service; prior service;
 1085 contributions.--Conditions under which past service or prior
 1086 service may be claimed and credited are:

1087 (1)

1088 (h) The following provisions apply to the purchase of past
 1089 service:

1090 1. Notwithstanding any of the provisions of this
 1091 subsection, past-service credit may not be purchased under this
 1092 chapter for any service that is used to obtain a benefit from
 1093 any local retirement system.

1094 2. A member may not receive past service credit under
 1095 paragraphs (a), (b), (e), or (f) for any leaves of absence
 1096 without pay, except that credit for active military service



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1097 leaves of absence may be claimed under paragraphs (a), (b), and
1098 (f), in accordance with s. 121.111(1).

1099 3. If a member does not desire to receive credit for all
1100 of his or her past service, the period the member claims must be
1101 the most recent past service prior to his or her participation
1102 in the Florida Retirement System.

1103 4. The cost of past service purchased by an employing
1104 agency for its employees may be amortized over such period of
1105 time as is provided in the agreement, but not to exceed 15
1106 years, calculated in accordance with rule 60S-1.007(5)(f),
1107 Florida Administrative Code.

1108 5. The retirement account of each member for whom past
1109 service is being provided by his or her employer shall be
1110 credited with all past service the employer agrees to purchase
1111 as soon as the agreement between the employer and the division
1112 ~~department~~ is executed. Pursuant thereto:

1113 a. Each such member's account shall also be posted with
1114 the total contribution his or her employer agrees to make in the
1115 member's behalf for past service earned prior to October 1,
1116 1975, excluding those contributions representing the employer's
1117 matching share and the compound interest calculation on the
1118 total contribution. However, a portion of any contributions paid
1119 by an employer for past service credit earned on and after
1120 October 1, 1975, may not be posted to a member's account.

1121 b. A refund of contributions payable after an employer has
1122 made a written agreement to purchase past service for employees
1123 of the covered group shall include contributions for past
1124 service which are posted to a member's account. However,
1125 contributions for past service earned on and after October 1,
1126 1975, are not refundable.



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1127 (2) Prior service, as defined in s. 121.021(19), may be
 1128 claimed as creditable service under the Florida Retirement
 1129 System after a member has been reemployed for 1 complete year of
 1130 creditable service within a period of 12 consecutive months,
 1131 except as provided in paragraph (c). Service performed as a
 1132 participant of the optional retirement program for the State
 1133 University System under s. 121.35 or the Senior Management
 1134 Service Optional Annuity Program under s. 121.055 may be used to
 1135 satisfy the reemployment requirement of 1 complete year of
 1136 creditable service. The member shall not be permitted to make
 1137 any contributions for prior service until after completion of
 1138 the 1 year of creditable service. If a member does not wish to
 1139 claim credit for all of his or her prior service, the service
 1140 the member claims must be the most recent period of service. The
 1141 required contributions for claiming the various types of prior
 1142 service are:

1143 (e) For service performed under the Florida Retirement
 1144 System after December 1, 1970, that was never reported to the
 1145 division ~~or the department~~ due to error, retirement credit may
 1146 be claimed by a member of the Florida Retirement System. The
 1147 division ~~department~~ shall adopt rules establishing criteria for
 1148 claiming such credit and detailing the documentation required to
 1149 substantiate the error.

1150 Section 29. Subsection (1) of section 121.085, Florida
 1151 Statutes, is amended to read:

1152 121.085 Creditable service.--The following provisions
 1153 shall apply to creditable service as defined in s. 121.021(17):

1154 (1) The division ~~department~~ shall adopt rules establishing
 1155 procedures for the submission of evidence or information
 1156 necessary to establish a member's claim of creditable service.



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1157 Section 30. Section 121.091, Florida Statutes, is amended
1158 to read:

1159 121.091 Benefits payable under the system.--Benefits may
1160 not be paid under this section unless the member has terminated
1161 employment as provided in s. 121.021(39)(a) or begun
1162 participation in the Deferred Retirement Option Program as
1163 provided in subsection (13), and a proper application has been
1164 filed in the manner prescribed by the division ~~department~~. The
1165 division ~~department~~ may cancel an application for retirement
1166 benefits when the member or beneficiary fails to timely provide
1167 the information and documents required by this chapter and the
1168 division's ~~department's~~ rules. The division ~~department~~ shall
1169 adopt rules establishing procedures for application for
1170 retirement benefits and for the cancellation of such application
1171 when the required information or documents are not received.

1172 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
1173 normal retirement date, the member, upon application to the
1174 administrator, shall receive a monthly benefit which shall begin
1175 to accrue on the first day of the month of retirement and be
1176 payable on the last day of that month and each month thereafter
1177 during his or her lifetime. The normal retirement benefit,
1178 including any past or additional retirement credit, may not
1179 exceed 100 percent of the average final compensation. The amount
1180 of monthly benefit shall be calculated as the product of A and
1181 B, subject to the adjustment of C, if applicable, as set forth
1182 below:

1183 (a)1. For creditable years of Regular Class service, A is
1184 1.60 percent of the member's average final compensation, up to
1185 the member's normal retirement date. Upon completion of the
1186 first year after the normal retirement date, A is 1.63 percent



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1187 of the member's average final compensation. Following the second
1188 year after the normal retirement date, A is 1.65 percent of the
1189 member's average final compensation. Following the third year
1190 after the normal retirement date, and for subsequent years, A is
1191 1.68 percent of the member's average final compensation.

1192 2. For creditable years of special risk service, A is:

1193 a. Two percent of the member's average final compensation
1194 for all creditable years prior to October 1, 1974;

1195 b. Three percent of the member's average final
1196 compensation for all creditable years after September 30, 1974,
1197 and before October 1, 1978;

1198 c. Two percent of the member's average final compensation
1199 for all creditable years after September 30, 1978, and before
1200 January 1, 1989;

1201 d. Two and two-tenths percent of the member's final
1202 monthly compensation for all creditable years after December 31,
1203 1988, and before January 1, 1990;

1204 e. Two and four-tenths percent of the member's average
1205 final compensation for all creditable years after December 31,
1206 1989, and before January 1, 1991;

1207 f. Two and six-tenths percent of the member's average
1208 final compensation for all creditable years after December 31,
1209 1990, and before January 1, 1992;

1210 g. Two and eight-tenths percent of the member's average
1211 final compensation for all creditable years after December 31,
1212 1991, and before January 1, 1993;

1213 h. Three percent of the member's average final
1214 compensation for all creditable years after December 31, 1992;
1215 and



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1216 i. Three percent of the member's average final
1217 compensation for all creditable years of service after September
1218 30, 1978, and before January 1, 1993, for any special risk
1219 member who retires after July 1, 2000, or any member of the
1220 Special Risk Administrative Support Class entitled to retain the
1221 special risk normal retirement date who was a member of the
1222 Special Risk Class during the time period and who retires after
1223 July 1, 2000.

1224 3. For creditable years of Senior Management Service Class
1225 service after January 31, 1987, A is 2 percent;

1226 4. For creditable years of Elected Officers' Class service
1227 as a Supreme Court Justice, district court of appeal judge,
1228 circuit judge, or county court judge, A is $3\frac{1}{3}$ percent of the
1229 member's average final compensation, and for all other
1230 creditable service in such class, A is 3 percent of average
1231 final compensation;

1232 (b) B is the number of the member's years and any
1233 fractional part of a year of creditable service earned
1234 subsequent to November 30, 1970; and

1235 (c) C is the normal retirement benefit credit brought
1236 forward as of November 30, 1970, by a former member of an
1237 existing system. Such normal retirement benefit credit shall be
1238 determined as the product of X and Y when X is the percentage of
1239 average final compensation which the member would have been
1240 eligible to receive if the member had attained his or her normal
1241 retirement date as of November 30, 1970, all in accordance with
1242 the existing system under which the member is covered on
1243 November 30, 1970, and Y is average final compensation as
1244 defined in s. 121.021(25). However, any member of an existing
1245 retirement system who is eligible to retire and who does retire,



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1246 become disabled, or die prior to April 15, 1971, may have his or
1247 her retirement benefits calculated on the basis of the best 5 of
1248 the last 10 years of service.

1249 (d) A member's average final compensation shall be
1250 determined by formula to obtain the coverage for the 5 highest
1251 fiscal years' salaries, calculated as provided by rule.

1252 (2) BENEFITS PAYABLE FOR DUAL NORMAL RETIREMENT AGES.--If
1253 a member accumulates retirement benefits to commence at
1254 different normal retirement ages by virtue of having performed
1255 duties for an employer which would entitle him or her to
1256 benefits as both a member of the Special Risk Class and a member
1257 of either the Regular Class, Senior Management Service Class, or
1258 Elected Officers' Class, the amount of benefits payable shall be
1259 computed separately with respect to each such age and the sum of
1260 such computed amounts shall be paid as provided in this section.

1261 (3) EARLY RETIREMENT BENEFIT.--Upon retirement on his or
1262 her early retirement date, the member shall receive an immediate
1263 monthly benefit that shall begin to accrue on the first day of
1264 the month of the retirement date and be payable on the last day
1265 of that month and each month thereafter during his or her
1266 lifetime. Such benefit shall be calculated as follows:

1267 (a) The amount of each monthly payment shall be computed
1268 in the same manner as for a normal retirement benefit, in
1269 accordance with subsection (1), but shall be based on the
1270 member's average monthly compensation and creditable service as
1271 of the member's early retirement date. The benefit so computed
1272 shall be reduced by five-twelfths of 1 percent for each complete
1273 month by which the early retirement date precedes the normal
1274 retirement date of age 62 for a member of the Regular Class,
1275 Senior Management Service Class, or the Elected Officers' Class,



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1276 and age 55 for a member of the Special Risk Class, or age 52 if
1277 a Special Risk member has completed 25 years of creditable
1278 service in accordance with s. 121.021(29)(b)3.

1279 (b) If the employment of a member is terminated by reason
1280 of death subsequent to the completion of 20 years of creditable
1281 service, the monthly benefit payable to the member's beneficiary
1282 shall be calculated in accordance with subsection (1), but shall
1283 be based on average monthly compensation and creditable service
1284 as of the date of death. The benefit so computed shall be
1285 reduced by five-twelfths of 1 percent for each complete month by
1286 which death precedes the normal retirement date specified above
1287 or the date on which the member would have attained 30 years of
1288 creditable service had he or she survived and continued his or
1289 her employment, whichever provides a higher benefit.

1290 (4) DISABILITY RETIREMENT BENEFIT.--

1291 (a) *Disability retirement; entitlement and effective*
1292 *date.--*

1293 1.a. A member who becomes totally and permanently
1294 disabled, as defined in paragraph (b), after completing 5 years
1295 of creditable service, or a member who becomes totally and
1296 permanently disabled in the line of duty regardless of service,
1297 shall be entitled to a monthly disability benefit; except that
1298 any member with less than 5 years of creditable service on July
1299 1, 1980, or any person who becomes a member of the Florida
1300 Retirement System on or after such date must have completed 10
1301 years of creditable service prior to becoming totally and
1302 permanently disabled in order to receive disability retirement
1303 benefits for any disability which occurs other than in the line
1304 of duty. However, if a member employed on July 1, 1980, with
1305 less than 5 years of creditable service as of that date, becomes



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1306 totally and permanently disabled after completing 5 years of
1307 creditable service and is found not to have attained fully
1308 insured status for benefits under the federal Social Security
1309 Act, such member shall be entitled to a monthly disability
1310 benefit.

1311 b. Effective July 1, 2001, a member of the defined benefit
1312 retirement program who becomes totally and permanently disabled,
1313 as defined in paragraph (b), after completing 8 years of
1314 creditable service, or a member who becomes totally and
1315 permanently disabled in the line of duty regardless of service,
1316 shall be entitled to a monthly disability benefit.

1317 2. If the division has received from the employer the
1318 required documentation of the member's termination of
1319 employment, the effective retirement date for a member who
1320 applies and is approved for disability retirement shall be
1321 established by rule of the division.

1322 3. For a member who is receiving Workers' Compensation
1323 payments, the effective disability retirement date may not
1324 precede the date the member reaches Maximum Medical Improvement
1325 (MMI), unless the member terminates employment prior to reaching
1326 MMI.

1327 (b) *Total and permanent disability.*--A member shall be
1328 considered totally and permanently disabled if, in the opinion
1329 of the administrator, he or she is prevented, by reason of a
1330 medically determinable physical or mental impairment, from
1331 rendering useful and efficient service as an officer or
1332 employee.

1333 (c) *Proof of disability.*--The administrator, before
1334 approving payment of any disability retirement benefit, shall



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1335 require proof that the member is totally and permanently
1336 disabled as provided herein:

1337 1. Such proof shall include the certification of the
1338 member's total and permanent disability by two licensed
1339 physicians of the state and such other evidence of disability as
1340 the administrator may require, including reports from vocational
1341 rehabilitation, evaluation, or testing specialists who have
1342 evaluated the applicant for employment.

1343 2. It must be documented that:

1344 a. The member's medical condition occurred or became
1345 symptomatic during the time the member was employed in an
1346 employee/employer relationship with his or her employer;

1347 b. The member was totally and permanently disabled at the
1348 time he or she terminated covered employment; and

1349 c. The member has not been employed with any other
1350 employer after such termination.

1351 3. If the application is for in-line-of-duty disability,
1352 in addition to the requirements of subparagraph 2., it must be
1353 documented by competent medical evidence that the disability was
1354 caused by a job-related illness or accident which occurred while
1355 the member was in an employee/employer relationship with his or
1356 her employer.

1357 4. The unavailability of an employment position that the
1358 member is physically and mentally capable of performing will not
1359 be considered as proof of total and permanent disability.

1360 (d) *Election on appeal.*--A member whose application for
1361 regular disability retirement has been denied and who has filed
1362 an appeal to the State Retirement Commission may, if eligible,
1363 elect to receive normal or early service retirement benefits
1364 while he or she is awaiting the decision on the appeal. However:



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1365 1. If the member elects to receive service retirement
1366 benefits and disability benefits are later approved as a result
1367 of the appeal, the payment option chosen by the member may not
1368 be changed.

1369 2. If the member elects to receive early service
1370 retirement and the appeal is later denied, the member may not
1371 change his or her election of early retirement.

1372
1373 Before such regular or early retirement benefits may be paid by
1374 the division, the member must provide to the division a written
1375 statement indicating that the member understands that such
1376 changes are not permitted after he or she begins receiving the
1377 benefits.

1378 (e) *Disability retirement benefit.*--Upon the retirement of
1379 a member on his or her disability retirement date, the member
1380 shall receive a monthly benefit that shall begin to accrue on
1381 the first day of the month of disability retirement and shall be
1382 payable on the last day of that month and each month thereafter
1383 during his or her lifetime and continued disability.

1384 (f) *Computation of disability retirement benefit.*--The
1385 amount of each monthly payment shall be computed in the same
1386 manner as for a normal retirement benefit, in accordance with
1387 subsection (1), but shall be based on disability option
1388 actuarial equivalency tables and the average monthly
1389 compensation and creditable service of the member as of the
1390 disability retirement date, subject to the following conditions:

1391 1. If the member's disability occurred in the line of
1392 duty, the monthly Option 1 benefit shall not be less than:

1393 a. Forty-two percent of average monthly compensation as of
1394 the disability retirement date; or



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1395 b. Sixty-five percent of the average monthly compensation
1396 as of the disability retirement date for a member of the special
1397 risk class who retires on or after July 1, 2000; or

1398 2. If the member's disability occurred other than in the
1399 line of duty, the monthly Option 1 benefit shall not be less
1400 than 25 percent of average monthly compensation as of the
1401 disability retirement date.

1402 (g) *Reapplication*.--A member, whose initial application
1403 for disability retirement has been denied, may reapply for
1404 disability benefits. However, such member's reapplication will
1405 be considered only if the member presents new medical evidence
1406 of a medical condition that existed prior to the member's
1407 termination of employment. The division may prescribe by rule
1408 procedures for reapplication and for review and approval or
1409 disapproval of reapplication.

1410 (h) *Recovery from disability*.--The administrator may
1411 require periodic reexaminations at the expense of the retirement
1412 fund. The division may adopt rules establishing procedures for
1413 conducting and review of such reexaminations.

1414 1. If the administrator finds that a member who is
1415 receiving disability benefits is, at any time prior to his or
1416 her normal retirement date, no longer disabled, the
1417 administrator shall direct that the benefits be discontinued.
1418 The decision of the administrator on this question shall be
1419 final and binding. If such member:

1420 a. Does not reenter the employ of an employer and was not
1421 vested as of the disability retirement date, he or she shall be
1422 entitled to the excess, if any, of his or her accumulated
1423 contributions over the total disability benefits received up to
1424 the date of recovery.



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1425 b. Does not reenter the employ of an employer, but was
1426 vested as of the disability retirement date, he or she may elect
1427 to receive:

1428 (I) The excess, if any, of his or her accumulated
1429 contributions over the total disability benefits received up to
1430 the date of recovery; or

1431 (II) A deferred benefit commencing on the last day of the
1432 month of the normal retirement date which shall be payable on
1433 the last day of the month thereafter during his or her lifetime.
1434 The amount of such monthly benefit shall be computed in the same
1435 manner as for a normal retirement benefit, in accordance with
1436 subsection (1), but shall be based on average monthly
1437 compensation and creditable service as of the member's
1438 disability retirement date.

1439 c. Reenters employment of an employer within 6 months
1440 after recovery, the member's service will be deemed to have been
1441 continuous, but the period beginning with the first month for
1442 which he or she received a disability benefit payment and ending
1443 with the date he or she reentered employment will not be
1444 considered as creditable service for the purpose of computing
1445 benefits except as provided in sub-subparagraph d. As used in
1446 this section, the term "accumulated contributions" for such
1447 member means the excess of the member's accumulated
1448 contributions as of the disability retirement date over the
1449 total disability benefits received under paragraph (e).

1450 d. Terminates his or her disability benefit, reenters
1451 covered employment, and is continuously employed for a minimum
1452 of 1 year of creditable service, he or she may claim as
1453 creditable service the months during which he or she was
1454 receiving a disability benefit, upon payment of the required



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1455 contributions. Contributions shall equal the total required
1456 employee and employer contribution rate applicable during the
1457 period the retiree received retirement benefits, multiplied
1458 times his or her rate of monthly compensation prior to the
1459 commencement of disability retirement for each month of the
1460 period claimed, plus 4 percent interest until July 1, 1975, and
1461 6.5 percent interest thereafter, compounded annually each June
1462 30 to the date of payment. If the member does not claim credit
1463 for all of the months he or she received disability benefits,
1464 the months claimed must be the most recent months of retirement.
1465 Such credit for periods of disability, when purchased under the
1466 Florida Retirement System, shall apply toward vesting
1467 requirements for eligibility to purchase additional credit for
1468 other service.

1469 2. Both the member receiving disability benefits who
1470 reenters employment and the employer employing such disability
1471 retiree shall notify the division immediately upon reemployment,
1472 and the division shall terminate such member's disability
1473 benefits, effective the first day of the month following the
1474 month in which notification of recovery is received. If the
1475 member is reemployed with a Florida Retirement System employer
1476 at the time of benefit termination, and he or she has received
1477 disability retirement benefit and salary payments concurrently
1478 prior to notifying the division, he or she may elect within 30
1479 days to:

1480 a. Retain the retirement benefits received prior to
1481 termination of disability benefits and begin receiving
1482 retirement service credit effective upon the date of termination
1483 of benefits; or



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1484 b. Repay, within 12 months after his or her decision to
1485 receive service credit, the retirement benefits received for
1486 each month of reemployment prior to termination of disability
1487 benefits and begin receiving retirement service credit effective
1488 upon the date of reemployment. Any such unpaid benefits shall
1489 have compound interest of 6.5 percent added June 30.

1490

1491 A member may not receive both retirement service credit for
1492 employment and retirement benefits for the same month.

1493 3. If, after recovery of disability and reentry into
1494 covered employment, the member again becomes disabled and is
1495 again approved for disability retirement, the Option 1 monthly
1496 retirement benefit shall not be less than the Option 1 monthly
1497 benefit calculated at the time of the previous disability, plus
1498 any cost of living increases up to the time the disability
1499 benefit was terminated upon his or her reentry into covered
1500 employment.

1501 (i) *Nonadmissible causes of disability.*--A member shall
1502 not be entitled to receive any disability retirement benefit if
1503 the disability is a result of any of the following:

1504 1. Injury or disease sustained by the member while
1505 willfully participating in a riot, civil insurrection, or other
1506 act of violence or while committing a felony;

1507 2. Injury or disease sustained by the member after his or
1508 her employment has terminated; or

1509 3. Intentional, self-inflicted injury.

1510 (j) *Disability retirement of justice or judge by order of*
1511 *Supreme Court.*--

1512 1. If a member is a justice of the Supreme Court, judge of
1513 a district court of appeal, circuit judge, or judge of a county



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1514 court who has served for 6 years or more as an elected
1515 constitutional judicial officer, including service as a judicial
1516 officer in any court abolished pursuant to Art. V of the State
1517 Constitution, and who is retired for disability by order of the
1518 Supreme Court upon recommendation of the Judicial Qualifications
1519 Commission pursuant to the provisions of Art. V of the State
1520 Constitution, the member's Option 1 monthly benefit as provided
1521 in subparagraph (6)(a)1. shall not be less than two-thirds of
1522 his or her monthly compensation as of the member's disability
1523 retirement date. Such a member may alternatively elect to
1524 receive a disability retirement benefit under any other option
1525 as provided in paragraph (6)(a).

1526 2. Should any justice or judge who is a member of the
1527 Florida Retirement System be retired for disability by order of
1528 the Supreme Court upon recommendation of the Judicial
1529 Qualifications Commission pursuant to the provisions of Art. V
1530 of the State Constitution, then all contributions to his or her
1531 account and all contributions made on his or her behalf by the
1532 employer shall be transferred to and deposited in the General
1533 Revenue Fund of the state, and there is hereby appropriated
1534 annually out of the General Revenue Fund, to be paid into the
1535 Florida Retirement System Fund, an amount necessary to pay the
1536 benefits of all justices and judges retired from the Florida
1537 Retirement System pursuant to Art. V of the State Constitution.

1538 (5) TERMINATION BENEFITS.--A member whose employment is
1539 terminated prior to retirement retains membership rights to
1540 previously earned member-noncontributory service credit, and to
1541 member-contributory service credit, if the member leaves the
1542 member contributions on deposit in his or her retirement
1543 account. If a terminated member receives a refund of member



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1544 contributions, such member may reinstate membership rights to
1545 the previously earned service credit represented by the refund
1546 by completing 1 year of creditable service and repaying the
1547 refunded member contributions, plus interest.

1548 (a) A member whose employment is terminated for any reason
1549 other than death or retirement prior to becoming vested is
1550 entitled to the return of his or her accumulated contributions
1551 as of the date of termination.

1552 (b) A member whose employment is terminated for any reason
1553 other than death or retirement after becoming vested may elect
1554 to receive a deferred monthly benefit which shall begin to
1555 accrue on the first day of the month of normal or early
1556 retirement and shall be payable on the last day of that month
1557 and each month thereafter during his or her lifetime. The amount
1558 of monthly benefit shall be computed in the same manner as for a
1559 normal retirement benefit in accordance with subsection (1) or
1560 early retirement benefit in accordance with s. 121.021(30), but
1561 based on average monthly compensation and creditable service as
1562 of the date of termination.

1563 (c) In lieu of the deferred monthly benefit provided in
1564 paragraph (b), the terminated member may elect to receive a
1565 lump-sum amount equal to his or her accumulated contributions as
1566 of the date of termination.

1567 (d) If any retired member dies without having received in
1568 benefit payments an amount equal to his or her accumulated
1569 contributions, there shall be payable to his or her designated
1570 beneficiary an amount equal to the excess, if any, of the
1571 member's accumulated contributions over the total monthly
1572 payments made to the member prior to the date of death.



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1573 (e) A member shall be deemed a terminated member when
1574 termination of employment has occurred as provided in s.
1575 121.021(39).

1576 (f) Any member who has been found guilty by a verdict of a
1577 jury, or by the court trying the case without a jury, of
1578 committing, aiding, or abetting any embezzlement or theft from
1579 his or her employer, bribery in connection with the employment,
1580 or other felony specified in chapter 838, except ss. 838.15 and
1581 838.16, committed prior to retirement, or who has entered a plea
1582 of guilty or of nolo contendere to such crime, or any member
1583 whose employment is terminated by reason of the member's
1584 admitted commitment, aiding, or abetting of an embezzlement or
1585 theft from his or her employer, bribery, or other felony
1586 specified in chapter 838, except ss. 838.15 and 838.16, shall
1587 forfeit all rights and benefits under this chapter, except the
1588 return of his or her accumulated contributions as of the date of
1589 termination.

1590 (g) Any elected official who is convicted by the Senate of
1591 an impeachable offense shall forfeit all rights and benefits
1592 under this chapter, except the return of his or her accumulated
1593 contributions as of the date of the conviction.

1594 (h) Any member who, prior to retirement, is adjudged by a
1595 court of competent jurisdiction to have violated any state law
1596 against strikes by public employees, or who has been found
1597 guilty by such court of violating any state law prohibiting
1598 strikes by public employees, shall forfeit all rights and
1599 benefits under this chapter, except the return of his or her
1600 accumulated contributions as of the date of the conviction.

1601 (i) Any beneficiary who by a verdict of a jury or by the
1602 court trying the case without a jury is found guilty, or who has



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1603 entered a plea of guilty or nolo contendere, of unlawfully and
1604 intentionally killing or procuring the death of the member
1605 forfeits all rights to the deceased member's benefits under this
1606 chapter, and the benefits will be paid as if such beneficiary
1607 had predeceased the decedent.

1608 (j) Benefits shall not be paid by the division pending
1609 final resolution of such charges against a member or beneficiary
1610 if the resolution of such charges could require the forfeiture
1611 of benefits as provided in paragraph (f), paragraph (g),
1612 paragraph (h), or paragraph (i).

1613 (6) OPTIONAL FORMS OF RETIREMENT BENEFITS AND DISABILITY
1614 RETIREMENT BENEFITS.--

1615 (a) Prior to the receipt of the first monthly retirement
1616 payment, a member shall elect to receive the retirement benefits
1617 to which he or she is entitled under subsection (1), subsection
1618 (2), subsection (3), or subsection (4) in accordance with one of
1619 the following options:

1620 1. The maximum retirement benefit payable to the member
1621 during his or her lifetime.

1622 2. A decreased retirement benefit payable to the member
1623 during his or her lifetime and, in the event of his or her death
1624 within a period of 10 years after retirement, the same monthly
1625 amount payable for the balance of such 10-year period to his or
1626 her beneficiary or, in case the beneficiary is deceased, in
1627 accordance with subsection (8) as though no beneficiary had been
1628 named.

1629 3. A decreased retirement benefit payable during the joint
1630 lifetime of both the member and his or her joint annuitant and
1631 which, after the death of either, shall continue during the



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1632 lifetime of the survivor in the same amount, subject to the
1633 provisions of subsection (12).

1634 4. A decreased retirement benefit payable during the joint
1635 lifetime of the member and his or her joint annuitant and which,
1636 after the death of either, shall continue during the lifetime of
1637 the survivor in an amount equal to $66\frac{2}{3}$ percent of the amount
1638 that was payable during the joint lifetime of the member and his
1639 or her joint annuitant, subject to the provisions of subsection
1640 (12).

1641
1642 The spouse of any member who elects to receive the benefit
1643 provided under subparagraph 1. or subparagraph 2. shall be
1644 notified of and shall acknowledge any such election. The
1645 division shall establish by rule a method for selecting the
1646 appropriate actuarial factor for optional forms of benefits
1647 selected under subparagraphs 3. and 4., based on the age of the
1648 member and the joint annuitant.

1649 (b) The benefit payable under any option stated above
1650 shall be the actuarial equivalent, based on tables adopted by
1651 the administrator for this purpose, of the amount to which the
1652 member was otherwise entitled.

1653 (c) A member who elects the option in subparagraph (a)2.
1654 shall, in accordance with subsection (8), designate one or more
1655 persons to receive the benefits payable in the event of his or
1656 her death. Such persons shall be the beneficiaries of the
1657 member. The member may also designate one or more contingent
1658 beneficiaries to receive any benefits remaining upon the death
1659 of the primary beneficiary.

1660 (d) A member who elects the option in subparagraph (a)3.
1661 or subparagraph (a)4. shall, on a form provided for that



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1662 purpose, designate a joint annuitant to receive the benefits
1663 which continue to be payable upon the death of the member. After
1664 benefits have commenced under the option in subparagraph (a)3.
1665 or subparagraph (a)4., the following shall apply:

1666 1. A retired member may change his or her designation of a
1667 joint annuitant only twice. If such a retired member desires to
1668 change his or her designation of a joint annuitant, he or she
1669 shall file with the division a notarized "change of joint
1670 annuitant" form and shall notify the former joint annuitant in
1671 writing of such change. Effective the first day of the next
1672 month following receipt by the division of a completed change of
1673 joint annuitant form, the division shall adjust the member's
1674 monthly benefit by the application of actuarial tables and
1675 calculations developed to ensure that the benefit paid is the
1676 actuarial equivalent of the present value of the member's
1677 current benefit. The consent of a retired member's first
1678 designated joint annuitant to any such change shall not be
1679 required. However, if either the member or the joint annuitant
1680 dies before the effective date of the request for change of
1681 joint annuitant, the requested change shall be void, and
1682 survivor benefits, if any, shall be paid as if no request had
1683 been made.

1684 2. In the event of the dissolution of marriage of a
1685 retired member and a joint annuitant, such member may make an
1686 election to nullify the joint annuitant designation of the
1687 former spouse, unless there is an existing qualified domestic
1688 relations order preventing such action. The member shall file
1689 with the division a written, notarized nullification which shall
1690 be effective on the first day of the next month following
1691 receipt by the division. Benefits shall be paid as if the former



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1692 spouse predeceased the member. A member who makes such an
1693 election may not reverse the nullification but may designate a
1694 new joint annuitant in accordance with subparagraph 1.

1695 (e) The election of an option shall be null and void if
1696 the member dies before the effective date of retirement.

1697 (f) A member who elects to receive benefits under the
1698 option in subparagraph (a)3. may designate one or more qualified
1699 persons, either a spouse or other dependent, as his or her joint
1700 annuitant to receive the benefits after the member's death in
1701 whatever proportion he or she so assigns to each person named as
1702 joint annuitant. The division shall adopt appropriate actuarial
1703 tables and calculations necessary to ensure that the benefit
1704 paid is the actuarial equivalent of the benefit to which the
1705 member is otherwise entitled under the option in subparagraph
1706 (a)1.

1707 (g) Upon the death of a retired member or beneficiary
1708 receiving monthly benefits under this chapter, the monthly
1709 benefits shall be paid through the last day of the month of
1710 death and shall terminate, or be adjusted, if applicable, as of
1711 that date in accordance with the optional form of benefit
1712 selected at the time of retirement.

1713 (h) The option selected or determined for payment of
1714 benefits as provided in this section shall be final and
1715 irrevocable at the time a benefit payment is cashed or deposited
1716 or credited to the Deferred Retirement Option Program as
1717 provided in subsection (13).

1718 (7) DEATH BENEFITS.--

1719 (a) If the employment of a member is terminated by reason
1720 of his or her death prior to being vested, except as provided in



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1721 paragraph (f), there shall be payable to his or her designated
1722 beneficiary the member's accumulated contributions.

1723 (b) If the employment of an active member who may or may
1724 not have applied for retirement is terminated by reason of his
1725 or her death subsequent to becoming vested and prior to his or
1726 her effective date of retirement, if established, it shall be
1727 assumed that the member retired as of the date of death in
1728 accordance with subsection (1) if eligible for normal retirement
1729 benefits, subsection (2) if eligible for benefits payable for
1730 dual normal retirement, or subsection (3) if eligible for early
1731 retirement benefits. Benefits payable to the designated
1732 beneficiary shall be as follows:

1733 1. For a beneficiary who qualifies as a joint annuitant,
1734 the optional form of payment provided in accordance with
1735 subparagraph (6)(a)3. shall be paid for the joint annuitant's
1736 lifetime.

1737 2. For a beneficiary who does not qualify as a joint
1738 annuitant, no continuing monthly benefit shall be paid and the
1739 beneficiary shall be entitled only to the return of the member's
1740 personal contributions. If there is no monetary interest in the
1741 member's retirement account for which such beneficiary is
1742 eligible, the beneficiary shall be the next named beneficiary
1743 or, if no other beneficiary is named, the beneficiary shall be
1744 the next eligible beneficiary according to subsection (8).

1745 (c) If a retiring member dies on or after the effective
1746 date of retirement, but prior to a benefit payment being cashed
1747 or deposited, or credited to the Deferred Retirement Option
1748 Program, benefits shall be paid as follows:

1749 1. For a designated beneficiary who qualifies as a joint
1750 annuitant, benefits shall be paid in the optional form of



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1751 payment provided in subparagraph (6)(a)3. for the joint
1752 annuitant's lifetime or, if the member chose the optional form
1753 of payment provided in subparagraph (6)(a)2., the joint
1754 annuitant may select the form provided in either subparagraph
1755 (6)(a)2. or subparagraph (6)(a)3.

1756 2. For a designated beneficiary who does not qualify as a
1757 joint annuitant, any benefits payable shall be paid as provided
1758 in the option selected by the member; or if the member has not
1759 selected an option, benefits shall be paid in the optional form
1760 of payment provided in subparagraph (6)(a)1.

1761 (d) Notwithstanding any other provision in this chapter to
1762 the contrary, with the exception of the Deferred Retirement
1763 Option Program, as provided in subsection (13):

1764 1. The surviving spouse of any member killed in the line
1765 of duty may receive a monthly pension equal to one-half of the
1766 monthly salary being received by the member at the time of death
1767 for the rest of the surviving spouse's lifetime or, if the
1768 member was vested, such surviving spouse may elect to receive a
1769 benefit as provided in paragraph (b). Benefits provided by this
1770 paragraph shall supersede any other distribution that may have
1771 been provided by the member's designation of beneficiary.

1772 2. If the surviving spouse of a member killed in the line
1773 of duty dies, the monthly payments which would have been payable
1774 to such surviving spouse had such surviving spouse lived shall
1775 be paid for the use and benefit of such member's child or
1776 children under 18 years of age and unmarried until the 18th
1777 birthday of the member's youngest child.

1778 3. If a member killed in the line of duty leaves no
1779 surviving spouse but is survived by a child or children under 18
1780 years of age, the benefits provided by subparagraph 1., normally



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1781 payable to a surviving spouse, shall be paid for the use and
1782 benefit of such member's child or children under 18 years of age
1783 and unmarried until the 18th birthday of the member's youngest
1784 child.

1785 4. The surviving spouse of a member whose benefit
1786 terminated because of remarriage shall have the benefit
1787 reinstated beginning July 1, 1993, at an amount that would have
1788 been payable had the benefit not been terminated.

1789 (e) The surviving spouse or other dependent of any member,
1790 except a member who participated in the Deferred Retirement
1791 Option Program, whose employment is terminated by death shall,
1792 upon application to the administrator, be permitted to pay the
1793 required contributions for any service performed by the member
1794 which could have been claimed by the member at the time of his
1795 or her death. Such service shall be added to the creditable
1796 service of the member and shall be used in the calculation of
1797 any benefits which may be payable to the surviving spouse or
1798 other surviving dependent.

1799 (f) Notwithstanding any other provisions in this chapter
1800 to the contrary and upon application to the administrator, an
1801 eligible joint annuitant, of a member whose employment is
1802 terminated by death within 1 year of such member satisfying the
1803 service requirements for vesting and retirement eligibility,
1804 shall be permitted to purchase only the additional service
1805 credit necessary to vest and qualify for retirement benefits,
1806 not to exceed a total of 1 year of credit, by one or a
1807 combination of the following methods:

1808 1. Such eligible joint annuitant may use the deceased
1809 member's accumulated hours of annual, sick, and compensatory
1810 leave to purchase additional creditable service, on an hour by



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1811 hour basis, provided that such deceased member's accumulated
1812 leave is sufficient to cover the additional months required. For
1813 each month of service credit needed prior to the final month,
1814 credit for the total number of work hours in that month must be
1815 purchased, using an equal number of the deceased member's
1816 accumulated leave hours. Service credit required for the final
1817 month in which the deceased member would have become vested
1818 shall be awarded upon the purchase of 1 hour of credit. Such
1819 eligible joint annuitant shall pay the contribution rate in
1820 effect for the period of time being claimed for the deceased
1821 member's class of membership, multiplied by such member's
1822 monthly salary at the time of death, plus 6.5 percent interest
1823 compounded annually. The accumulated leave payment used in the
1824 average final compensation shall not include that portion of the
1825 payment that represents any leave hours used in the purchase of
1826 such creditable service.

1827 2. Such eligible joint annuitant may purchase additional
1828 months of creditable service for any periods of out-of-state
1829 service as provided in s. 121.1115, and in-state service as
1830 provided in s. 121.1122, that the deceased member would have
1831 been eligible to purchase prior to his or her death.

1832
1833 Service purchased under this paragraph shall be added to the
1834 creditable service of the member and used to vest for retirement
1835 eligibility, and shall be used in the calculation of any
1836 benefits which may be payable to the eligible joint annuitant.
1837 Any benefits paid in accordance with this paragraph shall only
1838 be made prospectively.

1839 (g) Notwithstanding any other provisions in this chapter
1840 to the contrary, if any member who is vested dies and the



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1841 surviving spouse receives a refund of the accumulated
1842 contributions made to the retirement trust fund, such spouse may
1843 pay to the Division of Retirement an amount equal to the sum of
1844 the amount of the deceased member's accumulated contributions
1845 previously refunded plus interest at 4 percent compounded
1846 annually each June 30 from the date of refund until July 1,
1847 1975, and 6.5 percent interest compounded annually thereafter,
1848 until full payment is made, and receive the monthly retirement
1849 benefit as provided in paragraph (b).

1850 (h) The designated beneficiary who is the surviving spouse
1851 or other dependent of a member whose employment is terminated by
1852 death subsequent to becoming vested, but prior to actual
1853 retirement, may elect to receive a deferred monthly benefit as
1854 if the member had lived and had elected a deferred monthly
1855 benefit, as provided in paragraph (5)(b), calculated on the
1856 basis of the average final compensation and creditable service
1857 of the member at his or her death and the age the member would
1858 have attained on the commencement date of the deferred benefit
1859 elected by the beneficiary, paid in accordance with option 3 of
1860 paragraph (6)(a).

1861 (8) DESIGNATION OF BENEFICIARIES.--

1862 (a) Each member may, on a form provided for that purpose,
1863 signed and filed with the division, designate a choice of one or
1864 more persons, named sequentially or jointly, as his or her
1865 beneficiary who shall receive the benefits, if any, which may be
1866 payable in the event of the member's death pursuant to the
1867 provisions of this chapter. If no beneficiary is named in the
1868 manner provided above, or if no beneficiary designated by the
1869 member survives the member, the beneficiary shall be the spouse
1870 of the deceased, if living. If the member's spouse is not alive



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1871 at his or her death, the beneficiary shall be the living
1872 children of the member. If no children survive, the beneficiary
1873 shall be the member's father or mother, if living; otherwise,
1874 the beneficiary shall be the member's estate. The beneficiary
1875 most recently designated by a member on a form or letter filed
1876 with the division shall be the beneficiary entitled to any
1877 benefits payable at the time of the member's death, except that
1878 benefits shall be paid as provided in paragraph (7)(d) when
1879 death occurs in the line of duty. Notwithstanding any other
1880 provisions in this subsection to the contrary, for a member who
1881 dies prior to his or her effective date of retirement on or
1882 after January 1, 1999, the spouse at the time of death shall be
1883 the member's beneficiary unless such member designates a
1884 different beneficiary as provided herein subsequent to the
1885 member's most recent marriage.

1886 (b) A designated beneficiary of a retirement account for
1887 whom there is a monetary interest may disclaim his or her
1888 monetary interest as provided in s. 689.21, and in accordance
1889 with division rules governing such disclaimers. Such disclaimer
1890 must be filed within 24 months after the event that created the
1891 interest, that is, the death of the member or annuitant.

1892 (c) Notwithstanding the member's designation of benefits
1893 to be paid through a trust to a beneficiary that is a natural
1894 person as provided in s. 121.021(46), and notwithstanding the
1895 provisions of the trust, benefits shall be paid directly to the
1896 beneficiary if such person is no longer a minor or incapacitated
1897 as defined in s. 744.102(10) and (11).

1898 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.--

1899 (a) Any person who is retired under this chapter, except
1900 under the disability retirement provisions of subsection (4),



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1901 may be employed by an employer that does not participate in a
 1902 state-administered retirement system and may receive
 1903 compensation from that employment without limiting or
 1904 restricting in any way the retirement benefits payable to that
 1905 person.

1906 (b)1. Any person who is retired under this chapter, except
 1907 under the disability retirement provisions of subsection (4),
 1908 may be reemployed by any private or public employer after
 1909 retirement and receive retirement benefits and compensation from
 1910 his or her employer without any limitations, except that a
 1911 person may not receive both a salary from reemployment with any
 1912 agency participating in the Florida Retirement System and
 1913 retirement benefits under this chapter for a period of 12 months
 1914 immediately subsequent to the date of retirement. However, a
 1915 DROP participant shall continue employment and receive a salary
 1916 during the period of participation in the Deferred Retirement
 1917 Option Program, as provided in subsection (13).

1918 2. Any person to whom the limitation in subparagraph 1.
 1919 applies who violates such reemployment limitation and who is
 1920 reemployed with any agency participating in the Florida
 1921 Retirement System before completion of the 12-month limitation
 1922 period shall give timely notice of this fact in writing to the
 1923 employer and to the division and shall have his or her
 1924 retirement benefits suspended for the balance of the 12-month
 1925 limitation period. Any person employed in violation of this
 1926 paragraph and any employing agency which knowingly employs or
 1927 appoints such person without notifying the Division of
 1928 Retirement to suspend retirement benefits shall be jointly and
 1929 severally liable for reimbursement to the retirement trust fund
 1930 of any benefits paid during the reemployment limitation period.



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1931 To avoid liability, such employing agency shall have a written
1932 statement from the retiree that he or she is not retired from a
1933 state-administered retirement system. Any retirement benefits
1934 received while reemployed during this reemployment limitation
1935 period shall be repaid to the retirement trust fund, and
1936 retirement benefits shall remain suspended until such repayment
1937 has been made. Benefits suspended beyond the reemployment
1938 limitation shall apply toward repayment of benefits received in
1939 violation of the reemployment limitation.

1940 3. A district school board may reemploy a retired member
1941 as a substitute or hourly teacher, education paraprofessional,
1942 transportation assistant, bus driver, or food service worker on
1943 a noncontractual basis after he or she has been retired for 1
1944 calendar month, in accordance with s. 121.021(39). Any retired
1945 member who is reemployed within 1 calendar month after
1946 retirement shall void his or her application for retirement
1947 benefits. District school boards reemploying such teachers,
1948 education paraprofessionals, transportation assistants, bus
1949 drivers, or food service workers are subject to the retirement
1950 contribution required by subparagraph 7. Reemployment of a
1951 retired member as a substitute or hourly teacher, education
1952 paraprofessional, transportation assistant, bus driver, or food
1953 service worker is limited to 780 hours during the first 12
1954 months of his or her retirement. Any retired member reemployed
1955 for more than 780 hours during his or her first 12 months of
1956 retirement shall give timely notice in writing to the employer
1957 and to the division of the date he or she will exceed the
1958 limitation. The division shall suspend his or her retirement
1959 benefits for the remainder of the first 12 months of retirement.
1960 Any person employed in violation of this subparagraph and any



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1961 employing agency which knowingly employs or appoints such person
 1962 without notifying the Division of Retirement to suspend
 1963 retirement benefits shall be jointly and severally liable for
 1964 reimbursement to the retirement trust fund of any benefits paid
 1965 during the reemployment limitation period. To avoid liability,
 1966 such employing agency shall have a written statement from the
 1967 retiree that he or she is not retired from a state-administered
 1968 retirement system. Any retirement benefits received by a retired
 1969 member while reemployed in excess of 780 hours during the first
 1970 12 months of retirement shall be repaid to the Retirement System
 1971 Trust Fund, and his or her retirement benefits shall remain
 1972 suspended until repayment is made. Benefits suspended beyond the
 1973 end of the retired member's first 12 months of retirement shall
 1974 apply toward repayment of benefits received in violation of the
 1975 780-hour reemployment limitation.

1976 4. A community college board of trustees may reemploy a
 1977 retired member as an adjunct instructor, that is, an instructor
 1978 who is noncontractual and part-time, or as a participant in a
 1979 phased retirement program within the Florida Community College
 1980 System, after he or she has been retired for 1 calendar month,
 1981 in accordance with s. 121.021(39). Any retired member who is
 1982 reemployed within 1 calendar month after retirement shall void
 1983 his or her application for retirement benefits. Boards of
 1984 trustees reemploying such instructors are subject to the
 1985 retirement contribution required in subparagraph 7. A retired
 1986 member may be reemployed as an adjunct instructor for no more
 1987 than 780 hours during the first 12 months of retirement. Any
 1988 retired member reemployed for more than 780 hours during the
 1989 first 12 months of retirement shall give timely notice in
 1990 writing to the employer and to the division of the date he or



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1991 she will exceed the limitation. The division shall suspend his
 1992 or her retirement benefits for the remainder of the first 12
 1993 months of retirement. Any person employed in violation of this
 1994 subparagraph and any employing agency which knowingly employs or
 1995 appoints such person without notifying the Division of
 1996 Retirement to suspend retirement benefits shall be jointly and
 1997 severally liable for reimbursement to the retirement trust fund
 1998 of any benefits paid during the reemployment limitation period.
 1999 To avoid liability, such employing agency shall have a written
 2000 statement from the retiree that he or she is not retired from a
 2001 state-administered retirement system. Any retirement benefits
 2002 received by a retired member while reemployed in excess of 780
 2003 hours during the first 12 months of retirement shall be repaid
 2004 to the Retirement System Trust Fund, and retirement benefits
 2005 shall remain suspended until repayment is made. Benefits
 2006 suspended beyond the end of the retired member's first 12 months
 2007 of retirement shall apply toward repayment of benefits received
 2008 in violation of the 780-hour reemployment limitation.

2009 5. The State University System may reemploy a retired
 2010 member as an adjunct faculty member or as a participant in a
 2011 phased retirement program within the State University System
 2012 after the retired member has been retired for 1 calendar month,
 2013 in accordance with s. 121.021(39). Any retired member who is
 2014 reemployed within 1 calendar month after retirement shall void
 2015 his or her application for retirement benefits. The State
 2016 University System is subject to the retired contribution
 2017 required in subparagraph 7., as appropriate. A retired member
 2018 may be reemployed as an adjunct faculty member or a participant
 2019 in a phased retirement program for no more than 780 hours during
 2020 the first 12 months of his or her retirement. Any retired member



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2021 reemployed for more than 780 hours during the first 12 months of
 2022 retirement shall give timely notice in writing to the employer
 2023 and to the division of the date he or she will exceed the
 2024 limitation. The division shall suspend his or her retirement
 2025 benefits for the remainder of the first 12 months of retirement.
 2026 Any person employed in violation of this subparagraph and any
 2027 employing agency which knowingly employs or appoints such person
 2028 without notifying the Division of Retirement to suspend
 2029 retirement benefits shall be jointly and severally liable for
 2030 reimbursement to the retirement trust fund of any benefits paid
 2031 during the reemployment limitation period. To avoid liability,
 2032 such employing agency shall have a written statement from the
 2033 retiree that he or she is not retired from a state-administered
 2034 retirement system. Any retirement benefits received by a retired
 2035 member while reemployed in excess of 780 hours during the first
 2036 12 months of retirement shall be repaid to the Retirement System
 2037 Trust Fund, and retirement benefits shall remain suspended until
 2038 repayment is made. Benefits suspended beyond the end of the
 2039 retired member's first 12 months of retirement shall apply
 2040 toward repayment of benefits received in violation of the 780-
 2041 hour reemployment limitation.

2042 6. The Board of Trustees of the Florida School for the
 2043 Deaf and the Blind may reemploy a retired member as a substitute
 2044 teacher, substitute residential instructor, or substitute nurse
 2045 on a noncontractual basis after he or she has been retired for 1
 2046 calendar month, in accordance with s. 121.021(39). Any retired
 2047 member who is reemployed within 1 calendar month after
 2048 retirement shall void his or her application for retirement
 2049 benefits. The Board of Trustees of the Florida School for the
 2050 Deaf and the Blind reemploying such teachers, residential



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2051 instructors, or nurses is subject to the retirement contribution
2052 required by subparagraph 7. Reemployment of a retired member as
2053 a substitute teacher, substitute residential instructor, or
2054 substitute nurse is limited to 780 hours during the first 12
2055 months of his or her retirement. Any retired member reemployed
2056 for more than 780 hours during the first 12 months of retirement
2057 shall give timely notice in writing to the employer and to the
2058 division of the date he or she will exceed the limitation. The
2059 division shall suspend his or her retirement benefits for the
2060 remainder of the first 12 months of retirement. Any person
2061 employed in violation of this subparagraph and any employing
2062 agency which knowingly employs or appoints such person without
2063 notifying the Division of Retirement to suspend retirement
2064 benefits shall be jointly and severally liable for reimbursement
2065 to the retirement trust fund of any benefits paid during the
2066 reemployment limitation period. To avoid liability, such
2067 employing agency shall have a written statement from the retiree
2068 that he or she is not retired from a state-administered
2069 retirement system. Any retirement benefits received by a retired
2070 member while reemployed in excess of 780 hours during the first
2071 12 months of retirement shall be repaid to the Retirement System
2072 Trust Fund, and his or her retirement benefits shall remain
2073 suspended until payment is made. Benefits suspended beyond the
2074 end of the retired member's first 12 months of retirement shall
2075 apply toward repayment of benefits received in violation of the
2076 780-hour reemployment limitation.

2077 7. The employment by an employer of any retiree or DROP
2078 participant of any state-administered retirement system shall
2079 have no effect on the average final compensation or years of
2080 creditable service of the retiree or DROP participant. Prior to



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2081 July 1, 1991, upon employment of any person, other than an
2082 elected officer as provided in s. 121.053, who has been retired
2083 under any state-administered retirement program, the employer
2084 shall pay retirement contributions in an amount equal to the
2085 unfunded actuarial liability portion of the employer
2086 contribution which would be required for regular members of the
2087 Florida Retirement System. Effective July 1, 1991, contributions
2088 shall be made as provided in s. 121.122 for retirees with
2089 renewed membership or subsection (13) with respect to DROP
2090 participants.

2091 8. Any person who has previously retired and who is
2092 holding an elective public office or an appointment to an
2093 elective public office eligible for the Elected Officers' Class
2094 on or after July 1, 1990, shall be enrolled in the Florida
2095 Retirement System as provided in s. 121.053(1)(b) or, if holding
2096 an elective public office that does not qualify for the Elected
2097 Officers' Class on or after July 1, 1991, shall be enrolled in
2098 the Florida Retirement System as provided in s. 121.122, and
2099 shall continue to receive retirement benefits as well as
2100 compensation for the elected officer's service for as long as he
2101 or she remains in elective office. However, any retired member
2102 who served in an elective office prior to July 1, 1990,
2103 suspended his or her retirement benefit, and had his or her
2104 Florida Retirement System membership reinstated shall, upon
2105 retirement from such office, have his or her retirement benefit
2106 recalculated to include the additional service and compensation
2107 earned.

2108 9. Any person who is holding an elective public office
2109 which is covered by the Florida Retirement System and who is
2110 concurrently employed in nonelected covered employment may elect



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2111 to retire while continuing employment in the elective public
 2112 office, provided that he or she shall be required to terminate
 2113 his or her nonelected covered employment. Any person who
 2114 exercises this election shall receive his or her retirement
 2115 benefits in addition to the compensation of the elective office
 2116 without regard to the time limitations otherwise provided in
 2117 this subsection. No person who seeks to exercise the provisions
 2118 of this subparagraph, as the same existed prior to May 3, 1984,
 2119 shall be deemed to be retired under those provisions, unless
 2120 such person is eligible to retire under the provisions of this
 2121 subparagraph, as amended by chapter 84-11, Laws of Florida.

2122 10. The limitations of this paragraph apply to
 2123 reemployment in any capacity with an "employer" as defined in s.
 2124 121.021(10), irrespective of the category of funds from which
 2125 the person is compensated.

2126 11. An employing agency may reemploy a retired member as a
 2127 firefighter or paramedic after the retired member has been
 2128 retired for 1 calendar month, in accordance with s. 121.021(39).
 2129 Any retired member who is reemployed within 1 calendar month
 2130 after retirement shall void his or her application for
 2131 retirement benefits. The employing agency reemploying such
 2132 firefighter or paramedic is subject to the retired contribution
 2133 required in subparagraph 8. Reemployment of a retired
 2134 firefighter or paramedic is limited to no more than 780 hours
 2135 during the first 12 months of his or her retirement. Any retired
 2136 member reemployed for more than 780 hours during the first 12
 2137 months of retirement shall give timely notice in writing to the
 2138 employer and to the division of the date he or she will exceed
 2139 the limitation. The division shall suspend his or her retirement
 2140 benefits for the remainder of the first 12 months of retirement.



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2141 Any person employed in violation of this subparagraph and any
 2142 employing agency which knowingly employs or appoints such person
 2143 without notifying the Division of Retirement to suspend
 2144 retirement benefits shall be jointly and severally liable for
 2145 reimbursement to the Retirement System Trust Fund of any
 2146 benefits paid during the reemployment limitation period. To
 2147 avoid liability, such employing agency shall have a written
 2148 statement from the retiree that he or she is not retired from a
 2149 state-administered retirement system. Any retirement benefits
 2150 received by a retired member while reemployed in excess of 780
 2151 hours during the first 12 months of retirement shall be repaid
 2152 to the Retirement System Trust Fund, and retirement benefits
 2153 shall remain suspended until repayment is made. Benefits
 2154 suspended beyond the end of the retired member's first 12 months
 2155 of retirement shall apply toward repayment of benefits received
 2156 in violation of the 780-hour reemployment limitation.

2157 (10) FUTURE BENEFITS BASED ON ACTUARIAL DATA.--It is the
 2158 intent of the Legislature that future benefit increases enacted
 2159 into law in this chapter shall be financed concurrently by
 2160 increased contributions or other adequate funding, and such
 2161 funding shall be based on sound actuarial data as developed by
 2162 the actuary or state retirement actuary, as provided in ss.
 2163 121.021(6) and 121.192.

2164 (11) A member who becomes eligible to retire and has
 2165 accumulated the maximum benefit of 100 percent of average final
 2166 compensation may continue in active service, and, if upon the
 2167 member's retirement the member elects to receive a retirement
 2168 compensation pursuant to subsection (2), subsection (6), or
 2169 subsection (7), the actuarial equivalent percentage factor
 2170 applicable to the age of such member at the time the member



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2171 reached the maximum benefit and to the age, at that time, of the
 2172 member's spouse shall determine the amount of benefits to be
 2173 paid.

2174 (12) SPECIAL PROVISIONS FOR PAYMENT OF CERTAIN SURVIVOR
 2175 BENEFITS.--Notwithstanding any provision of this chapter to the
 2176 contrary, for members with an effective date of retirement, or
 2177 date of death if prior to retirement, on or after January 1,
 2178 1996, the named joint annuitant, as defined in s.
 2179 121.021(28)(b), who is eligible to receive benefits under
 2180 subparagraph (6)(a)3. or subparagraph (6)(a)4., shall receive
 2181 the maximum monthly retirement benefit that would have been
 2182 payable to the member under subparagraph (6)(a)1.; however,
 2183 payment of such benefit shall cease the month the joint
 2184 annuitant attains age 25 unless such joint annuitant is disabled
 2185 and incapable of self-support, in which case, benefits shall
 2186 cease when the joint annuitant is no longer disabled. The
 2187 administrator may require proof of disability or continued
 2188 disability in the same manner as is provided for a member
 2189 seeking or receiving a disability retirement benefit under
 2190 subsection (4).

2191 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general, and
 2192 subject to the provisions of this section, the Deferred
 2193 Retirement Option Program, hereinafter referred to as the DROP,
 2194 is a program under which an eligible member of the Florida
 2195 Retirement System may elect to participate, deferring receipt of
 2196 retirement benefits while continuing employment with his or her
 2197 Florida Retirement System employer. The deferred monthly
 2198 benefits shall accrue in the System Trust Fund on behalf of the
 2199 participant, plus interest compounded monthly, for the specified
 2200 period of the DROP participation, as provided in paragraph (c).



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2201 Upon termination of employment, the participant shall receive
2202 the total DROP benefits and begin to receive the previously
2203 determined normal retirement benefits. Participation in the DROP
2204 does not guarantee employment for the specified period of DROP.

2205 (a) *Eligibility of member to participate in the DROP.*--All
2206 active Florida Retirement System members in a regularly
2207 established position, and all active members of either the
2208 Teachers' Retirement System established in chapter 238 or the
2209 State and County Officers' and Employees' Retirement System
2210 established in chapter 122 which systems are consolidated within
2211 the Florida Retirement System under s. 121.011, are eligible to
2212 elect participation in the DROP provided that:

2213 1. The member is not a renewed member of the Florida
2214 Retirement System under s. 121.122, or a member of the State
2215 Community College System Optional Retirement Program under s.
2216 121.051, the Senior Management Service Optional Annuity Program
2217 under s. 121.055, or the optional retirement program for the
2218 State University System under s. 121.35.

2219 2. Except as provided in subparagraph 6., election to
2220 participate is made within 12 months immediately following the
2221 date on which the member first reaches normal retirement date,
2222 or, for a member who reaches normal retirement date based on
2223 service before he or she reaches age 62, or age 55 for Special
2224 Risk Class members, election to participate may be deferred to
2225 the 12 months immediately following the date the member attains
2226 57, or age 52 for Special Risk Class members. For a member who
2227 first reached normal retirement date or the deferred eligibility
2228 date described above prior to the effective date of this
2229 section, election to participate shall be made within 12 months
2230 after the effective date of this section. A member who fails to



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2231 make an election within such 12-month limitation period shall
2232 forfeit all rights to participate in the DROP. The member shall
2233 advise his or her employer and the division in writing of the
2234 date on which the DROP shall begin. Such beginning date may be
2235 subsequent to the 12-month election period, but must be within
2236 the 60-month limitation period as provided in subparagraph (b)1.
2237 When establishing eligibility of the member to participate in
2238 the DROP for the 60-month maximum participation period, the
2239 member may elect to include or exclude any optional service
2240 credit purchased by the member from the total service used to
2241 establish the normal retirement date. A member with dual normal
2242 retirement dates shall be eligible to elect to participate in
2243 DROP within 12 months after attaining normal retirement date in
2244 either class.

2245 3. The employer of a member electing to participate in the
2246 DROP, or employers if dually employed, shall acknowledge in
2247 writing to the division the date the member's participation in
2248 the DROP begins and the date the member's employment and DROP
2249 participation will terminate.

2250 4. Simultaneous employment of a participant by additional
2251 Florida Retirement System employers subsequent to the
2252 commencement of participation in the DROP shall be permissible
2253 provided such employers acknowledge in writing a DROP
2254 termination date no later than the participant's existing
2255 termination date or the 60-month limitation period as provided
2256 in subparagraph (b)1.

2257 5. A DROP participant may change employers while
2258 participating in the DROP, subject to the following:

2259 a. A change of employment must take place without a break
2260 in service so that the member receives salary for each month of



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2261 continuous DROP participation. If a member receives no salary
2262 during a month, DROP participation shall cease unless the
2263 employer verifies a continuation of the employment relationship
2264 for such participant pursuant to s. 121.021(39)(b).

2265 b. Such participant and new employer shall notify the
2266 division on forms required by the division as to the identity of
2267 the new employer.

2268 c. The new employer shall acknowledge, in writing, the
2269 participant's DROP termination date, which may be extended but
2270 not beyond the original 60-month period provided in subparagraph
2271 (b)1., shall acknowledge liability for any additional retirement
2272 contributions and interest required if the participant fails to
2273 timely terminate employment, and shall be subject to the
2274 adjustment required in sub-subparagraph (c)5.d.

2275 6. Effective July 1, 2001, for instructional personnel as
2276 defined in s. 1012.01(2), election to participate in the DROP
2277 shall be made at any time following the date on which the member
2278 first reaches normal retirement date. The member shall advise
2279 his or her employer and the division in writing of the date on
2280 which the Deferred Retirement Option Program shall begin. When
2281 establishing eligibility of the member to participate in the
2282 DROP for the 60-month maximum participation period, as provided
2283 in subparagraph (b)1., the member may elect to include or
2284 exclude any optional service credit purchased by the member from
2285 the total service used to establish the normal retirement date.
2286 A member with dual normal retirement dates shall be eligible to
2287 elect to participate in either class.

2288 (b) *Participation in the DROP.--*

2289 1. An eligible member may elect to participate in the DROP
2290 for a period not to exceed a maximum of 60 calendar months



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2291 immediately following the date on which the member first reaches
 2292 his or her normal retirement date or the date to which he or she
 2293 is eligible to defer his or her election to participate as
 2294 provided in subparagraph (a)2. However, a member who has reached
 2295 normal retirement date prior to the effective date of the DROP
 2296 shall be eligible to participate in the DROP for a period of
 2297 time not to exceed 60 calendar months immediately following the
 2298 effective date of the DROP, except a member of the Special Risk
 2299 Class who has reached normal retirement date prior to the
 2300 effective date of the DROP and whose total accrued value exceeds
 2301 75 percent of average final compensation as of his or her
 2302 effective date of retirement shall be eligible to participate in
 2303 the DROP for no more than 36 calendar months immediately
 2304 following the effective date of the DROP.

2305 2. Upon deciding to participate in the DROP, the member
 2306 shall submit, on forms required by the division:

- 2307 a. A written election to participate in the DROP;
- 2308 b. Selection of the DROP participation and termination
 2309 dates, which satisfy the limitations stated in paragraph (a) and
 2310 subparagraph 1. Such termination date shall be in a binding
 2311 letter of resignation with the employer, establishing a deferred
 2312 termination date. The member may change the termination date
 2313 within the limitations of subparagraph 1., but only with the
 2314 written approval of his or her employer;
- 2315 c. A properly completed DROP application for service
 2316 retirement as provided in this section; and
- 2317 d. Any other information required by the division.

2318 3. The DROP participant shall be a retiree under the
 2319 Florida Retirement System for all purposes, except for paragraph
 2320 (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053,



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2321 and 121.122. However, participation in the DROP does not alter
2322 the participant's employment status and such employee shall not
2323 be deemed retired from employment until his or her deferred
2324 resignation is effective and termination occurs as provided in
2325 s. 121.021(39).

2326 4. Elected officers shall be eligible to participate in
2327 the DROP subject to the following:

2328 a. An elected officer who reaches normal retirement date
2329 during a term of office may defer the election to participate in
2330 the DROP until the next succeeding term in that office. Such
2331 elected officer who exercises this option may participate in the
2332 DROP for up to 60 calendar months or a period of no longer than
2333 such succeeding term of office, whichever is less.

2334 b. An elected or a nonelected participant may run for a
2335 term of office while participating in DROP and, if elected,
2336 extend the DROP termination date accordingly, except, however,
2337 if such additional term of office exceeds the 60-month
2338 limitation established in subparagraph 1., and the officer does
2339 not resign from office within such 60-month limitation, the
2340 retirement and the participant's DROP shall be null and void as
2341 provided in sub-subparagraph (c)5.d.

2342 c. An elected officer who is dually employed and elects to
2343 participate in DROP shall be required to satisfy the definition
2344 of termination within the 60-month limitation period as provided
2345 in subparagraph 1. for the nonelected position and may continue
2346 employment as an elected officer as provided in s. 121.053. The
2347 elected officer will be enrolled as a renewed member in the
2348 Elected Officers' Class or the Regular Class, as provided in ss.
2349 121.053 and 121.22, on the first day of the month after
2350 termination of employment in the nonelected position and



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2351 termination of DROP. Distribution of the DROP benefits shall be
 2352 made as provided in paragraph (c).

2353 (c) *Benefits payable under the DROP.--*

2354 1. Effective with the date of DROP participation, the
 2355 member's initial normal monthly benefit, including creditable
 2356 service, optional form of payment, and average final
 2357 compensation, and the effective date of retirement shall be
 2358 fixed. The beneficiary established under the Florida Retirement
 2359 System shall be the beneficiary eligible to receive any DROP
 2360 benefits payable if the DROP participant dies prior to the
 2361 completion of the period of DROP participation. In the event a
 2362 joint annuitant predeceases the member, the member may name a
 2363 beneficiary to receive accumulated DROP benefits payable. Such
 2364 retirement benefit, the annual cost of living adjustments
 2365 provided in s. 121.101, and interest shall accrue monthly in the
 2366 System Trust Fund. Such interest shall accrue at an effective
 2367 annual rate of 6.5 percent compounded monthly, on the prior
 2368 month's accumulated ending balance, up to the month of
 2369 termination or death.

2370 2. Each employee who elects to participate in the DROP
 2371 shall be allowed to elect to receive a lump-sum payment for
 2372 accrued annual leave earned in accordance with agency policy
 2373 upon beginning participation in the DROP. Such accumulated leave
 2374 payment certified to the division upon commencement of DROP
 2375 shall be included in the calculation of the member's average
 2376 final compensation. The employee electing such lump-sum payment
 2377 upon beginning participation in DROP will not be eligible to
 2378 receive a second lump-sum payment upon termination, except to
 2379 the extent the employee has earned additional annual leave which
 2380 combined with the original payment does not exceed the maximum



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2381 lump-sum payment allowed by the employing agency's policy or
2382 rules. Such early lump-sum payment shall be based on the hourly
2383 wage of the employee at the time he or she begins participation
2384 in the DROP. If the member elects to wait and receive such lump-
2385 sum payment upon termination of DROP and termination of
2386 employment with the employer, any accumulated leave payment made
2387 at that time cannot be included in the member's retirement
2388 benefit, which was determined and fixed by law when the employee
2389 elected to participate in the DROP.

2390 3. The effective date of DROP participation and the
2391 effective date of retirement of a DROP participant shall be the
2392 first day of the month selected by the member to begin
2393 participation in the DROP, provided such date is properly
2394 established, with the written confirmation of the employer, and
2395 the approval of the division, on forms required by the division.

2396 4. Normal retirement benefits and interest thereon shall
2397 continue to accrue in the DROP until the established termination
2398 date of the DROP, or until the participant terminates employment
2399 or dies prior to such date. Although individual DROP accounts
2400 shall not be established, a separate accounting of each
2401 participant's accrued benefits under the DROP shall be
2402 calculated and provided to participants.

2403 5. At the conclusion of the participant's DROP, the
2404 division shall distribute the participant's total accumulated
2405 DROP benefits, subject to the following provisions:

2406 a. The division shall receive verification by the
2407 participant's employer or employers that such participant has
2408 terminated employment as provided in s. 121.021(39)(b).

2409 b. The terminated DROP participant or, if deceased, such
2410 participant's named beneficiary, shall elect on forms provided



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2411 by the division to receive payment of the DROP benefits in
2412 accordance with one of the options listed below. For a
2413 participant or beneficiary who fails to elect a method of
2414 payment within 60 days of termination of the DROP, the division
2415 will pay a lump sum as provided in sub-sub-subparagraph (I).

2416 (I) Lump sum.--All accrued DROP benefits, plus interest,
2417 less withholding taxes remitted to the Internal Revenue Service,
2418 shall be paid to the DROP participant or surviving beneficiary.

2419 (II) Direct rollover.--All accrued DROP benefits, plus
2420 interest, shall be paid from the DROP directly to the custodian
2421 of an eligible retirement plan as defined in s. 402(c)(8)(B) of
2422 the Internal Revenue Code. However, in the case of an eligible
2423 rollover distribution to the surviving spouse of a deceased
2424 participant, an eligible retirement plan is an individual
2425 retirement account or an individual retirement annuity as
2426 described in s. 402(c)(9) of the Internal Revenue Code.

2427 (III) Partial lump sum.--A portion of the accrued DROP
2428 benefits shall be paid to the DROP participant or surviving
2429 spouse, less withholding taxes remitted to the Internal Revenue
2430 Service, and the remaining DROP benefits shall be transferred
2431 directly to the custodian of an eligible retirement plan as
2432 defined in s. 402(c)(8)(B) of the Internal Revenue Code.
2433 However, in the case of an eligible rollover distribution to the
2434 surviving spouse of a deceased participant, an eligible
2435 retirement plan is an individual retirement account or an
2436 individual retirement annuity as described in s. 402(c)(9) of
2437 the Internal Revenue Code. The proportions shall be specified by
2438 the DROP participant or surviving beneficiary.



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2439 c. The form of payment selected by the DROP participant or
2440 surviving beneficiary complies with the minimum distribution
2441 requirements of the Internal Revenue Code.

2442 d. A DROP participant who fails to terminate employment as
2443 defined in s. 121.021(39)(b) shall be deemed not to be retired,
2444 and the DROP election shall be null and void. Florida Retirement
2445 System membership shall be reestablished retroactively to the
2446 date of the commencement of the DROP, and each employer with
2447 whom the participant continues employment shall be required to
2448 pay to the System Trust Fund the difference between the DROP
2449 contributions paid in paragraph (i) and the contributions
2450 required for the applicable Florida Retirement System class of
2451 membership during the period the member participated in the
2452 DROP, plus 6.5 percent interest compounded annually.

2453 6. The accrued benefits of any DROP participant, and any
2454 contributions accumulated under such program, shall not be
2455 subject to assignment, execution, attachment, or to any legal
2456 process whatsoever, except for qualified domestic relations
2457 orders by a court of competent jurisdiction, income deduction
2458 orders as provided in s. 61.1301, and federal income tax levies.

2459 7. DROP participants shall not be eligible for disability
2460 retirement benefits as provided in subsection (4).

2461 (d) *Death benefits under the DROP.--*

2462 1. Upon the death of a DROP participant, the named
2463 beneficiary shall be entitled to apply for and receive the
2464 accrued benefits in the DROP as provided in sub-subparagraph
2465 (c)5.b.

2466 2. The normal retirement benefit accrued to the DROP
2467 during the month of a participant's death shall be the final
2468 monthly benefit credited for such DROP participant.



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2469 3. Eligibility to participate in the DROP terminates upon
2470 death of the participant. If the participant dies on or after
2471 the effective date of enrollment in the DROP, but prior to the
2472 first monthly benefit being credited to the DROP, Florida
2473 Retirement System benefits shall be paid in accordance with
2474 subparagraph (7)(c)1. or subparagraph 2.

2475 4. A DROP participants' survivors shall not be eligible to
2476 receive Florida Retirement System death benefits as provided in
2477 paragraph (7)(d).

2478 (e) *Cost-of-living adjustment.*--On each July 1, the
2479 participants' normal retirement benefit shall be increased as
2480 provided in s. 121.101.

2481 (f) *Retiree health insurance subsidy.*--DROP participants
2482 are not eligible to apply for the retiree health insurance
2483 subsidy payments as provided in s. 112.363 until such
2484 participants have terminated employment and participation in the
2485 DROP.

2486 (g) *Renewed membership.*--DROP participants shall not be
2487 eligible for renewed membership in the Florida Retirement System
2488 under ss. 121.053 and 121.122 until termination of employment is
2489 effectuated as provided in s. 121.021(39)(b).

2490 (h) *Employment limitation after DROP participation.*--Upon
2491 satisfying the definition of termination of employment as
2492 provided in s. 121.021(39)(b), DROP participants shall be
2493 subject to such reemployment limitations as other retirees.
2494 Reemployment restrictions applicable to retirees as provided in
2495 subsection (9) shall not apply to DROP participants until their
2496 employment and participation in the DROP are terminated.

2497 (i) *Contributions.*--



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2498 1. All employers paying the salary of a DROP participant
2499 filling a regularly established position shall contribute 8.0
2500 percent of such participant's gross compensation for the period
2501 of July 1, 2002, through June 30, 2003, and 11.56 percent of
2502 such compensation thereafter, which shall constitute the entire
2503 employer DROP contribution with respect to such participant.
2504 Such contributions, payable to the System Trust Fund in the same
2505 manner as required in s. 121.071, shall be made as appropriate
2506 for each pay period and are in addition to contributions
2507 required for social security and the Retiree Health Insurance
2508 Subsidy Trust Fund. Such employer, social security, and health
2509 insurance subsidy contributions are not included in the DROP.

2510 2. The employer shall, in addition to subparagraph 1.,
2511 also withhold one-half of the entire social security
2512 contribution required for the participant. Contributions for
2513 social security by each participant and each employer, in the
2514 amount required for social security coverage as now or hereafter
2515 provided by the federal Social Security Act, shall be in
2516 addition to contributions specified in subparagraph 1.

2517 3. All employers paying the salary of a DROP participant
2518 filling a regularly established position shall contribute the
2519 percent of such participant's gross compensation required in s.
2520 121.071(4), which shall constitute the employer's health
2521 insurance subsidy contribution with respect to such participant.
2522 Such contributions shall be deposited by the administrator in
2523 the Retiree Health Insurance Subsidy Trust Fund.

2524 (j) *Forfeiture of retirement benefits.*--Nothing in this
2525 section shall be construed to remove DROP participants from the
2526 scope of s. 8(d), Art. II of the State Constitution, s.

2527 112.3173, and paragraph (5)(f). DROP participants who commit a



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2528 specified felony offense while employed will be subject to
 2529 forfeiture of all retirement benefits, including DROP benefits,
 2530 pursuant to those provisions of law.

2531 (k) *Administration of program.*--The division shall make
 2532 such rules as are necessary for the effective and efficient
 2533 administration of this subsection. The division shall not be
 2534 required to advise members of the federal tax consequences of an
 2535 election related to the DROP but may advise members to seek
 2536 independent advice.

2537 (14) PAYMENT OF BENEFITS.--This subsection applies to the
 2538 payment of benefits to a payee (retiree or beneficiary) under
 2539 the Florida Retirement System:

2540 (a) Federal income tax shall be withheld in accordance
 2541 with federal law, unless the payee elects otherwise on Form W-
 2542 4P. The division shall prepare and distribute to each recipient
 2543 of monthly retirement benefits an appropriate income tax form
 2544 that reflects the recipient's income and federal income tax
 2545 withheld for the calendar year just ended.

2546 (b) Subject to approval by the division in accordance with
 2547 rule 60S-4.015, Florida Administrative Code, a payee receiving
 2548 retirement benefits under the Florida Retirement System may also
 2549 have the following payments deducted from his or her monthly
 2550 benefit:

2551 1. Premiums for life and health-related insurance policies
 2552 from approved companies.

2553 2. Life insurance premiums for the State Group Life
 2554 Insurance Plan, if authorized in writing by the payee and by the
 2555 Department of Management Services.

2556 3. Repayment of overpayments from the Florida Retirement
 2557 System Trust Fund, the State Employees' Health Insurance Trust



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2558 Fund, or the State Employees' Life Insurance Trust Fund, upon
2559 notification of the payee.

2560 4. Payments to an alternate payee for alimony, child
2561 support, or division of marital assets pursuant to a qualified
2562 domestic relations order under s. 222.21 or an income deduction
2563 order under s. 61.1301.

2564 5. Payments to the Internal Revenue Service for federal
2565 income tax levies, upon notification of the division by the
2566 Internal Revenue Service.

2567 (c) A payee shall notify the division of any change in his
2568 or her address. The division may suspend benefit payments to a
2569 payee if correspondence sent to the payee's mailing address is
2570 returned due to an incorrect address. Benefit payments shall be
2571 resumed upon notification to the division of the payee's new
2572 address.

2573 (d) A payee whose retirement benefits are reduced by the
2574 application of maximum benefit limits under s. 415(b) of the
2575 Internal Revenue Code, as specified in s. 121.30(5), shall have
2576 the portion of his or her calculated benefit in the Florida
2577 Retirement System defined benefit plan which exceeds such
2578 federal limitation paid through the Florida Retirement System
2579 Preservation of Benefits Plan, as provided in s. 121.1001.

2580 (e) No benefit may be reduced for the purpose of
2581 preserving the member's eligibility for a federal program.

2582 (f) The division shall adopt rules establishing procedures
2583 for determining that the persons to whom benefits are being paid
2584 are still living. The division shall suspend the benefits being
2585 paid to any payee when it is unable to contact such payee and to
2586 confirm that he or she is still living.



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2587 Section 31. Paragraph (b) of subsection (7) of section
2588 121.101, Florida Statutes, is amended to read:

2589 121.101 Cost-of-living adjustment of benefits.--

2590 (7) The purpose of this subsection is to establish a
2591 supplemental cost-of-living adjustment for certain retirees and
2592 beneficiaries who receive monthly retirement benefits under the
2593 provisions of this chapter and the existing systems consolidated
2594 therein, s. 112.05 for certain state officers and employees, and
2595 s. 238.171 for certain elderly incapacitated teachers.

2596 (b) Application for the supplemental cost-of-living
2597 adjustment provided by this subsection shall include
2598 certification by the retiree or annuitant that he or she is not
2599 receiving, and is not eligible to receive, social security
2600 benefits and shall include written authorization for the
2601 division ~~department~~ to have access to information from the
2602 Social Security Administration concerning his or her entitlement
2603 to, or eligibility for, social security benefits. Such
2604 supplemental cost-of-living adjustment shall not be paid unless
2605 and until the application requirements of this paragraph are
2606 met.

2607 Section 32. Paragraph (e) of subsection (2) of section
2608 121.111, Florida Statutes, is amended to read:

2609 121.111 Credit for military service.--

2610 (2) Any member whose initial date of employment is before
2611 January 1, 1987, who has military service as defined in s.
2612 121.021(20)(b), and who does not claim such service under
2613 subsection (1) may receive creditable service for such military
2614 service if:

2615 (e) Any member claiming credit under this subsection must
2616 certify on the form prescribed by the division ~~department~~ that



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2617 credit for such service has not and will not be claimed for
 2618 retirement purposes under any other federal, state, or local
 2619 retirement or pension system where "length of service" is a
 2620 factor in determining the amount of compensation received,
 2621 except where credit for such service has been granted in a
 2622 pension system providing retired pay for nonregular service as
 2623 provided in paragraph (d). If the member dies prior to
 2624 retirement, the member's beneficiary must make the required
 2625 certification before credit may be claimed. If such
 2626 certification is not made by the member or the member's
 2627 beneficiary, credit for wartime military service shall not be
 2628 allowed.

2629 Section 33. Section 121.133, Florida Statutes, is amended
 2630 to read:

2631 121.133 Cancellation of uncashed
 2632 warrants.--Notwithstanding the provisions of s. 17.26 or s.
 2633 717.123 to the contrary, effective July 1, 1998, if any state
 2634 warrant issued by the Comptroller for the payment of retirement
 2635 benefits from the Florida Retirement System Trust Fund, or any
 2636 other pension trust fund administered by the division
 2637 ~~department~~, is not presented for payment within 1 year after the
 2638 last day of the month in which it was originally issued, the
 2639 Comptroller shall cancel the benefit warrant and credit the
 2640 amount of the warrant to the Florida Retirement System Trust
 2641 Fund or other pension trust fund administered by the division
 2642 ~~department~~, as appropriate. The division ~~department~~ may provide
 2643 for issuance of a replacement warrant when deemed appropriate.

2644 Section 34. Section 121.135, Florida Statutes, is amended
 2645 to read:



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2646 121.135 Annual report to Legislature concerning state-
 2647 administered retirement systems.--The division ~~department~~ shall
 2648 make to each regular session of the Legislature a written report
 2649 on the operation and condition of the state-administered
 2650 retirement systems.

2651 Section 35. Section 121.136, Florida Statutes, is amended
 2652 to read:

2653 121.136 Annual benefit statement to members.--Beginning
 2654 January 1, 1993, and each January thereafter, the division
 2655 ~~department~~ shall provide each active member of the Florida
 2656 Retirement System with 5 or more years of creditable service an
 2657 annual statement of benefits. Such statement should provide the
 2658 member with basic data about the member's retirement account.
 2659 Minimally, it shall include the member's retirement plan, the
 2660 amount of funds on deposit in the retirement account, and an
 2661 estimate of retirement benefits.

2662 Section 36. Section 121.1815, Florida Statutes, is amended
 2663 to read:

2664 121.1815 Special pensions to individuals; administration
 2665 of laws by the Division of Retirement ~~Department of Management~~
 2666 ~~Services~~.--All powers, duties, and functions related to the
 2667 administration of laws providing special pensions to
 2668 individuals, including chapter 18054, Laws of Florida, 1937;
 2669 chapter 26788, Laws of Florida, 1951, as amended by chapter 57-
 2670 871, Laws of Florida; chapter 26836, Laws of Florida, 1951; and
 2671 chapter 63-953, Laws of Florida, are vested in the division
 2672 ~~department~~. All laws hereinafter enacted by the Legislature
 2673 pertaining to special pensions for individuals shall be
 2674 administered by the division ~~department~~, unless contrary
 2675 provisions are contained in such law. Upon the death of any



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2676 person receiving a monthly pension under this section, the
 2677 monthly pension shall be paid through the last day of the month
 2678 of death and shall terminate on that date, unless contrary
 2679 provisions are contained in the special pension law.

2680 Section 37. Section 121.1905, Florida Statutes, is amended
 2681 to read:

2682 121.1905 Division of Retirement; mission creation.--

2683 ~~(1) There is created the Division of Retirement within the~~
 2684 ~~Department of Management Services.~~

2685 ~~(2)~~ The mission of the Division of Retirement is to
 2686 provide quality and cost-effective retirement services as
 2687 measured by member satisfaction and by comparison with
 2688 administrative costs of comparable retirement systems.

2689 Section 38. Section 121.192, Florida Statutes, is amended
 2690 to read:

2691 121.192 State retirement actuary.--The division ~~department~~
 2692 may employ an actuary. Such actuary shall, together with such
 2693 other duties as the director assigns ~~secretary may assign~~, be
 2694 responsible for:

2695 (1) Advising the director ~~secretary~~ on actuarial matters
 2696 of the state retirement systems.

2697 (2) Making periodic valuations of the retirement systems.

2698 (3) Providing actuarial analyses to the Legislature
 2699 concerning proposed changes in the retirement systems.

2700 (4) Assisting the director ~~secretary~~ in developing a sound
 2701 and modern retirement system.

2702 Section 39. Section 121.193, Florida Statutes, is amended
 2703 to read:

2704 121.193 External compliance audits.--



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2705 (1) The division ~~department~~ shall conduct audits of the
 2706 payroll and personnel records of participating agencies. These
 2707 audits shall be made to determine the accuracy of reports
 2708 submitted to the division ~~department~~ and to assess the degree of
 2709 compliance with applicable statutes, rules, and coverage
 2710 agreements. Audits shall be scheduled on a regular basis, as the
 2711 result of concerns known to exist at an agency, or as a followup
 2712 to ensure agency action was taken to correct deficiencies found
 2713 in an earlier audit.

2714 (2) Upon request, participating agencies shall furnish the
 2715 division ~~department~~ with information and documents that the
 2716 division ~~department~~ requires to conduct the audit. The division
 2717 ~~department~~ may prescribe by rule the documents that may be
 2718 requested.

2719 (3) The division ~~department~~ shall review the agency's
 2720 operations concerning retirement and social security coverage.
 2721 Preliminary findings shall be discussed with agency personnel at
 2722 the close of the audit. An audit report of findings and
 2723 recommendations shall be submitted to division ~~department~~
 2724 management and an audit summary letter shall be submitted to the
 2725 agency noting any concerns and necessary corrective action.

2726 Section 40. Subsection (1) of section 121.22, Florida
 2727 Statutes, is amended to read:

2728 121.22 State Retirement Commission; creation; membership;
 2729 compensation.--

2730 (1)(a) There is created within the Division of Retirement
 2731 ~~Department of Management Services~~ a State Retirement Commission
 2732 composed of four ~~three~~ members: two members ~~One member~~ who are
 2733 ~~is~~ retired under a state-supported retirement system
 2734 administered by the division ~~department~~; one member who is an



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2735 active member of a state-supported retirement system that is
2736 administered by the division ~~department~~; and one member who is
2737 neither a retiree, beneficiary, or member of a state-supported
2738 retirement system administered by the division ~~department~~. Each
2739 member shall have a different occupational background from the
2740 other members.

2741 (b) The State Retirement Commission shall be assigned to
2742 and administratively housed within the Division of Retirement,
2743 but the commission shall function independently and shall not be
2744 under the supervision of the division or the board. The exercise
2745 by the commission of its powers, duties, and functions as
2746 prescribed by law is not subject to the review or approval of
2747 the division or the board.

2748 Section 41. Subsection (1) of section 121.23, Florida
2749 Statutes, is amended to read:

2750 121.23 Disability retirement and special risk membership
2751 applications; Retirement Commission; powers and duties; judicial
2752 review.--The provisions of this section apply to all proceedings
2753 in which the administrator has made a written final decision on
2754 the merits respecting applications for disability retirement,
2755 reexamination of retired members receiving disability benefits,
2756 applications for special risk membership, and reexamination of
2757 special risk members in the Florida Retirement System. The
2758 jurisdiction of the State Retirement Commission under this
2759 section shall be limited to written final decisions of the
2760 administrator on the merits.

2761 (1) In accordance with the rules of procedure adopted by
2762 the division ~~Department of Management Services~~, the
2763 administrator shall:



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2764 (a) Give reasonable notice of his or her proposed action,
2765 or decision to refuse action, together with a summary of the
2766 factual, legal, and policy grounds therefor.

2767 (b) Give affected members, or their counsel, an
2768 opportunity to present to the division written evidence in
2769 opposition to the proposed action or refusal to act or a written
2770 statement challenging the grounds upon which the administrator
2771 has chosen to justify his or her action or inaction.

2772 (c) If the objections of the member are overruled, provide
2773 a written explanation within 21 days.

2774 Section 42. Subsections (2), (3), and (4) of section
2775 121.24, Florida Statutes, are amended to read:

2776 121.24 Conduct of commission business; legal and other
2777 assistance; compensation.--

2778 (2) Legal counsel for the commission may be provided by
2779 the Department of Legal Affairs or by the division ~~Department of~~
2780 ~~Management Services~~, with the concurrence of the commission, and
2781 shall be paid by the division ~~Department of Management Services~~
2782 from the appropriate funds.

2783 (3) The division ~~Department of Management Services~~ shall
2784 provide timely and appropriate training for newly appointed
2785 members of the commission. Such training shall be designed to
2786 acquaint new members of the commission with the duties and
2787 responsibilities of the commission.

2788 (4) The division ~~Department of Management Services~~ shall
2789 furnish administrative and secretarial assistance to the
2790 commission and shall provide a place where the commission may
2791 hold its meetings.

2792 Section 43. Subsection (9) of section 121.30, Florida
2793 Statutes, is amended to read:



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2794 121.30 Statements of purpose and intent and other
2795 provisions required for qualification under the Internal Revenue
2796 Code of the United States.--Any other provisions in this chapter
2797 to the contrary notwithstanding, it is specifically provided
2798 that:

2799 (9) The division ~~department~~ may adopt any rule necessary
2800 to accomplish the purpose of the section which is not
2801 inconsistent with this chapter.

2802 Section 44. Paragraph (c) of subsection (2), paragraphs
2803 (c) and (e) of subsection (3), paragraphs (a), (b), and (c) of
2804 subsection (4), and subsection (6) of section 121.35, Florida
2805 Statutes, are amended to read:

2806 121.35 Optional retirement program for the State
2807 University System.--

2808 (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL PROGRAM.--

2809 (c) For purposes of this section, the Division of
2810 Retirement ~~Department of Management Services~~ is referred to as
2811 the "division ~~department~~."

2812 (3) ELECTION OF OPTIONAL PROGRAM.--

2813 (c) Any employee who becomes eligible to participate in
2814 the optional retirement program on or after January 1, 1993,
2815 shall be a compulsory participant of the program unless such
2816 employee elects membership in the Florida Retirement System.
2817 Such election shall be made in writing and filed with the
2818 personnel officer of the employer. Any eligible employee who
2819 fails to make such election within the prescribed time period
2820 shall be deemed to have elected to participate in the optional
2821 retirement program.

2822 1. Any employee whose optional retirement program
2823 eligibility results from initial employment shall be enrolled in



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2824 the program at the commencement of employment. If, within 90
2825 days after commencement of employment, the employee elects
2826 membership in the Florida Retirement System, such membership
2827 shall be effective retroactive to the date of commencement of
2828 employment.

2829 2. Any employee whose optional retirement program
2830 eligibility results from a change in status due to the
2831 subsequent designation of the employee's position as one of
2832 those specified in paragraph (2)(a) or due to the employee's
2833 appointment, promotion, transfer, or reclassification to a
2834 position specified in paragraph (2)(a) shall be enrolled in the
2835 optional retirement program upon such change in status and shall
2836 be notified by the employer of such action. If, within 90 days
2837 after the date of such notification, the employee elects to
2838 retain membership in the Florida Retirement System, such
2839 continuation of membership shall be retroactive to the date of
2840 the change in status.

2841 3. Notwithstanding the provisions of this paragraph,
2842 effective July 1, 1997, any employee who is eligible to
2843 participate in the Optional Retirement Program and who fails to
2844 execute a contract with one of the approved companies and to
2845 notify the division ~~department~~ in writing as provided in
2846 subsection (4) within 90 days after the date of eligibility
2847 shall be deemed to have elected membership in the Florida
2848 Retirement System, except as provided in s. 121.051(1)(a). This
2849 provision shall also apply to any employee who terminates
2850 employment in an eligible position before executing the required
2851 annuity contract and notifying the division ~~department~~. Such
2852 membership shall be retroactive to the date of eligibility, and
2853 all appropriate contributions shall be transferred to the



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2854 Florida Retirement System Trust Fund and the Health Insurance
2855 Subsidy Trust Fund.

2856 (e) The election by an eligible employee to participate in
2857 the optional retirement program shall be irrevocable for so long
2858 as the employee continues to meet the eligibility requirements
2859 specified in subsection (2), except as provided in paragraph
2860 (h). In the event that an employee participates in the optional
2861 retirement program for 90 days or more and is subsequently
2862 employed in an administrative or professional position which has
2863 been determined by the division ~~department~~, under subparagraph
2864 (2)(a)2., to be not otherwise eligible for participation in the
2865 optional retirement program, the employee shall continue
2866 participation in the optional program so long as the employee
2867 meets the other eligibility requirements for the program, except
2868 as provided in paragraph (h).

2869 (4) CONTRIBUTIONS.--

2870 (a) Through June 30, 2001, each employer shall contribute
2871 on behalf of each participant in the optional retirement program
2872 an amount equal to the normal cost portion of the employer
2873 retirement contribution which would be required if the
2874 participant were a regular member of the Florida Retirement
2875 System defined benefit program, plus the portion of the
2876 contribution rate required in s. 112.363(8) that would otherwise
2877 be assigned to the Retiree Health Insurance Subsidy Trust Fund.
2878 Effective July 1, 2001, each employer shall contribute on behalf
2879 of each participant in the optional program an amount equal to
2880 10.43 percent of the participant's gross monthly compensation.
2881 The division ~~department~~ shall deduct an amount approved by the
2882 Legislature to provide for the administration of this program.
2883 The payment of the contributions to the optional program which



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2884 is required by this paragraph for each participant shall be made
 2885 by the employer to the division ~~department~~, which shall forward
 2886 the contributions to the designated company or companies
 2887 contracting for payment of benefits for the participant under
 2888 the program. However, such contributions paid on behalf of an
 2889 employee described in paragraph (3)(c) shall not be forwarded to
 2890 a company and shall not begin to accrue interest until the
 2891 employee has executed an annuity contract and notified the
 2892 division ~~department~~.

2893 (b) Each employer shall contribute on behalf of each
 2894 participant in the optional retirement program an amount equal
 2895 to the unfunded actuarial accrued liability portion of the
 2896 employer contribution which would be required for members of the
 2897 Florida Retirement System. This contribution shall be paid to
 2898 the division ~~department~~ for transfer to the Florida Retirement
 2899 System Trust Fund.

2900 (c) An Optional Retirement Program Trust Fund shall be
 2901 established in the State Treasury and administered by the
 2902 division ~~department~~ to make payments to the provider companies
 2903 on behalf of the optional retirement program participants, and
 2904 to transfer the unfunded liability portion of the state optional
 2905 retirement program contributions to the Florida Retirement
 2906 System Trust Fund.

2907 (6) ADMINISTRATION OF PROGRAM.--

2908 (a) The optional retirement program authorized by this
 2909 section shall be administered by the division ~~department~~. The
 2910 division ~~department~~ shall adopt rules establishing the
 2911 responsibilities of the State Board of Education and
 2912 institutions in the State University System in administering the
 2913 optional retirement program. The State Board of Education shall,



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2914 no more than 90 days after July 1, 1983, submit to the division
2915 ~~department~~ its recommendations for the contracts to be offered
2916 by the companies chosen by the division ~~department~~. The
2917 recommendations of the board shall include the following:

2918 1. The nature and extent of the rights and benefits in
2919 relation to the required contributions; and

2920 2. The suitability of the rights and benefits to the needs
2921 of the participants and the interests of the institutions in the
2922 recruitment and retention of eligible employees.

2923 (b) After receiving and considering the recommendations of
2924 the State Board of Education, the division ~~department~~ shall
2925 designate no more than four companies from which contracts may
2926 be purchased under the program and shall approve the form and
2927 content of the optional retirement program contracts. Upon
2928 application by a qualified Florida domestic company, the
2929 division ~~department~~ shall give reasonable notice to all other
2930 such companies that it intends to designate one of such
2931 companies as a fifth company from which contracts may be
2932 purchased pursuant to this section and that they may apply for
2933 such designation prior to the deadline established by said
2934 notice. At least 60 days after giving such notice and upon
2935 receipt of the recommendation of the State Board of Education,
2936 the division ~~department~~ shall so designate one of such companies
2937 as the fifth company from which such contracts may be purchased.

2938 (c) Effective July 1, 1997, the State Board of
2939 Administration shall review and make recommendations to the
2940 division ~~department~~ on the acceptability of all investment
2941 products proposed by provider companies of the optional
2942 retirement program before they are offered through annuity
2943 contracts to the participants and may advise the division



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2944 ~~department~~ of any changes necessary to ensure that the optional
 2945 retirement program offers an acceptable mix of investment
 2946 products. The division ~~department~~ shall make the final
 2947 determination as to whether an investment product will be
 2948 approved for the program.

2949 (d) The provisions of each contract applicable to a
 2950 participant in the optional retirement program shall be
 2951 contained in a written program description which shall include a
 2952 report of pertinent financial and actuarial information on the
 2953 solvency and actuarial soundness of the program and the benefits
 2954 applicable to the participant. Such description shall be
 2955 furnished by the companies to each participant in the program
 2956 and to the division ~~department~~ upon commencement of
 2957 participation in the program and annually thereafter.

2958 (e) The division ~~department~~ shall ensure that each
 2959 participant in the optional retirement program is provided an
 2960 accounting of the total contribution and the annual contribution
 2961 made by and on behalf of such participant.

2962 Section 45. Paragraph (b) of subsection (3) and paragraphs
 2963 (a) and (b) of subsection (14) of section 121.40, Florida
 2964 Statutes, are amended to read:

2965 121.40 Cooperative extension personnel at the Institute of
 2966 Food and Agricultural Sciences; supplemental retirement
 2967 benefits.--

2968 (3) DEFINITIONS.--The definitions provided in s. 121.021
 2969 shall not apply to this section except when specifically cited.
 2970 For the purposes of this section, the following words or phrases
 2971 have the respective meanings set forth:



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2972 (b) "Division ~~Department~~" means the Division of Retirement
 2973 of the State Board of Administration ~~Department of Management~~
 2974 ~~Services~~.

2975 (14) ADMINISTRATION OF SYSTEM.--

2976 (a) The division ~~department~~ shall make such rules as are
 2977 necessary for the effective and efficient administration of this
 2978 system. The executive director of the State Board of
 2979 Administration ~~secretary of the department~~ shall be the
 2980 administrator of the system. The funds to pay the expenses for
 2981 such administration shall be appropriated from the interest
 2982 earned on investments made for the trust fund.

2983 (b) The division ~~department~~ is authorized to require
 2984 oaths, by affidavit or otherwise, and acknowledgments from
 2985 persons in connection with the administration of its duties and
 2986 responsibilities under this section.

2987 Section 46. Subsection (3) of section 121.45, Florida
 2988 Statutes, is amended to read:

2989 121.45 Interstate compacts relating to pension
 2990 portability.--

2991 (3) ESTABLISHMENT OF COMPACTS.--

2992 (a) The division ~~Department of Management Services~~ is
 2993 authorized and directed to survey other state retirement systems
 2994 to determine if such retirement systems are interested in
 2995 developing an interstate compact with Florida.

2996 (b) If any such state is interested in pursuing the
 2997 matter, the division ~~department~~ shall confer with the other
 2998 state and the consulting actuaries of both states, and shall
 2999 present its findings to the committees having jurisdiction over
 3000 retirement matters in the Legislature, and to representatives of
 3001 affected certified bargaining units, in order to determine the



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3002 feasibility of developing a portability compact, what groups
3003 should be covered, and the goals and priorities which should
3004 guide such development.

3005 (c) Upon a determination that such a compact is feasible
3006 and upon request of the Legislature, the division ~~department~~,
3007 together with its consulting actuaries, shall, in accordance
3008 with such ~~said~~ goals and priorities, develop a proposal under
3009 which retirement credit may be transferred to or from Florida in
3010 an actuarially sound manner.

3011 (d) Once a proposal has been developed, the division
3012 ~~department~~ shall contract with its consulting actuaries to
3013 conduct an actuarial study of the proposal to determine the cost
3014 to the Florida Retirement System Trust Fund and the State of
3015 Florida.

3016 (e) After the actuarial study has been completed, the
3017 division ~~department~~ shall present its findings and the actuarial
3018 study to the Legislature for consideration. If either house of
3019 the Legislature elects to enter into such a compact, it shall be
3020 introduced in the form of a proposed committee bill to the full
3021 Legislature during the same or next regular session.

3022 Section 47. Subsection (2), paragraphs (a), (b), and (c)
3023 of subsection (4), paragraph (a) of subsection (5), paragraphs
3024 (a), (b), (c), and (e) of subsection (8), paragraph (c) of
3025 subsection (9), paragraphs (a), (c), and (f) of subsection (10),
3026 subsection (11), and paragraph (b) of subsection (12) of section
3027 121.4501, Florida Statutes, are amended to read:

3028 121.4501 Public Employee Optional Retirement Program.--

3029 (2) DEFINITIONS.--As used in this part, the term:

3030 (a) "Approved provider" or "provider" means a private
3031 sector company that is selected and approved by the division



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3032 ~~state board~~ to offer one or more investment products or services
3033 to the Public Employee Optional Retirement Program. The term
3034 includes a bundled provider that offers participants a range of
3035 individually allocated or unallocated investment products and
3036 may offer a range of administrative and customer services, which
3037 may include accounting and administration of individual
3038 participant benefits and contributions; individual participant
3039 recordkeeping; asset purchase, control, and safekeeping; direct
3040 execution of the participant's instructions as to asset and
3041 contribution allocation; calculation of daily net asset values;
3042 direct access to participant account information; periodic
3043 reporting to participants, at least quarterly, on account
3044 balances and transactions; guidance, advice, and allocation
3045 services directly relating to its own investment options or
3046 products, but only if the bundled provider complies with the
3047 standard of care of s. 404(a)(1)(A-B) of the Employee Retirement
3048 Income Security Act of 1974 (ERISA) and if providing such
3049 guidance, advice, or allocation services does not constitute a
3050 prohibited transaction under s. 4975(c)(1) of the Internal
3051 Revenue Code or s. 406 of ERISA, notwithstanding that such
3052 prohibited transaction provisions do not apply to the optional
3053 retirement program; a broad array of distribution options; asset
3054 allocation; and retirement counseling and education. Private
3055 sector companies include investment management companies,
3056 insurance companies, depositories, and mutual fund companies.

3057 (b) "Average monthly compensation" means one-twelfth of
3058 average final compensation as defined in s. 121.021(24).

3059 (c) "Covered employment" means employment in a regularly
3060 established position as defined in s. 121.021(52).



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3061 ~~(d)~~ "Department" means the Department of Management
 3062 Services.

3063 (d)(e) "Division" means the Division of Retirement of the
 3064 State Board of Administration ~~within the Department of~~
 3065 ~~Management Services.~~

3066 (e)(f) "Eligible employee" means an officer or employee,
 3067 as defined in s. 121.021(11), who:

3068 1. Is a member of, or is eligible for membership in, the
 3069 Florida Retirement System, including any renewed member of the
 3070 Florida Retirement System;

3071 2. Participates in, or is eligible to participate in, the
 3072 Senior Management Service Optional Annuity Program as
 3073 established under s. 121.055(6); or

3074 3. Is eligible to participate in, but does not participate
 3075 in, the State University System Optional Retirement Program
 3076 established under s. 121.35 or the State Community College
 3077 System Optional Retirement Program established under s.
 3078 121.051(2)(c).

3079
 3080 The term does not include any member participating in the
 3081 Deferred Retirement Option Program established under s.
 3082 121.091(13) or any employee participating in an optional
 3083 retirement program established under s. 121.051(2)(c) or s.
 3084 121.35.

3085 (f)(g) "Employer" means an employer, as defined in s.
 3086 121.021(10), of an eligible employee.

3087 (g)(h) "Participant" means an eligible employee who elects
 3088 to participate in the Public Employee Optional Retirement
 3089 Program and enrolls in such optional program as provided in
 3090 subsection (4).



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3091 (h)~~(i)~~ "Public Employee Optional Retirement Program,"
 3092 "optional program," or "optional retirement program" means the
 3093 alternative defined contribution retirement program established
 3094 under this section.

3095 (i)~~(j)~~ "State board" or "board" means the State Board of
 3096 Administration.

3097 (j)~~(k)~~ "Trustees" means Trustees of the State Board of
 3098 Administration.

3099 (k)~~(l)~~ "Vested" or "vesting" means the guarantee that a
 3100 participant is eligible to receive a retirement benefit upon
 3101 completion of the required years of service under the Public
 3102 Employee Optional Retirement Program.

3103 (4) PARTICIPATION; ENROLLMENT.--

3104 (a)1. With respect to an eligible employee who is employed
 3105 in a regularly established position on June 1, 2002, by a state
 3106 employer:

3107 a. Any such employee may elect to participate in the
 3108 Public Employee Optional Retirement Program in lieu of retaining
 3109 his or her membership in the defined benefit program of the
 3110 Florida Retirement System. The election must be made in writing
 3111 or by electronic means and must be filed with the third-party
 3112 administrator by August 31, 2002, or, in the case of an active
 3113 employee who is on a leave of absence on April 1, 2002, by
 3114 August 31, 2002, or within 90 days after the conclusion of the
 3115 leave of absence, whichever is later. This election is
 3116 irrevocable, except as provided in paragraph (e). Upon making
 3117 such election, the employee shall be enrolled as a participant
 3118 of the Public Employee Optional Retirement Program, the
 3119 employee's membership in the Florida Retirement System shall be
 3120 governed by the provisions of this part, and the employee's



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3121 membership in the defined benefit program of the Florida
3122 Retirement System shall terminate. The employee's enrollment in
3123 the Public Employee Optional Retirement Program shall be
3124 effective the first day of the month for which a full month's
3125 employer contribution is made to the optional program.

3126 b. Any such employee who fails to elect to participate in
3127 the Public Employee Optional Retirement Program within the
3128 prescribed time period is deemed to have elected to retain
3129 membership in the defined benefit program of the Florida
3130 Retirement System, and the employee's option to elect to
3131 participate in the optional program is forfeited.

3132 2. With respect to employees who become eligible to
3133 participate in the Public Employee Optional Retirement Program
3134 by reason of employment in a regularly established position with
3135 a state employer commencing after April 1, 2002:

3136 a. Any such employee shall, by default, be enrolled in the
3137 defined benefit retirement program of the Florida Retirement
3138 System at the commencement of employment, and may, by the end of
3139 the 5th month following the employee's month of hire, elect to
3140 participate in the Public Employee Optional Retirement Program.
3141 The employee's election must be made in writing or by electronic
3142 means and must be filed with the third-party administrator. The
3143 election to participate in the optional program is irrevocable,
3144 except as provided in paragraph (e).

3145 b. If the employee files such election within the
3146 prescribed time period, enrollment in the optional program shall
3147 be effective on the first day of employment. The employer
3148 retirement contributions paid through the month of the employee
3149 plan change shall be transferred to the optional program, and,
3150 effective the first day of the next month, the employer shall



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3151 pay the applicable contributions based on the employee
3152 membership class in the optional program.

3153 c. Any such employee who fails to elect to participate in
3154 the Public Employee Optional Retirement Program within the
3155 prescribed time period is deemed to have elected to retain
3156 membership in the defined benefit program of the Florida
3157 Retirement System, and the employee's option to elect to
3158 participate in the optional program is forfeited.

3159 3. For purposes of this paragraph, "state employer" means
3160 any agency, board, branch, commission, community college,
3161 department, institution, institution of higher education, or
3162 water management district of the state, which participates in
3163 the Florida Retirement System for the benefit of certain
3164 employees.

3165 (b)1. With respect to an eligible employee who is employed
3166 in a regularly established position on September 1, 2002, by a
3167 district school board employer:

3168 a. Any such employee may elect to participate in the
3169 Public Employee Optional Retirement Program in lieu of retaining
3170 his or her membership in the defined benefit program of the
3171 Florida Retirement System. The election must be made in writing
3172 or by electronic means and must be filed with the third-party
3173 administrator by November 30, or, in the case of an active
3174 employee who is on a leave of absence on July 1, 2002, by
3175 November 30, 2002, or within 90 days after the conclusion of the
3176 leave of absence, whichever is later. This election is
3177 irrevocable, except as provided in paragraph (e). Upon making
3178 such election, the employee shall be enrolled as a participant
3179 of the Public Employee Optional Retirement Program, the
3180 employee's membership in the Florida Retirement System shall be



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3181 governed by the provisions of this part, and the employee's
 3182 membership in the defined benefit program of the Florida
 3183 Retirement System shall terminate. The employee's enrollment in
 3184 the Public Employee Optional Retirement Program shall be
 3185 effective the first day of the month for which a full month's
 3186 employer contribution is made to the optional program.

3187 b. Any such employee who fails to elect to participate in
 3188 the Public Employee Optional Retirement Program within the
 3189 prescribed time period is deemed to have elected to retain
 3190 membership in the defined benefit program of the Florida
 3191 Retirement System, and the employee's option to elect to
 3192 participate in the optional program is forfeited.

3193 2. With respect to employees who become eligible to
 3194 participate in the Public Employee Optional Retirement Program
 3195 by reason of employment in a regularly established position with
 3196 a district school board employer commencing after July 1, 2002:

3197 a. Any such employee shall, by default, be enrolled in the
 3198 defined benefit retirement program of the Florida Retirement
 3199 System at the commencement of employment, and may, by the end of
 3200 the 5th month following the employee's month of hire, elect to
 3201 participate in the Public Employee Optional Retirement Program.
 3202 The employee's election must be made in writing or by electronic
 3203 means and must be filed with the third-party administrator. The
 3204 election to participate in the optional program is irrevocable,
 3205 except as provided in paragraph (e).

3206 b. If the employee files such election within the
 3207 prescribed time period, enrollment in the optional program shall
 3208 be effective on the first day of employment. The employer
 3209 retirement contributions paid through the month of the employee
 3210 plan change shall be transferred to the optional program, and,



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3211 effective the first day of the next month, the employer shall
3212 pay the applicable contributions based on the employee
3213 membership class in the optional program.

3214 c. Any such employee who fails to elect to participate in
3215 the Public Employee Optional Retirement Program within the
3216 prescribed time period is deemed to have elected to retain
3217 membership in the defined benefit program of the Florida
3218 Retirement System, and the employee's option to elect to
3219 participate in the optional program is forfeited.

3220 3. For purposes of this paragraph, "district school board
3221 employer" means any district school board that participates in
3222 the Florida Retirement System for the benefit of certain
3223 employees, or a charter school or charter technical career
3224 center that participates in the Florida Retirement System as
3225 provided in s. 121.051(2)(d).

3226 (c)1. With respect to an eligible employee who is employed
3227 in a regularly established position on December 1, 2002, by a
3228 local employer:

3229 a. Any such employee may elect to participate in the
3230 Public Employee Optional Retirement Program in lieu of retaining
3231 his or her membership in the defined benefit program of the
3232 Florida Retirement System. The election must be made in writing
3233 or by electronic means and must be filed with the third-party
3234 administrator by February 28, 2003, or, in the case of an active
3235 employee who is on a leave of absence on October 1, 2002, by
3236 February 28, 2003, or within 90 days after the conclusion of the
3237 leave of absence, whichever is later. This election is
3238 irrevocable, except as provided in paragraph (e). Upon making
3239 such election, the employee shall be enrolled as a participant
3240 of the Public Employee Optional Retirement Program, the



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3241 employee's membership in the Florida Retirement System shall be
3242 governed by the provisions of this part, and the employee's
3243 membership in the defined benefit program of the Florida
3244 Retirement System shall terminate. The employee's enrollment in
3245 the Public Employee Optional Retirement Program shall be
3246 effective the first day of the month for which a full month's
3247 employer contribution is made to the optional program.

3248 b. Any such employee who fails to elect to participate in
3249 the Public Employee Optional Retirement Program within the
3250 prescribed time period is deemed to have elected to retain
3251 membership in the defined benefit program of the Florida
3252 Retirement System, and the employee's option to elect to
3253 participate in the optional program is forfeited.

3254 2. With respect to employees who become eligible to
3255 participate in the Public Employee Optional Retirement Program
3256 by reason of employment in a regularly established position with
3257 a local employer commencing after October 1, 2002:

3258 a. Any such employee shall, by default, be enrolled in the
3259 defined benefit retirement program of the Florida Retirement
3260 System at the commencement of employment, and may, by the end of
3261 the 5th month following the employee's month of hire, elect to
3262 participate in the Public Employee Optional Retirement Program.
3263 The employee's election must be made in writing or by electronic
3264 means and must be filed with the third-party administrator. The
3265 election to participate in the optional program is irrevocable,
3266 except as provided in paragraph (e).

3267 b. If the employee files such election within the
3268 prescribed time period, enrollment in the optional program shall
3269 be effective on the first day of employment. The employer
3270 retirement contributions paid through the month of the employee



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3271 plan change shall be transferred to the optional program, and,
 3272 effective the first day of the next month, the employer shall
 3273 pay the applicable contributions based on the employee
 3274 membership class in the optional program.

3275 c. Any such employee who fails to elect to participate in
 3276 the Public Employee Optional Retirement Program within the
 3277 prescribed time period is deemed to have elected to retain
 3278 membership in the defined benefit program of the Florida
 3279 Retirement System, and the employee's option to elect to
 3280 participate in the optional program is forfeited.

3281 3. For purposes of this paragraph, "local employer" means
 3282 any employer not included in paragraph (a) or paragraph (b).

3283 (5) CONTRIBUTIONS.--

3284 (a) Each employer shall contribute on behalf of each
 3285 participant in the Public Employee Optional Retirement Program,
 3286 as provided in part III of this chapter. The state board, acting
 3287 as plan fiduciary, shall ensure that all plan assets are held in
 3288 a trust, pursuant to s. 401 of the Internal Revenue Code. The
 3289 fiduciary shall ensure that said contributions are allocated as
 3290 follows:

3291 1. The portion earmarked for participant accounts shall be
 3292 used to purchase interests in the appropriate investment
 3293 vehicles for the accounts of each participant as specified by
 3294 the participant, or in accordance with paragraph (4)(d).

3295 2. The portion earmarked for administrative and
 3296 educational expenses shall be transferred to the board.

3297 3. The portion earmarked for disability benefits shall be
 3298 transferred to the division ~~department~~.

3299 (8) ADMINISTRATION OF PROGRAM.--



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3300 (a) The Public Employee Optional Retirement Program shall
 3301 be administered by the state board and affected employers. The
 3302 board is authorized to require oaths, by affidavit or otherwise,
 3303 and acknowledgments from persons in connection with the
 3304 administration of its duties and responsibilities under this
 3305 chapter. No oath, by affidavit or otherwise, shall be required
 3306 of an employee participant at the time of election.
 3307 Acknowledgment of an employee's election to participate in the
 3308 program shall be no greater than necessary to confirm the
 3309 employee's election. The board shall adopt rules establishing
 3310 the role and responsibilities of affected state, local
 3311 government, and education-related employers, the state board,
 3312 the division ~~department~~, and third-party contractors in
 3313 administering the Public Employee Optional Retirement Program.
 3314 The division ~~department~~ shall adopt rules necessary to implement
 3315 the optional program in coordination with the defined benefit
 3316 retirement program and the disability benefits available under
 3317 the optional program.

3318 (b)1. The state board shall select and contract with one
 3319 third-party administrator to provide administrative services if
 3320 those services cannot be competitively and contractually
 3321 provided by the Division of Retirement within the Department of
 3322 Management Services. With the approval of the state board, the
 3323 third-party administrator may subcontract with other
 3324 organizations or individuals to provide components of the
 3325 administrative services. As a cost of administration, the board
 3326 may compensate any such contractor for its services, in
 3327 accordance with the terms of the contract, as is deemed
 3328 necessary or proper by the board. The third-party administrator



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3329 may not be an approved provider or be affiliated with an
3330 approved provider.

3331 2. These administrative services may include, but are not
3332 limited to, enrollment of eligible employees, collection of
3333 employer contributions, disbursement of such contributions to
3334 approved providers in accordance with the allocation directions
3335 of participants; services relating to consolidated billing;
3336 individual and collective recordkeeping and accounting; asset
3337 purchase, control, and safekeeping; and direct disbursement of
3338 funds to and from the third-party administrator, the division,
3339 the board, employers, participants, approved providers, and
3340 beneficiaries. This section does not prevent or prohibit a
3341 bundled provider from providing any administrative or customer
3342 service, including accounting and administration of individual
3343 participant benefits and contributions; individual participant
3344 recordkeeping; asset purchase, control, and safekeeping; direct
3345 execution of the participant's instructions as to asset and
3346 contribution allocation; calculation of daily net asset values;
3347 direct access to participant account information; or periodic
3348 reporting to participants, at least quarterly, on account
3349 balances and transactions, if these services are authorized by
3350 the board as part of the contract.

3351 3. The state board shall select and contract with one or
3352 more organizations to provide educational services. With
3353 approval of the board, the organizations may subcontract with
3354 other organizations or individuals to provide components of the
3355 educational services. As a cost of administration, the board may
3356 compensate any such contractor for its services in accordance
3357 with the terms of the contract, as is deemed necessary or proper



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3358 by the board. The education organization may not be an approved
3359 provider or be affiliated with an approved provider.

3360 4. Educational services shall be designed by the board ~~and~~
3361 ~~department~~ to assist employers, eligible employees,
3362 participants, and beneficiaries in order to maintain compliance
3363 with United States Department of Labor regulations under s.
3364 404(c) of the Employee Retirement Income Security Act of 1974
3365 and to assist employees in their choice of defined benefit or
3366 defined contribution retirement alternatives. Educational
3367 services include, but are not limited to, disseminating
3368 educational materials; providing retirement planning education;
3369 explaining the differences between the defined benefit
3370 retirement plan and the defined contribution retirement plan;
3371 and offering financial planning guidance on matters such as
3372 investment diversification, investment risks, investment costs,
3373 and asset allocation. An approved provider may also provide
3374 educational information, including retirement planning and
3375 investment allocation information concerning its products and
3376 services.

3377 (c)1. In evaluating and selecting a third-party
3378 administrator, the board shall establish criteria under which it
3379 shall consider the relative capabilities and qualifications of
3380 each proposed administrator. In developing such criteria, the
3381 board shall consider:

3382 a. The administrator's demonstrated experience in
3383 providing administrative services to public or private sector
3384 retirement systems.

3385 b. The administrator's demonstrated experience in
3386 providing daily valued recordkeeping to defined contribution
3387 plans.



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3388 c. The administrator's ability and willingness to
3389 coordinate its activities with the Florida Retirement System
3390 employers, the board, and the division, and to supply to such
3391 employers, the board, and the division the information and data
3392 they require, including, but not limited to, monthly management
3393 reports, quarterly participant reports, and ad hoc reports
3394 requested by the ~~department~~ or board.

3395 d. The cost-effectiveness and levels of the administrative
3396 services provided.

3397 e. The administrator's ability to interact with the
3398 participants, the employers, the board, the division, and the
3399 providers; the means by which participants may access account
3400 information, direct investment of contributions, make changes to
3401 their accounts, transfer moneys between available investment
3402 vehicles, and transfer moneys between investment products; and
3403 any fees that apply to such activities.

3404 f. Any other factor deemed necessary by the Trustees of
3405 the State Board of Administration.

3406 g. The recommendations of the Public Employee Optional
3407 Retirement Program Advisory Committee established in subsection
3408 (12).

3409 2. In evaluating and selecting an educational provider,
3410 the board shall establish criteria under which it shall consider
3411 the relative capabilities and qualifications of each proposed
3412 educational provider. In developing such criteria, the board
3413 shall consider:

3414 a. Demonstrated experience in providing educational
3415 services to public or private sector retirement systems.

3416 b. Ability and willingness to coordinate its activities
3417 with the Florida Retirement System employers, the board, and the



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3418 division, and to supply to such employers, the board, and the
 3419 division the information and data they require, including, but
 3420 not limited to, reports on educational contacts.

3421 c. The cost-effectiveness and levels of the educational
 3422 services provided.

3423 d. Ability to provide educational services via different
 3424 media, including, but not limited to, the Internet, personal
 3425 contact, seminars, brochures, and newsletters.

3426 e. Any other factor deemed necessary by the Trustees of
 3427 the State Board of Administration.

3428 f. The recommendations of the Public Employee Optional
 3429 Retirement Program Advisory Committee established in subsection
 3430 (12).

3431 3. The establishment of the criteria shall be solely
 3432 within the discretion of the board.

3433 (e)1. The board may contract with any consultant for
 3434 professional services, including legal, consulting, accounting,
 3435 and actuarial services, deemed necessary to implement and
 3436 administer the optional program by the Trustees of the State
 3437 Board of Administration. The board may enter into a contract
 3438 with one or more vendors to provide low-cost investment advice
 3439 to participants, supplemental to education provided by the
 3440 third-party administrator. All fees under any such contract
 3441 shall be paid by those participants who choose to use the
 3442 services of the vendor.

3443 2. The board ~~department~~ may contract with consultants for
 3444 professional services, including legal, consulting, accounting,
 3445 and actuarial services, deemed necessary to implement and
 3446 administer the optional program in coordination with the defined
 3447 benefit program of the Florida Retirement System. The division



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3448 ~~department~~, in coordination with the board, may enter into a
 3449 contract with the third-party administrator in order to
 3450 coordinate services common to the various programs within the
 3451 Florida Retirement System.

3452 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE REVIEW.--

3453 (c) In evaluating and selecting approved providers and
 3454 products, the board shall establish criteria under which it
 3455 shall consider the relative capabilities and qualifications of
 3456 each proposed provider company and product. In developing such
 3457 criteria, the board shall consider the following to the extent
 3458 such factors may be applied in connection with investment
 3459 products, services, or providers:

3460 1. Experience in the United States providing retirement
 3461 products and related financial services under defined
 3462 contribution retirement plans.

3463 2. Financial strength and stability which shall be
 3464 evidenced by the highest ratings assigned by nationally
 3465 recognized rating services when comparing proposed providers
 3466 that are so rated.

3467 3. Intrastate and interstate portability of the product
 3468 offered, including early withdrawal options.

3469 4. Compliance with the Internal Revenue Code.

3470 5. The cost-effectiveness of the product provided and the
 3471 levels of service supporting the product relative to its
 3472 benefits and its characteristics, including, without limitation,
 3473 the level of risk borne by the provider.

3474 6. The provider company's ability and willingness to
 3475 coordinate its activities with Florida Retirement System
 3476 employers, the division ~~department~~, and the board, and to supply



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3477 to such employers, the division ~~department~~, and the board the
 3478 information and data they require.

3479 7. The methods available to participants to interact with
 3480 the provider company; the means by which participants may access
 3481 account information, direct investment of contributions, make
 3482 changes to their accounts, transfer moneys between available
 3483 investment vehicles, and transfer moneys between provider
 3484 companies; and any fees that apply to such activities.

3485 8. The provider company's policies with respect to the
 3486 transfer of individual account balances, contributions, and
 3487 earnings thereon, both internally among investment products
 3488 offered by the provider company and externally between approved
 3489 providers, as well as any fees, charges, reductions, or
 3490 penalties that may be applied.

3491 9. An evaluation of specific investment products, taking
 3492 into account each product's experience in meeting its investment
 3493 return objectives net of all related fees, expenses, and
 3494 charges, including, but not limited to, investment management
 3495 fees, loads, distribution and marketing fees, custody fees,
 3496 recordkeeping fees, education fees, annuity expenses, and
 3497 consulting fees.

3498 10. Organizational factors, including, but not limited to,
 3499 financial solvency, organizational depth, and experience in
 3500 providing institutional and retail investment services.

3501 (10) EDUCATION COMPONENT.--

3502 (a) The board, ~~in coordination with the department~~, shall
 3503 provide for an education component for system members in a
 3504 manner consistent with the provisions of this section. The
 3505 education component must be available to eligible employees at



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3506 | least 90 days prior to the beginning date of the election period
 3507 | for the employees of the respective types of employers.

3508 | (c) The board, ~~in coordination with the department,~~ shall
 3509 | provide for an initial and ongoing transfer education component
 3510 | to provide system members with information necessary to make
 3511 | informed plan choice decisions. The transfer education component
 3512 | must include, but is not limited to, information on:

3513 | 1. The amount of money available to a member to transfer
 3514 | to the defined contribution program.

3515 | 2. The features of and differences between the defined
 3516 | benefit program and the defined contribution program, both
 3517 | generally and specifically, as those differences may affect the
 3518 | member.

3519 | 3. The expected benefit available if the member were to
 3520 | retire under each of the retirement programs, based on
 3521 | appropriate alternative sets of assumptions.

3522 | 4. The rate of return from investments in the defined
 3523 | contribution program and the period of time over which such rate
 3524 | of return must be achieved to equal or exceed the expected
 3525 | monthly benefit payable to the member under the defined benefit
 3526 | program.

3527 | 5. The historical rates of return for the investment
 3528 | alternatives available in the defined contribution programs.

3529 | 6. The benefits and historical rates of return on
 3530 | investments available in a typical deferred compensation plan or
 3531 | a typical plan under s. 403(b) of the Internal Revenue Code for
 3532 | which the employee may be eligible.

3533 | 7. The program choices available to employees of the State
 3534 | University System and the comparative benefits of each available
 3535 | program, if applicable.



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3536 8. Payout options available in each of the retirement
3537 programs.

3538 (f) The board ~~and the department~~ shall also establish a
3539 communication component to provide program information to
3540 participating employers and the employers' personnel and payroll
3541 officers and to explain their respective responsibilities in
3542 conjunction with the retirement programs.

3543 (11) PARTICIPANT INFORMATION REQUIREMENTS.--The board
3544 shall ensure that each participant is provided a quarterly
3545 statement that accounts for the contributions made on behalf of
3546 such participant; the interest and investment earnings thereon;
3547 and any fees, penalties, or other deductions that apply thereto.
3548 At a minimum, such statements must:

3549 (a) Indicate the participant's investment options.

3550 (b) State the market value of the account at the close of
3551 the current quarter and previous quarter.

3552 (c) Show account gains and losses for the period and
3553 changes in account accumulation unit values for the period.

3554 (d) Itemize account contributions for the quarter.

3555 (e) Indicate any account changes due to adjustment of
3556 contribution levels, reallocation of contributions, balance
3557 transfers, or withdrawals.

3558 (f) Set forth any fees, charges, penalties, and deductions
3559 that apply to the account.

3560 (g) Indicate the amount of the account in which the
3561 participant is fully vested and the amount of the account in
3562 which the participant is not vested.

3563 (h) Indicate each investment product's performance
3564 relative to an appropriate market benchmark.

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3566 The third-party administrator shall provide quarterly and annual
3567 summary reports to the board and any other reports requested by
3568 ~~the department or~~ the board. In any solicitation or offer of
3569 coverage under an optional retirement program, a provider
3570 company shall be governed by the contract readability provisions
3571 of s. 627.4145, notwithstanding s. 627.4145(6)(c). In addition,
3572 all descriptive materials must be prepared under the assumption
3573 that the participant is an unsophisticated investor. Provider
3574 companies must maintain an internal system of quality assurance,
3575 have proven functional systems that are date-calculation
3576 compliant, and be subject to a due-diligence inquiry that proves
3577 their capacity and fitness to undertake service
3578 responsibilities.

3579 (12) ADVISORY COMMITTEES TO PROVIDE ADVICE AND
3580 ASSISTANCE.--The Investment Advisory Council and the Public
3581 Employee Optional Retirement Program Advisory Committee shall
3582 assist the board in implementing and administering the Public
3583 Employee Optional Retirement Program.

3584 (b)1. The Public Employee Optional Retirement Program
3585 Advisory Committee shall be composed of seven members. The
3586 President of the Senate shall appoint two members, the Speaker
3587 of the House of Representatives shall appoint two members, the
3588 Governor shall appoint one member, the Treasurer shall appoint
3589 one member, and the Comptroller shall appoint one member. The
3590 members of the advisory committee shall elect a member as chair.
3591 The appointments shall be made by September 1, 2000, and the
3592 committee shall meet to organize by October 1, 2000. The initial
3593 appointments shall be for a term of 24 months. Each appointing
3594 authority shall fill any vacancy occurring among its appointees
3595 for the remainder of the original term.



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3596 2. The advisory committee shall make recommendations on
 3597 the selection of the third-party administrator, the education
 3598 providers, and the investment products and providers. The
 3599 committee's recommendations on the third-party administrator
 3600 must be forwarded to the Trustees of the State Board of
 3601 Administration by January 1, 2001. The recommendations on the
 3602 education providers must be forwarded to the trustees by April
 3603 1, 2001.

3604 3. The advisory committee's recommendations and activities
 3605 shall be guided by the best interests of the employees,
 3606 considering the interests of employers, and the intent of the
 3607 Legislature in establishing the Public Employee Optional
 3608 Retirement Program.

3609 4. The staff of the state board ~~and the department~~ shall
 3610 assist the advisory committee.

3611 Section 48. Subsections (1) and (6) of section 122.02,
 3612 Florida Statutes, are amended to read:

3613 122.02 Definitions.--The following words and phrases as
 3614 used in this chapter shall have the following meaning unless a
 3615 different meaning is plainly required by the context:

3616 (1) "State and county officers and employees" shall
 3617 include all full-time officers or employees who receive
 3618 compensation for services rendered from state or county funds,
 3619 or from funds of drainage districts or mosquito control
 3620 districts of a county or counties, or from funds of the State
 3621 Board of Administration or from funds of closed bank
 3622 receivership accounts or from funds of any state institution or
 3623 who receive compensation for employment or service from any
 3624 agency, branch, department, institution or board of the state,
 3625 or any county of the state, for service rendered the state or



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3626 county from funds from any source provided for their employment
 3627 or service regardless of whether the same is paid by state or
 3628 county warrant or not; provided that such compensation in
 3629 whatever form paid shall be specified in terms of fixed monthly
 3630 salaries by the employing state or county agency or state or
 3631 county official and shall not include amounts allowed for
 3632 professional employees for special or particular service or for
 3633 subsistence or travel expenses; provided further the division
 3634 ~~department~~ shall prescribe appropriate procedure for
 3635 contribution deduction out of such compensation in accordance
 3636 with the provisions of this chapter, provided further that such
 3637 officers and employees defined herein shall not include those
 3638 officers and employees excepted from the provisions by s. 122.18
 3639 of this law.

3640 (6) "Division Department" means the Division of Retirement
 3641 ~~Department of Management Services~~.

3642 Section 49. Paragraph (d) of subsection (6) and subsection
 3643 (9) of section 122.03, Florida Statutes, are amended to read:

3644 122.03 Contributions; participants; prior service
 3645 credit.--

3646 (6) Any officer or employee who held office or was
 3647 employed by the state or a county of the state continuously from
 3648 May 1, 1959, and who has not previously received credit for, or
 3649 is not eligible to claim credit for, prior years of service
 3650 under subsection (2); or any officer or employee who holds
 3651 office or is employed by the state or a county of the state on
 3652 June 1, 1961, and is continuously employed; or any officer or
 3653 employee who holds office or is employed by the state or county
 3654 of the state after June 1, 1961, and who is continuously



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3655 employed for 3 years, during which period of time no back
3656 payments may be made:

3657 (d) Prior service allowance may be made only for those
3658 periods in which state or county records of service and salary
3659 are available, or at least three affidavits and such other
3660 information as might be required by the division ~~department~~ to
3661 meet the provisions of this law.

3662 (9) The surviving spouse or other dependent of any member
3663 whose employment is terminated by death shall, upon application
3664 to the division ~~department~~, be permitted to pay the required
3665 contributions for any service performed by the member which
3666 could have been claimed by the member at the time of death. Such
3667 service shall be added to the creditable service of the member
3668 and shall be used in the calculation of any benefits which may
3669 be payable to the surviving spouse or other surviving dependent.

3670 Section 50. Subsection (2) of section 122.05, Florida
3671 Statutes, is amended to read:

3672 122.05 Legislator services included.--

3673 (2) The division ~~department~~ and state officials
3674 administering such ~~said~~ retirement system shall make the
3675 contribution deductions required by law from the compensation
3676 hereafter received by any of the ~~said~~ participating members of
3677 the Legislature for service rendered the State Legislature in
3678 the same manner as in the case of other state employment.

3679 Section 51. Subsection (2) of section 122.06, Florida
3680 Statutes, is amended to read:

3681 122.06 Legislative employee services included.--

3682 (2) The division ~~department~~ and other state officials
3683 administering the ~~said~~ retirement system shall make the
3684 contribution deductions required by law from the compensation



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3685 hereafter received by any of the said participating attaches for
 3686 service rendered the State Legislature in the same manner as in
 3687 the case of other state employment.

3688 Section 52. Subsection (2) of section 122.07, Florida
 3689 Statutes, is amended to read:

3690 122.07 Seasonal state employment included; time limit and
 3691 procedure for claiming.--

3692 (2) Any state employee as described in subsection (1) in
 3693 the classification set forth in s. 122.01 may elect to receive
 3694 credit as a state employee under the State and County Officers
 3695 and Employees' Retirement System by providing to the division
 3696 ~~department~~ a statement from the state in which he or she was
 3697 employed, listing days employed and monthly earnings and such
 3698 other information as may, in the opinion of the division
 3699 ~~department~~, be necessary or appropriate in the carrying out of
 3700 this section. Credit shall be granted upon payment to the
 3701 division ~~department~~ by such employee of an amount equal to the
 3702 total retirement contribution that would have been required had
 3703 the member worked in this state during the period based on the
 3704 salary drawn by such employee during his or her last full month
 3705 of employment by the state or any department thereof for each
 3706 month during such ~~said~~ fiscal year for which such employee was
 3707 not employed by the state or any department thereof, but was
 3708 employed by some other state, plus interest compounded annually
 3709 each June 30 from the date of the service in another state to
 3710 the date of payment at the rate of 4 percent until July 1, 1975,
 3711 and 6.5 percent thereafter. The member shall have until his or
 3712 her date of retirement to claim and purchase credit for such
 3713 employment in another state.



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3714 Section 53. Paragraph (a) of subsection (1), paragraph (b)
 3715 of subsection (4), and subsections (5) and (9) of section
 3716 122.08, Florida Statutes, are amended to read:

3717 122.08 Requirements for retirement;
 3718 classifications.--There shall be two retirement classifications
 3719 for all state and county officers and employees participating
 3720 herein as hereafter provided in this section:

3721 (1)(a) Any state or county officer or employee who has
 3722 attained normal retirement age, which shall be age 60 for a
 3723 person who had become a member prior to July 1, 1963, and age 62
 3724 for a person who had or shall become a member on or after July
 3725 1, 1963, and has accumulated at least 10 years' service in the
 3726 aggregate within the contemplation of this law, and who has made
 3727 or makes contributions to the State and County Officers and
 3728 Employees' Retirement Trust Fund for 5 or more years as
 3729 prescribed in this law, may voluntarily retire from office or
 3730 employment and be entitled to receive retirement compensation,
 3731 the amount of which shall be 2 percent for each year of service
 3732 rendered, based upon the average final compensation, payable in
 3733 equal monthly installments, upon his or her own requisition.
 3734 Requisition requirements shall be set by the division
 3735 ~~department~~.

3736 (4)

3737 (b) A member who elects an option in paragraph (a) shall
 3738 on a form provided for that purpose designate his or her spouse
 3739 as beneficiary to receive the benefits which continue to be
 3740 payable upon the death of the member. After such benefits have
 3741 commenced under an option in paragraph (a), the retired member
 3742 may change the designation of his or her spouse as beneficiary
 3743 only twice. If such a retired member remarries and wishes to



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3744 make such a change, he or she may do so by filing with the
3745 division ~~department~~ a notarized change of spouse designation
3746 form and shall notify the former spouse in writing of such
3747 change. Upon receipt of a completed change of spouse designation
3748 form, the division ~~department~~ shall adjust the member's monthly
3749 benefit by the application of actuarial tables and calculations
3750 developed to ensure that the benefit paid is the actuarial
3751 equivalent of the present value of the member's current benefit.
3752 The consent of a retired member's formerly designated spouse as
3753 beneficiary to any such change shall not be required.

3754 (5) Tables for computing the actuarial equivalent shall be
3755 approved by the division ~~department~~.

3756 (9) Notwithstanding any other provision in this chapter to
3757 the contrary, the following provisions shall apply to any
3758 officer or employee who has accumulated at least 10 years of
3759 service and dies:

3760 (a) If the deceased member's surviving spouse has
3761 previously received a refund of the member's contributions made
3762 to the retirement trust fund, such spouse may pay to the
3763 division ~~department~~ an amount equal to the sum of the amount of
3764 the deceased member's contributions previously refunded and
3765 interest at 3 percent compounded annually on the amount of such
3766 refunded contributions from the date of refund until July 1,
3767 1975, and thereafter at the rate of 6.5 percent interest
3768 compounded annually to the date of payment to the division
3769 ~~department~~, and by so doing be entitled to receive the monthly
3770 retirement benefit provided in paragraph (c).

3771 (b) If the deceased member's surviving spouse has not
3772 received a refund of the deceased member's contributions, such
3773 spouse shall, upon application to the division ~~department~~,



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3774 receive the monthly retirement benefit provided in paragraph
3775 (c).

3776 (c) The monthly benefit payable to the spouse described in
3777 paragraph (a) or paragraph (b) shall be the amount which would
3778 have been payable to the deceased member's spouse, assuming that
3779 the member retired on the date of death and had selected the
3780 option in subsection (4) which would afford the surviving spouse
3781 the greatest amount of benefits, such benefit to be based on the
3782 ages of the spouse and member as of the date of death of the
3783 member. Such benefit shall commence on the first day of the
3784 month following the payment of the aforesaid amount to the
3785 division ~~department~~, if paragraph (a) is applicable, or on the
3786 first day of the month following the receipt of the spouse's
3787 application by the division ~~department~~, if paragraph (b) is
3788 applicable.

3789 Section 54. Section 122.09, Florida Statutes, is amended
3790 to read:

3791 122.09 Disability retirement; medical
3792 examinations.--Whenever any officer or employee of the state or
3793 county of the state has service credit as such officer or
3794 employee for 10 years within the contemplation of this law, the
3795 last 5 years of which, except for a single break not to exceed 1
3796 year, must be continuous, unbroken service and who is regularly
3797 contributing to the State and County Officers and Employees'
3798 Retirement Trust Fund and shall while holding such office or
3799 employment become permanently and totally disabled, physically
3800 or mentally, or both, from rendering useful and efficient
3801 service as such officer or employee, such officer or employee
3802 may retire from his or her office or employment, and upon such
3803 retirement the officer or employee shall be paid, so long as the



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3804 permanent and total disability continues, on his or her own
 3805 monthly requisition, from the State and County Officers and
 3806 Employees' Retirement Trust Fund hereinafter established,
 3807 retirement compensation as provided in s. 122.08; provided that
 3808 no officer or employee retiring under this section shall receive
 3809 less than 50 percent of his or her average final compensation
 3810 not to exceed \$75. No officer or employee of the state and
 3811 county of the state shall be permitted to retire under the
 3812 provisions of this section until examined by a duly qualified
 3813 physician or surgeon or board of physicians and surgeons, to be
 3814 selected by the Governor for that purpose, and found to be
 3815 disabled in the degree and in the manner specified in this
 3816 section. Any officer or employee retiring under this section
 3817 shall be examined periodically by a duly qualified physician or
 3818 surgeon or board of physicians and surgeons to be selected by
 3819 the Governor for that purpose and paid from the retirement trust
 3820 fund herein provided for, at such time as the division directs
 3821 ~~Department of Management Services shall direct~~ to determine if
 3822 such total disability has continued and in the event it be
 3823 disclosed by said examination that said total disability has
 3824 ceased to exist, then such officer or employee shall forthwith
 3825 cease to be paid benefits under this section. Reference to s.
 3826 122.08 is for the purpose of computing benefits only. Any person
 3827 heretofore retired under this section shall be eligible to
 3828 qualify for the minimum benefits provided herein; however,
 3829 minimum benefits shall not be paid retroactively.

3830 Section 55. Subsection (4) of section 122.10, Florida
 3831 Statutes, is amended to read:

3832 122.10 Separation from service; refund of contributions.--



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3833 (4) ~~If Should~~ any officer or employee elects ~~elect~~ to
3834 receive a refund as provided in this section, his or her
3835 application for refund shall be submitted in the manner
3836 prescribed by the rules ~~regulations~~ adopted by the division
3837 ~~department~~ and shall accompany the payroll certification,
3838 submitted to the division ~~department~~, on which he or she was
3839 last paid prior to termination. The division ~~department~~ shall
3840 pay the entire refund due within 45 days after the first day of
3841 the month subsequent to receipt of such application for refund
3842 and said payroll certification.

3843 Section 56. Subsection (1) of section 122.12, Florida
3844 Statutes, is amended to read:

3845 122.12 Designation of beneficiary; death of participant;
3846 forfeiture of contributions after benefits paid; survivor
3847 benefits.--

3848 (1) Any officer or employee may file, in writing, a
3849 designation of beneficiary and it shall be the duty of the
3850 division ~~department~~ to refund 100 percent, without interest, of
3851 the contributions made to the retirement trust fund by such
3852 deceased officer or employee to such designated beneficiary. The
3853 officer or employee shall have the privilege of changing, in
3854 writing, the designated beneficiary at any time. Upon failure to
3855 designate a beneficiary, the refund shall be made to the persons
3856 in the same order as designated in s. 222.15, for wages due
3857 deceased employees. If the deceased officer or employee has
3858 received any benefits under this law, no refund shall be made
3859 unless such officer or employee has elected to accept benefits
3860 under s. 122.08(3) or (4).

3861 Section 57. Section 122.13, Florida Statutes, is amended
3862 to read:



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3863 122.13 Administration of law; appropriation.--The division
 3864 ~~department~~ shall make such rules as are necessary for the
 3865 effective administration of this chapter, and the cost is hereby
 3866 annually appropriated and shall be paid into the State and
 3867 County Officers and Employees' Retirement Trust Fund out of the
 3868 Intangible Tax Fund in the State Treasury in the amount
 3869 necessary to administer efficiently the state and county
 3870 retirement law. At the end of each fiscal year, beginning with
 3871 fiscal year 1959-1960, the administrative cost of the state and
 3872 county retirement system for the fiscal year just ended shall be
 3873 refunded to the General Revenue Fund from interest earned on
 3874 investments made subsequent to June 30, 1959.

3875 Section 58. Subsection (2) of section 122.15, Florida
 3876 Statutes, is amended to read:

3877 122.15 Benefits exempt from taxes and execution.--

3878 (2) This subsection shall have no effect upon this section
 3879 except that the division ~~department~~ may, upon written request
 3880 from the retired member, deduct premiums for group
 3881 hospitalization insurance from the retirement benefit paid such
 3882 retired member.

3883 Section 59. Paragraph (b) of subsection (2) of section
 3884 122.16, Florida Statutes, is amended to read:

3885 122.16 Employment after retirement.--

3886 (2)

3887 (b) Any person to whom the limitation in paragraph (a)
 3888 applies who violates such reemployment limitation and is
 3889 reemployed with any agency participating in the Florida
 3890 Retirement System prior to completion of the 12-month limitation
 3891 period shall give timely notice of this fact in writing to his
 3892 or her employer and to the division ~~department~~; and his or her



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3893 retirement benefits shall be suspended for the balance of the
 3894 12-month limitation period. Any person employed in violation of
 3895 this subsection and any employing agency which knowingly employs
 3896 or appoints such person without notifying the division
 3897 ~~department~~ to suspend retirement benefits shall be jointly and
 3898 severally liable for reimbursement to the retirement trust fund
 3899 of any benefits paid during the reemployment limitation period.
 3900 To avoid liability, such employing agency shall have a written
 3901 statement from the retiree that he or she is not retired from a
 3902 state-administered retirement system. Any retirement benefits
 3903 received by such person while he or she is reemployed during
 3904 this reemployment limitation period shall be repaid to the
 3905 retirement trust fund, and his or her retirement benefits shall
 3906 remain suspended until such repayment has been made. Any
 3907 benefits suspended beyond the reemployment limitation period
 3908 shall apply toward the repayment of benefits received in
 3909 violation of the reemployment limitation.

3910 Section 60. Subsections (3) and (5) of section 122.23,
 3911 Florida Statutes, are amended to read:

3912 122.23 Definitions; ss. 122.21-122.321.--In addition to
 3913 those definitions set forth in s. 122.02 the following words and
 3914 phrases used in ss. 122.21-122.24, 122.26 to 122.321, inclusive,
 3915 have the respective meanings set forth:

3916 (3) "Division ~~Department~~" means the Division of Retirement
 3917 of the State Board of Administration ~~Department of Management~~
 3918 ~~Services~~.

3919 (5) "State agency" means the division ~~Department of~~
 3920 ~~Management Services~~ within the provisions and contemplation of
 3921 chapter 650.



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3922 Section 61. Subsections (1) and (5) of section 122.30,
 3923 Florida Statutes, are amended to read:

3924 122.30 Appropriations.--

3925 (1) There is ~~hereby~~ annually appropriated from the
 3926 intangible tax fund of the state to the division ~~department~~ as
 3927 the state agency designated in chapter 650, a sum not to exceed
 3928 \$10,000 to defray the expenses of such agency in connection with
 3929 its continuing duties in relation to the social security
 3930 coverage provided by this law.

3931 (5) In addition to amounts appropriated by other
 3932 provisions of this chapter or other laws to defray cost of
 3933 administration of this system, there is ~~hereby~~ appropriated out
 3934 of the Intangible Tax Fund of the state for use of the division
 3935 ~~department~~ in its administration of the two divisions of this
 3936 system, the sum of \$100,000, or so much thereof as may be
 3937 required for that purpose.

3938 Section 62. Paragraphs (b) and (c) of subsection (1) and
 3939 subsection (11) of section 122.34, Florida Statutes, are amended
 3940 to read:

3941 122.34 Special provisions for certain sheriffs and full-
 3942 time deputy sheriffs.--

3943 (1)

3944 (b) Only those members who are full-time criminal law
 3945 enforcement officers or agents, as certified by the employing
 3946 authority, who perform duties according to rule, order, or
 3947 established custom as full-time criminal law enforcement
 3948 officers or agents shall be certified to the division ~~department~~
 3949 as high hazard members, and only such members will be approved
 3950 by the division ~~department~~.



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3951 (c) The division ~~department~~ shall make such rules as are
 3952 necessary for the effective administration of the intent of this
 3953 section.

3954 (11) No high hazard member shall be permitted to receive
 3955 benefits under this section until examined by a duly qualified
 3956 physician or surgeon, or board of physicians and surgeons, to be
 3957 selected by the Governor for that purpose, and found to be
 3958 disabled in the degree and in the manner specified in this
 3959 section. At such time as the division ~~Department of Management~~
 3960 ~~Services~~ directs, any high hazard member receiving disability
 3961 benefits under this section shall submit to a medical
 3962 examination to determine if such disability has continued, and
 3963 the cost of such examination shall be paid from the retirement
 3964 trust fund herein provided for; and in the event it is declared
 3965 by such ~~said~~ examination that such ~~said~~ disability has cleared,
 3966 such member shall be ordered to return to active duty with the
 3967 same rank and salary that he or she had at the time of
 3968 disability. Any such member who shall fail to return to duty
 3969 following such order shall forfeit all rights and claims under
 3970 this law. Every high hazard member retiring under this provision
 3971 shall be paid so long as the member's permanent total or partial
 3972 disability continues, on his or her own requisition.

3973 Section 63. Section 122.351, Florida Statutes, is amended
 3974 to read:

3975 122.351 Funding by local agencies.--Commencing on July 1,
 3976 1969, all county and local agencies covered under the provisions
 3977 of s. 122.35 shall accumulate and be responsible for the payment
 3978 of social security and retirement matching costs as required
 3979 under s. 122.35, from the intangible tax allocation of that
 3980 county and any other source available to the local governmental



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3981 units, except that all agencies, other than the school boards,
 3982 shall be given credit for 50 percent of their 1967-1969 actual
 3983 employer matching cost, actual cost being that cost in cash
 3984 actually paid by the employer for matching retirement and social
 3985 security into the fund by the agency for such ~~said~~ biennium. The
 3986 above credit of 50 percent shall be calculated by the division
 3987 ~~department~~.

3988 Section 64. Subsection (6) of section 175.032, Florida
 3989 Statutes, is amended to read:

3990 175.032 Definitions.--For any municipality, special fire
 3991 control district, chapter plan, local law municipality, local
 3992 law special fire control district, or local law plan under this
 3993 chapter, the following words and phrases have the following
 3994 meanings:

3995 (6) "Division" means the Division of Retirement of the
 3996 State Board of Administration ~~Department of Management Services~~.

3997 Section 65. Section 175.1215, Florida Statutes, is amended
 3998 to read:

3999 175.1215 Police and Firefighters' Premium Tax Trust
 4000 Fund.--The Police and Firefighters' Premium Tax Trust Fund is
 4001 created, to be administered by the Division of Retirement ~~of the~~
 4002 ~~Department of Management Services~~. Funds credited to the trust
 4003 fund, as provided in chapter 95-250, Laws of Florida, or similar
 4004 legislation, shall be expended for the purposes set forth in
 4005 that legislation.

4006 Section 66. Subsection (7) of section 185.02, Florida
 4007 Statutes, is amended to read:

4008 185.02 Definitions.--For any municipality, chapter plan,
 4009 local law municipality, or local law plan under this chapter,
 4010 the following words and phrases as used in this chapter shall



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4011 have the following meanings, unless a different meaning is
 4012 plainly required by the context:

4013 (7) "Division" means the Division of Retirement of the
 4014 State Board of Administration ~~Department of Management Services~~.

4015 Section 67. Section 185.105, Florida Statutes, is amended
 4016 to read:

4017 185.105 Police and Firefighters' Premium Tax Trust
 4018 Fund.--The Police and Firefighters' Premium Tax Trust Fund is
 4019 created, to be administered by the Division of Retirement ~~of the~~
 4020 ~~Department of Management Services~~. Funds credited to the trust
 4021 fund, as provided in chapter 95-250, Laws of Florida, or similar
 4022 legislation, shall be expended for the purposes set forth in
 4023 that legislation.

4024 Section 68. Paragraph (q) of subsection (4) of section
 4025 215.20, Florida Statutes, is amended to read:

4026 215.20 Certain income and certain trust funds to
 4027 contribute to the General Revenue Fund.--

4028 (4) The income of a revenue nature deposited in the
 4029 following described trust funds, by whatever name designated, is
 4030 that from which the appropriations authorized by subsection (3)
 4031 shall be made:

4032 Compensation Trust Fund.

4033 (q) Within the Division of Retirement of the State Board
 4034 of Administration ~~Department of Management Services~~:

- 4035 1. The Administrative Trust Fund.
- 4036 2. The Architects Incidental Trust Fund.
- 4037 3. The Bureau of Aircraft Trust Fund.
- 4038 4. The Florida Facilities Pool Working Capital Trust Fund.
- 4039 5. The Grants and Donations Trust Fund.
- 4040 6. The Motor Vehicle Operating Trust Fund.



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- 4041 7. The Police and Firefighters' Premium Tax Trust Fund.
- 4042 8. The Public Employees Relations Commission Trust Fund.
- 4043 9. The State Personnel System Trust Fund.
- 4044 10. The Supervision Trust Fund.
- 4045 11. The Working Capital Trust Fund.

4046

4047 The enumeration of the foregoing moneys or trust funds shall not
 4048 prohibit the applicability thereto of s. 215.24 should the
 4049 Governor determine that for the reasons mentioned in s. 215.24
 4050 the money or trust funds should be exempt herefrom, as it is the
 4051 purpose of this law to exempt income from its force and effect
 4052 when, by the operation of this law, federal matching funds or
 4053 contributions or private grants to any trust fund would be lost
 4054 to the state.

4055 Section 69. Subsection (3) of section 215.28, Florida
 4056 Statutes, is amended to read:

4057 215.28 United States securities, purchase by state and
 4058 county officers and employees; deductions from salary.--

4059 (3) All deductions so made by any such disbursing
 4060 authority shall be deposited in a trust account separate and
 4061 apart from the funds of the state, county, or subordinate
 4062 agency. Such account will be subject to withdrawal only for the
 4063 purchase of United States securities on behalf of officers and
 4064 employees, or for refunds to such persons in accordance with the
 4065 provisions of this law. Whenever the sum of \$18.75 or the
 4066 purchase price of the security requested to be purchased is
 4067 accumulated from deductions so made from the salaries or wages
 4068 of an officer or employee, such disbursing agent shall arrange
 4069 the purchase of the bond or security applied for and have it
 4070 registered in the name or names requested in the deduction



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4071 authorization. Securities so purchased will be delivered in such
 4072 manner as may be convenient for the issuing agent and the
 4073 purchaser. Any interest earned on moneys in such account while
 4074 awaiting the accumulation of the purchase price of the security
 4075 shall be transferred to the Florida Retirement System Trust Fund
 4076 as reimbursement for administrative costs incurred by the
 4077 Division of Retirement of the State Board of Administration
 4078 ~~Department of Management Services~~ under this section.

4079 Section 70. Subsection (3) of section 215.50, Florida
 4080 Statutes, is amended to read:

4081 215.50 Custody of securities purchased; income.--

4082 (3) The Treasurer, as custodian of securities owned by the
 4083 Florida Retirement System Trust Fund and the Florida Survivor
 4084 Benefit Trust Fund, shall collect the interest, dividends,
 4085 prepayments, maturities, proceeds from sales, and other income
 4086 accruing from such assets. As such income is collected by the
 4087 Treasurer, it shall be deposited directly into a commercial bank
 4088 to the credit of the State Board of Administration. Such bank
 4089 accounts as may be required for this purpose shall offer
 4090 satisfactory collateral security as provided by chapter 280. In
 4091 the event funds so deposited according to the provisions of this
 4092 section are required for the purpose of paying benefits or other
 4093 operational needs, the State Board of Administration shall remit
 4094 to the Florida Retirement System Trust Fund in the State
 4095 Treasury such amounts as may be requested by the director of the
 4096 Division of Retirement of the State Board of Administration
 4097 ~~Department of Management Services~~.

4098 Section 71. Subsections (2), (3), (11), and (13) of
 4099 section 238.01, Florida Statutes, are amended to read:



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4100 238.01 Definitions.--The following words and phrases as
 4101 used in this chapter shall have the following meanings unless a
 4102 different meaning is plainly required by the context:

4103 (2) "Division Department" means the Division of Retirement
 4104 of the State Board of Administration ~~Department of Management~~
 4105 ~~Services~~.

4106 (3) "Teacher" means any member of the teaching or
 4107 professional staff and any certificated employee of any public
 4108 free school, of any district school system and vocational
 4109 school, any member of the teaching or professional staff of the
 4110 Florida School for the Deaf and Blind, child training schools of
 4111 the Department of Juvenile Justice, the Department of
 4112 Corrections, and any tax-supported institution of higher
 4113 learning of the state, and any member and any certified employee
 4114 of the Department of Education, any certified employee of the
 4115 retirement system, any full-time employee of any nonprofit
 4116 professional association or corporation of teachers functioning
 4117 in Florida on a statewide basis, which seeks to protect and
 4118 improve public school opportunities for children and advance the
 4119 professional and welfare status of its members, any person now
 4120 serving as superintendent, or who was serving as county
 4121 superintendent of public instruction on July 1, 1939, and any
 4122 hereafter duly elected or appointed superintendent, who holds a
 4123 valid Florida teachers' certificate. In all cases of doubt the
 4124 division ~~Department of Management Services~~ shall determine
 4125 whether any person is a teacher as defined herein.

4126 (11) "Regular interest" means interest at such rate as may
 4127 be set from time to time by the division ~~Department of~~
 4128 ~~Management Services~~.



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4129 (13) "Earnable compensation" means the full compensation
4130 payable to a teacher working the full working time for his or
4131 her position. In respect to plans A, B, C, and D only, in cases
4132 where compensation includes maintenance, the division ~~Department~~
4133 ~~of Management Services~~ shall fix the value of that part of the
4134 compensation not paid in money; provided that all members shall
4135 from July 1, 1955, make contributions to the retirement system
4136 on the basis of "earnable compensation" as defined herein and
4137 all persons who are members on July 1, 1955, may, upon
4138 application, have their "earnable compensation" for the time
4139 during which they have been members prior to that date
4140 determined on the basis of "earnable compensation" as defined in
4141 this law, upon paying to the retirement system, on or before the
4142 date of retirement, a sum equal to the additional contribution
4143 with accumulated regular interest thereon they would have made
4144 if "earnable compensation" had been defined, at the time they
4145 became members, as it is now defined. However, earnable
4146 compensation for all plan years beginning on or after July 1,
4147 1990, shall not include any amounts in excess of the
4148 compensation limitation (originally \$200,000) established by s.
4149 401(a)(17) of the Internal Revenue Code prior to the Omnibus
4150 Budget Reconciliation Act of 1993, which limitation shall be
4151 adjusted for changes in the cost of living since 1989, in the
4152 manner provided by s. 401(a)(17) of the Internal Revenue Code of
4153 1991. This limitation, which has been part of the Teachers'
4154 Retirement System since plan years beginning on or after July 1,
4155 1990, shall be adjusted as required by federal law for qualified
4156 government plans.

4157 Section 72. Section 238.02, Florida Statutes, is amended
4158 to read:



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4159 238.02 Name and date of establishment.--A retirement
4160 system is established and placed under the management of the
4161 division ~~Department of Management Services~~ for the purpose of
4162 providing retirement allowances and other benefits for teachers
4163 of the state. The retirement system shall begin operations on
4164 July 1, 1939. It has such powers and privileges of a corporation
4165 as may be necessary to carry out effectively the provisions of
4166 this chapter and shall be known as the "Teachers' Retirement
4167 System of the State," and by such name all of its business shall
4168 be transacted, all of its funds invested, and all of its cash
4169 and securities and other property held in trust for the purpose
4170 for which received.

4171 Section 73. Section 238.03, Florida Statutes, is amended
4172 to read:

4173 238.03 Administration.--

4174 (1) The general administration and the responsibility for
4175 the proper operation of the retirement system and for making
4176 effective the provisions of this chapter are vested in the
4177 division ~~Department of Management Services~~. Subject to the
4178 limitation of this chapter, the department shall, from time to
4179 time, establish rules and regulations for the administration and
4180 transaction of the business of the retirement system and shall
4181 perform such other functions as are required for the execution
4182 of this chapter.

4183 (2) The division ~~department~~ shall keep in convenient form
4184 such data as shall be necessary for actuarial valuation of the
4185 various funds created by this chapter and for checking the
4186 experience of the retirement system.

4187 (3) The Department of Legal Affairs shall be the legal
4188 adviser of the division ~~department~~.



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4189 (4) The division ~~department~~ shall employ such agents,
4190 servants and employees as in its judgment may be necessary to
4191 carry out the terms and provisions of this chapter and shall
4192 provide for their compensation. Among the employees of the
4193 division ~~department~~ shall be an actuary who shall be the
4194 technical adviser of the division ~~department~~ on matters
4195 regarding the operation of the funds created by the provisions
4196 of this chapter and who shall perform such other duties as are
4197 required in connection therewith.

4198 (5) In the year 1943 and at least once in each 5-year
4199 period thereafter, the actuary shall make an actuarial
4200 investigation of the mortality, service and salary experience of
4201 the members and beneficiaries as defined in this chapter, and
4202 shall make a valuation of the various funds created by the
4203 chapter, and having regard to such investigation and valuation,
4204 the division ~~department~~ shall adopt such mortality and service
4205 tables as are ~~shall be~~ deemed necessary, and shall certify the
4206 rates of contribution payable under the provisions of this
4207 chapter.

4208 (6) The actuary shall make an annual valuation of the
4209 assets and liabilities of the funds of the retirement system on
4210 the basis of the tables adopted by the division ~~department~~ in
4211 accordance with the requirements of this section, and shall
4212 prepare an annual statement of the amounts to be contributed by
4213 the state in accordance with s. 238.09.

4214 (7) The division ~~department~~ shall publish annually the
4215 valuation, as certified by the actuary, of the assets and
4216 liabilities of the various funds created by this chapter, a
4217 statement as to the receipts and disbursements of the funds, and



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4218 a statement as to the accumulated cash and securities of the
4219 funds.

4220 (8) The division ~~department~~ shall keep a record of all of
4221 its proceedings and such record shall be open to inspection by
4222 the public.

4223 (9) The division ~~department~~ is authorized to photograph
4224 and reduce to microfilm as a permanent record, its ledger sheets
4225 showing the salary and contributions of members of the
4226 retirement system, also the records of deceased members of the
4227 system and thereupon to destroy the documents from which such
4228 films are photographed.

4229 Section 74. Paragraph (b) of subsection (1), paragraphs
4230 (a) and (b) of subsection (3), and subsection (4) of section
4231 238.05, Florida Statutes, are amended to read:

4232 238.05 Membership.--

4233 (1) The membership of the retirement system shall consist
4234 of the following:

4235 (b) All persons who became or who become teachers on or
4236 after July 1, 1939, except as provided in paragraph (a) and
4237 subsection (5) hereof, shall become members of the retirement
4238 system by virtue of their appointment as teachers. However,
4239 employees who are not members of the teaching or professional
4240 staff shall only become members of the retirement system by
4241 filing a notice with the division ~~department~~ of their election
4242 to become members.

4243 (3) Except as otherwise provided in s. 238.07(9),
4244 membership of any person in the retirement system will cease if
4245 he or she is continuously unemployed as a teacher for a period
4246 of more than 5 consecutive years, or upon the withdrawal by the
4247 member of his or her accumulated contributions as provided in s.



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4248 238.07(13), or upon retirement, or upon death; provided that the
4249 adjustments prescribed below are to be made for persons who
4250 enter the Armed Forces of the United States during a period of
4251 war or national emergency and for persons who are granted leaves
4252 of absence. Any member of the retirement system who within 1
4253 year before the time of entering the Armed Forces of the United
4254 States was a teacher, as defined in s. 238.01, or was engaged in
4255 other public educational work within the state, and member of
4256 the Teachers' Retirement System at the time of induction, or who
4257 has been or is granted leave of absence, shall be permitted to
4258 elect to continue his or her membership in the Teachers'
4259 Retirement System; and membership service shall be allowed for
4260 the period covered by service in the Armed Forces of the United
4261 States or by leave of absence under the following conditions:

4262 (a) A person who has been granted leave of absence shall
4263 file with the division ~~department~~ before his or her next
4264 contribution is due an application to continue his or her
4265 membership during the period covered by the person's leave of
4266 absence and, if such application is filed, shall make his or her
4267 contribution to the retirement system on the basis of his or her
4268 last previous annual salary as a teacher, and shall, prior to
4269 retirement, pay in full to the system such contributions with
4270 accumulated regular interest. Such contributions with interest
4271 may be paid at one time or in monthly, quarterly, semiannual, or
4272 annual payments in the person's discretion.

4273 (b) A person who enters or who has entered the Armed
4274 Forces of the United States may either continue his or her
4275 membership according to the plan outlined under paragraph (a)
4276 or, in lieu thereof, may file with the division ~~department~~ at
4277 any time following the close of his or her military service an



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4278 application that his or her membership be continued and that
 4279 membership service be allowed for not more than 5 years of his
 4280 or her period of service in the Armed Forces of the United
 4281 States during any period of war or national emergency; provided
 4282 that any such person shall, prior to retirement, pay in full his
 4283 or her contributions with accumulated regular interest to the
 4284 retirement system for the period for which he or she is entitled
 4285 to membership service on the basis of his or her last previous
 4286 annual salary as a teacher. Such contributions with interest may
 4287 be paid to the department at one time or in monthly, quarterly,
 4288 semiannual, or annual payments in the person's discretion.

4289 (4) The division ~~department~~ may in its discretion deny the
 4290 right to become members to any class of teachers who are serving
 4291 on a temporary or any other than a per annum basis, and it may
 4292 also in its discretion make optional with members in any such
 4293 class their individual entrance into membership.

4294 Section 75. Subsections (3) and (10), paragraphs (a) and
 4295 (b) of subsection (12), paragraphs (15A), (a), (b), and (d) of
 4296 subsection (13), and paragraphs (a) and (d) of subsection (16)
 4297 of section 238.07, Florida Statutes, are amended to read:

4298 238.07 Regular benefits; survivor benefits.--

4299 (3) Any member who, prior to July 1, 1955, elected to
 4300 retire under one of plans A, B, C, or D may elect, prior to
 4301 retirement, to retire under plan E in accordance with the terms
 4302 hereof. Any person who became a member on or after July 1, 1955,
 4303 shall retire under plan E, except as provided for under s.

4304 238.31. With respect to plans A, B, C, or D, any member shall
 4305 have the right at any time to change to a plan of retirement
 4306 requiring a lower rate of contribution. The division ~~Department~~
 4307 ~~of Management Services~~ shall also notify the member of the rate



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4308 of contribution such member must make from and after selecting
 4309 such plan of retirement. Any member in service may retire upon
 4310 reaching the age of retirement formerly selected by him or her,
 4311 upon the member's written application to the division ~~department~~
 4312 setting forth at which time, not more than 90 days subsequent to
 4313 the execution and filing of such application, it is his or her
 4314 desire to retire notwithstanding that during such period of
 4315 notification he or she may have separated from service. Upon
 4316 receipt of such application for retirement, the division
 4317 ~~department~~ shall retire such member not more than 90 days
 4318 thereafter. Before such member may retire he or she must file
 4319 with the division ~~department~~ his or her written selection of one
 4320 of the optional benefits provided in s. 238.08.

4321 (10) Any member in service, who has 10 or more years of
 4322 creditable service, may upon the application of his or her
 4323 employer or upon his or her own application, be retired by the
 4324 division ~~department~~ not less than 30 nor more than 90 days next
 4325 following the date of filing such application, on a disability
 4326 retirement allowance; provided that a physician licensed by this
 4327 state examines and certifies that such member is mentally or
 4328 physically incapacitated for the further performance of duty,
 4329 that such incapacity is likely to be permanent, and that such
 4330 member should be retired, and the division ~~department~~ concurs.
 4331 In making the determination, the division ~~department~~ may require
 4332 other evidence of disability as deemed appropriate.

4333 (12)(a) Once each year during the first 5 years following
 4334 the retirement of a member on a disability retirement allowance,
 4335 and once in every 3-year period thereafter, the division
 4336 ~~department~~ may require any disability beneficiary who has not
 4337 yet attained his or her minimum service retirement age to



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4338 undergo a medical examination by a physician licensed by this
 4339 state and to submit any other evidence of disability as required
 4340 by the division ~~department~~. If ~~Should~~ a disability beneficiary
 4341 who has not yet attained his or her minimum service retirement
 4342 age refuses ~~refuse~~ to submit to any such medical examination,
 4343 his or her retirement allowance shall be discontinued until his
 4344 or her withdrawal of such refusal, and if ~~should~~ such refusal
 4345 continues ~~continue~~ for 1 year, all of the disability
 4346 beneficiary's rights in and to his or her pension shall be
 4347 forfeited.

4348 (b) If the division ~~department~~ finds that a disability
 4349 beneficiary is engaged in or is able to engage in a gainful
 4350 occupation paying more than the difference between his or her
 4351 disability retirement allowance and his or her average final
 4352 compensation, the amount of the beneficiary's pension shall be
 4353 reduced to an amount which, together with his or her annuity and
 4354 the amount earnable by him or her, shall equal the amount of his
 4355 or her average final compensation. Should the beneficiary's
 4356 earning capacity later be changed, the amount of his or her
 4357 pension may be further modified; provided that the pension so
 4358 modified shall not exceed the amount of the pension allowable
 4359 under subsection (11), at the time of retirement, nor an amount
 4360 which, when added to the amount earnable by the beneficiary,
 4361 together with his or her annuity, equals the amount of his or
 4362 her average final compensation. A beneficiary restored to active
 4363 service at a salary less than the average final compensation
 4364 upon the basis of which he or she was retired shall not become a
 4365 member of the retirement system at that time.

4366 (13) If ~~Should~~ a member ceases ~~cease~~ to be a teacher
 4367 except by death or by retirement under the provisions of this



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4368 chapter, the member shall be paid the amount of his or her
 4369 accumulated contributions. ~~If Should~~ a member dies ~~die~~ before
 4370 retirement, the amount of his or her accumulated contributions
 4371 shall be paid to such person, if any, as he or she shall have
 4372 nominated by written designation duly executed and filed with
 4373 the division ~~department~~; otherwise, to his or her executors or
 4374 administrators.

4375 (15A)(a) Any member of the Teachers' Retirement System who
 4376 has heretofore, or who hereafter, retires with no less than 10
 4377 years of creditable service and who has passed his or her 65th
 4378 birthday, may, upon application to the division ~~department~~, have
 4379 his or her retirement allowance redetermined and thereupon shall
 4380 be entitled to a monthly service retirement allowance which
 4381 shall be equal to \$4 multiplied by the number of years of the
 4382 member's creditable service which shall be payable monthly
 4383 during his or her retirement; provided, that the amount of
 4384 retirement allowance as determined hereunder, shall be reduced
 4385 by an amount equal to:

- 4386 1. Any social security benefits received by the member,
 4387 and
- 4388 2. Any social security benefits that the member is
 4389 eligible to receive by reason of his or her own right or through
 4390 his or her spouse.

4391 (b) No payment shall be made to a member of the Teachers'
 4392 Retirement System under this act, until the division ~~department~~
 4393 has determined the social security status of such member.

4394 (d) The division ~~department~~ shall review, at least
 4395 annually, the social security status of all members of the
 4396 Teachers' Retirement System receiving payment under this act and
 4397 shall increase or decrease payments to such members as shall be



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4398 necessary to carry out the intent of this act.

4399 (16)(a) Definitions under survivor benefits are:

4400 1. A dependent is a child, widow, widower, or parent of
4401 the deceased member who was receiving not less than one-half of
4402 his or her support from the deceased member at the time of the
4403 death of such member.

4404 2. A child is a natural or legally adopted child of a
4405 member, who:

4406 a. Is under 18 years of age, or

4407 b. Is over 18 years of age but not over 22 years of age
4408 and is enrolled as a student in an accredited educational
4409 institution, or

4410 c. Is 18 years of age or older and is physically or
4411 mentally incapable of self-support, when such mental and
4412 physical incapacity occurred prior to such child obtaining the
4413 age of 18 years. Such person shall cease to be regarded as a
4414 child upon the termination of such physical or mental
4415 disability. The determination as to such physical or mental
4416 incapability shall be vested in the division ~~department~~.

4417

4418 No person shall be considered a child who has married or, except
4419 as provided in sub-subparagraph 2.b. or as to a child who is
4420 physically or mentally incapable of self-support as hereinbefore
4421 set forth, has become 18 years of age.

4422 3. A parent is a natural parent of a member and includes a
4423 lawful spouse of a natural parent.

4424 4. A beneficiary is a person who is entitled to benefits
4425 under this subsection by reason of his or her relation to a
4426 deceased member during the lifetime of such member.

4427 (d) Limitations on rights of beneficiary are:



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4428 1. The person named as beneficiary in paragraph (b) shall,
 4429 in no event, be entitled to receive the benefits set out in such
 4430 paragraph unless the death of the member under whom such
 4431 beneficiary claims occurs within the period of time after the
 4432 member has served in Florida as follows:

4433

Minimum number of years of service in Florida	Period after serving in Florida in which death of member occurs
3 to 5	2 years
6 to 9	5 years
10 or more	10 years

4434

4435 2. Upon the death of a member, the division ~~department~~
 4436 shall make a determination of the beneficiary or beneficiaries
 4437 of the deceased member and shall pay survivor benefits to such
 4438 beneficiary or beneficiaries beginning 1 month immediately
 4439 following the death of the member except where the beneficiary
 4440 has not reached the age required to receive benefits under
 4441 paragraph (b), in which event the payment of survivor benefits
 4442 shall begin as of the month immediately following the month in
 4443 which the beneficiary reaches the required age. When required by
 4444 the division ~~department~~, the beneficiary or beneficiaries shall
 4445 file an application for survivor benefits upon forms prescribed
 4446 by the division ~~department~~.

4447

4448 3. The beneficiaries of a member to receive survivor
 4449 benefits are fixed by this subsection, and a member may not buy
 4450 or otherwise change such benefits. He or she may, however,
 designate the beneficiary to receive the \$500 death benefits. If



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4451 a member fails to make this designation, the \$500 death benefits
4452 shall be paid to his or her executor or administrator.

4453 4. The beneficiary or beneficiaries of a member whose
4454 death occurs while he or she is in service or while he or she is
4455 receiving a disability allowance under subsection (11), shall
4456 receive survivor benefits under this subsection determined by
4457 the years of service in Florida of the deceased member as set
4458 out in paragraph (b). The requirement that the death of a member
4459 must occur within a certain period of time after service in
4460 Florida as set out in subparagraph (d)1. shall not apply to a
4461 member receiving a disability benefit at the time of his or her
4462 death.

4463 Section 76. Subsection (2), paragraph (b) of subsection
4464 (5), and subsections (6) and (7) of section 238.08, Florida
4465 Statutes, are amended to read:

4466 238.08 Optional benefits.--A member may elect to receive
4467 his or her benefits under the terms of this chapter according to
4468 the provisions of any one of the following options:

4469 (2) Option two. A member may elect to receive on
4470 retirement the actuarial equivalent (at that time) of his or her
4471 retirement allowance in a reduced retirement allowance payable
4472 throughout life, with the provisions that if the member dies
4473 before he or she has received in payment of his or her annuity
4474 the amount of his or her accumulated contributions, as they were
4475 at the time of his or her retirement, the balance shall be paid
4476 to such person, if any, as he or she shall nominate by written
4477 designation duly acknowledged and filed with the division
4478 ~~department~~; otherwise, to his or her executors or
4479 administrators.

4480 (5)



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4481 (b) A member who elects Option three or Option four shall,
 4482 on a form provided for that purpose, designate his or her spouse
 4483 as beneficiary to receive the benefits which continue to be
 4484 payable upon the death of the member. After such benefits have
 4485 commenced under Option three or Option four, the retired member
 4486 may change the designation of his or her spouse as beneficiary
 4487 only twice. If such a retired member remarries and wishes to
 4488 make such a change, he or she may do so by filing with the
 4489 division ~~department~~ a notarized change of spouse designation
 4490 form and shall notify the former spouse in writing of such
 4491 change. Upon receipt of a completed change of spouse designation
 4492 form, the division ~~department~~ shall adjust the member's monthly
 4493 benefit by the application of actuarial tables and calculations
 4494 developed to ensure that the benefit paid is the actuarial
 4495 equivalent of the present value of the member's current benefit.
 4496 The consent of a retired member's formerly designated spouse as
 4497 beneficiary to any such change shall not be required.

4498 (6) Notwithstanding any provision in this chapter to the
 4499 contrary, the following provisions shall apply to any member of
 4500 the retirement system who has accumulated at least 10 years of
 4501 service and dies prior to retirement:

4502 (a) If the deceased member's surviving spouse has
 4503 previously received a refund of the member's accumulated
 4504 contributions made to the retirement system, such spouse may pay
 4505 to the division ~~department~~ an amount equal to the sum of the
 4506 amount of the deceased member's contributions previously
 4507 refunded and regular interest compounded annually on the amount
 4508 of such refunded contributions from the date of refund to the
 4509 date of payment to the division ~~department~~, and by so doing be



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4510 entitled to receive the monthly retirement benefit provided in
4511 paragraph (c).

4512 (b) If the deceased member's surviving spouse has not
4513 received a refund of the deceased member's accumulated
4514 contributions, such spouse shall, upon application to the
4515 division ~~department~~ within 30 days of the death of the member,
4516 receive the monthly retirement benefit provided in paragraph
4517 (c).

4518 (c) The monthly benefit payable to the spouse described in
4519 paragraph (a) or paragraph (b) shall be the amount which would
4520 have been payable to the deceased member's spouse, assuming that
4521 the member retired on the date of his or her death and had
4522 selected the option in subsection (3), such benefit to be based
4523 on the ages of the spouse and member as of the date of death of
4524 the member. The benefit shall commence on the first day of the
4525 month following the payment of the aforesaid amount to the
4526 division ~~department~~, if paragraph (a) is applicable, or on the
4527 first day of the month following the receipt of the spouse's
4528 application by the division ~~department~~, if paragraph (b) is
4529 applicable.

4530 (7) The surviving spouse or other dependent of any member
4531 whose employment is terminated by death shall, upon application
4532 to the division ~~department~~, be permitted to pay the required
4533 contributions for any service performed by the member which
4534 could have been claimed by the member at the time of his or her
4535 death. Such service shall be added to the creditable service of
4536 the member and shall be used in the calculation of any benefits
4537 which may be payable to the surviving spouse or other surviving
4538 dependent.



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4539 Section 77. Paragraphs (a), (c), and (d) of subsection
4540 (1), paragraphs (b), (c), and (e) of subsection (3), and
4541 paragraph (b) of subsection (5) of section 238.09, Florida
4542 Statutes, are amended to read:

4543 238.09 Method of financing.--All of the assets of the
4544 retirement system shall be credited, according to the purposes
4545 for which they are held, to one of four funds; namely, the
4546 Annuity Savings Trust Fund, the Pension Accumulation Trust Fund,
4547 the Expense Trust Fund, and the Survivors' Benefit Trust Fund.

4548 (1) The Annuity Savings Trust Fund shall be a fund in
4549 which shall be accumulated contributions made from the salaries
4550 of members under the provisions of paragraph (c) or paragraph
4551 (f). Contribution to, payments from, the Annuity Savings Trust
4552 Fund shall be made as follows:

4553 (a) With respect to plan A, B, C, or D, upon the basis of
4554 such tables as the division adopts ~~Department of Management~~
4555 ~~Services shall adopt~~, and regular interest, the actuary of the
4556 retirement system shall determine for each member the proportion
4557 of earnable compensation which, when deducted from each payment
4558 of his or her prospective earnable annual compensation prior to
4559 his or her minimum service retirement age, and accumulated at
4560 regular interest until such age, shall be computed to provide at
4561 such age:

4562 1. An annuity equal to one one-hundred-fortieth of his or
4563 her average final compensation multiplied by the number of his
4564 or her years of membership in the case of each member electing
4565 to retire under the provisions of plan A or B.

4566 2. An annuity equal to one one-hundred-twentieth of his or
4567 her average final compensation multiplied by the number of his



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4568 or her years of membership service in the case of each member
4569 electing to retire under the provisions of plan C.

4570 3. An annuity equal to one one-hundredth of his or her
4571 average final compensation multiplied by the number of his or
4572 her years of membership service in the case of each member
4573 electing to retire under the provisions of plan D.

4574

4575 In the case of any member who has attained his or her minimum
4576 service retirement age prior to becoming a member, the
4577 proportion of salary applicable to such member, with respect to
4578 plan A, B, C, or D, shall be the proportion computed for the age
4579 1 year younger than his or her minimum service retirement age.

4580 (c) The division ~~department~~ shall certify to each employer
4581 the proportion of the earnable compensation of each member who
4582 is compensated by the employer, and the employer shall cause to
4583 be deducted from the salary of each member on each and every
4584 payroll for each and every payroll period an amount equal to the
4585 proportion of the member's earnable compensation so computed.
4586 With respect to plan A, B, C, or D, the employer shall not make
4587 any deduction for annuity purposes from the compensation of a
4588 member who has attained the age of 60 years, if such member
4589 elects not to contribute.

4590 (d) In determining the amount earnable by a member in a
4591 payroll period, the division ~~department~~ may consider the rate of
4592 compensation payable to such member on the first day of the
4593 payroll period as continuing throughout such payroll period, and
4594 it may omit deductions from compensation for any period less
4595 than a full payroll period if a teacher was not a member on the
4596 first day of the payroll period, and to facilitate the making of
4597 deductions, it may modify any deduction required of any member



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4598 by such an amount as shall not exceed one-tenth of 1 percent of
4599 the annual salary from which said deduction is to be made.

4600 (3) The Pension Accumulation Trust Fund shall be the fund
4601 in which shall be accumulated all reserves for the payment of
4602 all annuities or benefits in lieu of annuities on retired
4603 members and all pensions and other benefits payable from
4604 contributions made by the members and by the employers, from
4605 which annuities, pensions and benefits in lieu thereof shall be
4606 paid. Contributions to, and payments from, the Pension
4607 Accumulation Trust Fund, other than as set forth in subsections
4608 (2) and (3) herein, shall be made as follows:

4609 (b) On the basis of regular interest and of such mortality
4610 and other tables as are ~~shall be~~ adopted by the division
4611 ~~department~~, the actuary engaged by the division ~~department~~ to
4612 make each valuation required by this chapter shall, during the
4613 period over which the accrued liability contribution is payable,
4614 determine, immediately after making such valuation, the uniform
4615 and constant percentage of the earnable compensation of the
4616 average new entrant, which, if contributed on the basis of his
4617 or her compensation throughout his or her entire period of
4618 service, would be sufficient to provide for the payment of any
4619 pension payable by the state on his or her account. The rate
4620 percent so determined shall be known as the normal contribution
4621 rate. After the accrued liability contribution has ceased to be
4622 payable, the normal contribution rate shall be the rate percent
4623 of the earnable compensation of all members, obtained by
4624 deducting from the total liabilities of the Pension Accumulation
4625 Trust Fund the amount of the funds in hand to the credit of that
4626 fund and dividing the remainder by 1 percent of the present
4627 value of the prospective future salaries of all members as



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4628 computed on the basis of the mortality and service tables
4629 adopted by the division ~~department~~ and on the basis of regular
4630 interest. The normal rate of contribution shall be determined
4631 and certified to the division ~~department~~ by the actuary after
4632 each valuation and shall continue in force until a new valuation
4633 and certification are made.

4634 (c) Immediately succeeding the first valuation, the
4635 actuary engaged by the division ~~department~~ shall compute the
4636 rate percent of the total earnable compensation of all members
4637 which is equivalent to 4 percent of the amount of the total
4638 liability for pensions on account of all members and
4639 beneficiaries and not dischargeable by the present assets of the
4640 Pension Accumulation Trust Fund and by the aforesaid normal
4641 contribution if made on account of such members during the
4642 remainder of their active service. The rate percent, originally
4643 so determined, shall be known as the accrued liability
4644 contribution rate.

4645 (e) The accrued liability contribution shall be
4646 discontinued as soon as the accumulated reserve in the Pension
4647 Accumulation Trust Fund shall equal the present value, as
4648 actuarially computed and approved by the division ~~department~~, of
4649 the total liability of such fund less the present value,
4650 computed on the basis of the normal contribution rate, then in
4651 force of the prospective normal contributions to be received on
4652 account of persons who are at that time members.

4653 (5)

4654 (b) The division ~~department~~ shall annually certify to each
4655 employer, at the time it makes the certification to the employer
4656 under paragraph (1)(c), the rate of twenty-five-hundredths
4657 percent to be applied by the employer to the salary of each



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4658 member who is compensated by the employer, and the employer
4659 shall cause to be deducted from the salary of each member on
4660 each and every payroll for each and every payroll period an
4661 amount equal to twenty-five-hundredths percent of the member's
4662 salary paid by the employer and the employer shall remit monthly
4663 such deducted amounts to the division ~~department~~ which shall
4664 place the same in the Survivors' Benefit Trust Fund of the
4665 Teachers' Retirement System of the state. The amount of
4666 contributions by a member to the Survivors' Benefit Trust Fund
4667 shall, in no event, be refundable to the member or his or her
4668 beneficiaries.

4669 Section 78. Section 238.10, Florida Statutes, is amended
4670 to read:

4671 238.10 Management of funds.--The division ~~Department of~~
4672 ~~Management Services~~, annually, shall allow regular interest on
4673 the amount for the preceding year to the credit of each of the
4674 funds of the retirement system, and to the credit of the
4675 individual account therein, if any, with the exception of the
4676 expense fund, from the interest and dividends earned from
4677 investments.

4678 Section 79. Paragraph (b) of subsection (1), and
4679 subsections (2) and (3) of section 238.11, Florida Statutes, are
4680 amended to read:

4681 238.11 Collection of contributions.--

4682 (1) The collection of contributions shall be as follows:

4683 (b) Each employer shall transmit monthly to the division
4684 ~~Department of Management Services~~ a warrant for the total amount
4685 of such deductions. Each employer shall also transmit monthly to
4686 the division ~~department~~ a warrant for such employer contribution
4687 set aside as provided for in paragraph (a) of this subsection.



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4688 The division ~~department~~, after making records of all such
4689 warrants, shall transmit them to the Department of Banking and
4690 Finance for delivery to the Treasurer of the state who shall
4691 collect them.

4692 (2) The collection of the state contribution shall be made
4693 as follows:

4694 (a) The amounts required to be paid by the state into the
4695 Teachers' Retirement System in this chapter shall be provided
4696 therefor in the General Appropriations Act. However, in the
4697 event a sufficient amount is not included in the General
4698 Appropriations Act to meet the full amount needed to pay the
4699 retirement compensation provided for in this chapter, the
4700 additional amount needed for such retirement compensation is
4701 hereby appropriated from the General Revenue Fund as approved by
4702 the division ~~Department of Management Services~~.

4703 (b) The division ~~Department of Management Services~~ shall
4704 certify one-fourth of the amount so ascertained for each year to
4705 the Comptroller on or before the last day of July, October,
4706 January, and April of each year. The Comptroller shall, on or
4707 before the first day of August, November, February, and May of
4708 each year, draw his or her warrant or warrants on the Treasurer
4709 for the respective amounts due the several funds of the
4710 retirement system. On the receipt of the warrant or warrants of
4711 the Comptroller, the Treasurer shall immediately transfer to the
4712 several funds of the retirement system the amounts due.

4713 (3) All collection of contributions of a nonprofit
4714 professional association or corporation of teachers as referred
4715 to in s. 238.01(3) and (5) shall be made by such association or
4716 corporation in the following manner:



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4717 (a) On April 1 of each year, the division ~~Department of~~
 4718 ~~Management Services~~ shall certify to any such nonprofit
 4719 professional association or corporation of teachers the amounts
 4720 which will become due and payable during the ensuing fiscal year
 4721 to each of the funds of the retirement system to which such
 4722 contributions are payable as set forth in this law.

4723 (b) The division ~~Department of Management Services~~ shall
 4724 certify one-fourth of the amount so ascertained for each year to
 4725 the nonprofit professional association or corporation of
 4726 teachers on or before the last day of July, October, January,
 4727 and April of each year. The nonprofit professional association
 4728 or corporation of teachers shall, on or before the first day of
 4729 August, November, February, and May of each year, draw its check
 4730 payable to the division ~~department~~ for the respective amounts
 4731 due the several funds of the retirement system. Upon receipt of
 4732 the check, the division ~~department~~ shall immediately transfer to
 4733 the several funds of the retirement system the amounts due,
 4734 provided, however, that the amounts due the several funds of the
 4735 retirement system from any such association or corporation for
 4736 creditable service accruing to any such member before July 1,
 4737 1947, shall be paid prior to the retirement of any such member.

4738 Section 80. Section 238.12, Florida Statutes, is amended
 4739 to read:

4740 238.12 Duties of employers.--

4741 (1) Each employer shall keep such records and, from time
 4742 to time, shall furnish such information as the division requires
 4743 ~~Department of Management Services may require~~ in the discharge
 4744 of its duties. Upon the employment of any teacher to whom this
 4745 chapter may apply, the teacher shall be informed by his or her
 4746 employer of his or her duties and obligations in connection with



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4747 the retirement system as a condition of his or her employment.
4748 Every teacher accepting employment shall be deemed to consent
4749 and agree to any deductions from his or her compensation
4750 required in this chapter and to all other provisions of this
4751 chapter.

4752 (2) During September of each year, or at such other time
4753 as the division approves ~~department shall approve~~, each employer
4754 shall certify to the division ~~department~~ the names of all
4755 teachers to whom this chapter applies.

4756 (3) Each employer shall, on the first day of each calendar
4757 month, or at such less frequent intervals as the division
4758 approves ~~department may approve~~, notify the division ~~department~~
4759 of the employment of new teachers, removals, withdrawals and
4760 changes in salary of members that have occurred during the
4761 preceding month, or the period covered since the last
4762 notification.

4763 Section 81. Section 238.14, Florida Statutes, is amended
4764 to read:

4765 238.14 Protection against fraud.--Any person who shall
4766 knowingly make any false statement, or shall falsify or permit
4767 to be falsified any record or records of this retirement system
4768 in any attempt to defraud such system as a result of such act,
4769 shall be guilty of a misdemeanor of the second degree,
4770 punishable as provided in s. 775.082 or s. 775.083. Should any
4771 change or error in records result in any member or beneficiary
4772 receiving from the retirement system more or less than he or she
4773 would have been entitled to receive had the records been
4774 correct, then on discovery of any such error the division
4775 ~~department~~ shall correct such error, and, as far as practicable,
4776 shall adjust the payments in such a manner that the actuarial



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4777 equivalent of the benefit, to which such member or beneficiary
 4778 was correctly entitled, shall be paid.

4779 Section 82. Section 238.15, Florida Statutes, is amended
 4780 to read:

4781 238.15 Exemption of funds from taxation, execution, and
 4782 assignment.--The pensions, annuities or any other benefits
 4783 accrued or accruing to any person under the provisions of this
 4784 chapter and the accumulated contributions and cash securities in
 4785 the funds created under this chapter are exempted from any
 4786 state, county or municipal tax of the state, and shall not be
 4787 subject to execution or attachment or to any legal process
 4788 whatsoever, and shall be unassignable, except:

4789 (1) That any teacher who has retired shall have the right
 4790 and power to authorize in writing the division ~~Department of~~
 4791 ~~Management Services~~ to deduct from his or her monthly retirement
 4792 allowance money for the payment of the premiums on group
 4793 insurance for hospital, medical and surgical benefits, under a
 4794 plan or plans for such benefits approved in writing by the
 4795 Insurance Commissioner and Treasurer of the state, and upon
 4796 receipt of such request the division ~~department~~ shall make the
 4797 monthly payments as directed; and

4798 (2) As may be otherwise specifically provided for in this
 4799 chapter.

4800 Section 83. Paragraph (b) of subsection (3) of section
 4801 238.171, Florida Statutes, is amended to read:

4802 238.171 Monthly allowance; when made.--

4803 (3)

4804 (b) On July 1, 1975, and each July 1 thereafter, the
 4805 division ~~Department of Management Services~~ shall adjust the
 4806 monthly allowance being paid on that ~~said~~ date. The percentage



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4807 of such adjustment shall be equal to the percentage change in
4808 the average cost-of-living index during the preceding 12-month
4809 period, April 1 through March 31, ignoring changes in the cost-
4810 of-living index which are greater than 3 percent during the
4811 preceding fiscal year.

4812 Section 84. Paragraphs (b), (c), (d), (e), and (f) of
4813 subsection (2) of section 238.181, Florida Statutes, are amended
4814 to read:

4815 238.181 Reemployment after retirement; conditions and
4816 limitations.--

4817 (2)

4818 (b) Any person to whom the limitation in paragraph (a)
4819 applies who violates such reemployment limitation and who is
4820 reemployed with any agency participating in the Florida
4821 Retirement System before completion of the 12-month limitation
4822 period shall give timely notice of this fact in writing to his
4823 or her employer and to the division ~~Department of Management~~
4824 ~~Services~~ and shall have his or her retirement benefits suspended
4825 for the balance of the 12-month limitation period. Any person
4826 employed in violation of this paragraph and any employing agency
4827 which knowingly employs or appoints such person without
4828 notifying the division ~~department~~ to suspend retirement benefits
4829 shall be jointly and severally liable for reimbursement to the
4830 retirement trust fund of any benefits paid during the
4831 reemployment limitation period. To avoid liability, such
4832 employing agency shall have a written statement from the retiree
4833 that he or she is not retired from a state-administered
4834 retirement system. Any retirement benefits received while
4835 reemployed during this reemployment limitation period shall be
4836 repaid to the retirement trust fund, and retirement benefits



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4837 shall remain suspended until such repayment has been made.
4838 Benefits suspended beyond the reemployment limitation shall
4839 apply toward repayment of benefits received in violation of the
4840 reemployment limitation.

4841 (c) A district school board may reemploy a retired member
4842 as a substitute or hourly teacher on a noncontractual basis
4843 after he or she has been retired for 1 calendar month, in
4844 accordance with s. 121.021(39). Any retired member who is
4845 reemployed within 1 calendar month after retirement shall void
4846 his or her application for retirement benefits. District school
4847 boards reemploying such teachers are subject to the retirement
4848 contribution required by paragraph (g). Reemployment of a
4849 retired member as a substitute or hourly teacher is limited to
4850 780 hours during the first 12 months of his or her retirement.
4851 Any retired member reemployed for more than 780 hours during his
4852 or her first 12 months of retirement shall give timely notice in
4853 writing to his or her employer and to the division ~~department~~ of
4854 the date he or she will exceed the limitation. The division
4855 ~~department~~ shall suspend his or her retirement benefits for the
4856 remainder of his or her first 12 months of retirement. Any
4857 person employed in violation of this paragraph and any employing
4858 agency which knowingly employs or appoints such person without
4859 notifying the division ~~department~~ to suspend retirement benefits
4860 shall be jointly and severally liable for reimbursement to the
4861 retirement trust fund of any benefits paid during the
4862 reemployment limitation period. To avoid liability, such
4863 employing agency shall have a written statement from the retiree
4864 that he or she is not retired from a state-administered
4865 retirement system. Any retirement benefits received by a retired
4866 member while reemployed in excess of 780 hours during his or her



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4867 first 12 months of retirement shall be repaid to the Retirement
4868 System Trust Fund, and his or her retirement benefits shall
4869 remain suspended until repayment is made. Benefits suspended
4870 beyond the end of the retired member's first 12 months of
4871 retirement shall apply toward repayment of benefits received in
4872 violation of the 780-hour reemployment limitation.

4873 (d) A community college board of trustees may reemploy a
4874 retired member as an adjunct instructor, that is, an instructor
4875 who is noncontractual and part time, or as a participant in a
4876 phased retirement program within a community college, after he
4877 or she has been retired for 1 calendar month, in accordance with
4878 s. 121.021(39). Any retired member who is reemployed within 1
4879 calendar month after retirement shall void his or her
4880 application for retirement benefits. Boards of trustees
4881 reemploying such instructors are subject to the retirement
4882 contribution required in paragraph (g). A retired member may be
4883 reemployed as an adjunct instructor for no more than 780 hours
4884 during the first 12 months of his or her retirement. Any retired
4885 member reemployed for more than 780 hours during his or her
4886 first 12 months of retirement shall give timely notice in
4887 writing to his or her employer and to the division ~~department~~ of
4888 the date he or she will exceed the limitation. The division
4889 ~~department~~ shall suspend his or her retirement benefits for the
4890 remainder of his or her first 12 months of retirement. Any
4891 person employed in violation of this paragraph and any employing
4892 agency which knowingly employs or appoints such person without
4893 notifying the division ~~department~~ to suspend retirement benefits
4894 shall be jointly and severally liable for reimbursement to the
4895 retirement trust fund of any benefits paid during the
4896 reemployment limitation period. To avoid liability, such



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4897 employing agency shall have a written statement from the retiree
 4898 that he or she is not retired from a state-administered
 4899 retirement system. Any retirement benefits received by a retired
 4900 member while reemployed in excess of 780 hours during his or her
 4901 first 12 months of retirement shall be repaid to the Retirement
 4902 System Trust Fund, and retirement benefits shall remain
 4903 suspended until repayment is made. Benefits suspended beyond the
 4904 end of the retired member's first 12 months of retirement shall
 4905 apply toward repayment of benefits received in violation of the
 4906 780-hour reemployment limitation.

4907 (e) The Board of Trustees of the Florida School for the
 4908 Deaf and the Blind may reemploy a retired member as a substitute
 4909 teacher, substitute residential instructor, or substitute nurse
 4910 on a noncontractual basis after he or she has been retired for 1
 4911 calendar month, in accordance with s. 121.021(39). Any retired
 4912 member who is reemployed within 1 calendar month after
 4913 retirement shall void his or her application for retirement
 4914 benefits. The Board of Trustees of the Florida School for the
 4915 Deaf and the Blind reemploying such teachers, residential
 4916 instructors, or nurses is subject to the retirement contribution
 4917 required by paragraph (g). Reemployment of a retired member as a
 4918 substitute teacher, substitute residential instructor, or
 4919 substitute nurse is limited to 780 hours during the first 12
 4920 months of his or her retirement. Any retired member reemployed
 4921 for more than 780 hours during his or her first 12 months of
 4922 retirement shall give timely notice in writing to his or her
 4923 employer and to the division ~~department~~ of the date he or she
 4924 will exceed the limitation. The division ~~department~~ shall
 4925 suspend his or her retirement benefits for the remainder of his
 4926 or her first 12 months of retirement. Any person employed in



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4927 violation of this paragraph and any employing agency which
 4928 knowingly employs or appoints such person without notifying the
 4929 division ~~department~~ to suspend retirement benefits shall be
 4930 jointly and severally liable for reimbursement to the retirement
 4931 trust fund of any benefits paid during the reemployment
 4932 limitation period. To avoid liability, such employing agency
 4933 shall have a written statement from the retiree that he or she
 4934 is not retired from a state-administered retirement system. Any
 4935 retirement benefits received by a retired member while
 4936 reemployed in excess of 780 hours during his or her first 12
 4937 months of retirement shall be repaid to the Retirement System
 4938 Trust Fund, and his or her retirement benefits shall remain
 4939 suspended until payment is made. Benefits suspended beyond the
 4940 end of the retired member's first 12 months of retirement shall
 4941 apply toward repayment of benefits received in violation of the
 4942 780-hour reemployment limitation.

4943 (f) The State University System may reemploy a retired
 4944 member as an adjunct faculty member or as a participant in a
 4945 phased retirement program within the State University System
 4946 after the retired member has been retired for 1 calendar month,
 4947 in accordance with s. 121.021(39). Any retired member who is
 4948 reemployed within 1 calendar month after retirement shall void
 4949 his or her application for retirement benefits. The State
 4950 University System is subject to the retired contribution
 4951 required in paragraph (g), as appropriate. A retired member may
 4952 be reemployed as an adjunct faculty member or a participant in a
 4953 phased retirement program for no more than 780 hours during the
 4954 first 12 months of his or her retirement. Any retired member
 4955 reemployed for more than 780 hours during his or her first 12
 4956 months of retirement shall give timely notice in writing to his



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4957 or her employer and to the division ~~department~~ of the date he or
 4958 she will exceed the limitation. The division ~~department~~ shall
 4959 suspend his or her retirement benefits for the remainder of his
 4960 or her first 12 months of retirement. Any person employed in
 4961 violation of this paragraph and any employing agency which
 4962 knowingly employs or appoints such person without notifying the
 4963 division ~~department~~ to suspend retirement benefits shall be
 4964 jointly and severally liable for reimbursement to the retirement
 4965 trust fund of any benefits paid during the reemployment
 4966 limitation period. To avoid liability, such employing agency
 4967 shall have a written statement from the retiree that he or she
 4968 is not retired from a state-administered retirement system. Any
 4969 retirement benefits received by a retired member while
 4970 reemployed in excess of 780 hours during his or her first 12
 4971 months of retirement shall be repaid to the Retirement System
 4972 Trust Fund, and retirement benefits shall remain suspended until
 4973 repayment is made. Benefits suspended beyond the end of the
 4974 retired member's first 12 months of retirement shall apply
 4975 toward repayment of benefits received in violation of the 780-
 4976 hour reemployment limitation.

4977 Section 85. Section 238.32, Florida Statutes, is amended
 4978 to read:

4979 238.32 Service credit in disputed cases.--The division
 4980 ~~Department of Management Services~~ may in its discretion allow or
 4981 deny a member service credit in disputed or doubtful cases for
 4982 employment in Florida and out-of-state schools in order to serve
 4983 the best interests of the state and the member, subject to the
 4984 membership dates set forth in s. 238.06(4).

4985 Section 86. Subsection (4) of section 650.02, Florida
 4986 Statutes, is amended to read:



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4987 650.02 Definitions.--For the purpose of this chapter:
 4988 (4) The term "state agency" means the Division of
 4989 Retirement of the State Board of Administration ~~Department of~~
 4990 ~~Management Services~~.
 4991 Section 87. This act shall take effect July 1, 2003.