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CHAMBER ACTION

The Committee on State Administration recommends the following:

Committee Substitute

Remove the entire bill and insert:

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, 121.4503, 121.591, 121.5911, 121.72, 121.73, 121.74, 175.032, 175.1215, 185.02, 185.105, 185.23, 215.28, 215.44, 215.50, 215.52, 238.01, 238.05, 238.06, 238.181, 238.32, and 650.02, F.S., to conform to such transfer; amending s. 175.341, F.S.; providing a



29 continuing appropriation from certain firefighter pension
 30 trust funds; providing for the issuance of benefit
 31 payments to certain persons by the Department of Financial
 32 Services, the State Board of Administration, or a third-
 33 party agent; providing an effective date.

34
 35 Be It Enacted by the Legislature of the State of Florida:

36
 37 Section 1. The Division of Retirement of the Department of
 38 Management Services is transferred to the State Board of
 39 Administration. All powers, duties, functions, records,
 40 personnel, property, and unexpended balances of appropriations,
 41 allocations, and other funds relating to the Division of
 42 Retirement are transferred by a type one transfer, as defined in
 43 s. 20.06, Florida Statutes, to the State Board of
 44 Administration. This act does not alter or amend the powers,
 45 operations, or functioning of the State Board of Administration
 46 with respect to its duties, responsibilities, and authority
 47 existing prior to the enactment of this legislation.

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

50 20.22 Department of Management Services.--There is created
 51 a Department of Management Services.

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

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

55 (g)~~(h)~~ Division of State Group Insurance.



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56 Section 3. Section 20.28, Florida Statutes, is amended to
57 read:

58 20.28 State Board of Administration.--The State Board of
59 Administration, continued by s. 4(e), Art. IV ~~s. 9, Art. XII~~ of
60 the State Constitution, retains all of its powers, duties, and
61 functions as prescribed by law. There is established under the
62 State Board of Administration a Division of Retirement, which
63 shall be subject to the direction of the executive director of
64 the board who is the agency head of the division for purposes of
65 chapter 120.

66 Section 4. Paragraph (u) of subsection (2) of section
67 110.205, Florida Statutes, is amended to read:

68 110.205 Career service; exemptions.--

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

71 (u) All officers and employees of the State Board of
72 Administration, including its Division of Retirement. The State
73 Board of Administration shall set the salaries and benefits of
74 these positions.

75 Section 5. Paragraph (b) of subsection (4) of section
76 112.05, Florida Statutes, is amended to read:

77 112.05 Retirement; cost-of-living adjustment; employment
78 after retirement.--

79 (4)

80 (b) Any person to whom the limitation in paragraph (a)
81 applies who violates such reemployment limitation and is
82 reemployed with any agency participating in the Florida
83 Retirement System prior to completion of the 12-month limitation



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84 | period shall give timely notice of this fact in writing to the
85 | employer and to the Department of Management Services ~~Division~~;
86 | and the person's retirement benefits shall be suspended for the
87 | balance of the 12-month limitation period. Any person employed
88 | in violation of this subsection and any employing agency which
89 | knowingly employs or appoints such person without notifying the
90 | Department of Management Services to suspend retirement benefits
91 | shall be jointly and severally liable for reimbursement to the
92 | retirement trust fund of any benefits paid during the
93 | reemployment limitation period. To avoid liability, such
94 | employing agency shall have a written statement from the retiree
95 | that he or she is not retired from a state-administered
96 | retirement system. Any retirement benefits received by such
97 | person while reemployed during this limitation period shall be
98 | repaid to the retirement trust fund, and the retirement benefits
99 | shall remain suspended until such repayment has been made. Any
100 | benefits suspended beyond the reemployment limitation period
101 | shall apply toward the repayment of benefits received in
102 | violation of the reemployment limitation.

103 | Section 6. Paragraph (d) of subsection (4) of section
104 | 112.3173, Florida Statutes, is amended to read:

105 | 112.3173 Felonies involving breach of public trust and
106 | other specified offenses by public officers and employees;
107 | forfeiture of retirement benefits.--

108 | (4) NOTICE.--

109 | (d) The Commission on Ethics shall forward any notice and
110 | any other document received by it pursuant to this subsection to
111 | the governing body of the public retirement system of which the



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112 public officer or employee is a member or from which the public
113 officer or employee may be entitled to receive a benefit. When
114 called on by the Commission on Ethics, the Division of
115 Retirement of the State Board of Administration ~~Department of~~
116 ~~Management Services~~ shall assist the commission in identifying
117 the appropriate public retirement system.

118 Section 7. Subsections (2), (4), (7), and (8) of section
119 112.363, Florida Statutes, are amended to read:

120 112.363 Retiree health insurance subsidy.--

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

122 (a) A person who is retired under a state-administered
123 retirement system, or a beneficiary who is a spouse or financial
124 dependent entitled to receive benefits under a state-
125 administered retirement system, is eligible for health insurance
126 subsidy payments provided under this section; except that
127 pension recipients under ss. 121.40, 238.07(16)(a), and 250.22,
128 recipients of health insurance coverage under s. 110.1232, or
129 any other special pension or relief act shall not be eligible
130 for such payments.

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

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



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140 2. For a member of the Florida Retirement System defined
141 benefit program, or any employee who maintains creditable
142 service under both the defined benefit program and the Public
143 Employee Optional Retirement Program, the member begins drawing
144 retirement benefits from the defined benefit program of the
145 Florida Retirement System.

146 (c)1. Effective July 1, 2001, any person retiring on or
147 after such date as a member of the Florida Retirement System,
148 including any participant of the defined contribution program
149 administered pursuant to part II of chapter 121, must have
150 satisfied the vesting requirements for his or her membership
151 class under the Florida Retirement System defined benefit
152 program as administered under part I of chapter 121.

153 2. Notwithstanding the provisions of subparagraph 1., a
154 person retiring due to disability must either qualify for a
155 regular or in-line-of-duty disability benefit as provided in s.
156 121.091(4) or qualify for a disability benefit under a
157 disability plan established under part II of chapter 121, as
158 appropriate.

159 (d) Payment of the retiree health insurance subsidy shall
160 be made only after coverage for health insurance for the retiree
161 or beneficiary has been certified in writing to the Division of
162 Retirement of the State Board of Administration ~~Department of~~
163 ~~Management Services~~. Participation in a former employer's group
164 health insurance program is not a requirement for eligibility
165 under this section.

166 (e) Participants in the Senior Management Service Optional
167 Annuity Program as provided in s. 121.055(6) and the State



168 University System Optional Retirement Program as provided in s.
 169 121.35 shall not receive the retiree health insurance subsidy
 170 provided in this section. The employer of such participant shall
 171 pay the contributions required in subsection (8) to the annuity
 172 program provided in s. 121.055(6)(d) or s. 121.35(4)(a), as
 173 applicable.

174 (4) PAYMENT OF RETIREE HEALTH INSURANCE
 175 SUBSIDY.--Beginning January 1, 1988, any monthly retiree health
 176 insurance subsidy amount due and payable under this section
 177 shall be paid to retired members by the Division of Retirement
 178 of the State Board of Administration ~~Department of Management~~
 179 ~~Services~~ or under the direction and control of the division
 180 ~~department~~.

181 (7) ADMINISTRATION OF SYSTEM.--The Division of Retirement
 182 of the State Board of Administration ~~Department of Management~~
 183 ~~Services~~ may adopt such rules and regulations as are necessary
 184 for the effective and efficient administration of this section.
 185 The cost of administration is ~~shall be~~ appropriated from the
 186 trust fund.

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

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

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



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

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

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

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

207
208 Such contributions shall be submitted to the Division of
209 Retirement of the State Board of Administration ~~Department of~~
210 ~~Management Services~~ and deposited in the Retiree Health
211 Insurance Subsidy Trust Fund.

212 Section 8. Subsection (10) is added to section 112.625,
213 Florida Statutes, to read:

214 112.625 Definitions.--As used in this act:

215 (10) "Division" means the Division of Retirement of the
216 State Board of Administration.

217 Section 9. Subsections (2) and (4) of section 112.63,
218 Florida Statutes, are amended to read:

219 112.63 Actuarial reports and statements of actuarial
220 impact; review.--

221 (2) The frequency of actuarial reports must be at least
222 every 3 years commencing from the last actuarial report of the



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223 plan or system or October 1, 1980, if no actuarial report has
224 been issued within the 3-year period prior to October 1, 1979.
225 The results of each actuarial report shall be filed with the
226 plan administrator within 60 days of certification. Thereafter,
227 the results of each actuarial report shall be made available for
228 inspection upon request. Additionally, each retirement system or
229 plan covered by this act which is not administered directly by
230 the division ~~Department of Management Services~~ shall furnish a
231 copy of each actuarial report to the division ~~Department of~~
232 ~~Management Services~~ within 60 days after receipt from the
233 actuary. The requirements of this section are supplemental to
234 actuarial valuations necessary to comply with the requirements
235 of ss. 218.321 and 218.39.

236 (4) Upon receipt, pursuant to subsection (2), of an
237 actuarial report, or upon receipt, pursuant to subsection (3),
238 of a statement of actuarial impact, the division ~~Department of~~
239 ~~Management Services~~ shall acknowledge such receipt, but shall
240 only review and comment on each retirement system's or plan's
241 actuarial valuations at least on a triennial basis. If the
242 division ~~department~~ finds that the actuarial valuation is not
243 complete, accurate, or based on reasonable assumptions, or if
244 the division ~~department~~ does not receive the actuarial report or
245 statement of actuarial impact, the division ~~department~~ shall
246 notify the local government and request appropriate adjustment.
247 If, after a reasonable period of time, a satisfactory adjustment
248 is not made, the affected local government or the division
249 ~~department~~ may petition for a hearing under the provisions of
250 ss. 120.569 and 120.57. If the administrative law judge



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251 recommends in favor of the division ~~department~~, the division
252 ~~department~~ shall perform an actuarial review or prepare the
253 statement of actuarial impact. The cost to the division
254 ~~department~~ of performing such actuarial review or preparing such
255 statement shall be charged to the governmental entity of which
256 the employees are covered by the retirement system or plan. If
257 payment of such costs is not received by the division ~~department~~
258 within 60 days after receipt by the governmental entity of the
259 request for payment, the division ~~department~~ shall certify to
260 the Comptroller the amount due, and the Comptroller shall pay
261 such amount to the division ~~department~~ from any funds payable to
262 the governmental entity of which the employees are covered by
263 the retirement system or plan. If the administrative law judge
264 recommends in favor of the local retirement system and the
265 division ~~department~~ performs an actuarial review, the cost to
266 the division ~~department~~ of performing the actuarial review shall
267 be paid by the division ~~department~~.

268 Section 10. Subsection (1) of section 112.64, Florida
269 Statutes, is amended to read:

270 112.64 Administration of funds; amortization of unfunded
271 liability.--

272 (1) Employee contributions shall be deposited in the
273 retirement system or plan at least monthly. Employer
274 contributions shall be deposited at least quarterly; however,
275 any revenues received from any source by an employer which are
276 specifically collected for the purpose of allocation for deposit
277 into a retirement system or plan shall be so deposited within 30
278 days of receipt by the employer. All employers and employees



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279 participating in the Florida Retirement System and other
280 existing retirement systems which are administered by the
281 division ~~Department of Management Services~~ shall continue to
282 make contributions at least monthly.

283 Section 11. Subsections (1) and (3) of section 112.658,
284 Florida Statutes, are amended to read:

285 112.658 Office of Program Policy Analysis and Government
286 Accountability to determine compliance of the Florida Retirement
287 System.--

288 (1) The Office of Program Policy Analysis and Government
289 Accountability shall determine, through the examination of
290 actuarial reviews, financial statements, and the practices and
291 procedures of the Division of Retirement ~~Department of~~
292 ~~Management Services~~, the compliance of the Florida Retirement
293 System with the provisions of this act.

294 (3) The Office of Program Policy Analysis and Government
295 Accountability shall employ the same actuarial standards to
296 monitor the division ~~Department of Management Services~~ as the
297 division ~~Department of Management Services~~ uses to monitor local
298 governments.

299 Section 12. Subsections (9), (16), and (17) of section
300 112.661, Florida Statutes, are amended to read:

301 112.661 Investment policies.--Investment of the assets of
302 any local retirement system or plan must be consistent with a
303 written investment policy adopted by the board. Such policies
304 shall be structured to maximize the financial return to the
305 retirement system or plan consistent with the risks incumbent in
306 each investment and shall be structured to establish and



307 maintain an appropriate diversification of the retirement system
308 or plan's assets.

309 (9) EXPECTED ANNUAL RATE OF RETURN.--The investment policy
310 shall require that, for each actuarial valuation, the board
311 determine the total expected annual rate of return for the
312 current year, for each of the next several years, and for the
313 long term thereafter. This determination must be filed promptly
314 with the division ~~Department of Management Services~~ and with the
315 plan's sponsor and the consulting actuary. The division
316 ~~department~~ shall use this determination only to notify the
317 board, the plan's sponsor, and consulting actuary of material
318 differences between the total expected annual rate of return and
319 the actuarial assumed rate of return.

320 (16) FILING OF INVESTMENT POLICY.--Upon adoption by the
321 board, the investment policy shall be promptly filed with the
322 division ~~Department of Management Services~~ and the plan's
323 sponsor and consulting actuary. The effective date of the
324 investment policy, and any amendment thereto, shall be the 31st
325 calendar day following the filing date with the plan sponsor.

326 (17) VALUATION OF ILLIQUID INVESTMENTS.--The investment
327 policy shall provide for the valuation of illiquid investments
328 for which a generally recognized market is not available or for
329 which there is no consistent or generally accepted pricing
330 mechanism. If those investments are utilized, the investment
331 policy must include the criteria set forth in s. 215.47(6),
332 except that submission to the Investment Advisory Council is not
333 required. The investment policy shall require that, for each
334 actuarial valuation, the board must verify the determination of



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335 the fair market value for those investments and ascertain that
336 the determination complies with all applicable state and federal
337 requirements. The investment policy shall require that the board
338 disclose to the division ~~Department of Management Services~~ and
339 the plan's sponsor each such investment for which the fair
340 market value is not provided.

341 Section 13. Section 112.665, Florida Statutes, is amended
342 to read:

343 112.665 Duties of Division of Retirement ~~Department of~~
344 ~~Management Services~~.--

345 (1) The Division of Retirement ~~Department of Management~~
346 ~~Services~~ shall:

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

351 (b) Receive and comment upon all actuarial reviews of
352 retirement systems or plans maintained by units of local
353 government;

354 (c) Cooperate with local retirement systems or plans on
355 matters of mutual concern and provide technical assistance to
356 units of local government in the assessment and revision of
357 retirement systems or plans;

358 (d) Issue, by January 1 annually, a report to the
359 President of the Senate and the Speaker of the House of
360 Representatives, which report details division activities,
361 findings, and recommendations concerning all governmental



362 retirement systems. The report may include legislation proposed
363 to carry out such recommendations;

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

370 (f) Adopt reasonable rules to administer the provisions of
371 this part.

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

376 Section 14. Subsections (4), (5), and (32), and paragraph
377 (a) of subsection (39) of section 121.021, Florida Statutes, are
378 amended, and subsection (62) is added to said section, to read:

379 121.021 Definitions.--The following words and phrases as
380 used in this chapter have the respective meanings set forth
381 unless a different meaning is plainly required by the context:

382 (4) "Division ~~Department~~" means the Division of Retirement
383 of the State Board of Administration ~~Department of Management~~
384 ~~Services~~.

385 (5) "Administrator" means the executive director of the
386 State Board of Administration ~~secretary of the Department of~~
387 ~~Management Services~~.



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388 (32) "State agency" means the Division of Retirement
389 ~~Department of Management Services~~ within the provisions and
390 contemplation of chapter 650.

391 (39)(a) "Termination" occurs, except as provided in
392 paragraph (b), when a member ceases all employment relationships
393 with employers under this system, as defined in subsection (10),
394 but in the event a member should be employed by any such
395 employer within the next calendar month, termination shall be
396 deemed not to have occurred. A leave of absence shall constitute
397 a continuation of the employment relationship, except that a
398 leave of absence without pay due to disability may constitute
399 termination for a member, if such member makes application for
400 and is approved for disability retirement in accordance with s.
401 121.091(4). The division ~~department~~ may require other evidence
402 of termination as it deems necessary.

403 (62) "Board" means the State Board of Administration.

404 Section 15. Section 121.025, Florida Statutes, is amended
405 to read:

406 121.025 Administrator; powers and duties.--The executive
407 director of the State Board of Administration ~~secretary of the~~
408 ~~Department of Management Services~~ shall be the administrator of
409 the retirement and pension systems assigned or transferred to
410 the division ~~Department of Management Services~~ by law. The
411 executive director of the State Board of Administration is the
412 trustee of the System Trust Fund and shall have the authority to
413 sign the contracts necessary to carry out the duties and
414 responsibilities assigned by law to the division ~~Department of~~
415 ~~Management Services~~.



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416 Section 16. Subsections (1), (2), and (5) and paragraph
417 (e) of subsection (3) of section 121.031, Florida Statutes, are
418 amended to read:

419 121.031 Administration of system; appropriation; oaths;
420 actuarial studies; public records.--

421 (1) The division ~~Department of Management Services~~ has the
422 authority to adopt rules pursuant to ss. 120.536(1) and 120.54
423 to implement the provisions of law conferring duties upon the
424 division ~~department~~ and to adopt rules as are necessary for the
425 effective and efficient administration of this system. The funds
426 to pay the expenses for administration of the system are hereby
427 appropriated from the interest earned on investments made for
428 the retirement and social security trust funds and the
429 assessments allowed under chapter 650.

430 (2) The division ~~Department of Management Services~~ is
431 authorized to require oaths, by affidavit or otherwise, and
432 acknowledgments from persons in connection with the
433 administration of its duties and responsibilities under this
434 chapter.

435 (3) The administrator shall cause an actuarial study of
436 the system to be made at least annually and shall report the
437 results of such study to the Legislature by December 31 prior to
438 the next legislative session. The study shall, at a minimum,
439 conform to the requirements of s. 112.63, with the following
440 exceptions and additions:

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



444 solvency of the system. Such measures shall be adopted by the
445 division ~~department~~ and shall be used consistently in all
446 actuarial valuations performed on the system.

447 (5) The names and addresses of retirees are confidential
448 and exempt from the provisions of s. 119.07(1) to the extent
449 that no state or local governmental agency may provide the names
450 or addresses of such persons in aggregate, compiled, or list
451 form to any person except to a public agency engaged in official
452 business. However, a state or local government agency may
453 provide the names and addresses of retirees from that agency to
454 a bargaining agent as defined in s. 447.203(12) or to a retiree
455 organization for official business use. Lists of names or
456 addresses of retirees may be exchanged by public agencies, but
457 such lists shall not be provided to, or open for inspection by,
458 the public. Any person may view or copy any individual's
459 retirement records at the division ~~Department of Management~~
460 ~~Services~~, one record at a time, or may obtain information by a
461 separate written request for a named individual for which
462 information is desired.

463 Section 17. Paragraph (c) of subsection (1) and paragraphs
464 (b) and (f) of subsection (2) of section 121.051, Florida
465 Statutes, are amended to read:

466 121.051 Participation in the system.--

467 (1) COMPULSORY PARTICIPATION.--

468 (c)1. After June 30, 1983, a member of an existing system
469 who is reemployed after terminating employment shall have at the
470 time of reemployment the option of selecting to remain in the
471 existing retirement system or to transfer to the Florida



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472 Retirement System. Failure to submit such selection in writing
473 to the division ~~Department of Management Services~~ within 6
474 months of reemployment shall result in compulsory membership in
475 the Florida Retirement System.

476 2. After June 30, 1988, the provisions of subparagraph 1.
477 shall not apply to a member of an existing system who is
478 reemployed within 12 months after terminating employment. Such
479 member shall continue to have membership in the existing system
480 upon reemployment and shall not be permitted to become a member
481 of the Florida Retirement System, except by transferring to that
482 system as provided in ss. 121.052 and 121.055.

483 (2) OPTIONAL PARTICIPATION.--

484 (b)1. The governing body of any municipality or special
485 district in the state may elect to participate in the system
486 upon proper application to the administrator and may cover all
487 or any of its units as approved by the Secretary of Health and
488 Human Services and the administrator. The division ~~department~~
489 shall adopt rules establishing provisions for the submission of
490 documents necessary for such application. Prior to being
491 approved for participation in the Florida Retirement System, the
492 governing body of any such municipality or special district that
493 has a local retirement system shall submit to the administrator
494 a certified financial statement showing the condition of the
495 local retirement system as of a date within 3 months prior to
496 the proposed effective date of membership in the Florida
497 Retirement System. The statement must be certified by a
498 recognized accounting firm that is independent of the local
499 retirement system. All required documents necessary for



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500 extending Florida Retirement System coverage must be received by
501 the division ~~department~~ for consideration at least 15 days prior
502 to the proposed effective date of coverage. If the municipality
503 or special district does not comply with this requirement, the
504 division ~~department~~ may require that the effective date of
505 coverage be changed.

506 2. Any city or special district that has an existing
507 retirement system covering the employees in the units that are
508 to be brought under the Florida Retirement System may
509 participate only after holding a referendum in which all
510 employees in the affected units have the right to participate.
511 Only those employees electing coverage under the Florida
512 Retirement System by affirmative vote in said referendum shall
513 be eligible for coverage under this chapter, and those not
514 participating or electing not to be covered by the Florida
515 Retirement System shall remain in their present systems and
516 shall not be eligible for coverage under this chapter. After the
517 referendum is held, all future employees shall be compulsory
518 members of the Florida Retirement System.

519 3. The governing body of any city or special district
520 complying with subparagraph 1. may elect to provide, or not
521 provide, benefits based on past service of officers and
522 employees as described in s. 121.081(1). However, if such
523 employer elects to provide past service benefits, such benefits
524 must be provided for all officers and employees of its covered
525 group.

526 4. Once this election is made and approved it may not be
527 revoked, except pursuant to subparagraphs 5. and 6., and all



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528 present officers and employees electing coverage under this
529 chapter and all future officers and employees shall be
530 compulsory members of the Florida Retirement System.

531 5. Subject to the conditions set forth in subparagraph 6.,
532 the governing body of any hospital licensed under chapter 395
533 which is governed by the board of a special district as defined
534 in s. 189.403(1) or by the board of trustees of a public health
535 trust created under s. 154.07, hereinafter referred to as
536 "hospital district," and which participates in the system, may
537 elect to cease participation in the system with regard to future
538 employees in accordance with the following procedure:

539 a. No more than 30 days and at least 7 days before
540 adopting a resolution to partially withdraw from the Florida
541 Retirement System and establish an alternative retirement plan
542 for future employees, a public hearing must be held on the
543 proposed withdrawal and proposed alternative plan.

544 b. From 7 to 15 days before such hearing, notice of intent
545 to withdraw, specifying the time and place of the hearing, must
546 be provided in writing to employees of the hospital district
547 proposing partial withdrawal and must be published in a
548 newspaper of general circulation in the area affected, as
549 provided by ss. 50.011-50.031. Proof of publication of such
550 notice shall be submitted to the division ~~Department of~~
551 ~~Management Services~~.

552 c. The governing body of any hospital district seeking to
553 partially withdraw from the system must, before such hearing,
554 have an actuarial report prepared and certified by an enrolled
555 actuary, as defined in s. 112.625(3), illustrating the cost to



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556 the hospital district of providing, through the retirement plan
557 that the hospital district is to adopt, benefits for new
558 employees comparable to those provided under the Florida
559 Retirement System.

560 d. Upon meeting all applicable requirements of this
561 subparagraph, and subject to the conditions set forth in
562 subparagraph 6., partial withdrawal from the system and adoption
563 of the alternative retirement plan may be accomplished by
564 resolution duly adopted by the hospital district board. The
565 hospital district board must provide written notice of such
566 withdrawal to the division by mailing a copy of the resolution
567 to the division, postmarked no later than December 15, 1995. The
568 withdrawal shall take effect January 1, 1996.

569 6. Following the adoption of a resolution under sub-
570 subparagraph 5.d., all employees of the withdrawing hospital
571 district who were participants in the Florida Retirement System
572 prior to January 1, 1996, shall remain as participants in the
573 system for as long as they are employees of the hospital
574 district, and all rights, duties, and obligations between the
575 hospital district, the system, and the employees shall remain in
576 full force and effect. Any employee who is hired or appointed on
577 or after January 1, 1996, may not participate in the Florida
578 Retirement System, and the withdrawing hospital district shall
579 have no obligation to the system with respect to such employees.

580 (f)1. Whenever an employer that participates in the
581 Florida Retirement System undertakes the transfer, merger, or
582 consolidation of governmental services or functions, the
583 employer must notify the division ~~department~~ at least 60 days



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584 prior to such action and shall provide documentation as required
585 by the division ~~department~~.

586 2. When the agency to which a member's employing unit is
587 transferred, merged, or consolidated does not participate in the
588 Florida Retirement System, a member shall elect in writing to
589 remain in the Florida Retirement System or to transfer to the
590 local retirement system operated by such agency. If such agency
591 does not participate in a local retirement system, the member
592 shall continue membership in the Florida Retirement System. In
593 either case, the membership shall continue for as long as the
594 member is employed by the agency to which his or her unit was
595 transferred, merged, or consolidated.

596 Section 18. Subsection (2) of section 121.0511, Florida
597 Statutes, is amended to read:

598 121.0511 Revocation of election and alternative plan.--The
599 governing body of any municipality or independent special
600 district that has elected to participate in the Florida
601 Retirement System may revoke its election in accordance with the
602 following procedure:

603 (2) At least 7 days, but not more than 15 days, before the
604 hearing, notice of intent to revoke, specifying the time and
605 place of the hearing, must be published in a newspaper of
606 general circulation in the area affected, as provided by ss.
607 50.011-50.031. Proof of publication of the notice must be
608 submitted to the division ~~Department of Management Services~~.

609 Section 19. Subsections (3) and (4) and paragraph (c) of
610 subsection (7) of section 121.0515, Florida Statutes, are
611 amended to read:



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612 | 121.0515 Special risk membership.--
613 | (3) PROCEDURE FOR DESIGNATING.--
614 | (a) Any member of the Florida Retirement System employed
615 | by a county, city, or special district who feels that he or she
616 | meets the criteria set forth in this section for membership in
617 | the Special Risk Class may request that his or her employer
618 | submit an application to the division ~~department~~ requesting that
619 | the division ~~department~~ designate him or her as a special risk
620 | member. If the employer agrees that the member meets the
621 | requirements for special risk membership, the employer shall
622 | submit an application to the division ~~department~~ in behalf of
623 | the employee containing a certification that the member meets
624 | the criteria for special risk membership set forth in this
625 | section and such other supporting documentation as may be
626 | required by administrative rule. The division ~~department~~ shall,
627 | within 90 days, either designate or refuse to designate the
628 | member as a special risk member. If the employer declines to
629 | submit the member's application to the division ~~department~~ or if
630 | the division ~~department~~ does not designate the member as a
631 | special risk member, the member or the employer may appeal to
632 | the State Retirement Commission, as provided in s. 121.23, for
633 | designation as a special risk member. A member who receives a
634 | final affirmative ruling pursuant to such appeal for special
635 | risk membership shall have special risk membership retroactive
636 | to the date such member would have had special risk membership
637 | had such membership been approved by the employer and the
638 | division ~~department~~, as determined by the division ~~department~~,



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639 and the employer contributions shall be paid in full within 1
640 year after such final ruling.

641 (b)1. Applying the criteria set forth in this section, the
642 division ~~Department of Management Services~~ shall specify which
643 current and newly created classes of positions under the uniform
644 classification plan established pursuant to chapter 110 entitle
645 the incumbents of positions in those classes to membership in
646 the Special Risk Class. Only employees employed in the classes
647 so specified shall be special risk members.

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

652 (4) REMOVAL OF SPECIAL RISK MEMBERSHIP.--Any member who is
653 a special risk member on October 1, 1978, and who fails to meet
654 the criteria for special risk membership established by this
655 section shall have his or her special risk designation removed
656 and thereafter shall be a regular member and shall earn only
657 regular membership credit. The division ~~department~~ shall have
658 the authority to review the special risk designation of members
659 to determine whether or not those members continue to meet the
660 criteria for special risk membership.

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

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

664 Section 20. Paragraph (e) of subsection (3) of section
665 121.052, Florida Statutes, is amended to read:

666 121.052 Membership class of elected officers.--



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667 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.--Effective
668 July 1, 1990, participation in the Elected Officers' Class shall
669 be compulsory for elected officers listed in paragraphs (2)(a)-
670 (d) and (f) assuming office on or after said date, unless the
671 elected officer elects membership in another class or withdraws
672 from the Florida Retirement System as provided in paragraphs
673 (3)(a)-(d):

674 (e) Effective July 1, 2001, the governing body of a
675 municipality or special district may, by majority vote, elect to
676 designate all its elected positions for inclusion in the Elected
677 Officers' Class. Such election shall be made between July 1,
678 2001, and December 31, 2001, and shall be irrevocable. The
679 designation of such positions shall be effective the first day
680 of the month following receipt by the division ~~department~~ of the
681 ordinance or resolution passed by the governing body.

682 Section 21. Paragraphs (b) and (h) of subsection (1) and
683 paragraphs (a), (c), (d), and (f) of subsection (6) of section
684 121.055, Florida Statutes, are amended to read:

685 121.055 Senior Management Service Class.--There is hereby
686 established a separate class of membership within the Florida
687 Retirement System to be known as the "Senior Management Service
688 Class," which shall become effective February 1, 1987.

689 (1)

690 (b)1. Except as provided in subparagraph 2., effective
691 January 1, 1990, participation in the Senior Management Service
692 Class shall be compulsory for the president of each community
693 college, the manager of each participating city or county, and
694 all appointed district school superintendents. Effective January



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695 1, 1994, additional positions may be designated for inclusion in
696 the Senior Management Service Class of the Florida Retirement
697 System, provided that:

698 a. Positions to be included in the class shall be
699 designated by the local agency employer. Notice of intent to
700 designate positions for inclusion in the class shall be
701 published once a week for 2 consecutive weeks in a newspaper of
702 general circulation published in the county or counties
703 affected, as provided in chapter 50.

704 b. Up to 10 nonelective full-time positions may be
705 designated for each local agency employer reporting to the
706 division ~~Department of Management Services~~; for local agencies
707 with 100 or more regularly established positions, additional
708 nonelective full-time positions may be designated, not to exceed
709 1 percent of the regularly established positions within the
710 agency.

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

715 (I) Heads an organizational unit; or

716 (II) Has responsibility to effect or recommend personnel,
717 budget, expenditure, or policy decisions in his or her areas of
718 responsibility.

719 2. In lieu of participation in the Senior Management
720 Service Class, members of the Senior Management Service Class
721 pursuant to the provisions of subparagraph 1. may withdraw from
722 the Florida Retirement System altogether. The decision to



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723 withdraw from the Florida Retirement System shall be irrevocable
724 for as long as the employee holds such a position. Any service
725 creditable under the Senior Management Service Class shall be
726 retained after the member withdraws from the Florida Retirement
727 System; however, additional service credit in the Senior
728 Management Service Class shall not be earned after such
729 withdrawal. Such members shall not be eligible to participate in
730 the Senior Management Service Optional Annuity Program.

731 (h)1. Except as provided in subparagraph 3., effective
732 January 1, 1994, participation in the Senior Management Service
733 Class shall be compulsory for the State Courts Administrator and
734 the Deputy State Courts Administrators, the Clerk of the Supreme
735 Court, the Marshal of the Supreme Court, the Executive Director
736 of the Justice Administrative Commission, the Capital Collateral
737 Regional Counsels, the clerks of the district courts of appeals,
738 the marshals of the district courts of appeals, and the trial
739 court administrator and the Chief Deputy Court Administrator in
740 each judicial circuit. Effective January 1, 1994, additional
741 positions in the offices of the state attorney and public
742 defender in each judicial circuit may be designated for
743 inclusion in the Senior Management Service Class of the Florida
744 Retirement System, provided that:

745 a. Positions to be included in the class shall be
746 designated by the state attorney or public defender, as
747 appropriate. Notice of intent to designate positions for
748 inclusion in the class shall be published once a week for 2
749 consecutive weeks in a newspaper of general circulation



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750 published in the county or counties affected, as provided in
751 chapter 50.

752 b. One nonelective full-time position may be designated
753 for each state attorney and public defender reporting to the
754 division ~~Department of Management Services~~; for agencies with
755 200 or more regularly established positions under the state
756 attorney or public defender, additional nonelective full-time
757 positions may be designated, not to exceed 0.5 percent of the
758 regularly established positions within the agency.

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

763 (I) Heads an organizational unit; or

764 (II) Has responsibility to effect or recommend personnel,
765 budget, expenditure, or policy decisions in his or her areas of
766 responsibility.

767 2. Participation in this class shall be compulsory, except
768 as provided in subparagraph 3., for any judicial employee who
769 holds a position designated for coverage in the Senior
770 Management Service Class, and such participation shall continue
771 until the employee terminates employment in a covered position.
772 Effective January 1, 2001, participation in this class is
773 compulsory for assistant state attorneys, assistant statewide
774 prosecutors, assistant public defenders, and assistant capital
775 collateral regional counsels. Effective January 1, 2002,
776 participation in this class is compulsory for assistant
777 attorneys general.



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778 3. In lieu of participation in the Senior Management
779 Service Class, such members, excluding assistant state
780 attorneys, assistant public defenders, assistant statewide
781 prosecutors, assistant attorneys general, and assistant capital
782 collateral regional counsels, may participate in the Senior
783 Management Service Optional Annuity Program as established in
784 subsection (6).

785 (6)(a) Senior Management Service Optional Annuity
786 Program.--The State Board of Administration ~~Department of~~
787 ~~Management Services~~ shall establish a Senior Management Service
788 Optional Annuity Program under which contracts providing
789 retirement, death, and disability benefits may be purchased for
790 those employees who elect to participate in the optional annuity
791 program. The benefits to be provided for or on behalf of
792 participants in such optional annuity program shall be provided
793 through individual contracts or individual certificates issued
794 for group annuity contracts, which may be fixed, variable, or a
795 combination thereof, in accordance with s. 401(a) of the
796 Internal Revenue Code. Any such individual contract or
797 certificate shall state the annuity plan on its face page, and
798 shall include, but not be limited to, a statement of ownership,
799 the contract benefits, annuity income options, limitations,
800 expense charges, and surrender charges, if any. The employing
801 agency shall contribute, as provided in this section, toward the
802 purchase of such optional benefits which shall be fully and
803 immediately vested in the participants.

804 (c) Participation.--



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805 1. Any eligible employee who is employed on or before
806 February 1, 1987, may elect to participate in the optional
807 annuity program in lieu of participation in the Senior
808 Management Service Class. Such election shall be made in writing
809 and filed with the board ~~department~~ and the personnel officer of
810 the employer on or before May 1, 1987. Any eligible employee who
811 is employed on or before February 1, 1987, and who fails to make
812 an election to participate in the optional annuity program by
813 May 1, 1987, shall be deemed to have elected membership in the
814 Senior Management Service Class.

815 2. Any employee who becomes eligible to participate in the
816 optional annuity program by reason of initial employment
817 commencing after February 1, 1987, may, within 90 days after the
818 date of commencement of employment, elect to participate in the
819 optional annuity program. Such election shall be made in writing
820 and filed with the personnel officer of the employer. Any
821 eligible employee who does not within 90 days after commencement
822 of such employment elect to participate in the optional annuity
823 program shall be deemed to have elected membership in the Senior
824 Management Service Class.

825 3. A person who is appointed to a position in the Senior
826 Management Service Class and who is a member of an existing
827 retirement system or the Special Risk or Special Risk
828 Administrative Support Classes of the Florida Retirement System
829 may elect to remain in such system or class in lieu of
830 participation in the Senior Management Service Class or optional
831 annuity program. Such election shall be made in writing and
832 filed with the board ~~department~~ and the personnel officer of the



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833 employer within 90 days of such appointment. Any eligible
834 employee who fails to make an election to participate in the
835 existing system, the Special Risk Class of the Florida
836 Retirement System, the Special Risk Administrative Support Class
837 of the Florida Retirement System, or the optional annuity
838 program shall be deemed to have elected membership in the Senior
839 Management Service Class.

840 4. Except as provided in subparagraph 5., an employee's
841 election to participate in the optional annuity program is
842 irrevocable as long as such employee continues to be employed in
843 an eligible position and continues to meet the eligibility
844 requirements set forth in this paragraph.

845 5. Effective from July 1, 2002, through September 30,
846 2002, any active employee in a regularly established position
847 who has elected to participate in the Senior Management Service
848 Optional Annuity Program has one opportunity to choose to move
849 from the Senior Management Service Optional Annuity Program to
850 the Florida Retirement System defined benefit program.

851 a. The election must be made in writing and must be filed
852 with the department and the personnel officer of the employer
853 before October 1, 2002, or, in the case of an active employee
854 who is on a leave of absence on July 1, 2002, within 90 days
855 after the conclusion of the leave of absence. This election is
856 irrevocable.

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



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861 be an amount representing the present value of that employee's
862 accumulated benefit obligation for the affected period of
863 service.

864 c. The employee must transfer the total accumulated
865 employer contributions and earnings on deposit in his or her
866 Senior Management Service Optional Annuity Program account. If
867 the transferred amount is not sufficient to pay the amount due,
868 the employee must pay a sum representing the remainder of the
869 amount due. In no case may the employee retain any employer
870 contributions or earnings thereon from the Senior Management
871 Service Optional Annuity Program account.

872 (d) Contributions.--

873 1. Through June 30, 2001, each employer shall contribute
874 on behalf of each participant in the Senior Management Service
875 Optional Annuity Program an amount equal to the normal cost
876 portion of the employer retirement contribution which would be
877 required if the participant were a Senior Management Service
878 Class member of the Florida Retirement System defined benefit
879 program, plus the portion of the contribution rate required in
880 s. 112.363(8) that would otherwise be assigned to the Retiree
881 Health Insurance Subsidy Trust Fund. Effective July 1, 2001,
882 each employer shall contribute on behalf of each participant in
883 the optional program an amount equal to 12.49 percent of the
884 participant's gross monthly compensation. The board ~~department~~
885 shall deduct an amount approved by the board, pursuant to s.
886 215.44(4), ~~Legislature~~ to provide for the administration of this
887 program. The payment of the contributions to the optional
888 program which is required by this subparagraph for each



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889 participant shall be made by the employer to the board
890 ~~department~~, which shall forward the contributions to the
891 designated company or companies contracting for payment of
892 benefits for the participant under the program.

893 2. Each employer shall contribute on behalf of each
894 participant in the Senior Management Service Optional Annuity
895 Program an amount equal to the unfunded actuarial accrued
896 liability portion of the employer contribution which would be
897 required for members of the Senior Management Service Class in
898 the Florida Retirement System. This contribution shall be paid
899 to the board ~~department~~ for transfer to the Florida Retirement
900 System Trust Fund.

901 3. An Optional Annuity Program Trust Fund shall be
902 established in the State Treasury and administered by the board
903 ~~department~~ to make payments to provider companies on behalf of
904 the optional annuity program participants, and to transfer the
905 unfunded liability portion of the state optional annuity program
906 contributions to the Florida Retirement System Trust Fund.

907 4. Contributions required for social security by each
908 employer and each participant, in the amount required for social
909 security coverage as now or hereafter may be provided by the
910 federal Social Security Act shall be maintained for each
911 participant in the Senior Management Service retirement program
912 and shall be in addition to the retirement contributions
913 specified in this paragraph.

914 5. Each participant in the Senior Management Service
915 Optional Annuity Program may contribute by way of salary
916 reduction or deduction a percentage amount of the participant' s



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917 gross compensation not to exceed the percentage amount
918 contributed by the employer to the optional annuity program.
919 Payment of the participant's contributions shall be made by the
920 employer to the board ~~department~~, which shall forward the
921 contributions to the designated company or companies contracting
922 for payment of benefits for the participant under the program.

923 (f) Administration.--

924 1. The Senior Management Service Optional Annuity Program
925 authorized by this section shall be administered by the board
926 ~~department~~. The board ~~department~~ shall designate one or more
927 provider companies from which annuity contracts may be purchased
928 under the program and shall approve the form and content of the
929 contracts. The board ~~department~~ shall sign a contract with each
930 of the provider companies and shall evaluate the performance of
931 the provider companies on a continuing basis. The board
932 ~~department~~ may terminate the services of a provider company for
933 reasons stated in the contract. The board ~~department~~ shall adopt
934 rules establishing its responsibilities and the responsibilities
935 of employers in administering the optional annuity program.

936 2. ~~Effective July 1, 1997, the State Board of~~
937 ~~Administration shall review and make recommendations to the~~
938 ~~department on the acceptability of all investment products~~
939 ~~proposed by provider companies of the optional annuity program~~
940 ~~before such products are offered through annuity contracts to~~
941 ~~the participants and may advise the department of any changes~~
942 ~~deemed necessary to ensure that the optional annuity program~~
943 ~~offers an acceptable mix of investment products.~~ The board
944 ~~department shall~~ determine which ~~make the final determination as~~



945 ~~to whether an investment products product~~ will be included in
 946 ~~approved for~~ the program.

947 3. The provisions of each contract applicable to a
 948 participant in the Senior Management Service Optional Annuity
 949 Program shall be contained in a written program description
 950 which shall include a report of pertinent financial and
 951 actuarial information on the solvency and actuarial soundness of
 952 the program and the benefits applicable to the participant. Such
 953 description shall be furnished by the company or companies to
 954 each participant in the program and to the board ~~department~~ upon
 955 commencement of participation in the program and annually
 956 thereafter.

957 4. The board ~~department~~ shall ensure that each participant
 958 in the Senior Management Service Optional Annuity Program is
 959 provided an accounting of the total contribution and the annual
 960 contribution made by and on behalf of such participants.

961 Section 22. Paragraph (h) of subsection (1) and paragraph
 962 (e) of subsection (2) of section 121.081, Florida Statutes, are
 963 amended to read:

964 121.081 Past service; prior service;
 965 contributions.--Conditions under which past service or prior
 966 service may be claimed and credited are:

967 (1)

968 (h) The following provisions apply to the purchase of past
 969 service:

970 1. Notwithstanding any of the provisions of this
 971 subsection, past-service credit may not be purchased under this



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972 chapter for any service that is used to obtain a benefit from
973 any local retirement system.

974 2. A member may not receive past service credit under
975 paragraphs (a), (b), (e), or (f) for any leaves of absence
976 without pay, except that credit for active military service
977 leaves of absence may be claimed under paragraphs (a), (b), and
978 (f), in accordance with s. 121.111(1).

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

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

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

993 a. Each such member's account shall also be posted with
994 the total contribution his or her employer agrees to make in the
995 member's behalf for past service earned prior to October 1,
996 1975, excluding those contributions representing the employer's
997 matching share and the compound interest calculation on the
998 total contribution. However, a portion of any contributions paid



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999 | by an employer for past service credit earned on and after
1000 | October 1, 1975, may not be posted to a member's account.

1001 | b. A refund of contributions payable after an employer has
1002 | made a written agreement to purchase past service for employees
1003 | of the covered group shall include contributions for past
1004 | service which are posted to a member's account. However,
1005 | contributions for past service earned on and after October 1,
1006 | 1975, are not refundable.

1007 | (2) Prior service, as defined in s. 121.021(19), may be
1008 | claimed as creditable service under the Florida Retirement
1009 | System after a member has been reemployed for 1 complete year of
1010 | creditable service within a period of 12 consecutive months,
1011 | except as provided in paragraph (c). Service performed as a
1012 | participant of the optional retirement program for the State
1013 | University System under s. 121.35 or the Senior Management
1014 | Service Optional Annuity Program under s. 121.055 may be used to
1015 | satisfy the reemployment requirement of 1 complete year of
1016 | creditable service. The member shall not be permitted to make
1017 | any contributions for prior service until after completion of
1018 | the 1 year of creditable service. If a member does not wish to
1019 | claim credit for all of his or her prior service, the service
1020 | the member claims must be the most recent period of service. The
1021 | required contributions for claiming the various types of prior
1022 | service are:

1023 | (e) For service performed under the Florida Retirement
1024 | System after December 1, 1970, that was never reported to the
1025 | division ~~or the department~~ due to error, retirement credit may
1026 | be claimed by a member of the Florida Retirement System. The



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1027 division ~~department~~ shall adopt rules establishing criteria for
 1028 claiming such credit and detailing the documentation required to
 1029 substantiate the error.

1030 Section 23. Subsection (1) of section 121.085, Florida
 1031 Statutes, is amended to read:

1032 121.085 Creditable service.--The following provisions
 1033 shall apply to creditable service as defined in s. 121.021(17):

1034 (1) The division ~~department~~ shall adopt rules establishing
 1035 procedures for the submission of evidence or information
 1036 necessary to establish a member's claim of creditable service.

1037 Section 24. Section 121.091, Florida Statutes, is amended
 1038 to read:

1039 121.091 Benefits payable under the system.--Benefits may
 1040 not be paid under this section unless the member has terminated
 1041 employment as provided in s. 121.021(39)(a) or begun
 1042 participation in the Deferred Retirement Option Program as
 1043 provided in subsection (13), and a proper application has been
 1044 filed in the manner prescribed by the division ~~department~~. The
 1045 division ~~department~~ may cancel an application for retirement
 1046 benefits when the member or beneficiary fails to timely provide
 1047 the information and documents required by this chapter and the
 1048 division's ~~department's~~ rules. The division ~~department~~ shall
 1049 adopt rules establishing procedures for application for
 1050 retirement benefits and for the cancellation of such application
 1051 when the required information or documents are not received.

1052 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
 1053 normal retirement date, the member, upon application to the
 1054 administrator, shall receive a monthly benefit which shall begin



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1055 to accrue on the first day of the month of retirement and be
1056 payable on the last day of that month and each month thereafter
1057 during his or her lifetime. The normal retirement benefit,
1058 including any past or additional retirement credit, may not
1059 exceed 100 percent of the average final compensation. The amount
1060 of monthly benefit shall be calculated as the product of A and
1061 B, subject to the adjustment of C, if applicable, as set forth
1062 below:

1063 (a)1. For creditable years of Regular Class service, A is
1064 1.60 percent of the member's average final compensation, up to
1065 the member's normal retirement date. Upon completion of the
1066 first year after the normal retirement date, A is 1.63 percent
1067 of the member's average final compensation. Following the second
1068 year after the normal retirement date, A is 1.65 percent of the
1069 member's average final compensation. Following the third year
1070 after the normal retirement date, and for subsequent years, A is
1071 1.68 percent of the member's average final compensation.

1072 2. For creditable years of special risk service, A is:

1073 a. Two percent of the member's average final compensation
1074 for all creditable years prior to October 1, 1974;

1075 b. Three percent of the member's average final
1076 compensation for all creditable years after September 30, 1974,
1077 and before October 1, 1978;

1078 c. Two percent of the member's average final compensation
1079 for all creditable years after September 30, 1978, and before
1080 January 1, 1989;



1081 d. Two and two-tenths percent of the member's final
1082 monthly compensation for all creditable years after December 31,
1083 1988, and before January 1, 1990;

1084 e. Two and four-tenths percent of the member's average
1085 final compensation for all creditable years after December 31,
1086 1989, and before January 1, 1991;

1087 f. Two and six-tenths percent of the member's average
1088 final compensation for all creditable years after December 31,
1089 1990, and before January 1, 1992;

1090 g. Two and eight-tenths percent of the member's average
1091 final compensation for all creditable years after December 31,
1092 1991, and before January 1, 1993;

1093 h. Three percent of the member's average final
1094 compensation for all creditable years after December 31, 1992;
1095 and

1096 i. Three percent of the member's average final
1097 compensation for all creditable years of service after September
1098 30, 1978, and before January 1, 1993, for any special risk
1099 member who retires after July 1, 2000, or any member of the
1100 Special Risk Administrative Support Class entitled to retain the
1101 special risk normal retirement date who was a member of the
1102 Special Risk Class during the time period and who retires after
1103 July 1, 2000.

1104 3. For creditable years of Senior Management Service Class
1105 service after January 31, 1987, A is 2 percent;

1106 4. For creditable years of Elected Officers' Class service
1107 as a Supreme Court Justice, district court of appeal judge,
1108 circuit judge, or county court judge, A is $31/3$ percent of the



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1109 member's average final compensation, and for all other
1110 creditable service in such class, A is 3 percent of average
1111 final compensation;

1112 (b) B is the number of the member's years and any
1113 fractional part of a year of creditable service earned
1114 subsequent to November 30, 1970; and

1115 (c) C is the normal retirement benefit credit brought
1116 forward as of November 30, 1970, by a former member of an
1117 existing system. Such normal retirement benefit credit shall be
1118 determined as the product of X and Y when X is the percentage of
1119 average final compensation which the member would have been
1120 eligible to receive if the member had attained his or her normal
1121 retirement date as of November 30, 1970, all in accordance with
1122 the existing system under which the member is covered on
1123 November 30, 1970, and Y is average final compensation as
1124 defined in s. 121.021(25). However, any member of an existing
1125 retirement system who is eligible to retire and who does retire,
1126 become disabled, or die prior to April 15, 1971, may have his or
1127 her retirement benefits calculated on the basis of the best 5 of
1128 the last 10 years of service.

1129 (d) A member's average final compensation shall be
1130 determined by formula to obtain the coverage for the 5 highest
1131 fiscal years' salaries, calculated as provided by rule.

1132 (2) BENEFITS PAYABLE FOR DUAL NORMAL RETIREMENT AGES.--If
1133 a member accumulates retirement benefits to commence at
1134 different normal retirement ages by virtue of having performed
1135 duties for an employer which would entitle him or her to
1136 benefits as both a member of the Special Risk Class and a member



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1137 of either the Regular Class, Senior Management Service Class, or
1138 Elected Officers' Class, the amount of benefits payable shall be
1139 computed separately with respect to each such age and the sum of
1140 such computed amounts shall be paid as provided in this section.

1141 (3) EARLY RETIREMENT BENEFIT.--Upon retirement on his or
1142 her early retirement date, the member shall receive an immediate
1143 monthly benefit that shall begin to accrue on the first day of
1144 the month of the retirement date and be payable on the last day
1145 of that month and each month thereafter during his or her
1146 lifetime. Such benefit shall be calculated as follows:

1147 (a) The amount of each monthly payment shall be computed
1148 in the same manner as for a normal retirement benefit, in
1149 accordance with subsection (1), but shall be based on the
1150 member's average monthly compensation and creditable service as
1151 of the member's early retirement date. The benefit so computed
1152 shall be reduced by five-twelfths of 1 percent for each complete
1153 month by which the early retirement date precedes the normal
1154 retirement date of age 62 for a member of the Regular Class,
1155 Senior Management Service Class, or the Elected Officers' Class,
1156 and age 55 for a member of the Special Risk Class, or age 52 if
1157 a Special Risk member has completed 25 years of creditable
1158 service in accordance with s. 121.021(29)(b)3.

1159 (b) If the employment of a member is terminated by reason
1160 of death subsequent to the completion of 20 years of creditable
1161 service, the monthly benefit payable to the member's beneficiary
1162 shall be calculated in accordance with subsection (1), but shall
1163 be based on average monthly compensation and creditable service
1164 as of the date of death. The benefit so computed shall be



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1165 reduced by five-twelfths of 1 percent for each complete month by
1166 which death precedes the normal retirement date specified above
1167 or the date on which the member would have attained 30 years of
1168 creditable service had he or she survived and continued his or
1169 her employment, whichever provides a higher benefit.

1170 (4) DISABILITY RETIREMENT BENEFIT.--

1171 (a) Disability retirement; entitlement and effective
1172 date.--

1173 1.a. A member who becomes totally and permanently
1174 disabled, as defined in paragraph (b), after completing 5 years
1175 of creditable service, or a member who becomes totally and
1176 permanently disabled in the line of duty regardless of service,
1177 shall be entitled to a monthly disability benefit; except that
1178 any member with less than 5 years of creditable service on July
1179 1, 1980, or any person who becomes a member of the Florida
1180 Retirement System on or after such date must have completed 10
1181 years of creditable service prior to becoming totally and
1182 permanently disabled in order to receive disability retirement
1183 benefits for any disability which occurs other than in the line
1184 of duty. However, if a member employed on July 1, 1980, with
1185 less than 5 years of creditable service as of that date, becomes
1186 totally and permanently disabled after completing 5 years of
1187 creditable service and is found not to have attained fully
1188 insured status for benefits under the federal Social Security
1189 Act, such member shall be entitled to a monthly disability
1190 benefit.

1191 b. Effective July 1, 2001, a member of the defined benefit
1192 retirement program who becomes totally and permanently disabled,



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1193 as defined in paragraph (b), after completing 8 years of
1194 creditable service, or a member who becomes totally and
1195 permanently disabled in the line of duty regardless of service,
1196 shall be entitled to a monthly disability benefit.

1197 2. If the division has received from the employer the
1198 required documentation of the member's termination of
1199 employment, the effective retirement date for a member who
1200 applies and is approved for disability retirement shall be
1201 established by rule of the division.

1202 3. For a member who is receiving Workers' Compensation
1203 payments, the effective disability retirement date may not
1204 precede the date the member reaches Maximum Medical Improvement
1205 (MMI), unless the member terminates employment prior to reaching
1206 MMI.

1207 (b) Total and permanent disability.--A member shall be
1208 considered totally and permanently disabled if, in the opinion
1209 of the administrator, he or she is prevented, by reason of a
1210 medically determinable physical or mental impairment, from
1211 rendering useful and efficient service as an officer or
1212 employee.

1213 (c) Proof of disability.--The administrator, before
1214 approving payment of any disability retirement benefit, shall
1215 require proof that the member is totally and permanently
1216 disabled as provided herein:

1217 1. Such proof shall include the certification of the
1218 member's total and permanent disability by two licensed
1219 physicians of the state and such other evidence of disability as
1220 the administrator may require, including reports from vocational



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1221 rehabilitation, evaluation, or testing specialists who have
1222 evaluated the applicant for employment.

1223 2. It must be documented that:

1224 a. The member's medical condition occurred or became
1225 symptomatic during the time the member was employed in an
1226 employee/employer relationship with his or her employer;

1227 b. The member was totally and permanently disabled at the
1228 time he or she terminated covered employment; and

1229 c. The member has not been employed with any other
1230 employer after such termination.

1231 3. If the application is for in-line-of-duty disability,
1232 in addition to the requirements of subparagraph 2., it must be
1233 documented by competent medical evidence that the disability was
1234 caused by a job-related illness or accident which occurred while
1235 the member was in an employee/employer relationship with his or
1236 her employer.

1237 4. The unavailability of an employment position that the
1238 member is physically and mentally capable of performing will not
1239 be considered as proof of total and permanent disability.

1240 (d) Election on appeal.--A member whose application for
1241 regular disability retirement has been denied and who has filed
1242 an appeal to the State Retirement Commission may, if eligible,
1243 elect to receive normal or early service retirement benefits
1244 while he or she is awaiting the decision on the appeal. However:

1245 1. If the member elects to receive service retirement
1246 benefits and disability benefits are later approved as a result
1247 of the appeal, the payment option chosen by the member may not
1248 be changed.



1249 2. If the member elects to receive early service
1250 retirement and the appeal is later denied, the member may not
1251 change his or her election of early retirement.

1252
1253 Before such regular or early retirement benefits may be paid by
1254 the division, the member must provide to the division a written
1255 statement indicating that the member understands that such
1256 changes are not permitted after he or she begins receiving the
1257 benefits.

1258 (e) Disability retirement benefit.--Upon the retirement of
1259 a member on his or her disability retirement date, the member
1260 shall receive a monthly benefit that shall begin to accrue on
1261 the first day of the month of disability retirement and shall be
1262 payable on the last day of that month and each month thereafter
1263 during his or her lifetime and continued disability.

1264 (f) Computation of disability retirement benefit.--The
1265 amount of each monthly payment shall be computed in the same
1266 manner as for a normal retirement benefit, in accordance with
1267 subsection (1), but shall be based on disability option
1268 actuarial equivalency tables and the average monthly
1269 compensation and creditable service of the member as of the
1270 disability retirement date, subject to the following conditions:

1271 1. If the member's disability occurred in the line of
1272 duty, the monthly Option 1 benefit shall not be less than:

1273 a. Forty-two percent of average monthly compensation as of
1274 the disability retirement date; or



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1275 b. Sixty-five percent of the average monthly compensation
1276 as of the disability retirement date for a member of the special
1277 risk class who retires on or after July 1, 2000; or

1278 2. If the member's disability occurred other than in the
1279 line of duty, the monthly Option 1 benefit shall not be less
1280 than 25 percent of average monthly compensation as of the
1281 disability retirement date.

1282 (g) Reapplication.--A member, whose initial application
1283 for disability retirement has been denied, may reapply for
1284 disability benefits. However, such member's reapplication will
1285 be considered only if the member presents new medical evidence
1286 of a medical condition that existed prior to the member's
1287 termination of employment. The division may prescribe by rule
1288 procedures for reapplication and for review and approval or
1289 disapproval of reapplication.

1290 (h) Recovery from disability.--The administrator may
1291 require periodic reexaminations at the expense of the retirement
1292 fund. The division may adopt rules establishing procedures for
1293 conducting and review of such reexaminations.

1294 1. If the administrator finds that a member who is
1295 receiving disability benefits is, at any time prior to his or
1296 her normal retirement date, no longer disabled, the
1297 administrator shall direct that the benefits be discontinued.
1298 The decision of the administrator on this question shall be
1299 final and binding. If such member:

1300 a. Does not reenter the employ of an employer and was not
1301 vested as of the disability retirement date, he or she shall be
1302 entitled to the excess, if any, of his or her accumulated



1303 contributions over the total disability benefits received up to
1304 the date of recovery.

1305 b. Does not reenter the employ of an employer, but was
1306 vested as of the disability retirement date, he or she may elect
1307 to receive:

1308 (I) The excess, if any, of his or her accumulated
1309 contributions over the total disability benefits received up to
1310 the date of recovery; or

1311 (II) A deferred benefit commencing on the last day of the
1312 month of the normal retirement date which shall be payable on
1313 the last day of the month thereafter during his or her lifetime.
1314 The amount of such monthly benefit shall be computed in the same
1315 manner as for a normal retirement benefit, in accordance with
1316 subsection (1), but shall be based on average monthly
1317 compensation and creditable service as of the member's
1318 disability retirement date.

1319 c. Reenters employment of an employer within 6 months
1320 after recovery, the member's service will be deemed to have been
1321 continuous, but the period beginning with the first month for
1322 which he or she received a disability benefit payment and ending
1323 with the date he or she reentered employment will not be
1324 considered as creditable service for the purpose of computing
1325 benefits except as provided in sub-subparagraph d. As used in
1326 this section, the term "accumulated contributions" for such
1327 member means the excess of the member's accumulated
1328 contributions as of the disability retirement date over the
1329 total disability benefits received under paragraph (e).



1330 d. Terminates his or her disability benefit, reenters
 1331 covered employment, and is continuously employed for a minimum
 1332 of 1 year of creditable service, he or she may claim as
 1333 creditable service the months during which he or she was
 1334 receiving a disability benefit, upon payment of the required
 1335 contributions. Contributions shall equal the total required
 1336 employee and employer contribution rate applicable during the
 1337 period the retiree received retirement benefits, multiplied
 1338 times his or her rate of monthly compensation prior to the
 1339 commencement of disability retirement for each month of the
 1340 period claimed, plus 4 percent interest until July 1, 1975, and
 1341 6.5 percent interest thereafter, compounded annually each June
 1342 30 to the date of payment. If the member does not claim credit
 1343 for all of the months he or she received disability benefits,
 1344 the months claimed must be the most recent months of retirement.
 1345 Such credit for periods of disability, when purchased under the
 1346 Florida Retirement System, shall apply toward vesting
 1347 requirements for eligibility to purchase additional credit for
 1348 other service.

1349 2. Both the member receiving disability benefits who
 1350 reenters employment and the employer employing such disability
 1351 retiree shall notify the division immediately upon reemployment,
 1352 and the division shall terminate such member's disability
 1353 benefits, effective the first day of the month following the
 1354 month in which notification of recovery is received. If the
 1355 member is reemployed with a Florida Retirement System employer
 1356 at the time of benefit termination, and he or she has received
 1357 disability retirement benefit and salary payments concurrently



1358 prior to notifying the division, he or she may elect within 30
1359 days to:

1360 a. Retain the retirement benefits received prior to
1361 termination of disability benefits and begin receiving
1362 retirement service credit effective upon the date of termination
1363 of benefits; or

1364 b. Repay, within 12 months after his or her decision to
1365 receive service credit, the retirement benefits received for
1366 each month of reemployment prior to termination of disability
1367 benefits and begin receiving retirement service credit effective
1368 upon the date of reemployment. Any such unpaid benefits shall
1369 have compound interest of 6.5 percent added June 30.

1370
1371 A member may not receive both retirement service credit for
1372 employment and retirement benefits for the same month.

1373 3. If, after recovery of disability and reentry into
1374 covered employment, the member again becomes disabled and is
1375 again approved for disability retirement, the Option 1 monthly
1376 retirement benefit shall not be less than the Option 1 monthly
1377 benefit calculated at the time of the previous disability, plus
1378 any cost of living increases up to the time the disability
1379 benefit was terminated upon his or her reentry into covered
1380 employment.

1381 (i) Nonadmissible causes of disability.--A member shall
1382 not be entitled to receive any disability retirement benefit if
1383 the disability is a result of any of the following:



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1384 1. Injury or disease sustained by the member while
1385 willfully participating in a riot, civil insurrection, or other
1386 act of violence or while committing a felony;

1387 2. Injury or disease sustained by the member after his or
1388 her employment has terminated; or

1389 3. Intentional, self-inflicted injury.

1390 (j) Disability retirement of justice or judge by order of
1391 Supreme Court.--

1392 ~~1.~~ If a member is a justice of the Supreme Court, judge of
1393 a district court of appeal, circuit judge, or judge of a county
1394 court who has served for 6 years or more as an elected
1395 constitutional judicial officer, including service as a judicial
1396 officer in any court abolished pursuant to Art. V of the State
1397 Constitution, and who is retired for disability by order of the
1398 Supreme Court upon recommendation of the Judicial Qualifications
1399 Commission pursuant to the provisions of Art. V of the State
1400 Constitution, the member's Option 1 monthly benefit as provided
1401 in subparagraph (6)(a)1. shall not be less than two-thirds of
1402 his or her monthly compensation as of the member's disability
1403 retirement date. Such a member may alternatively elect to
1404 receive a disability retirement benefit under any other option
1405 as provided in paragraph (6)(a).

1406 ~~2. Should any justice or judge who is a member of the~~
1407 ~~Florida Retirement System be retired for disability by order of~~
1408 ~~the Supreme Court upon recommendation of the Judicial~~
1409 ~~Qualifications Commission pursuant to the provisions of Art. V~~
1410 ~~of the State Constitution, then all contributions to his or her~~
1411 ~~account and all contributions made on his or her behalf by the~~



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1412 ~~employer shall be transferred to and deposited in the General~~
1413 ~~Revenue Fund of the state, and there is hereby appropriated~~
1414 ~~annually out of the General Revenue Fund, to be paid into the~~
1415 ~~Florida Retirement System Fund, an amount necessary to pay the~~
1416 ~~benefits of all justices and judges retired from the Florida~~
1417 ~~Retirement System pursuant to Art. V of the State Constitution.~~

1418 (5) TERMINATION BENEFITS.--A member whose employment is
1419 terminated prior to retirement retains membership rights to
1420 previously earned member-noncontributory service credit, and to
1421 member-contributory service credit, if the member leaves the
1422 member contributions on deposit in his or her retirement
1423 account. If a terminated member receives a refund of member
1424 contributions, such member may reinstate membership rights to
1425 the previously earned service credit represented by the refund
1426 by completing 1 year of creditable service and repaying the
1427 refunded member contributions, plus interest.

1428 (a) A member whose employment is terminated for any reason
1429 other than death or retirement prior to becoming vested is
1430 entitled to the return of his or her accumulated contributions
1431 as of the date of termination.

1432 (b) A member whose employment is terminated for any reason
1433 other than death or retirement after becoming vested may elect
1434 to receive a deferred monthly benefit which shall begin to
1435 accrue on the first day of the month of normal or early
1436 retirement and shall be payable on the last day of that month
1437 and each month thereafter during his or her lifetime. The amount
1438 of monthly benefit shall be computed in the same manner as for a
1439 normal retirement benefit in accordance with subsection (1) or



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1440 early retirement benefit in accordance with s. 121.021(30), but
1441 based on average monthly compensation and creditable service as
1442 of the date of termination.

1443 (c) In lieu of the deferred monthly benefit provided in
1444 paragraph (b), the terminated member may elect to receive a
1445 lump-sum amount equal to his or her accumulated contributions as
1446 of the date of termination.

1447 (d) If any retired member dies without having received in
1448 benefit payments an amount equal to his or her accumulated
1449 contributions, there shall be payable to his or her designated
1450 beneficiary an amount equal to the excess, if any, of the
1451 member's accumulated contributions over the total monthly
1452 payments made to the member prior to the date of death.

1453 (e) A member shall be deemed a terminated member when
1454 termination of employment has occurred as provided in s.
1455 121.021(39).

1456 (f) Any member who has been found guilty by a verdict of a
1457 jury, or by the court trying the case without a jury, of
1458 committing, aiding, or abetting any embezzlement or theft from
1459 his or her employer, bribery in connection with the employment,
1460 or other felony specified in chapter 838, except ss. 838.15 and
1461 838.16, committed prior to retirement, or who has entered a plea
1462 of guilty or of nolo contendere to such crime, or any member
1463 whose employment is terminated by reason of the member's
1464 admitted commitment, aiding, or abetting of an embezzlement or
1465 theft from his or her employer, bribery, or other felony
1466 specified in chapter 838, except ss. 838.15 and 838.16, shall
1467 forfeit all rights and benefits under this chapter, except the



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1468 return of his or her accumulated contributions as of the date of
1469 termination.

1470 (g) Any elected official who is convicted by the Senate of
1471 an impeachable offense shall forfeit all rights and benefits
1472 under this chapter, except the return of his or her accumulated
1473 contributions as of the date of the conviction.

1474 (h) Any member who, prior to retirement, is adjudged by a
1475 court of competent jurisdiction to have violated any state law
1476 against strikes by public employees, or who has been found
1477 guilty by such court of violating any state law prohibiting
1478 strikes by public employees, shall forfeit all rights and
1479 benefits under this chapter, except the return of his or her
1480 accumulated contributions as of the date of the conviction.

1481 (i) Any beneficiary who by a verdict of a jury or by the
1482 court trying the case without a jury is found guilty, or who has
1483 entered a plea of guilty or nolo contendere, of unlawfully and
1484 intentionally killing or procuring the death of the member
1485 forfeits all rights to the deceased member's benefits under this
1486 chapter, and the benefits will be paid as if such beneficiary
1487 had predeceased the decedent.

1488 (j) Benefits shall not be paid by the division pending
1489 final resolution of such charges against a member or beneficiary
1490 if the resolution of such charges could require the forfeiture
1491 of benefits as provided in paragraph (f), paragraph (g),
1492 paragraph (h), or paragraph (i).

1493 (6) OPTIONAL FORMS OF RETIREMENT BENEFITS AND DISABILITY
1494 RETIREMENT BENEFITS.--



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1495 (a) Prior to the receipt of the first monthly retirement
1496 payment, a member shall elect to receive the retirement benefits
1497 to which he or she is entitled under subsection (1), subsection
1498 (2), subsection (3), or subsection (4) in accordance with one of
1499 the following options:

1500 1. The maximum retirement benefit payable to the member
1501 during his or her lifetime.

1502 2. A decreased retirement benefit payable to the member
1503 during his or her lifetime and, in the event of his or her death
1504 within a period of 10 years after retirement, the same monthly
1505 amount payable for the balance of such 10-year period to his or
1506 her beneficiary or, in case the beneficiary is deceased, in
1507 accordance with subsection (8) as though no beneficiary had been
1508 named.

1509 3. A decreased retirement benefit payable during the joint
1510 lifetime of both the member and his or her joint annuitant and
1511 which, after the death of either, shall continue during the
1512 lifetime of the survivor in the same amount, subject to the
1513 provisions of subsection (12).

1514 4. A decreased retirement benefit payable during the joint
1515 lifetime of the member and his or her joint annuitant and which,
1516 after the death of either, shall continue during the lifetime of
1517 the survivor in an amount equal to $66\frac{2}{3}$ percent of the amount
1518 that was payable during the joint lifetime of the member and his
1519 or her joint annuitant, subject to the provisions of subsection
1520 (12).

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1522 The spouse of any member who elects to receive the benefit
1523 provided under subparagraph 1. or subparagraph 2. shall be
1524 notified of and shall acknowledge any such election. The
1525 division shall establish by rule a method for selecting the
1526 appropriate actuarial factor for optional forms of benefits
1527 selected under subparagraphs 3. and 4., based on the age of the
1528 member and the joint annuitant.

1529 (b) The benefit payable under any option stated above
1530 shall be the actuarial equivalent, based on tables adopted by
1531 the administrator for this purpose, of the amount to which the
1532 member was otherwise entitled.

1533 (c) A member who elects the option in subparagraph (a)2.
1534 shall, in accordance with subsection (8), designate one or more
1535 persons to receive the benefits payable in the event of his or
1536 her death. Such persons shall be the beneficiaries of the
1537 member. The member may also designate one or more contingent
1538 beneficiaries to receive any benefits remaining upon the death
1539 of the primary beneficiary.

1540 (d) A member who elects the option in subparagraph (a)3.
1541 or subparagraph (a)4. shall, on a form provided for that
1542 purpose, designate a joint annuitant to receive the benefits
1543 which continue to be payable upon the death of the member. After
1544 benefits have commenced under the option in subparagraph (a)3.
1545 or subparagraph (a)4., the following shall apply:

1546 1. A retired member may change his or her designation of a
1547 joint annuitant only twice. If such a retired member desires to
1548 change his or her designation of a joint annuitant, he or she
1549 shall file with the division a notarized "change of joint



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1550 annuitant" form and shall notify the former joint annuitant in
1551 writing of such change. Effective the first day of the next
1552 month following receipt by the division of a completed change of
1553 joint annuitant form, the division shall adjust the member's
1554 monthly benefit by the application of actuarial tables and
1555 calculations developed to ensure that the benefit paid is the
1556 actuarial equivalent of the present value of the member's
1557 current benefit. The consent of a retired member's first
1558 designated joint annuitant to any such change shall not be
1559 required. However, if either the member or the joint annuitant
1560 dies before the effective date of the request for change of
1561 joint annuitant, the requested change shall be void, and
1562 survivor benefits, if any, shall be paid as if no request had
1563 been made.

1564 2. In the event of the dissolution of marriage of a
1565 retired member and a joint annuitant, such member may make an
1566 election to nullify the joint annuitant designation of the
1567 former spouse, unless there is an existing qualified domestic
1568 relations order preventing such action. The member shall file
1569 with the division a written, notarized nullification which shall
1570 be effective on the first day of the next month following
1571 receipt by the division. Benefits shall be paid as if the former
1572 spouse predeceased the member. A member who makes such an
1573 election may not reverse the nullification but may designate a
1574 new joint annuitant in accordance with subparagraph 1.

1575 (e) The election of an option shall be null and void if
1576 the member dies before the effective date of retirement.



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1577 (f) A member who elects to receive benefits under the
1578 option in subparagraph (a)3. may designate one or more qualified
1579 persons, either a spouse or other dependent, as his or her joint
1580 annuitant to receive the benefits after the member's death in
1581 whatever proportion he or she so assigns to each person named as
1582 joint annuitant. The division shall adopt appropriate actuarial
1583 tables and calculations necessary to ensure that the benefit
1584 paid is the actuarial equivalent of the benefit to which the
1585 member is otherwise entitled under the option in subparagraph
1586 (a)1.

1587 (g) Upon the death of a retired member or beneficiary
1588 receiving monthly benefits under this chapter, the monthly
1589 benefits shall be paid through the last day of the month of
1590 death and shall terminate, or be adjusted, if applicable, as of
1591 that date in accordance with the optional form of benefit
1592 selected at the time of retirement.

1593 (h) The option selected or determined for payment of
1594 benefits as provided in this section shall be final and
1595 irrevocable at the time a benefit payment is cashed or deposited
1596 or credited to the Deferred Retirement Option Program as
1597 provided in subsection (13).

1598 (7) DEATH BENEFITS.--

1599 (a) If the employment of a member is terminated by reason
1600 of his or her death prior to being vested, except as provided in
1601 paragraph (f), there shall be payable to his or her designated
1602 beneficiary the member's accumulated contributions.

1603 (b) If the employment of an active member who may or may
1604 not have applied for retirement is terminated by reason of his



1605 or her death subsequent to becoming vested and prior to his or
 1606 her effective date of retirement, if established, it shall be
 1607 assumed that the member retired as of the date of death in
 1608 accordance with subsection (1) if eligible for normal retirement
 1609 benefits, subsection (2) if eligible for benefits payable for
 1610 dual normal retirement, or subsection (3) if eligible for early
 1611 retirement benefits. Benefits payable to the designated
 1612 beneficiary shall be as follows:

1613 1. For a beneficiary who qualifies as a joint annuitant,
 1614 the optional form of payment provided in accordance with
 1615 subparagraph (6)(a)3. shall be paid for the joint annuitant's
 1616 lifetime.

1617 2. For a beneficiary who does not qualify as a joint
 1618 annuitant, no continuing monthly benefit shall be paid and the
 1619 beneficiary shall be entitled only to the return of the member's
 1620 personal contributions. If there is no monetary interest in the
 1621 member's retirement account for which such beneficiary is
 1622 eligible, the beneficiary shall be the next named beneficiary
 1623 or, if no other beneficiary is named, the beneficiary shall be
 1624 the next eligible beneficiary according to subsection (8).

1625 (c) If a retiring member dies on or after the effective
 1626 date of retirement, but prior to a benefit payment being cashed
 1627 or deposited, or credited to the Deferred Retirement Option
 1628 Program, benefits shall be paid as follows:

1629 1. For a designated beneficiary who qualifies as a joint
 1630 annuitant, benefits shall be paid in the optional form of
 1631 payment provided in subparagraph (6)(a)3. for the joint
 1632 annuitant's lifetime or, if the member chose the optional form



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1633 of payment provided in subparagraph (6)(a)2., the joint
1634 annuitant may select the form provided in either subparagraph
1635 (6)(a)2. or subparagraph (6)(a)3.

1636 2. For a designated beneficiary who does not qualify as a
1637 joint annuitant, any benefits payable shall be paid as provided
1638 in the option selected by the member; or if the member has not
1639 selected an option, benefits shall be paid in the optional form
1640 of payment provided in subparagraph (6)(a)1.

1641 (d) Notwithstanding any other provision in this chapter to
1642 the contrary, with the exception of the Deferred Retirement
1643 Option Program, as provided in subsection (13):

1644 1. The surviving spouse of any member killed in the line
1645 of duty may receive a monthly pension equal to one-half of the
1646 monthly salary being received by the member at the time of death
1647 for the rest of the surviving spouse's lifetime or, if the
1648 member was vested, such surviving spouse may elect to receive a
1649 benefit as provided in paragraph (b). Benefits provided by this
1650 paragraph shall supersede any other distribution that may have
1651 been provided by the member's designation of beneficiary.

1652 2. If the surviving spouse of a member killed in the line
1653 of duty dies, the monthly payments which would have been payable
1654 to such surviving spouse had such surviving spouse lived shall
1655 be paid for the use and benefit of such member's child or
1656 children under 18 years of age and unmarried until the 18th
1657 birthday of the member's youngest child.

1658 3. If a member killed in the line of duty leaves no
1659 surviving spouse but is survived by a child or children under 18
1660 years of age, the benefits provided by subparagraph 1., normally



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1661 payable to a surviving spouse, shall be paid for the use and
1662 benefit of such member's child or children under 18 years of age
1663 and unmarried until the 18th birthday of the member's youngest
1664 child.

1665 4. The surviving spouse of a member whose benefit
1666 terminated because of remarriage shall have the benefit
1667 reinstated beginning July 1, 1993, at an amount that would have
1668 been payable had the benefit not been terminated.

1669 (e) The surviving spouse or other dependent of any member,
1670 except a member who participated in the Deferred Retirement
1671 Option Program, whose employment is terminated by death shall,
1672 upon application to the administrator, be permitted to pay the
1673 required contributions for any service performed by the member
1674 which could have been claimed by the member at the time of his
1675 or her death. Such service shall be added to the creditable
1676 service of the member and shall be used in the calculation of
1677 any benefits which may be payable to the surviving spouse or
1678 other surviving dependent.

1679 (f) Notwithstanding any other provisions in this chapter
1680 to the contrary and upon application to the administrator, an
1681 eligible joint annuitant, of a member whose employment is
1682 terminated by death within 1 year of such member satisfying the
1683 service requirements for vesting and retirement eligibility,
1684 shall be permitted to purchase only the additional service
1685 credit necessary to vest and qualify for retirement benefits,
1686 not to exceed a total of 1 year of credit, by one or a
1687 combination of the following methods:



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1688 1. Such eligible joint annuitant may use the deceased
1689 member's accumulated hours of annual, sick, and compensatory
1690 leave to purchase additional creditable service, on an hour by
1691 hour basis, provided that such deceased member's accumulated
1692 leave is sufficient to cover the additional months required. For
1693 each month of service credit needed prior to the final month,
1694 credit for the total number of work hours in that month must be
1695 purchased, using an equal number of the deceased member's
1696 accumulated leave hours. Service credit required for the final
1697 month in which the deceased member would have become vested
1698 shall be awarded upon the purchase of 1 hour of credit. Such
1699 eligible joint annuitant shall pay the contribution rate in
1700 effect for the period of time being claimed for the deceased
1701 member's class of membership, multiplied by such member's
1702 monthly salary at the time of death, plus 6.5 percent interest
1703 compounded annually. The accumulated leave payment used in the
1704 average final compensation shall not include that portion of the
1705 payment that represents any leave hours used in the purchase of
1706 such creditable service.

1707 2. Such eligible joint annuitant may purchase additional
1708 months of creditable service for any periods of out-of-state
1709 service as provided in s. 121.1115, and in-state service as
1710 provided in s. 121.1122, that the deceased member would have
1711 been eligible to purchase prior to his or her death.

1712
1713 Service purchased under this paragraph shall be added to the
1714 creditable service of the member and used to vest for retirement
1715 eligibility, and shall be used in the calculation of any



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1716 benefits which may be payable to the eligible joint annuitant.
1717 Any benefits paid in accordance with this paragraph shall only
1718 be made prospectively.

1719 (g) Notwithstanding any other provisions in this chapter
1720 to the contrary, if any member who is vested dies and the
1721 surviving spouse receives a refund of the accumulated
1722 contributions made to the retirement trust fund, such spouse may
1723 pay to the Division of Retirement an amount equal to the sum of
1724 the amount of the deceased member's accumulated contributions
1725 previously refunded plus interest at 4 percent compounded
1726 annually each June 30 from the date of refund until July 1,
1727 1975, and 6.5 percent interest compounded annually thereafter,
1728 until full payment is made, and receive the monthly retirement
1729 benefit as provided in paragraph (b).

1730 (h) The designated beneficiary who is the surviving spouse
1731 or other dependent of a member whose employment is terminated by
1732 death subsequent to becoming vested, but prior to actual
1733 retirement, may elect to receive a deferred monthly benefit as
1734 if the member had lived and had elected a deferred monthly
1735 benefit, as provided in paragraph (5)(b), calculated on the
1736 basis of the average final compensation and creditable service
1737 of the member at his or her death and the age the member would
1738 have attained on the commencement date of the deferred benefit
1739 elected by the beneficiary, paid in accordance with option 3 of
1740 paragraph (6)(a).

1741 (8) DESIGNATION OF BENEFICIARIES.--

1742 (a) Each member may, on a form provided for that purpose,
1743 signed and filed with the division, designate a choice of one or



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1744 more persons, named sequentially or jointly, as his or her
1745 beneficiary who shall receive the benefits, if any, which may be
1746 payable in the event of the member's death pursuant to the
1747 provisions of this chapter. If no beneficiary is named in the
1748 manner provided above, or if no beneficiary designated by the
1749 member survives the member, the beneficiary shall be the spouse
1750 of the deceased, if living. If the member's spouse is not alive
1751 at his or her death, the beneficiary shall be the living
1752 children of the member. If no children survive, the beneficiary
1753 shall be the member's father or mother, if living; otherwise,
1754 the beneficiary shall be the member's estate. The beneficiary
1755 most recently designated by a member on a form or letter filed
1756 with the division shall be the beneficiary entitled to any
1757 benefits payable at the time of the member's death, except that
1758 benefits shall be paid as provided in paragraph (7)(d) when
1759 death occurs in the line of duty. Notwithstanding any other
1760 provisions in this subsection to the contrary, for a member who
1761 dies prior to his or her effective date of retirement on or
1762 after January 1, 1999, the spouse at the time of death shall be
1763 the member's beneficiary unless such member designates a
1764 different beneficiary as provided herein subsequent to the
1765 member's most recent marriage.

1766 (b) A designated beneficiary of a retirement account for
1767 whom there is a monetary interest may disclaim his or her
1768 monetary interest as provided in s. 689.21, and in accordance
1769 with division rules governing such disclaimers. Such disclaimer
1770 must be filed within 24 months after the event that created the
1771 interest, that is, the death of the member or annuitant.



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1772 (c) Notwithstanding the member's designation of benefits
1773 to be paid through a trust to a beneficiary that is a natural
1774 person as provided in s. 121.021(46), and notwithstanding the
1775 provisions of the trust, benefits shall be paid directly to the
1776 beneficiary if such person is no longer a minor or incapacitated
1777 as defined in s. 744.102(10) and (11).

1778 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.--

1779 (a) Any person who is retired under this chapter, except
1780 under the disability retirement provisions of subsection (4),
1781 may be employed by an employer that does not participate in a
1782 state-administered retirement system and may receive
1783 compensation from that employment without limiting or
1784 restricting in any way the retirement benefits payable to that
1785 person.

1786 (b)1. Any person who is retired under this chapter, except
1787 under the disability retirement provisions of subsection (4),
1788 may be reemployed by any private or public employer after
1789 retirement and receive retirement benefits and compensation from
1790 his or her employer without any limitations, except that a
1791 person may not receive both a salary from reemployment with any
1792 agency participating in the Florida Retirement System and
1793 retirement benefits under this chapter for a period of 12 months
1794 immediately subsequent to the date of retirement. However, a
1795 DROP participant shall continue employment and receive a salary
1796 during the period of participation in the Deferred Retirement
1797 Option Program, as provided in subsection (13).

1798 2. Any person to whom the limitation in subparagraph 1.
1799 applies who violates such reemployment limitation and who is



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1800 reemployed with any agency participating in the Florida
1801 Retirement System before completion of the 12-month limitation
1802 period shall give timely notice of this fact in writing to the
1803 employer and to the division and shall have his or her
1804 retirement benefits suspended for the balance of the 12-month
1805 limitation period. Any person employed in violation of this
1806 paragraph and any employing agency which knowingly employs or
1807 appoints such person without notifying the Division of
1808 Retirement to suspend retirement benefits shall be jointly and
1809 severally liable for reimbursement to the retirement trust fund
1810 of any benefits paid during the reemployment limitation period.
1811 To avoid liability, such employing agency shall have a written
1812 statement from the retiree that he or she is not retired from a
1813 state-administered retirement system. Any retirement benefits
1814 received while reemployed during this reemployment limitation
1815 period shall be repaid to the retirement trust fund, and
1816 retirement benefits shall remain suspended until such repayment
1817 has been made. Benefits suspended beyond the reemployment
1818 limitation shall apply toward repayment of benefits received in
1819 violation of the reemployment limitation.

1820 3. A district school board may reemploy a retired member
1821 as a substitute or hourly teacher, education paraprofessional,
1822 transportation assistant, bus driver, or food service worker on
1823 a noncontractual basis after he or she has been retired for 1
1824 calendar month, in accordance with s. 121.021(39). Any retired
1825 member who is reemployed within 1 calendar month after
1826 retirement shall void his or her application for retirement
1827 benefits. District school boards reemploying such teachers,



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1828 education paraprofessionals, transportation assistants, bus
1829 drivers, or food service workers are subject to the retirement
1830 contribution required by subparagraph 7. Reemployment of a
1831 retired member as a substitute or hourly teacher, education
1832 paraprofessional, transportation assistant, bus driver, or food
1833 service worker is limited to 780 hours during the first 12
1834 months of his or her retirement. Any retired member reemployed
1835 for more than 780 hours during his or her first 12 months of
1836 retirement shall give timely notice in writing to the employer
1837 and to the division of the date he or she will exceed the
1838 limitation. The division shall suspend his or her retirement
1839 benefits for the remainder of the first 12 months of retirement.
1840 Any person employed in violation of this subparagraph and any
1841 employing agency which knowingly employs or appoints such person
1842 without notifying the Division of Retirement to suspend
1843 retirement benefits shall be jointly and severally liable for
1844 reimbursement to the retirement trust fund of any benefits paid
1845 during the reemployment limitation period. To avoid liability,
1846 such employing agency shall have a written statement from the
1847 retiree that he or she is not retired from a state-administered
1848 retirement system. Any retirement benefits received by a retired
1849 member while reemployed in excess of 780 hours during the first
1850 12 months of retirement shall be repaid to the Retirement System
1851 Trust Fund, and his or her retirement benefits shall remain
1852 suspended until repayment is made. Benefits suspended beyond the
1853 end of the retired member's first 12 months of retirement shall
1854 apply toward repayment of benefits received in violation of the
1855 780-hour reemployment limitation.



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1856 4. A community college board of trustees may reemploy a
1857 retired member as an adjunct instructor, that is, an instructor
1858 who is noncontractual and part-time, or as a participant in a
1859 phased retirement program within the Florida Community College
1860 System, after he or she has been retired for 1 calendar month,
1861 in accordance with s. 121.021(39). Any retired member who is
1862 reemployed within 1 calendar month after retirement shall void
1863 his or her application for retirement benefits. Boards of
1864 trustees reemploying such instructors are subject to the
1865 retirement contribution required in subparagraph 7. A retired
1866 member may be reemployed as an adjunct instructor for no more
1867 than 780 hours during the first 12 months of retirement. Any
1868 retired member reemployed for more than 780 hours during the
1869 first 12 months of retirement shall give timely notice in
1870 writing to the employer and to the division of the date he or
1871 she will exceed the limitation. The division shall suspend his
1872 or her retirement benefits for the remainder of the first 12
1873 months of retirement. Any person employed in violation of this
1874 subparagraph and any employing agency which knowingly employs or
1875 appoints such person without notifying the Division of
1876 Retirement to suspend retirement benefits shall be jointly and
1877 severally liable for reimbursement to the retirement trust fund
1878 of any benefits paid during the reemployment limitation period.
1879 To avoid liability, such employing agency shall have a written
1880 statement from the retiree that he or she is not retired from a
1881 state-administered retirement system. Any retirement benefits
1882 received by a retired member while reemployed in excess of 780
1883 hours during the first 12 months of retirement shall be repaid



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1884 to the Retirement System Trust Fund, and retirement benefits
1885 shall remain suspended until repayment is made. Benefits
1886 suspended beyond the end of the retired member's first 12 months
1887 of retirement shall apply toward repayment of benefits received
1888 in violation of the 780-hour reemployment limitation.

1889 5. The State University System may reemploy a retired
1890 member as an adjunct faculty member or as a participant in a
1891 phased retirement program within the State University System
1892 after the retired member has been retired for 1 calendar month,
1893 in accordance with s. 121.021(39). Any retired member who is
1894 reemployed within 1 calendar month after retirement shall void
1895 his or her application for retirement benefits. The State
1896 University System is subject to the retired contribution
1897 required in subparagraph 7., as appropriate. A retired member
1898 may be reemployed as an adjunct faculty member or a participant
1899 in a phased retirement program for no more than 780 hours during
1900 the first 12 months of his or her retirement. Any retired member
1901 reemployed for more than 780 hours during the first 12 months of
1902 retirement shall give timely notice in writing to the employer
1903 and to the division of the date he or she will exceed the
1904 limitation. The division shall suspend his or her retirement
1905 benefits for the remainder of the first 12 months of retirement.
1906 Any person employed in violation of this subparagraph and any
1907 employing agency which knowingly employs or appoints such person
1908 without notifying the Division of Retirement to suspend
1909 retirement benefits shall be jointly and severally liable for
1910 reimbursement to the retirement trust fund of any benefits paid
1911 during the reemployment limitation period. To avoid liability,



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1912 such employing agency shall have a written statement from the
1913 retiree that he or she is not retired from a state-administered
1914 retirement system. Any retirement benefits received by a retired
1915 member while reemployed in excess of 780 hours during the first
1916 12 months of retirement shall be repaid to the Retirement System
1917 Trust Fund, and retirement benefits shall remain suspended until
1918 repayment is made. Benefits suspended beyond the end of the
1919 retired member's first 12 months of retirement shall apply
1920 toward repayment of benefits received in violation of the 780-
1921 hour reemployment limitation.

1922 6. The Board of Trustees of the Florida School for the
1923 Deaf and the Blind may reemploy a retired member as a substitute
1924 teacher, substitute residential instructor, or substitute nurse
1925 on a noncontractual basis after he or she has been retired for 1
1926 calendar month, in accordance with s. 121.021(39). Any retired
1927 member who is reemployed within 1 calendar month after
1928 retirement shall void his or her application for retirement
1929 benefits. The Board of Trustees of the Florida School for the
1930 Deaf and the Blind reemploying such teachers, residential
1931 instructors, or nurses is subject to the retirement contribution
1932 required by subparagraph 7. Reemployment of a retired member as
1933 a substitute teacher, substitute residential instructor, or
1934 substitute nurse is limited to 780 hours during the first 12
1935 months of his or her retirement. Any retired member reemployed
1936 for more than 780 hours during the first 12 months of retirement
1937 shall give timely notice in writing to the employer and to the
1938 division of the date he or she will exceed the limitation. The
1939 division shall suspend his or her retirement benefits for the



1940 remainder of the first 12 months of retirement. Any person
 1941 employed in violation of this subparagraph and any employing
 1942 agency which knowingly employs or appoints such person without
 1943 notifying the Division of Retirement to suspend retirement
 1944 benefits shall be jointly and severally liable for reimbursement
 1945 to the retirement trust fund of any benefits paid during the
 1946 reemployment limitation period. To avoid liability, such
 1947 employing agency shall have a written statement from the retiree
 1948 that he or she is not retired from a state-administered
 1949 retirement system. Any retirement benefits received by a retired
 1950 member while reemployed in excess of 780 hours during the first
 1951 12 months of retirement shall be repaid to the Retirement System
 1952 Trust Fund, and his or her retirement benefits shall remain
 1953 suspended until payment is made. Benefits suspended beyond the
 1954 end of the retired member's first 12 months of retirement shall
 1955 apply toward repayment of benefits received in violation of the
 1956 780-hour reemployment limitation.

1957 7. The employment by an employer of any retiree or DROP
 1958 participant of any state-administered retirement system shall
 1959 have no effect on the average final compensation or years of
 1960 creditable service of the retiree or DROP participant. Prior to
 1961 July 1, 1991, upon employment of any person, other than an
 1962 elected officer as provided in s. 121.053, who has been retired
 1963 under any state-administered retirement program, the employer
 1964 shall pay retirement contributions in an amount equal to the
 1965 unfunded actuarial liability portion of the employer
 1966 contribution which would be required for regular members of the
 1967 Florida Retirement System. Effective July 1, 1991, contributions



1968 shall be made as provided in s. 121.122 for retirees with
 1969 renewed membership or subsection (13) with respect to DROP
 1970 participants.

1971 8. Any person who has previously retired and who is
 1972 holding an elective public office or an appointment to an
 1973 elective public office eligible for the Elected Officers' Class
 1974 on or after July 1, 1990, shall be enrolled in the Florida
 1975 Retirement System as provided in s. 121.053(1)(b) or, if holding
 1976 an elective public office that does not qualify for the Elected
 1977 Officers' Class on or after July 1, 1991, shall be enrolled in
 1978 the Florida Retirement System as provided in s. 121.122, and
 1979 shall continue to receive retirement benefits as well as
 1980 compensation for the elected officer's service for as long as he
 1981 or she remains in elective office. However, any retired member
 1982 who served in an elective office prior to July 1, 1990,
 1983 suspended his or her retirement benefit, and had his or her
 1984 Florida Retirement System membership reinstated shall, upon
 1985 retirement from such office, have his or her retirement benefit
 1986 recalculated to include the additional service and compensation
 1987 earned.

1988 9. Any person who is holding an elective public office
 1989 which is covered by the Florida Retirement System and who is
 1990 concurrently employed in nonelected covered employment may elect
 1991 to retire while continuing employment in the elective public
 1992 office, provided that he or she shall be required to terminate
 1993 his or her nonelected covered employment. Any person who
 1994 exercises this election shall receive his or her retirement
 1995 benefits in addition to the compensation of the elective office



1996 without regard to the time limitations otherwise provided in
 1997 this subsection. No person who seeks to exercise the provisions
 1998 of this subparagraph, as the same existed prior to May 3, 1984,
 1999 shall be deemed to be retired under those provisions, unless
 2000 such person is eligible to retire under the provisions of this
 2001 subparagraph, as amended by chapter 84-11, Laws of Florida.

2002 10. The limitations of this paragraph apply to
 2003 reemployment in any capacity with an "employer" as defined in s.
 2004 121.021(10), irrespective of the category of funds from which
 2005 the person is compensated.

2006 11. An employing agency may reemploy a retired member as a
 2007 firefighter or paramedic after the retired member has been
 2008 retired for 1 calendar month, in accordance with s. 121.021(39).
 2009 Any retired member who is reemployed within 1 calendar month
 2010 after retirement shall void his or her application for
 2011 retirement benefits. The employing agency reemploying such
 2012 firefighter or paramedic is subject to the retired contribution
 2013 required in subparagraph 8. Reemployment of a retired
 2014 firefighter or paramedic is limited to no more than 780 hours
 2015 during the first 12 months of his or her retirement. Any retired
 2016 member reemployed for more than 780 hours during the first 12
 2017 months of retirement shall give timely notice in writing to the
 2018 employer and to the division of the date he or she will exceed
 2019 the limitation. The division shall suspend his or her retirement
 2020 benefits for the remainder of the first 12 months of retirement.
 2021 Any person employed in violation of this subparagraph and any
 2022 employing agency which knowingly employs or appoints such person
 2023 without notifying the Division of Retirement to suspend



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2024 retirement benefits shall be jointly and severally liable for
2025 reimbursement to the Retirement System Trust Fund of any
2026 benefits paid during the reemployment limitation period. To
2027 avoid liability, such employing agency shall have a written
2028 statement from the retiree that he or she is not retired from a
2029 state-administered retirement system. Any retirement benefits
2030 received by a retired member while reemployed in excess of 780
2031 hours during the first 12 months of retirement shall be repaid
2032 to the Retirement System Trust Fund, and retirement benefits
2033 shall remain suspended until repayment is made. Benefits
2034 suspended beyond the end of the retired member's first 12 months
2035 of retirement shall apply toward repayment of benefits received
2036 in violation of the 780-hour reemployment limitation.

2037 (10) FUTURE BENEFITS BASED ON ACTUARIAL DATA.--It is the
2038 intent of the Legislature that future benefit increases enacted
2039 into law in this chapter shall be financed concurrently by
2040 increased contributions or other adequate funding, and such
2041 funding shall be based on sound actuarial data as developed by
2042 the actuary or state retirement actuary, as provided in ss.
2043 121.021(6) and 121.192.

2044 (11) A member who becomes eligible to retire and has
2045 accumulated the maximum benefit of 100 percent of average final
2046 compensation may continue in active service, and, if upon the
2047 member's retirement the member elects to receive a retirement
2048 compensation pursuant to subsection (2), subsection (6), or
2049 subsection (7), the actuarial equivalent percentage factor
2050 applicable to the age of such member at the time the member
2051 reached the maximum benefit and to the age, at that time, of the



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2052 member's spouse shall determine the amount of benefits to be
2053 paid.

2054 (12) SPECIAL PROVISIONS FOR PAYMENT OF CERTAIN SURVIVOR
2055 BENEFITS.--Notwithstanding any provision of this chapter to the
2056 contrary, for members with an effective date of retirement, or
2057 date of death if prior to retirement, on or after January 1,
2058 1996, the named joint annuitant, as defined in s.
2059 121.021(28)(b), who is eligible to receive benefits under
2060 subparagraph (6)(a)3. or subparagraph (6)(a)4., shall receive
2061 the maximum monthly retirement benefit that would have been
2062 payable to the member under subparagraph (6)(a)1.; however,
2063 payment of such benefit shall cease the month the joint
2064 annuitant attains age 25 unless such joint annuitant is disabled
2065 and incapable of self-support, in which case, benefits shall
2066 cease when the joint annuitant is no longer disabled. The
2067 administrator may require proof of disability or continued
2068 disability in the same manner as is provided for a member
2069 seeking or receiving a disability retirement benefit under
2070 subsection(4).

2071 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general, and
2072 subject to the provisions of this section, the Deferred
2073 Retirement Option Program, hereinafter referred to as the DROP,
2074 is a program under which an eligible member of the Florida
2075 Retirement System may elect to participate, deferring receipt of
2076 retirement benefits while continuing employment with his or her
2077 Florida Retirement System employer. The deferred monthly
2078 benefits shall accrue in the System Trust Fund on behalf of the
2079 participant, plus interest compounded monthly, for the specified



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2080 period of the DROP participation, as provided in paragraph (c).
2081 Upon termination of employment, the participant shall receive
2082 the total DROP benefits and begin to receive the previously
2083 determined normal retirement benefits. Participation in the DROP
2084 does not guarantee employment for the specified period of DROP.

2085 (a) Eligibility of member to participate in the DROP.--All
2086 active Florida Retirement System members in a regularly
2087 established position, and all active members of either the
2088 Teachers' Retirement System established in chapter 238 or the
2089 State and County Officers' and Employees' Retirement System
2090 established in chapter 122 which systems are consolidated within
2091 the Florida Retirement System under s. 121.011, are eligible to
2092 elect participation in the DROP provided that:

2093 1. The member is not a renewed member of the Florida
2094 Retirement System under s. 121.122, or a member of the State
2095 Community College System Optional Retirement Program under s.
2096 121.051, the Senior Management Service Optional Annuity Program
2097 under s. 121.055, or the optional retirement program for the
2098 State University System under s. 121.35.

2099 2. Except as provided in subparagraph 6., election to
2100 participate is made within 12 months immediately following the
2101 date on which the member first reaches normal retirement date,
2102 or, for a member who reaches normal retirement date based on
2103 service before he or she reaches age 62, or age 55 for Special
2104 Risk Class members, election to participate may be deferred to
2105 the 12 months immediately following the date the member attains
2106 57, or age 52 for Special Risk Class members. For a member who
2107 first reached normal retirement date or the deferred eligibility



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2108 date described above prior to the effective date of this
2109 section, election to participate shall be made within 12 months
2110 after the effective date of this section. A member who fails to
2111 make an election within such 12-month limitation period shall
2112 forfeit all rights to participate in the DROP. The member shall
2113 advise his or her employer and the division in writing of the
2114 date on which the DROP shall begin. Such beginning date may be
2115 subsequent to the 12-month election period, but must be within
2116 the 60-month limitation period as provided in subparagraph (b)1.
2117 When establishing eligibility of the member to participate in
2118 the DROP for the 60-month maximum participation period, the
2119 member may elect to include or exclude any optional service
2120 credit purchased by the member from the total service used to
2121 establish the normal retirement date. A member with dual normal
2122 retirement dates shall be eligible to elect to participate in
2123 DROP within 12 months after attaining normal retirement date in
2124 either class.

2125 3. The employer of a member electing to participate in the
2126 DROP, or employers if dually employed, shall acknowledge in
2127 writing to the division the date the member's participation in
2128 the DROP begins and the date the member's employment and DROP
2129 participation will terminate.

2130 4. Simultaneous employment of a participant by additional
2131 Florida Retirement System employers subsequent to the
2132 commencement of participation in the DROP shall be permissible
2133 provided such employers acknowledge in writing a DROP
2134 termination date no later than the participant's existing



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2135 termination date or the 60-month limitation period as provided
2136 in subparagraph (b)1.

2137 5. A DROP participant may change employers while
2138 participating in the DROP, subject to the following:

2139 a. A change of employment must take place without a break
2140 in service so that the member receives salary for each month of
2141 continuous DROP participation. If a member receives no salary
2142 during a month, DROP participation shall cease unless the
2143 employer verifies a continuation of the employment relationship
2144 for such participant pursuant to s. 121.021(39)(b).

2145 b. Such participant and new employer shall notify the
2146 division on forms required by the division as to the identity of
2147 the new employer.

2148 c. The new employer shall acknowledge, in writing, the
2149 participant's DROP termination date, which may be extended but
2150 not beyond the original 60-month period provided in subparagraph
2151 (b)1., shall acknowledge liability for any additional retirement
2152 contributions and interest required if the participant fails to
2153 timely terminate employment, and shall be subject to the
2154 adjustment required in sub-subparagraph (c)5.d.

2155 6. Effective July 1, 2001, for instructional personnel as
2156 defined in s. 1012.01(2), election to participate in the DROP
2157 shall be made at any time following the date on which the member
2158 first reaches normal retirement date. The member shall advise
2159 his or her employer and the division in writing of the date on
2160 which the Deferred Retirement Option Program shall begin. When
2161 establishing eligibility of the member to participate in the
2162 DROP for the 60-month maximum participation period, as provided



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2163 | in subparagraph (b)1., the member may elect to include or
2164 | exclude any optional service credit purchased by the member from
2165 | the total service used to establish the normal retirement date.
2166 | A member with dual normal retirement dates shall be eligible to
2167 | elect to participate in either class.

2168 | (b) Participation in the DROP.--

2169 | 1. An eligible member may elect to participate in the DROP
2170 | for a period not to exceed a maximum of 60 calendar months
2171 | immediately following the date on which the member first reaches
2172 | his or her normal retirement date or the date to which he or she
2173 | is eligible to defer his or her election to participate as
2174 | provided in subparagraph (a)2. However, a member who has reached
2175 | normal retirement date prior to the effective date of the DROP
2176 | shall be eligible to participate in the DROP for a period of
2177 | time not to exceed 60 calendar months immediately following the
2178 | effective date of the DROP, except a member of the Special Risk
2179 | Class who has reached normal retirement date prior to the
2180 | effective date of the DROP and whose total accrued value exceeds
2181 | 75 percent of average final compensation as of his or her
2182 | effective date of retirement shall be eligible to participate in
2183 | the DROP for no more than 36 calendar months immediately
2184 | following the effective date of the DROP.

2185 | 2. Upon deciding to participate in the DROP, the member
2186 | shall submit, on forms required by the division:

2187 | a. A written election to participate in the DROP;

2188 | b. Selection of the DROP participation and termination
2189 | dates, which satisfy the limitations stated in paragraph (a) and
2190 | subparagraph 1. Such termination date shall be in a binding



2191 letter of resignation with the employer, establishing a deferred
 2192 termination date. The member may change the termination date
 2193 within the limitations of subparagraph 1., but only with the
 2194 written approval of his or her employer;

2195 c. A properly completed DROP application for service
 2196 retirement as provided in this section; and

2197 d. Any other information required by the division.

2198 3. The DROP participant shall be a retiree under the
 2199 Florida Retirement System for all purposes, except for paragraph
 2200 (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053,
 2201 and 121.122. However, participation in the DROP does not alter
 2202 the participant's employment status and such employee shall not
 2203 be deemed retired from employment until his or her deferred
 2204 resignation is effective and termination occurs as provided in
 2205 s. 121.021(39).

2206 4. Elected officers shall be eligible to participate in
 2207 the DROP subject to the following:

2208 a. An elected officer who reaches normal retirement date
 2209 during a term of office may defer the election to participate in
 2210 the DROP until the next succeeding term in that office. Such
 2211 elected officer who exercises this option may participate in the
 2212 DROP for up to 60 calendar months or a period of no longer than
 2213 such succeeding term of office, whichever is less.

2214 b. An elected or a nonelected participant may run for a
 2215 term of office while participating in DROP and, if elected,
 2216 extend the DROP termination date accordingly, except, however,
 2217 if such additional term of office exceeds the 60-month
 2218 limitation established in subparagraph 1., and the officer does



2219 | not resign from office within such 60-month limitation, the
 2220 | retirement and the participant' s DROP shall be null and void as
 2221 | provided in sub-subparagraph (c)5.d.

2222 | c. An elected officer who is dually employed and elects to
 2223 | participate in DROP shall be required to satisfy the definition
 2224 | of termination within the 60-month limitation period as provided
 2225 | in subparagraph 1. for the nonelected position and may continue
 2226 | employment as an elected officer as provided in s. 121.053. The
 2227 | elected officer will be enrolled as a renewed member in the
 2228 | Elected Officers' Class or the Regular Class, as provided in ss.
 2229 | 121.053 and 121.22, on the first day of the month after
 2230 | termination of employment in the nonelected position and
 2231 | termination of DROP. Distribution of the DROP benefits shall be
 2232 | made as provided in paragraph (c).

2233 | (c) Benefits payable under the DROP.--

2234 | 1. Effective with the date of DROP participation, the
 2235 | member's initial normal monthly benefit, including creditable
 2236 | service, optional form of payment, and average final
 2237 | compensation, and the effective date of retirement shall be
 2238 | fixed. The beneficiary established under the Florida Retirement
 2239 | System shall be the beneficiary eligible to receive any DROP
 2240 | benefits payable if the DROP participant dies prior to the
 2241 | completion of the period of DROP participation. In the event a
 2242 | joint annuitant predeceases the member, the member may name a
 2243 | beneficiary to receive accumulated DROP benefits payable. Such
 2244 | retirement benefit, the annual cost of living adjustments
 2245 | provided in s. 121.101, and interest shall accrue monthly in the
 2246 | System Trust Fund. Such interest shall accrue at an effective



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2247 | annual rate of 6.5 percent compounded monthly, on the prior
2248 | month's accumulated ending balance, up to the month of
2249 | termination or death.

2250 | 2. Each employee who elects to participate in the DROP
2251 | shall be allowed to elect to receive a lump-sum payment for
2252 | accrued annual leave earned in accordance with agency policy
2253 | upon beginning participation in the DROP. Such accumulated leave
2254 | payment certified to the division upon commencement of DROP
2255 | shall be included in the calculation of the member's average
2256 | final compensation. The employee electing such lump-sum payment
2257 | upon beginning participation in DROP will not be eligible to
2258 | receive a second lump-sum payment upon termination, except to
2259 | the extent the employee has earned additional annual leave which
2260 | combined with the original payment does not exceed the maximum
2261 | lump-sum payment allowed by the employing agency's policy or
2262 | rules. Such early lump-sum payment shall be based on the hourly
2263 | wage of the employee at the time he or she begins participation
2264 | in the DROP. If the member elects to wait and receive such lump-
2265 | sum payment upon termination of DROP and termination of
2266 | employment with the employer, any accumulated leave payment made
2267 | at that time cannot be included in the member's retirement
2268 | benefit, which was determined and fixed by law when the employee
2269 | elected to participate in the DROP.

2270 | 3. The effective date of DROP participation and the
2271 | effective date of retirement of a DROP participant shall be the
2272 | first day of the month selected by the member to begin
2273 | participation in the DROP, provided such date is properly



2274 established, with the written confirmation of the employer, and
2275 the approval of the division, on forms required by the division.

2276 4. Normal retirement benefits and interest thereon shall
2277 continue to accrue in the DROP until the established termination
2278 date of the DROP, or until the participant terminates employment
2279 or dies prior to such date. Although individual DROP accounts
2280 shall not be established, a separate accounting of each
2281 participant's accrued benefits under the DROP shall be
2282 calculated and provided to participants.

2283 5. At the conclusion of the participant's DROP, the
2284 division shall distribute the participant's total accumulated
2285 DROP benefits, subject to the following provisions:

2286 a. The division shall receive verification by the
2287 participant's employer or employers that such participant has
2288 terminated employment as provided in s. 121.021(39)(b).

2289 b. The terminated DROP participant or, if deceased, such
2290 participant's named beneficiary, shall elect on forms provided
2291 by the division to receive payment of the DROP benefits in
2292 accordance with one of the options listed below. For a
2293 participant or beneficiary who fails to elect a method of
2294 payment within 60 days of termination of the DROP, the division
2295 will pay a lump sum as provided in sub-sub-subparagraph (I).

2296 (I) Lump sum.--All accrued DROP benefits, plus interest,
2297 less withholding taxes remitted to the Internal Revenue Service,
2298 shall be paid to the DROP participant or surviving beneficiary.

2299 (II) Direct rollover.--All accrued DROP benefits, plus
2300 interest, shall be paid from the DROP directly to the custodian
2301 of an eligible retirement plan as defined in s. 402(c)(8)(B) of



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2302 the Internal Revenue Code. However, in the case of an eligible
2303 rollover distribution to the surviving spouse of a deceased
2304 participant, an eligible retirement plan is an individual
2305 retirement account or an individual retirement annuity as
2306 described in s. 402(c)(9) of the Internal Revenue Code.

2307 (III) Partial lump sum.--A portion of the accrued DROP
2308 benefits shall be paid to the DROP participant or surviving
2309 spouse, less withholding taxes remitted to the Internal Revenue
2310 Service, and the remaining DROP benefits shall be transferred
2311 directly to the custodian of an eligible retirement plan as
2312 defined in s. 402(c)(8)(B) of the Internal Revenue Code.

2313 However, in the case of an eligible rollover distribution to the
2314 surviving spouse of a deceased participant, an eligible
2315 retirement plan is an individual retirement account or an
2316 individual retirement annuity as described in s. 402(c)(9) of
2317 the Internal Revenue Code. The proportions shall be specified by
2318 the DROP participant or surviving beneficiary.

2319 c. The form of payment selected by the DROP participant or
2320 surviving beneficiary complies with the minimum distribution
2321 requirements of the Internal Revenue Code.

2322 d. A DROP participant who fails to terminate employment as
2323 defined in s. 121.021(39)(b) shall be deemed not to be retired,
2324 and the DROP election shall be null and void. Florida Retirement
2325 System membership shall be reestablished retroactively to the
2326 date of the commencement of the DROP, and each employer with
2327 whom the participant continues employment shall be required to
2328 pay to the System Trust Fund the difference between the DROP
2329 contributions paid in paragraph (i) and the contributions



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2330 required for the applicable Florida Retirement System class of
2331 membership during the period the member participated in the
2332 DROP, plus 6.5 percent interest compounded annually.

2333 6. The accrued benefits of any DROP participant, and any
2334 contributions accumulated under such program, shall not be
2335 subject to assignment, execution, attachment, or to any legal
2336 process whatsoever, except for qualified domestic relations
2337 orders by a court of competent jurisdiction, income deduction
2338 orders as provided in s. 61.1301, and federal income tax levies.

2339 7. DROP participants shall not be eligible for disability
2340 retirement benefits as provided in subsection (4).

2341 (d) Death benefits under the DROP.--

2342 1. Upon the death of a DROP participant, the named
2343 beneficiary shall be entitled to apply for and receive the
2344 accrued benefits in the DROP as provided in sub-subparagraph
2345 (c)5.b.

2346 2. The normal retirement benefit accrued to the DROP
2347 during the month of a participant's death shall be the final
2348 monthly benefit credited for such DROP participant.

2349 3. Eligibility to participate in the DROP terminates upon
2350 death of the participant. If the participant dies on or after
2351 the effective date of enrollment in the DROP, but prior to the
2352 first monthly benefit being credited to the DROP, Florida
2353 Retirement System benefits shall be paid in accordance with
2354 subparagraph (7)(c)1. or subparagraph 2.

2355 4. A DROP participants' survivors shall not be eligible to
2356 receive Florida Retirement System death benefits as provided in
2357 paragraph (7)(d).



2358 (e) Cost-of-living adjustment.--On each July 1, the
2359 participants' normal retirement benefit shall be increased as
2360 provided in s. 121.101.

2361 (f) Retiree health insurance subsidy.--DROP participants
2362 are not eligible to apply for the retiree health insurance
2363 subsidy payments as provided in s. 112.363 until such
2364 participants have terminated employment and participation in the
2365 DROP.

2366 (g) Renewed membership.--DROP participants shall not be
2367 eligible for renewed membership in the Florida Retirement System
2368 under ss. 121.053 and 121.122 until termination of employment is
2369 effectuated as provided in s. 121.021(39)(b).

2370 (h) Employment limitation after DROP participation.--Upon
2371 satisfying the definition of termination of employment as
2372 provided in s. 121.021(39)(b), DROP participants shall be
2373 subject to such reemployment limitations as other retirees.
2374 Reemployment restrictions applicable to retirees as provided in
2375 subsection (9) shall not apply to DROP participants until their
2376 employment and participation in the DROP are terminated.

2377 (i) Contributions.--

2378 1. All employers paying the salary of a DROP participant
2379 filling a regularly established position shall contribute 8.0
2380 percent of such participant's gross compensation for the period
2381 of July 1, 2002, through June 30, 2003, and 11.56 percent of
2382 such compensation thereafter, which shall constitute the entire
2383 employer DROP contribution with respect to such participant.
2384 Such contributions, payable to the System Trust Fund in the same
2385 manner as required in s. 121.071, shall be made as appropriate



2386 for each pay period and are in addition to contributions
 2387 required for social security and the Retiree Health Insurance
 2388 Subsidy Trust Fund. Such employer, social security, and health
 2389 insurance subsidy contributions are not included in the DROP.

2390 2. The employer shall, in addition to subparagraph 1.,
 2391 also withhold one-half of the entire social security
 2392 contribution required for the participant. Contributions for
 2393 social security by each participant and each employer, in the
 2394 amount required for social security coverage as now or hereafter
 2395 provided by the federal Social Security Act, shall be in
 2396 addition to contributions specified in subparagraph 1.

2397 3. All employers paying the salary of a DROP participant
 2398 filling a regularly established position shall contribute the
 2399 percent of such participant's gross compensation required in s.
 2400 121.071(4), which shall constitute the employer's health
 2401 insurance subsidy contribution with respect to such participant.
 2402 Such contributions shall be deposited by the administrator in
 2403 the Retiree Health Insurance Subsidy Trust Fund.

2404 (j) Forfeiture of retirement benefits.--Nothing in this
 2405 section shall be construed to remove DROP participants from the
 2406 scope of s. 8(d), Art. II of the State Constitution, s.
 2407 112.3173, and paragraph (5)(f). DROP participants who commit a
 2408 specified felony offense while employed will be subject to
 2409 forfeiture of all retirement benefits, including DROP benefits,
 2410 pursuant to those provisions of law.

2411 (k) Administration of program.--The division shall make
 2412 such rules as are necessary for the effective and efficient
 2413 administration of this subsection. The division shall not be



2414 required to advise members of the federal tax consequences of an
 2415 election related to the DROP but may advise members to seek
 2416 independent advice.

2417 (14) PAYMENT OF BENEFITS.--This subsection applies to the
 2418 payment of benefits to a payee (retiree or beneficiary) under
 2419 the Florida Retirement System:

2420 (a) Federal income tax shall be withheld in accordance
 2421 with federal law, unless the payee elects otherwise on Form W-
 2422 4P. The division shall prepare and distribute to each recipient
 2423 of monthly retirement benefits an appropriate income tax form
 2424 that reflects the recipient's income and federal income tax
 2425 withheld for the calendar year just ended.

2426 (b) Subject to approval by the division in accordance with
 2427 rule 60S-4.015, Florida Administrative Code, a payee receiving
 2428 retirement benefits under the Florida Retirement System may also
 2429 have the following payments deducted from his or her monthly
 2430 benefit:

2431 1. Premiums for life and health-related insurance policies
 2432 from approved companies.

2433 2. Life insurance premiums for the State Group Life
 2434 Insurance Plan, if authorized in writing by the payee and by the
 2435 Department of Management Services.

2436 3. Repayment of overpayments from the Florida Retirement
 2437 System Trust Fund, the State Employees' Health Insurance Trust
 2438 Fund, or the State Employees' Life Insurance Trust Fund, upon
 2439 notification of the payee.

2440 4. Payments to an alternate payee for alimony, child
 2441 support, or division of marital assets pursuant to a qualified



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2442 domestic relations order under s. 222.21 or an income deduction
2443 order under s. 61.1301.

2444 5. Payments to the Internal Revenue Service for federal
2445 income tax levies, upon notification of the division by the
2446 Internal Revenue Service.

2447 (c) A payee shall notify the division of any change in his
2448 or her address. The division may suspend benefit payments to a
2449 payee if correspondence sent to the payee's mailing address is
2450 returned due to an incorrect address. Benefit payments shall be
2451 resumed upon notification to the division of the payee's new
2452 address.

2453 (d) A payee whose retirement benefits are reduced by the
2454 application of maximum benefit limits under s. 415(b) of the
2455 Internal Revenue Code, as specified in s. 121.30(5), shall have
2456 the portion of his or her calculated benefit in the Florida
2457 Retirement System defined benefit plan which exceeds such
2458 federal limitation paid through the Florida Retirement System
2459 Preservation of Benefits Plan, as provided in s. 121.1001.

2460 (e) No benefit may be reduced for the purpose of
2461 preserving the member's eligibility for a federal program.

2462 (f) The division shall adopt rules establishing procedures
2463 for determining that the persons to whom benefits are being paid
2464 are still living. The division shall suspend the benefits being
2465 paid to any payee when it is unable to contact such payee and to
2466 confirm that he or she is still living.

2467 Section 25. Paragraph (b) of subsection (7) of section
2468 121.101, Florida Statutes, is amended to read:

2469 121.101 Cost-of-living adjustment of benefits.--



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2470 (7) The purpose of this subsection is to establish a
2471 supplemental cost-of-living adjustment for certain retirees and
2472 beneficiaries who receive monthly retirement benefits under the
2473 provisions of this chapter and the existing systems consolidated
2474 therein, s. 112.05 for certain state officers and employees, and
2475 s. 238.171 for certain elderly incapacitated teachers.

2476 (b) Application for the supplemental cost-of-living
2477 adjustment provided by this subsection shall include
2478 certification by the retiree or annuitant that he or she is not
2479 receiving, and is not eligible to receive, social security
2480 benefits and shall include written authorization for the
2481 division ~~department~~ to have access to information from the
2482 Social Security Administration concerning his or her entitlement
2483 to, or eligibility for, social security benefits. Such
2484 supplemental cost-of-living adjustment shall not be paid unless
2485 and until the application requirements of this paragraph are
2486 met.

2487 Section 26. Paragraph (e) of subsection (2) of section
2488 121.111, Florida Statutes, is amended to read:

2489 121.111 Credit for military service.--

2490 (2) Any member whose initial date of employment is before
2491 January 1, 1987, who has military service as defined in s.
2492 121.021(20)(b), and who does not claim such service under
2493 subsection (1) may receive creditable service for such military
2494 service if:

2495 (e) Any member claiming credit under this subsection must
2496 certify on the form prescribed by the division ~~department~~ that
2497 credit for such service has not and will not be claimed for



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2498 retirement purposes under any other federal, state, or local
2499 retirement or pension system where "length of service" is a
2500 factor in determining the amount of compensation received,
2501 except where credit for such service has been granted in a
2502 pension system providing retired pay for nonregular service as
2503 provided in paragraph (d). If the member dies prior to
2504 retirement, the member's beneficiary must make the required
2505 certification before credit may be claimed. If such
2506 certification is not made by the member or the member's
2507 beneficiary, credit for wartime military service shall not be
2508 allowed.

2509 Section 27. Section 121.133, Florida Statutes, is amended
2510 to read:

2511 121.133 Cancellation of uncashed
2512 warrants.--Notwithstanding the provisions of s. 17.26 or s.
2513 717.123 to the contrary, effective July 1, 1998, if any state
2514 warrant issued by the Comptroller for the payment of retirement
2515 benefits from the Florida Retirement System Trust Fund, or any
2516 other pension trust fund administered by the division
2517 ~~department~~, is not presented for payment within 1 year after the
2518 last day of the month in which it was originally issued, the
2519 Comptroller shall cancel the benefit warrant and credit the
2520 amount of the warrant to the Florida Retirement System Trust
2521 Fund or other pension trust fund administered by the division
2522 ~~department~~, as appropriate. The division ~~department~~ may provide
2523 for issuance of a replacement warrant when deemed appropriate.

2524 Section 28. Section 121.135, Florida Statutes, is amended
2525 to read:



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2526 121.135 Annual report to Legislature concerning the
 2527 Florida Retirement System ~~state-administered retirement~~
 2528 ~~systems~~.--The board ~~department~~ shall make to each regular
 2529 session of the Legislature a written report on the operation and
 2530 condition of the Florida Retirement System ~~the state-~~
 2531 ~~administered retirement systems~~.

2532 Section 29. Section 121.136, Florida Statutes, is amended
 2533 to read:

2534 121.136 Annual benefit statement to members.--Beginning
 2535 January 1, 1993, and each January thereafter, the board
 2536 ~~department~~ shall provide each active member of the Florida
 2537 Retirement System with 5 or more years of creditable service an
 2538 annual statement of benefits. Such statement should provide the
 2539 member with basic data about the member's retirement account.
 2540 Minimally, it shall include the member's retirement plan, the
 2541 amount of funds on deposit in the retirement account, and an
 2542 estimate of retirement benefits.

2543 Section 30. Section 121.1905, Florida Statutes, is amended
 2544 to read:

2545 121.1905 Division of Retirement; mission ~~creation~~.--

2546 ~~(1) There is created the Division of Retirement within the~~
 2547 ~~Department of Management Services.~~

2548 ~~(2)~~ The mission of the Division of Retirement is to
 2549 provide quality and cost-effective retirement services as
 2550 measured by member satisfaction and by comparison with
 2551 administrative costs of comparable retirement systems.

2552 Section 31. Section 121.192, Florida Statutes, is amended
 2553 to read:



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2554 | 121.192 State retirement actuary.--The division ~~department~~
2555 | may employ an actuary. Such actuary shall, together with such
2556 | other duties as the administrator assigns ~~secretary may assign~~,
2557 | be responsible for:

2558 | (1) Advising the administrator ~~secretary~~ on actuarial
2559 | matters of the state retirement systems.

2560 | (2) Making periodic valuations of the retirement systems.

2561 | (3) Providing actuarial analyses to the Legislature
2562 | concerning proposed changes in the retirement systems.

2563 | (4) Assisting the administrator ~~secretary~~ in developing a
2564 | sound and modern retirement system.

2565 | Section 32. Section 121.193, Florida Statutes, is amended
2566 | to read:

2567 | 121.193 External compliance audits.--

2568 | (1) The division ~~department~~ shall conduct audits of the
2569 | payroll and personnel records of participating agencies. These
2570 | audits shall be made to determine the accuracy of reports
2571 | submitted to the division ~~department~~ and to assess the degree of
2572 | compliance with applicable statutes, rules, and coverage
2573 | agreements. Audits shall be scheduled on a regular basis, as the
2574 | result of concerns known to exist at an agency, or as a followup
2575 | to ensure agency action was taken to correct deficiencies found
2576 | in an earlier audit.

2577 | (2) Upon request, participating agencies shall furnish the
2578 | division ~~department~~ with information and documents that the
2579 | division ~~department~~ requires to conduct the audit. The division
2580 | ~~department~~ may prescribe by rule the documents that may be
2581 | requested.



2582 (3) The division ~~department~~ shall review the agency's
 2583 operations concerning retirement and social security coverage.
 2584 Preliminary findings shall be discussed with agency personnel at
 2585 the close of the audit. An audit report of findings and
 2586 recommendations shall be submitted to division ~~department~~
 2587 management and an audit summary letter shall be submitted to the
 2588 agency noting any concerns and necessary corrective action.

2589 Section 33. Subsection (1) of section 121.22, Florida
 2590 Statutes, is amended to read:

2591 121.22 State Retirement Commission; creation; membership;
 2592 compensation.--

2593 (1) There is created within the Division of Retirement
 2594 ~~Department of Management Services~~ a State Retirement Commission
 2595 composed of three members: One member who is retired under a
 2596 state-supported retirement system administered by the division
 2597 ~~department~~; one member who is an active member of a state-
 2598 supported retirement system that is administered by the division
 2599 ~~department~~; and one member who is neither a retiree,
 2600 beneficiary, or member of a state-supported retirement system
 2601 administered by the division ~~department~~. Each member shall have
 2602 a different occupational background from the other members.

2603 Section 34. Subsection (1) of section 121.23, Florida
 2604 Statutes, is amended to read:

2605 121.23 Disability retirement and special risk membership
 2606 applications; Retirement Commission; powers and duties; judicial
 2607 review.--The provisions of this section apply to all proceedings
 2608 in which the administrator has made a written final decision on
 2609 the merits respecting applications for disability retirement,



2610 reexamination of retired members receiving disability benefits,
 2611 applications for special risk membership, and reexamination of
 2612 special risk members in the Florida Retirement System. The
 2613 jurisdiction of the State Retirement Commission under this
 2614 section shall be limited to written final decisions of the
 2615 administrator on the merits.

2616 (1) In accordance with the rules of procedure adopted by
 2617 the division ~~Department of Management Services~~, the
 2618 administrator shall:

2619 (a) Give reasonable notice of his or her proposed action,
 2620 or decision to refuse action, together with a summary of the
 2621 factual, legal, and policy grounds therefor.

2622 (b) Give affected members, or their counsel, an
 2623 opportunity to present to the division written evidence in
 2624 opposition to the proposed action or refusal to act or a written
 2625 statement challenging the grounds upon which the administrator
 2626 has chosen to justify his or her action or inaction.

2627 (c) If the objections of the member are overruled, provide
 2628 a written explanation within 21 days.

2629 Section 35. Subsections (2), (3), and (4) of section
 2630 121.24, Florida Statutes, are amended to read:

2631 121.24 Conduct of commission business; legal and other
 2632 assistance; compensation.--

2633 (2) Legal counsel for the commission may be provided by
 2634 the Department of Legal Affairs or by the division ~~Department of~~
 2635 ~~Management Services~~, with the concurrence of the commission, and
 2636 shall be paid by the division ~~Department of Management Services~~
 2637 from the appropriate funds.



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2638 (3) The division ~~Department of Management Services~~ shall
 2639 provide timely and appropriate training for newly appointed
 2640 members of the commission. Such training shall be designed to
 2641 acquaint new members of the commission with the duties and
 2642 responsibilities of the commission.

2643 (4) The division ~~Department of Management Services~~ shall
 2644 furnish administrative and secretarial assistance to the
 2645 commission and shall provide a place where the commission may
 2646 hold its meetings.

2647 Section 36. Subsection (9) of section 121.30, Florida
 2648 Statutes, is amended to read:

2649 121.30 Statements of purpose and intent and other
 2650 provisions required for qualification under the Internal Revenue
 2651 Code of the United States.--Any other provisions in this chapter
 2652 to the contrary notwithstanding, it is specifically provided
 2653 that:

2654 (9) The division ~~department~~ may adopt any rule necessary
 2655 to accomplish the purpose of the section which is not
 2656 inconsistent with this chapter.

2657 Section 37. Paragraph (c) of subsection (2), paragraphs
 2658 (c) and (e) of subsection (3), paragraphs (a), (b), and (c) of
 2659 subsection (4), and subsection (6) of section 121.35, Florida
 2660 Statutes, are amended to read:

2661 121.35 Optional retirement program for the State
 2662 University System.--

2663 (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL PROGRAM.--



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2664 (c) For purposes of this section, the State Board of
2665 Administration ~~Department of Management Services~~ is referred to
2666 as the "board department."

2667 (3) ELECTION OF OPTIONAL PROGRAM.--

2668 (c) Any employee who becomes eligible to participate in
2669 the optional retirement program on or after January 1, 1993,
2670 shall be a compulsory participant of the program unless such
2671 employee elects membership in the Florida Retirement System.
2672 Such election shall be made in writing and filed with the
2673 personnel officer of the employer. Any eligible employee who
2674 fails to make such election within the prescribed time period
2675 shall be deemed to have elected to participate in the optional
2676 retirement program.

2677 1. Any employee whose optional retirement program
2678 eligibility results from initial employment shall be enrolled in
2679 the program at the commencement of employment. If, within 90
2680 days after commencement of employment, the employee elects
2681 membership in the Florida Retirement System, such membership
2682 shall be effective retroactive to the date of commencement of
2683 employment.

2684 2. Any employee whose optional retirement program
2685 eligibility results from a change in status due to the
2686 subsequent designation of the employee's position as one of
2687 those specified in paragraph (2)(a) or due to the employee's
2688 appointment, promotion, transfer, or reclassification to a
2689 position specified in paragraph (2)(a) shall be enrolled in the
2690 optional retirement program upon such change in status and shall
2691 be notified by the employer of such action. If, within 90 days



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2692 after the date of such notification, the employee elects to
2693 retain membership in the Florida Retirement System, such
2694 continuation of membership shall be retroactive to the date of
2695 the change in status.

2696 3. Notwithstanding the provisions of this paragraph,
2697 effective July 1, 1997, any employee who is eligible to
2698 participate in the Optional Retirement Program and who fails to
2699 execute a contract with one of the approved companies and to
2700 notify the board ~~department~~ in writing as provided in subsection
2701 (4) within 90 days after the date of eligibility shall be deemed
2702 to have elected membership in the Florida Retirement System,
2703 except as provided in s. 121.051(1)(a). This provision shall
2704 also apply to any employee who terminates employment in an
2705 eligible position before executing the required annuity contract
2706 and notifying the board ~~department~~. Such membership shall be
2707 retroactive to the date of eligibility, and all appropriate
2708 contributions shall be transferred to the Florida Retirement
2709 System Trust Fund and the Health Insurance Subsidy Trust Fund.

2710 (e) The election by an eligible employee to participate in
2711 the optional retirement program shall be irrevocable for so long
2712 as the employee continues to meet the eligibility requirements
2713 specified in subsection (2), except as provided in paragraph
2714 (h). In the event that an employee participates in the optional
2715 retirement program for 90 days or more and is subsequently
2716 employed in an administrative or professional position which has
2717 been determined by the board ~~department~~, under subparagraph
2718 (2)(a)2., to be not otherwise eligible for participation in the
2719 optional retirement program, the employee shall continue



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2720 participation in the optional program so long as the employee
2721 meets the other eligibility requirements for the program, except
2722 as provided in paragraph (h).

2723 (4) CONTRIBUTIONS.--

2724 (a) Through June 30, 2001, each employer shall contribute
2725 on behalf of each participant in the optional retirement program
2726 an amount equal to the normal cost portion of the employer
2727 retirement contribution which would be required if the
2728 participant were a regular member of the Florida Retirement
2729 System defined benefit program, plus the portion of the
2730 contribution rate required in s. 112.363(8) that would otherwise
2731 be assigned to the Retiree Health Insurance Subsidy Trust Fund.
2732 Effective July 1, 2001, each employer shall contribute on behalf
2733 of each participant in the optional program an amount equal to
2734 10.43 percent of the participant's gross monthly compensation.
2735 The board, pursuant to s. 215.44(4), ~~department~~ shall deduct an
2736 amount ~~approved by the Legislature~~ to provide for the
2737 administration of this program. The payment of the contributions
2738 to the optional program which is required by this paragraph for
2739 each participant shall be made by the employer to the board
2740 ~~department~~, which shall forward the contributions to the
2741 designated company or companies contracting for payment of
2742 benefits for the participant under the program. However, such
2743 contributions paid on behalf of an employee described in
2744 paragraph (3)(c) shall not be forwarded to a company and shall
2745 not begin to accrue interest until the employee has executed an
2746 annuity contract and notified the board ~~department~~.



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2747 (b) Each employer shall contribute on behalf of each
2748 participant in the optional retirement program an amount equal
2749 to the unfunded actuarial accrued liability portion of the
2750 employer contribution which would be required for members of the
2751 Florida Retirement System. This contribution shall be paid to
2752 the board ~~department~~ for transfer to the Florida Retirement
2753 System Trust Fund.

2754 (c) An Optional Retirement Program Trust Fund shall be
2755 established in the State Treasury and administered by the board
2756 ~~department~~ to make payments to the provider companies on behalf
2757 of the optional retirement program participants, and to transfer
2758 the unfunded liability portion of the state optional retirement
2759 program contributions to the Florida Retirement System Trust
2760 Fund.

2761 (6) ADMINISTRATION OF PROGRAM.--

2762 (a) The optional retirement program authorized by this
2763 section shall be administered by the board ~~department~~. The board
2764 ~~department~~ shall adopt rules establishing the responsibilities
2765 of the State Board of Education and institutions in the State
2766 University System in administering the optional retirement
2767 program. The State Board of Education shall, no more than 90
2768 days after July 1, 1983, submit to the board ~~department~~ its
2769 recommendations for the contracts to be offered by the companies
2770 chosen by the State Board of Education ~~department~~. The
2771 recommendations of the board shall include the following:

2772 1. The nature and extent of the rights and benefits in
2773 relation to the required contributions; and



2774 2. The suitability of the rights and benefits to the needs
2775 of the participants and the interests of the institutions in the
2776 recruitment and retention of eligible employees.

2777 (b) After receiving and considering the recommendations of
2778 the State Board of Education, the board ~~department~~ shall
2779 designate no more than four companies from which contracts may
2780 be purchased under the program and shall approve the form and
2781 content of the optional retirement program contracts. Upon
2782 application by a qualified Florida domestic company, the board
2783 ~~department~~ shall give reasonable notice to all other such
2784 companies that it intends to designate one of such companies as
2785 a fifth company from which contracts may be purchased pursuant
2786 to this section and that they may apply for such designation
2787 prior to the deadline established by said notice. At least 60
2788 days after giving such notice and upon receipt of the
2789 recommendation of the State Board of Education, the board
2790 ~~department~~ shall so designate one of such companies as the fifth
2791 company from which such contracts may be purchased.

2792 (c) ~~Effective July 1, 1997, the State Board of~~
2793 ~~Administration shall review and make recommendations to the~~
2794 ~~department on the acceptability of all investment products~~
2795 ~~proposed by provider companies of the optional retirement~~
2796 ~~program before they are offered through annuity contracts to the~~
2797 ~~participants and may advise the department of any changes~~
2798 ~~necessary to ensure that the optional retirement program offers~~
2799 ~~an acceptable mix of investment products. The board ~~department~~~~
2800 shall determine which ~~make the final determination as to whether~~



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2801 ~~an investment products product~~ will be included in approved for
2802 the program.

2803 (d) The provisions of each contract applicable to a
2804 participant in the optional retirement program shall be
2805 contained in a written program description which shall include a
2806 report of pertinent financial and actuarial information on the
2807 solvency and actuarial soundness of the program and the benefits
2808 applicable to the participant. Such description shall be
2809 furnished by the companies to each participant in the program
2810 and to the board department upon commencement of participation
2811 in the program and annually thereafter.

2812 (e) The board department shall ensure that each
2813 participant in the optional retirement program is provided an
2814 accounting of the total contribution and the annual contribution
2815 made by and on behalf of such participant.

2816 Section 38. Paragraph (b) of subsection (3) and paragraphs
2817 (a) and (b) of subsection (14) of section 121.40, Florida
2818 Statutes, are amended to read:

2819 121.40 Cooperative extension personnel at the Institute of
2820 Food and Agricultural Sciences; supplemental retirement
2821 benefits.--

2822 (3) DEFINITIONS.--The definitions provided in s. 121.021
2823 shall not apply to this section except when specifically cited.
2824 For the purposes of this section, the following words or phrases
2825 have the respective meanings set forth:

2826 (b) "Division Department" means the Division of Retirement
2827 of the State Board of Administration Department of Management
2828 Services.



2829 (14) ADMINISTRATION OF SYSTEM.--

2830 (a) The division ~~department~~ shall make such rules as are
 2831 necessary for the effective and efficient administration of this
 2832 system. The executive director of the State Board of
 2833 Administration ~~secretary of the department~~ shall be the
 2834 administrator of the system. The funds to pay the expenses for
 2835 such administration are ~~shall be~~ appropriated from the interest
 2836 earned on investments made for the trust fund.

2837 (b) The division ~~department~~ is authorized to require
 2838 oaths, by affidavit or otherwise, and acknowledgments from
 2839 persons in connection with the administration of its duties and
 2840 responsibilities under this section.

2841 Section 39. Subsection (3) of section 121.45, Florida
 2842 Statutes, is amended to read:

2843 121.45 Interstate compacts relating to pension
 2844 portability.--

2845 (3) ESTABLISHMENT OF COMPACTS.--

2846 (a) The division ~~Department of Management Services~~ is
 2847 authorized and directed to survey other state retirement systems
 2848 to determine if such retirement systems are interested in
 2849 developing an interstate compact with Florida.

2850 (b) If any such state is interested in pursuing the
 2851 matter, the division ~~department~~ shall confer with the other
 2852 state and the consulting actuaries of both states, and shall
 2853 present its findings to the committees having jurisdiction over
 2854 retirement matters in the Legislature, and to representatives of
 2855 affected certified bargaining units, in order to determine the
 2856 feasibility of developing a portability compact, what groups



2857 | should be covered, and the goals and priorities which should
2858 | guide such development.

2859 | (c) Upon a determination that such a compact is feasible
2860 | and upon request of the Legislature, the division ~~department~~,
2861 | together with its consulting actuaries, shall, in accordance
2862 | with such ~~said~~ goals and priorities, develop a proposal under
2863 | which retirement credit may be transferred to or from Florida in
2864 | an actuarially sound manner.

2865 | (d) Once a proposal has been developed, the division
2866 | ~~department~~ shall contract with its consulting actuaries to
2867 | conduct an actuarial study of the proposal to determine the cost
2868 | to the Florida Retirement System Trust Fund and the State of
2869 | Florida.

2870 | (e) After the actuarial study has been completed, the
2871 | division ~~department~~ shall present its findings and the actuarial
2872 | study to the Legislature for consideration. If either house of
2873 | the Legislature elects to enter into such a compact, it shall be
2874 | introduced in the form of a proposed committee bill to the full
2875 | Legislature during the same or next regular session.

2876 | Section 40. Subsection (2), paragraph (a) of subsection
2877 | (5), paragraphs (a), (b), (c), and (e) of subsection (8),
2878 | paragraph (c) of subsection (9), paragraphs (a), (c), and (f) of
2879 | subsection (10), subsection (11), paragraph (b) of subsection
2880 | (12), and subsection (19) of section 121.4501, Florida Statutes,
2881 | are amended to read:

2882 | 121.4501 Public Employee Optional Retirement Program.--

2883 | (2) DEFINITIONS.--As used in this part, the term:



2884 (a) "Approved provider" or "provider" means a private
2885 sector company that is selected and approved by the ~~state~~ board
2886 to offer one or more investment products or services to the
2887 Public Employee Optional Retirement Program. The term includes a
2888 bundled provider that offers participants a range of
2889 individually allocated or unallocated investment products and
2890 may offer a range of administrative and customer services, which
2891 may include accounting and administration of individual
2892 participant benefits and contributions; individual participant
2893 recordkeeping; asset purchase, control, and safekeeping; direct
2894 execution of the participant's instructions as to asset and
2895 contribution allocation; calculation of daily net asset values;
2896 direct access to participant account information; periodic
2897 reporting to participants, at least quarterly, on account
2898 balances and transactions; guidance, advice, and allocation
2899 services directly relating to its own investment options or
2900 products, but only if the bundled provider complies with the
2901 standard of care of s. 404(a)(1)(A-B) of the Employee Retirement
2902 Income Security Act of 1974 (ERISA) and if providing such
2903 guidance, advice, or allocation services does not constitute a
2904 prohibited transaction under s. 4975(c)(1) of the Internal
2905 Revenue Code or s. 406 of ERISA, notwithstanding that such
2906 prohibited transaction provisions do not apply to the optional
2907 retirement program; a broad array of distribution options; asset
2908 allocation; and retirement counseling and education. Private
2909 sector companies include investment management companies,
2910 insurance companies, depositories, and mutual fund companies.



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2911 (b) "Average monthly compensation" means one-twelfth of
2912 average final compensation as defined in s. 121.021(24).

2913 (c) "Covered employment" means employment in a regularly
2914 established position as defined in s. 121.021(52).

2915 ~~(d) "Department" means the Department of Management~~
2916 ~~Services.~~

2917 (d)(e) "Division" means the Division of Retirement of the
2918 State Board of Administration ~~within the Department of~~
2919 ~~Management Services.~~

2920 (e)(f) "Eligible employee" means an officer or employee,
2921 as defined in s. 121.021(11), who:

2922 1. Is a member of, or is eligible for membership in, the
2923 Florida Retirement System, including any renewed member of the
2924 Florida Retirement System;

2925 2. Participates in, or is eligible to participate in, the
2926 Senior Management Service Optional Annuity Program as
2927 established under s. 121.055(6); or

2928 3. Is eligible to participate in, but does not participate
2929 in, the State University System Optional Retirement Program
2930 established under s. 121.35 or the State Community College
2931 System Optional Retirement Program established under s.
2932 121.051(2)(c).

2933
2934 The term does not include any member participating in the
2935 Deferred Retirement Option Program established under s.
2936 121.091(13) or any employee participating in an optional
2937 retirement program established under s. 121.051(2)(c) or s.
2938 121.35.



2939 (f)~~(g)~~ "Employer" means an employer, as defined in s.
2940 121.021(10), of an eligible employee.

2941 (g)~~(h)~~ "Participant" means an eligible employee who elects
2942 to participate in the Public Employee Optional Retirement
2943 Program and enrolls in such optional program as provided in
2944 subsection (4).

2945 (h)~~(i)~~ "Public Employee Optional Retirement Program,"
2946 "optional program," or "optional retirement program" means the
2947 alternative defined contribution retirement program established
2948 under this section.

2949 (i)~~(j)~~ "State board" or "board" means the State Board of
2950 Administration.

2951 (j)~~(k)~~ "Trustees" means Trustees of the State Board of
2952 Administration.

2953 (k)~~(l)~~ "Vested" or "vesting" means the guarantee that a
2954 participant is eligible to receive a retirement benefit upon
2955 completion of the required years of service under the Public
2956 Employee Optional Retirement Program.

2957 (5) CONTRIBUTIONS.--

2958 (a) Each employer shall contribute on behalf of each
2959 participant in the Public Employee Optional Retirement Program,
2960 as provided in part III of this chapter. The state board, acting
2961 as plan fiduciary, shall ensure that all plan assets are held in
2962 a trust, pursuant to s. 401 of the Internal Revenue Code. The
2963 fiduciary shall ensure that said contributions are allocated as
2964 follows:

2965 1. The portion earmarked for participant accounts shall be
2966 used to purchase interests in the appropriate investment



2967 vehicles for the accounts of each participant as specified by
 2968 the participant, or in accordance with paragraph (4)(d).

2969 2. The portion earmarked for administrative and
 2970 educational expenses shall be transferred to the board.

2971 3. The portion earmarked for disability benefits shall be
 2972 transferred to the division ~~department~~.

2973 (8) ADMINISTRATION OF PROGRAM.--

2974 (a) The Public Employee Optional Retirement Program shall
 2975 be administered by the state board and affected employers. The
 2976 board is authorized to require oaths, by affidavit or otherwise,
 2977 and acknowledgments from persons in connection with the
 2978 administration of its duties and responsibilities under this
 2979 chapter. No oath, by affidavit or otherwise, shall be required
 2980 of an employee participant at the time of election.

2981 Acknowledgment of an employee's election to participate in the
 2982 program shall be no greater than necessary to confirm the
 2983 employee's election. The board shall adopt rules establishing
 2984 the role and responsibilities of affected state, local
 2985 government, and education-related employers, the state board,
 2986 ~~the department~~, and third-party contractors in administering the
 2987 Public Employee Optional Retirement Program. The division
 2988 ~~department~~ shall adopt rules necessary to implement the optional
 2989 program in coordination with the defined benefit retirement
 2990 program and the disability benefits available under the optional
 2991 program.

2992 (b)1. The state board shall select and contract with one
 2993 third-party administrator to provide administrative services if
 2994 those services cannot be competitively ~~and contractually~~



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2995 | provided by the division ~~of Retirement within the Department of~~
2996 | ~~Management Services~~. With the approval of the state board, the
2997 | third-party administrator may subcontract with other
2998 | organizations or individuals to provide components of the
2999 | administrative services. As a cost of administration, the board
3000 | may compensate any such contractor for its services, in
3001 | accordance with the terms of the contract, as is deemed
3002 | necessary or proper by the board. The third-party administrator
3003 | may not be an approved provider or be affiliated with an
3004 | approved provider.

3005 | 2. These administrative services may include, but are not
3006 | limited to, enrollment of eligible employees, collection of
3007 | employer contributions, disbursement of such contributions to
3008 | approved providers in accordance with the allocation directions
3009 | of participants; services relating to consolidated billing;
3010 | individual and collective recordkeeping and accounting; asset
3011 | purchase, control, and safekeeping; and direct disbursement of
3012 | funds to and from the third-party administrator, the division,
3013 | the board, employers, participants, approved providers, and
3014 | beneficiaries. This section does not prevent or prohibit a
3015 | bundled provider from providing any administrative or customer
3016 | service, including accounting and administration of individual
3017 | participant benefits and contributions; individual participant
3018 | recordkeeping; asset purchase, control, and safekeeping; direct
3019 | execution of the participant' s instructions as to asset and
3020 | contribution allocation; calculation of daily net asset values;
3021 | direct access to participant account information; or periodic
3022 | reporting to participants, at least quarterly, on account



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3023 balances and transactions, if these services are authorized by
3024 the board as part of the contract.

3025 3. The state board shall select and contract with one or
3026 more organizations to provide educational services. With
3027 approval of the board, the organizations may subcontract with
3028 other organizations or individuals to provide components of the
3029 educational services. As a cost of administration, the board may
3030 compensate any such contractor for its services in accordance
3031 with the terms of the contract, as is deemed necessary or proper
3032 by the board. The education organization may not be an approved
3033 provider or be affiliated with an approved provider.

3034 4. Educational services shall be designed by the board ~~and~~
3035 ~~department~~ to assist employers, eligible employees,
3036 participants, and beneficiaries in order to maintain compliance
3037 with United States Department of Labor regulations under s.
3038 404(c) of the Employee Retirement Income Security Act of 1974
3039 and to assist employees in their choice of defined benefit or
3040 defined contribution retirement alternatives. Educational
3041 services include, but are not limited to, disseminating
3042 educational materials; providing retirement planning education;
3043 explaining the differences between the defined benefit
3044 retirement plan and the defined contribution retirement plan;
3045 and offering financial planning guidance on matters such as
3046 investment diversification, investment risks, investment costs,
3047 and asset allocation. An approved provider may also provide
3048 educational information, including retirement planning and
3049 investment allocation information concerning its products and
3050 services.



3051 (c)1. In evaluating and selecting a third-party
 3052 administrator, the board shall establish criteria under which it
 3053 shall consider the relative capabilities and qualifications of
 3054 each proposed administrator. In developing such criteria, the
 3055 board shall consider:

3056 a. The administrator's demonstrated experience in
 3057 providing administrative services to public or private sector
 3058 retirement systems.

3059 b. The administrator's demonstrated experience in
 3060 providing daily valued recordkeeping to defined contribution
 3061 plans.

3062 c. The administrator's ability and willingness to
 3063 coordinate its activities with the Florida Retirement System
 3064 employers, the board, and the division, and to supply to such
 3065 employers, the board, and the division the information and data
 3066 they require, including, but not limited to, monthly management
 3067 reports, quarterly participant reports, and ad hoc reports
 3068 requested by the ~~department or~~ board.

3069 d. The cost-effectiveness and levels of the administrative
 3070 services provided.

3071 e. The administrator's ability to interact with the
 3072 participants, the employers, the board, the division, and the
 3073 providers; the means by which participants may access account
 3074 information, direct investment of contributions, make changes to
 3075 their accounts, transfer moneys between available investment
 3076 vehicles, and transfer moneys between investment products; and
 3077 any fees that apply to such activities.



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3078 f. Any other factor deemed necessary by the Trustees of
3079 the State Board of Administration.

3080 g. The recommendations of the Public Employee Optional
3081 Retirement Program Advisory Committee established in subsection
3082 (12).

3083 2. In evaluating and selecting an educational provider,
3084 the board shall establish criteria under which it shall consider
3085 the relative capabilities and qualifications of each proposed
3086 educational provider. In developing such criteria, the board
3087 shall consider:

3088 a. Demonstrated experience in providing educational
3089 services to public or private sector retirement systems.

3090 b. Ability and willingness to coordinate its activities
3091 with the Florida Retirement System employers, the board, and the
3092 division, and to supply to such employers, the board, and the
3093 division the information and data they require, including, but
3094 not limited to, reports on educational contacts.

3095 c. The cost-effectiveness and levels of the educational
3096 services provided.

3097 d. Ability to provide educational services via different
3098 media, including, but not limited to, the Internet, personal
3099 contact, seminars, brochures, and newsletters.

3100 e. Any other factor deemed necessary by the Trustees of
3101 the State Board of Administration.

3102 f. The recommendations of the Public Employee Optional
3103 Retirement Program Advisory Committee established in subsection
3104 (12).



3105 3. The establishment of the criteria shall be solely
3106 within the discretion of the board.

3107 (e)~~1~~. The board may contract with any consultant for
3108 professional services, including legal, consulting, accounting,
3109 and actuarial services, deemed necessary to implement and
3110 administer the optional program by the Trustees of the State
3111 Board of Administration. The board may enter into a contract
3112 with one or more vendors to provide low-cost investment advice
3113 to participants, supplemental to education provided by the
3114 third-party administrator. All fees under any such contract
3115 shall be paid by those participants who choose to use the
3116 services of the vendor.

3117 ~~2. The department may contract with consultants for
3118 professional services, including legal, consulting, accounting,
3119 and actuarial services, deemed necessary to implement and
3120 administer the optional program in coordination with the defined
3121 benefit program of the Florida Retirement System. The
3122 department, in coordination with the board, may enter into a
3123 contract with the third party administrator in order to
3124 coordinate services common to the various programs within the
3125 Florida Retirement System.~~

3126 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE REVIEW.--

3127 (c) In evaluating and selecting approved providers and
3128 products, the board shall establish criteria under which it
3129 shall consider the relative capabilities and qualifications of
3130 each proposed provider company and product. In developing such
3131 criteria, the board shall consider the following to the extent



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3132 such factors may be applied in connection with investment
 3133 products, services, or providers:

- 3134 1. Experience in the United States providing retirement
 3135 products and related financial services under defined
 3136 contribution retirement plans.
- 3137 2. Financial strength and stability which shall be
 3138 evidenced by the highest ratings assigned by nationally
 3139 recognized rating services when comparing proposed providers
 3140 that are so rated.
- 3141 3. Intrastate and interstate portability of the product
 3142 offered, including early withdrawal options.
- 3143 4. Compliance with the Internal Revenue Code.
- 3144 5. The cost-effectiveness of the product provided and the
 3145 levels of service supporting the product relative to its
 3146 benefits and its characteristics, including, without limitation,
 3147 the level of risk borne by the provider.
- 3148 6. The provider company's ability and willingness to
 3149 coordinate its activities with Florida Retirement System
 3150 employers, the division ~~department~~ , and the board, and to
 3151 supply to such employers, the division ~~department~~, and the board
 3152 the information and data they require.
- 3153 7. The methods available to participants to interact with
 3154 the provider company; the means by which participants may access
 3155 account information, direct investment of contributions, make
 3156 changes to their accounts, transfer moneys between available
 3157 investment vehicles, and transfer moneys between provider
 3158 companies; and any fees that apply to such activities.



3159 8. The provider company's policies with respect to the
3160 transfer of individual account balances, contributions, and
3161 earnings thereon, both internally among investment products
3162 offered by the provider company and externally between approved
3163 providers, as well as any fees, charges, reductions, or
3164 penalties that may be applied.

3165 9. An evaluation of specific investment products, taking
3166 into account each product's experience in meeting its investment
3167 return objectives net of all related fees, expenses, and
3168 charges, including, but not limited to, investment management
3169 fees, loads, distribution and marketing fees, custody fees,
3170 recordkeeping fees, education fees, annuity expenses, and
3171 consulting fees.

3172 10. Organizational factors, including, but not limited to,
3173 financial solvency, organizational depth, and experience in
3174 providing institutional and retail investment services.

3175 (10) EDUCATION COMPONENT.--

3176 (a) The board, ~~in coordination with the department,~~ shall
3177 provide for an education component for system members in a
3178 manner consistent with the provisions of this section. The
3179 education component must be available to eligible employees at
3180 least 90 days prior to the beginning date of the election period
3181 for the employees of the respective types of employers.

3182 (c) The board, ~~in coordination with the department,~~ shall
3183 provide for an initial and ongoing transfer education component
3184 to provide system members with information necessary to make
3185 informed plan choice decisions. The transfer education component
3186 must include, but is not limited to, information on:



3187 | 1. The amount of money available to a member to transfer
3188 | to the defined contribution program.

3189 | 2. The features of and differences between the defined
3190 | benefit program and the defined contribution program, both
3191 | generally and specifically, as those differences may affect the
3192 | member.

3193 | 3. The expected benefit available if the member were to
3194 | retire under each of the retirement programs, based on
3195 | appropriate alternative sets of assumptions.

3196 | 4. The rate of return from investments in the defined
3197 | contribution program and the period of time over which such rate
3198 | of return must be achieved to equal or exceed the expected
3199 | monthly benefit payable to the member under the defined benefit
3200 | program.

3201 | 5. The historical rates of return for the investment
3202 | alternatives available in the defined contribution programs.

3203 | 6. The benefits and historical rates of return on
3204 | investments available in a typical deferred compensation plan or
3205 | a typical plan under s. 403(b) of the Internal Revenue Code for
3206 | which the employee may be eligible.

3207 | 7. The program choices available to employees of the State
3208 | University System and the comparative benefits of each available
3209 | program, if applicable.

3210 | 8. Payout options available in each of the retirement
3211 | programs.

3212 | (f) The board ~~and the department~~ shall also establish a
3213 | communication component to provide program information to
3214 | participating employers and the employers' personnel and payroll



3215 officers and to explain their respective responsibilities in
3216 conjunction with the retirement programs.

3217 (11) PARTICIPANT INFORMATION REQUIREMENTS.--The board
3218 shall ensure that each participant is provided a quarterly
3219 statement that accounts for the contributions made on behalf of
3220 such participant; the interest and investment earnings thereon;
3221 and any fees, penalties, or other deductions that apply thereto.
3222 At a minimum, such statements must:

3223 (a) Indicate the participant's investment options.

3224 (b) State the market value of the account at the close of
3225 the current quarter and previous quarter.

3226 (c) Show account gains and losses for the period and
3227 changes in account accumulation unit values for the period.

3228 (d) Itemize account contributions for the quarter.

3229 (e) Indicate any account changes due to adjustment of
3230 contribution levels, reallocation of contributions, balance
3231 transfers, or withdrawals.

3232 (f) Set forth any fees, charges, penalties, and deductions
3233 that apply to the account.

3234 (g) Indicate the amount of the account in which the
3235 participant is fully vested and the amount of the account in
3236 which the participant is not vested.

3237 (h) Indicate each investment product's performance
3238 relative to an appropriate market benchmark.

3239

3240 The third-party administrator shall provide quarterly and annual
3241 summary reports to the board and any other reports requested by
3242 ~~the department or~~ the board. In any solicitation or offer of



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3243 coverage under an optional retirement program, a provider
3244 company shall be governed by the contract readability provisions
3245 of s. 627.4145, notwithstanding s. 627.4145(6)(c). In addition,
3246 all descriptive materials must be prepared under the assumption
3247 that the participant is an unsophisticated investor. Provider
3248 companies must maintain an internal system of quality assurance,
3249 have proven functional systems that are date-calculation
3250 compliant, and be subject to a due-diligence inquiry that proves
3251 their capacity and fitness to undertake service
3252 responsibilities.

3253 (12) ADVISORY COMMITTEES TO PROVIDE ADVICE AND
3254 ASSISTANCE.--The Investment Advisory Council and the Public
3255 Employee Optional Retirement Program Advisory Committee shall
3256 assist the board in implementing and administering the Public
3257 Employee Optional Retirement Program.

3258 (b)1. The Public Employee Optional Retirement Program
3259 Advisory Committee shall be composed of seven members. The
3260 President of the Senate shall appoint two members, the Speaker
3261 of the House of Representatives shall appoint two members, the
3262 Governor shall appoint one member, the Treasurer shall appoint
3263 one member, and the Comptroller shall appoint one member. The
3264 members of the advisory committee shall elect a member as chair.
3265 The appointments shall be made by September 1, 2000, and the
3266 committee shall meet to organize by October 1, 2000. The initial
3267 appointments shall be for a term of 24 months. Each appointing
3268 authority shall fill any vacancy occurring among its appointees
3269 for the remainder of the original term.



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3270 2. The advisory committee shall make recommendations on
3271 the selection of the third-party administrator, the education
3272 providers, and the investment products and providers. The
3273 committee's recommendations on the third-party administrator
3274 must be forwarded to the Trustees of the State Board of
3275 Administration by January 1, 2001. The recommendations on the
3276 education providers must be forwarded to the trustees by April
3277 1, 2001.

3278 3. The advisory committee's recommendations and activities
3279 shall be guided by the best interests of the employees,
3280 considering the interests of employers, and the intent of the
3281 Legislature in establishing the Public Employee Optional
3282 Retirement Program.

3283 4. The staff of the ~~state board and the department~~ shall
3284 assist the advisory committee.

3285 (19) PARTICIPANT RECORDS.--All personal identifying
3286 information regarding a participant in the Public Employee
3287 Optional Retirement Program contained in Florida Retirement
3288 System records held by the State Board of Administration ~~or the~~
3289 ~~Department of Management Services~~, or its ~~their~~ agents,
3290 employees, or contractors is exempt from the provisions of s.
3291 119.07(1) and s. 24(a), Art. I of the State Constitution. The
3292 ~~department or~~ board may use such exempt information as necessary
3293 in any legal or administrative proceeding. This subsection is
3294 subject to the Open Government Sunset Review Act of 1995 in
3295 accordance with s. 119.15, and shall stand repealed October 2,
3296 2007, unless reviewed and saved from repeal through reenactment
3297 by the Legislature.



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3298 Section 41. Section 121.4503, Florida Statutes, is amended
3299 to read:

3300 121.4503 Florida Retirement System Contributions Clearing
3301 Trust Fund.--

3302 (1) The Florida Retirement System Contributions Clearing
3303 Trust Fund is created as a clearing fund for disbursing employer
3304 contributions to the component plans of the Florida Retirement
3305 System and shall be administered by the State Board of
3306 Administration ~~Department of Management Services~~. Funds shall be
3307 credited to the trust fund as provided in this chapter and shall
3308 be held in trust for the contributing employers until such time
3309 as the assets are transferred by the board ~~department~~ to the
3310 Florida Retirement System Trust Fund, the Public Employee
3311 Optional Retirement Program Trust Fund, or other trust funds as
3312 authorized by law, to be used for the purposes of this chapter.
3313 The trust fund is exempt from the service charges imposed by s.
3314 215.20.

3315 (2) The Florida Retirement System Contributions Clearing
3316 Trust Fund is a clearing trust fund of the State Board of
3317 Administration ~~Department of Management Services~~ pursuant to s.
3318 19(f), Art. III of the State Constitution, and is not subject to
3319 termination.

3320 (3) The State Board of Administration ~~Department of~~
3321 ~~Management Services~~ may adopt rules governing the receipt and
3322 disbursement of amounts received by the Florida Retirement
3323 System Contributions Clearing Trust Fund from employers
3324 contributing to the component plans of the Florida Retirement
3325 System.



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3326 Section 42. Section 121.591, Florida Statutes, is amended
3327 to read:

3328 121.591 Benefits payable under the Public Employee
3329 Optional Retirement Program of the Florida Retirement
3330 System.--Benefits may not be paid under this section unless the
3331 member has terminated employment as provided in s.
3332 121.021(39)(a) or is deceased and a proper application has been
3333 filed in the manner prescribed by the state board or the
3334 division ~~department~~. The state board or division ~~department~~, as
3335 appropriate, may cancel an application for retirement benefits
3336 when the member or beneficiary fails to timely provide the
3337 information and documents required by this chapter and the rules
3338 of the state board and division ~~department~~. In accordance with
3339 their respective responsibilities as provided herein, the State
3340 Board of Administration and the division ~~Department of~~
3341 ~~Management Services~~ shall adopt rules establishing procedures
3342 for application for retirement benefits and for the cancellation
3343 of such application when the required information or documents
3344 are not received.

3345 (1) NORMAL BENEFITS.--Under the Public Employee Optional
3346 Retirement Program:

3347 (a) Benefits in the form of vested accumulations as
3348 described in s. 121.4501(6) shall be payable under this
3349 subsection in accordance with the following terms and
3350 conditions:

3351 1. To the extent vested, benefits shall be payable only to
3352 a participant.



3353 2. Benefits shall be paid by the third-party administrator
3354 or designated approved providers in accordance with the law, the
3355 contracts, and any applicable board rule or policy.

3356 3. To receive benefits under this subsection, the
3357 participant must be terminated from all employment with all
3358 Florida Retirement System employers, as provided in s.
3359 121.021(39).

3360 (b) If a participant elects to receive his or her benefits
3361 upon termination of employment, the participant must submit a
3362 written application to the third-party administrator indicating
3363 his or her preferred distribution date and selecting an
3364 authorized method of distribution as provided in paragraph (c).
3365 The participant may defer receipt of benefits until he or she
3366 chooses to make such application, subject to federal
3367 requirements.

3368 (c) Upon receipt by the third-party administrator of a
3369 properly executed application for distribution of benefits, the
3370 total accumulated benefit shall be payable to the participant,
3371 as:

- 3372 1. A lump-sum distribution to the participant;
- 3373 2. A lump-sum direct rollover distribution whereby all
3374 accrued benefits, plus interest and investment earnings, are
3375 paid from the participant's account directly to the custodian of
3376 an eligible retirement plan, as defined in s. 402(c)(8)(B) of
3377 the Internal Revenue Code, on behalf of the participant; or
- 3378 3. Periodic distributions, as authorized by the state
3379 board.



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3380 (2) DISABILITY RETIREMENT BENEFITS.--Benefits provided
3381 under this subsection are payable in lieu of the benefits which
3382 would otherwise be payable under the provisions of subsection
3383 (1). Such benefits shall be funded entirely from employer
3384 contributions made under s. 121.571, transferred participant
3385 funds accumulated pursuant to paragraph (a), and interest and
3386 earnings thereon. Pursuant thereto:

3387 (a) Transfer of funds.--To qualify to receive monthly
3388 disability benefits under this subsection:

3389 1. All moneys accumulated in the participant's Public
3390 Employee Optional Retirement Program accounts, including vested
3391 and nonvested accumulations as described in s. 121.4501(6),
3392 shall be transferred from such individual accounts to the
3393 Division of Retirement for deposit in the disability account of
3394 the Florida Retirement System Trust Fund. Such moneys shall be
3395 separately accounted for. Earnings shall be credited on an
3396 annual basis for amounts held in the disability accounts of the
3397 Florida Retirement System Trust Fund based on actual earnings of
3398 the Florida Retirement System Trust Fund.

3399 2. If the participant has retained retirement credit he or
3400 she had earned under the defined benefit program of the Florida
3401 Retirement System as provided in s. 121.4501(3)(b), a sum
3402 representing the actuarial present value of such credit within
3403 the Florida Retirement System Trust Fund shall be reassigned by
3404 the Division of Retirement from the defined benefit program to
3405 the disability program as implemented under this subsection and
3406 shall be deposited in the disability account of the Florida



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3407 Retirement System Trust Fund. Such moneys shall be separately
3408 accounted for.

3409 (b) Disability retirement; entitlement.--

3410 1. A participant of the Public Employee Optional
3411 Retirement Program who becomes totally and permanently disabled,
3412 as defined in s. 121.091(4)(b), after completing 8 years of
3413 creditable service, or a participant who becomes totally and
3414 permanently disabled in the line of duty regardless of his or
3415 her length of service, shall be entitled to a monthly disability
3416 benefit as provided herein.

3417 2. In order for service to apply toward the 8 years of
3418 service required to vest for regular disability benefits, or
3419 toward the creditable service used in calculating a service-
3420 based benefit as provided for under paragraph (g), the service
3421 must be creditable service as described below:

3422 a. The participant's period of service under the Public
3423 Employee Optional Retirement Program will be considered
3424 creditable service, except as provided in subparagraph d.

3425 b. If the participant has elected to retain credit for his
3426 or her service under the defined benefit program of the Florida
3427 Retirement System as provided under s. 121.4501(3)(b), all such
3428 service will be considered creditable service.

3429 c. If the participant has elected to transfer to his or
3430 her participant accounts a sum representing the present value of
3431 his or her retirement credit under the defined benefit program
3432 as provided under s. 121.4501(3)(c), the period of service under
3433 the defined benefit program represented in the present value
3434 amounts transferred will be considered creditable service for



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3435 purposes of vesting for disability benefits, except as provided
3436 in subparagraph d.

3437 d. Whenever a participant has terminated employment and
3438 has taken distribution of his or her funds as provided in
3439 subsection (1), all creditable service represented by such
3440 distributed funds is forfeited for purposes of this subsection.

3441 (c) Disability retirement effective date.--The effective
3442 retirement date for a participant who applies and is approved
3443 for disability retirement shall be established as provided under
3444 s. 121.091(4)(a)2. and 3.

3445 (d) Total and permanent disability.--A participant shall
3446 be considered totally and permanently disabled if, in the
3447 opinion of the division, he or she is prevented, by reason of a
3448 medically determinable physical or mental impairment, from
3449 rendering useful and efficient service as an officer or
3450 employee.

3451 (e) Proof of disability.--The division, before approving
3452 payment of any disability retirement benefit, shall require
3453 proof that the participant is totally and permanently disabled
3454 in the same manner as provided for members of the defined
3455 benefit program of the Florida Retirement System under s.
3456 121.091(4)(c).

3457 (f) Disability retirement benefit.--Upon the disability
3458 retirement of a participant under this subsection, the
3459 participant shall receive a monthly benefit that shall begin to
3460 accrue on the first day of the month of disability retirement,
3461 as approved by the division, and shall be payable on the last
3462 day of that month and each month thereafter during his or her



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3463 lifetime and continued disability. All disability benefits
3464 payable to such member shall be paid out of the disability
3465 account of the Florida Retirement System Trust Fund established
3466 under this subsection.

3467 (g) Computation of disability retirement benefit.--The
3468 amount of each monthly payment shall be calculated in the same
3469 manner as provided for members of the defined benefit program of
3470 the Florida Retirement System under s. 121.091(4)(f). For such
3471 purpose, creditable service under both the defined benefit
3472 program and the Public Employee Optional Retirement Program of
3473 the Florida Retirement System shall be applicable as provided
3474 under paragraph (b).

3475 (h) Reapplication.--A participant whose initial
3476 application for disability retirement has been denied may
3477 reapply for disability benefits in the same manner, and under
3478 the same conditions, as provided for members of the defined
3479 benefit program of the Florida Retirement System under s.
3480 121.091(4)(g).

3481 (i) Membership.--Upon approval of an application for
3482 disability benefits under this subsection, the applicant shall
3483 be transferred to the defined benefit program of the Florida
3484 Retirement System, effective upon his or her disability
3485 retirement effective date.

3486 (j) Option to cancel.--Any participant whose application
3487 for disability benefits is approved may cancel his or her
3488 application for disability benefits, provided that the
3489 cancellation request is received by the division before a



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3490 disability retirement warrant has been deposited, cashed, or
3491 received by direct deposit. Upon such cancellation:

3492 1. The participant's transfer to the defined benefit
3493 program under paragraph (i) shall be nullified;

3494 2. The participant shall be retroactively reinstated in
3495 the Public Employee Optional Retirement Program without hiatus;

3496 3. All funds transferred to the Florida Retirement System
3497 Trust Fund under paragraph (a) shall be returned to the
3498 participant accounts from which such funds were drawn; and

3499 4. The participant may elect to receive the benefit
3500 payable under the provisions of subsection (1) in lieu of
3501 disability benefits as provided under this subsection.

3502 (k) Recovery from disability.--

3503 1. The division may require periodic reexaminations at the
3504 expense of the disability program account of the Florida
3505 Retirement System Trust Fund. Except as otherwise provided in
3506 subparagraph 2., the requirements, procedures, and restrictions
3507 relating to the conduct and review of such reexaminations,
3508 discontinuation or termination of benefits, reentry into
3509 employment, disability retirement after reentry into covered
3510 employment, and all other matters relating to recovery from
3511 disability shall be the same as are set forth under s.

3512 121.091(4)(h).

3513 2. Upon recovery from disability, any recipient of
3514 disability retirement benefits under this subsection shall be a
3515 compulsory member of the Public Employee Optional Retirement
3516 Program of the Florida Retirement System. The net difference
3517 between the recipient's original account balance transferred to



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3518 the Florida Retirement System Trust Fund, including earnings,
3519 under paragraph (a) and total disability benefits paid to such
3520 recipient, if any, shall be determined as provided in sub-
3521 subparagraph a.

3522 a. An amount equal to the total benefits paid shall be
3523 subtracted from that portion of the transferred account balance
3524 consisting of vested accumulations as described under s.
3525 121.4501(6), if any, and an amount equal to the remainder of
3526 benefit amounts paid, if any, shall then be subtracted from any
3527 remaining portion consisting of nonvested accumulations as
3528 described under s. 121.4501(6).

3529 b. Amounts subtracted under sub-subparagraph a. shall be
3530 retained within the disability account of the Florida Retirement
3531 System Trust Fund. Any remaining account balance shall be
3532 transferred to the third-party administrator for disposition as
3533 provided under sub-subparagraph c. or sub-subparagraph d., as
3534 appropriate.

3535 c. If the recipient returns to covered employment,
3536 transferred amounts shall be deposited in individual accounts
3537 under the Public Employee Optional Retirement Program, as
3538 directed by the participant. Vested and nonvested amounts shall
3539 be separately accounted for as provided in s. 121.4501(6).

3540 d. If the recipient fails to return to covered employment
3541 upon recovery from disability:

3542 (I) Any remaining vested amount shall be deposited in
3543 individual accounts under the Public Employee Optional
3544 Retirement Program, as directed by the participant, and shall be
3545 payable as provided in subsection (1).



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3546 (II) Any remaining nonvested amount shall be held in a
3547 suspense account and shall be forfeitable after 5 years as
3548 provided in s. 121.4501(6).

3549 3. If present value was reassigned from the defined
3550 benefit program to the disability program of the Florida
3551 Retirement System as provided under subparagraph (a)2., the full
3552 present value amount shall be returned to the defined benefit
3553 account within the Florida Retirement System Trust Fund and the
3554 affected individual's associated retirement credit under the
3555 defined benefit program shall be reinstated in full. Any benefit
3556 based upon such credit shall be calculated as provided in s.
3557 121.091(4)(h)1.

3558 (1) Nonadmissible causes of disability.--A participant
3559 shall not be entitled to receive a disability retirement benefit
3560 if the disability results from any injury or disease sustained
3561 or inflicted as described in s. 121.091(4)(i).

3562 (m) Disability retirement of justice or judge by order of
3563 Supreme Court.--

3564 1. If a participant is a justice of the Supreme Court,
3565 judge of a district court of appeal, circuit judge, or judge of
3566 a county court who has served for 6 years or more as an elected
3567 constitutional judicial officer, including service as a judicial
3568 officer in any court abolished pursuant to Art. V of the State
3569 Constitution, and who is retired for disability by order of the
3570 Supreme Court upon recommendation of the Judicial Qualifications
3571 Commission pursuant to the provisions of Art. V of the State
3572 Constitution, the participant's Option 1 monthly disability
3573 benefit amount as provided in s. 121.091(6)(a)1. shall be two-



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3574 thirds of his or her monthly compensation as of the
3575 participant's disability retirement date. Such a participant
3576 may alternatively elect to receive an actuarially adjusted
3577 disability retirement benefit under any other option as provided
3578 in s. 121.091(6)(a), or to receive the normal benefit payable
3579 under the Public Employee Optional Retirement Program as set
3580 forth in subsection (1).

3581 2. If any justice or judge who is a participant of the
3582 Public Employee Optional Retirement Program of the Florida
3583 Retirement System is retired for disability by order of the
3584 Supreme Court upon recommendation of the Judicial Qualifications
3585 Commission pursuant to the provisions of Art. V of the State
3586 Constitution and elects to receive a monthly disability benefit
3587 under the provisions of this paragraph:

3588 a. Any present value amount that was transferred to his or
3589 her program account and all employer contributions made to such
3590 account on his or her behalf, plus interest and earnings
3591 thereon, shall be transferred to and deposited in the disability
3592 account of the Florida Retirement System Trust Fund; and

3593 b. The monthly benefits payable under this paragraph for
3594 any affected justice or judge retired from the Florida
3595 Retirement System pursuant to Art. V of the State Constitution
3596 shall be paid from the disability account of the Florida
3597 Retirement System Trust Fund.

3598 (n) Death of retiree or beneficiary.--Upon the death of a
3599 disabled retiree or beneficiary thereof who is receiving monthly
3600 benefits under this subsection, the monthly benefits shall be
3601 paid through the last day of the month of death and shall



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3602 terminate, or be adjusted, if applicable, as of that date in
3603 accordance with the optional form of benefit selected at the
3604 time of retirement. The deceased disabled retiree's beneficiary
3605 shall also receive the amount of the participant's remaining
3606 account balance, if any, in the Florida Retirement System Trust
3607 Fund. The Division of Retirement ~~Department of Management~~
3608 ~~Services~~ may adopt rules necessary to administer this paragraph.

3609 (3) DEATH BENEFITS.--Under the Public Employee Optional
3610 Retirement Program:

3611 (a) Survivor benefits shall be payable in accordance with
3612 the following terms and conditions:

3613 1. To the extent vested, benefits shall be payable only to
3614 a participant's beneficiary or beneficiaries as designated by
3615 the participant. If a participant designates a primary
3616 beneficiary other than the participant's spouse, the
3617 participant's spouse shall be notified of the designation. This
3618 requirement shall not apply to the designation of one or more
3619 contingent beneficiaries to receive any benefits remaining upon
3620 the death of the primary beneficiary or beneficiaries.

3621 2. Benefits shall be paid by the third-party administrator
3622 or designated approved providers in accordance with the law, the
3623 contracts, and any applicable board rule or policy.

3624 3. To receive benefits under this subsection, the
3625 participant must be deceased.

3626 (b) In the event of a participant's death, all vested
3627 accumulations as described in s. 121.4501(6), less withholding
3628 taxes remitted to the Internal Revenue Service, shall be
3629 distributed, as provided in paragraph (c), to the participant's



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3630 designated beneficiary or beneficiaries, or to the participant's
3631 estate, as if the participant retired on the date of death. No
3632 other death benefits shall be available for survivors of
3633 participants under the Public Employee Optional Retirement
3634 Program, except for such benefits, or coverage for such
3635 benefits, as are otherwise provided by law or are separately
3636 afforded by the employer, at the employer's discretion.

3637 (c) Upon receipt by the third-party administrator of a
3638 properly executed application for distribution of benefits, the
3639 total accumulated benefit shall be payable by the third-party
3640 administrator to the participant's surviving beneficiary or
3641 beneficiaries, as:

3642 1. A lump-sum distribution payable to the beneficiary or
3643 beneficiaries, or to the deceased participant's estate;

3644 2. An eligible rollover distribution on behalf of the
3645 surviving spouse of a deceased participant, whereby all accrued
3646 benefits, plus interest and investment earnings, are paid from
3647 the deceased participant's account directly to the custodian of
3648 an eligible retirement plan, as described in s. 402(c)(8)(B) of
3649 the Internal Revenue Code, on behalf of the surviving spouse; or

3650 3. A partial lump-sum payment whereby a portion of the
3651 accrued benefit is paid to the deceased participant's surviving
3652 spouse or other designated beneficiaries, less withholding taxes
3653 remitted to the Internal Revenue Service, and the remaining
3654 amount is transferred directly to the custodian of an eligible
3655 retirement plan, as described in s. 402(c)(8)(B) of the Internal
3656 Revenue Code, on behalf of the surviving spouse. The proportions



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3657 must be specified by the participant or the surviving
3658 beneficiary.

3659
3660 This paragraph does not abrogate other applicable provisions of
3661 state or federal law providing for payment of death benefits.

3662 (4) LIMITATION ON LEGAL PROCESS.--The benefits payable to
3663 any person under the Public Employee Optional Retirement
3664 Program, and any contributions accumulated under such program,
3665 are not subject to assignment, execution, attachment, or any
3666 legal process, except for qualified domestic relations orders by
3667 a court of competent jurisdiction, income deduction orders as
3668 provided in s. 61.1301, and federal income tax levies.

3669 Section 43. Section 121.5911, Florida Statutes, is amended
3670 to read:

3671 121.5911 Disability retirement program; qualified status;
3672 rulemaking authority.--It is the intent of the Legislature that
3673 the disability retirement program for participants of the Public
3674 Employee Optional Retirement Program as created in this act must
3675 meet all applicable requirements of federal law for a qualified
3676 plan. The Department of Management Services or the Division of
3677 Retirement shall seek a private letter ruling from the Internal
3678 Revenue Service on the disability retirement program for
3679 participants of the Public Employee Optional Retirement Program.
3680 Consistent with the private letter ruling, the division
3681 ~~Department of Management Services~~ shall adopt any necessary
3682 rules required to maintain the qualified status of the
3683 disability retirement program and the Florida Retirement System
3684 defined benefit plan.



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3685 Section 44. Subsection (1) of section 121.72, Florida
3686 Statutes, is amended to read:

3687 121.72 Allocations to optional retirement program
3688 participant accounts; percentage amounts.--

3689 (1) The allocations established in subsection (4) shall
3690 fund retirement benefits under the optional retirement program
3691 and shall be transferred monthly by the State Board of
3692 Administration ~~Division of Retirement~~ from the Florida
3693 Retirement System Contributions Clearing Trust Fund to the
3694 third-party administrator for deposit in each participating
3695 employee's individual account based on the membership class of
3696 the participant.

3697 Section 45. Subsection (1) of section 121.73, Florida
3698 Statutes, is amended to read:

3699 121.73 Allocations for optional retirement program
3700 participant disability coverage; percentage amounts.--

3701 (1) The allocations established in subsection (3) shall be
3702 used to provide disability coverage for participants in the
3703 optional retirement program and shall be transferred monthly by
3704 the State Board of Administration ~~Division of Retirement~~ from
3705 the Florida Retirement System Contributions Clearing Trust Fund
3706 to the disability account of the Florida Retirement System Trust
3707 Fund.

3708 Section 46. Section 121.74, Florida Statutes, is amended
3709 to read:

3710 121.74 Administrative and educational expenses.--Effective
3711 July 1, 2002, in addition to contributions required under s.
3712 121.71, employers participating in the Florida Retirement System



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3713 shall contribute an amount equal to 0.15 percent of the payroll
 3714 reported for each class or subclass of Florida Retirement System
 3715 membership, which amount shall be transferred by the State Board
 3716 of Administration ~~Division of Retirement~~ from the Florida
 3717 Retirement System Contributions Clearing Trust Fund to the
 3718 board's ~~State Board of Administration's~~ Administrative Trust
 3719 Fund to offset the costs of administering the optional
 3720 retirement program and the costs of providing educational
 3721 services to participants in the defined benefit program and the
 3722 optional retirement program. Approval of the Trustees of the
 3723 State Board of Administration is required prior to the
 3724 expenditure of these funds. Payments for third-party
 3725 administrative or educational expenses shall be made only
 3726 pursuant to the terms of the approved contracts for such
 3727 services.

3728 Section 47. Subsection (6) of section 175.032, Florida
 3729 Statutes, is amended to read:

3730 175.032 Definitions.--For any municipality, special fire
 3731 control district, chapter plan, local law municipality, local
 3732 law special fire control district, or local law plan under this
 3733 chapter, the following words and phrases have the following
 3734 meanings:

3735 (6) "Division" means the Division of Retirement of the
 3736 State Board of Administration ~~Department of Management Services~~.

3737 Section 48. Section 175.1215, Florida Statutes, is amended
 3738 to read:

3739 175.1215 Police and Firefighters' Premium Tax Trust
 3740 Fund.--The Police and Firefighters' Premium Tax Trust Fund is



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3741 created, to be administered by the Division of Retirement ~~of the~~
 3742 ~~Department of Management Services~~. Funds credited to the trust
 3743 fund, as provided in chapter 95-250, Laws of Florida, or similar
 3744 legislation, shall be expended for the purposes set forth in
 3745 that legislation.

3746 Section 49. Subsection (1) of section 175.341, Florida
 3747 Statutes, is amended to read:

3748 175.341 Duties of Division of Retirement; rulemaking
 3749 authority; investments by State Board of Administration.--

3750 (1) The division shall be responsible for the daily
 3751 oversight and monitoring for actuarial soundness of the
 3752 firefighters' pension plans, whether chapter or local law plans,
 3753 established under this chapter, for receiving and holding the
 3754 premium tax moneys collected under this chapter, and, upon
 3755 determining compliance with the provisions of this chapter, for
 3756 disbursing those moneys to the firefighters' pension plans. The
 3757 funds necessary to pay expenses for such administration are
 3758 hereby ~~shall be annually~~ appropriated from the interest and
 3759 investment income earned on moneys deposited in the trust fund.

3760 Section 50. Subsection (7) of section 185.02, Florida
 3761 Statutes, is amended to read:

3762 185.02 Definitions.--For any municipality, chapter plan,
 3763 local law municipality, or local law plan under this chapter,
 3764 the following words and phrases as used in this chapter shall
 3765 have the following meanings, unless a different meaning is
 3766 plainly required by the context:

3767 (7) "Division" means the Division of Retirement of the
 3768 State Board of Administration ~~Department of Management Services~~.



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3769 Section 51. Section 185.105, Florida Statutes, is amended
3770 to read:

3771 185.105 Police and Firefighters' Premium Tax Trust
3772 Fund.--The Police and Firefighters' Premium Tax Trust Fund is
3773 created, to be administered by the Division of Retirement ~~of the~~
3774 ~~Department of Management Services~~. Funds credited to the trust
3775 fund, as provided in chapter 95-250, Laws of Florida, or similar
3776 legislation, shall be expended for the purposes set forth in
3777 that legislation.

3778 Section 52. Subsection (1) of section 185.23, Florida
3779 Statutes, is amended to read:

3780 185.23 Duties of Division of Retirement; rulemaking
3781 authority; investments by State Board of Administration.--

3782 (1) The division shall be responsible for the daily
3783 oversight and monitoring for actuarial soundness of the
3784 municipal police officers' retirement plans, whether chapter or
3785 local law plans, established under this chapter, for receiving
3786 and holding the premium tax moneys collected under this chapter,
3787 and, upon determining compliance with the provisions of this
3788 chapter, for disbursing those moneys to the municipal police
3789 officers' retirement plans. The funds to pay the expenses for
3790 such administration are ~~shall be annually~~ appropriated from the
3791 interest and investment income earned on moneys deposited in the
3792 trust fund.

3793 Section 53. Subsection (3) of section 215.28, Florida
3794 Statutes, is amended to read:

3795 215.28 United States securities, purchase by state and
3796 county officers and employees; deductions from salary.--



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3797 (3) All deductions so made by any such disbursing
3798 authority shall be deposited in a trust account separate and
3799 apart from the funds of the state, county, or subordinate
3800 agency. Such account will be subject to withdrawal only for the
3801 purchase of United States securities on behalf of officers and
3802 employees, or for refunds to such persons in accordance with the
3803 provisions of this law. Whenever the sum of \$18.75 or the
3804 purchase price of the security requested to be purchased is
3805 accumulated from deductions so made from the salaries or wages
3806 of an officer or employee, such disbursing agent shall arrange
3807 the purchase of the bond or security applied for and have it
3808 registered in the name or names requested in the deduction
3809 authorization. Securities so purchased will be delivered in such
3810 manner as may be convenient for the issuing agent and the
3811 purchaser. Any interest earned on moneys in such account while
3812 awaiting the accumulation of the purchase price of the security
3813 shall be transferred to the Florida Retirement System Trust Fund
3814 as reimbursement for administrative costs incurred by the
3815 Division of Retirement of the State Board of Administration
3816 ~~Department of Management Services~~ under this section.

3817 Section 54. Subsection (7) of section 215.44, Florida
3818 Statutes, is amended to read:

3819 215.44 Board of Administration; powers and duties in
3820 relation to investment of trust funds.--

3821 (7) Investment and debt purchasing procedures and
3822 contracts of funds held in trust by the State Board of
3823 Administration, whether directly or incidentally related to the
3824 investment or debt transactions, and purchases of commodities or



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3825 services related to the administration of pension benefits, are
3826 exempt from the provisions of chapter 287.

3827 Section 55. Subsection (3) of section 215.50, Florida
3828 Statutes, is amended to read:

3829 215.50 Custody of securities purchased; income.--

3830 (3) The Treasurer, as custodian of securities owned by the
3831 Florida Retirement System Trust Fund and the Florida Survivor
3832 Benefit Trust Fund, shall collect the interest, dividends,
3833 prepayments, maturities, proceeds from sales, and other income
3834 accruing from such assets. As such income is collected by the
3835 Treasurer, it shall be deposited directly into a commercial bank
3836 to the credit of the State Board of Administration. Such bank
3837 accounts as may be required for this purpose shall offer
3838 satisfactory collateral security as provided by chapter 280. In
3839 the event funds so deposited according to the provisions of this
3840 section are required for the purpose of paying benefits or other
3841 operational needs, the State Board of Administration shall remit
3842 to the Florida Retirement System Trust Fund in the State
3843 Treasury such amounts as are required ~~may be requested by the~~
3844 ~~Department of Management Services.~~

3845 Section 56. Section 215.52, Florida Statutes, is amended
3846 to read:

3847 215.52 Rules and regulations.--The board may adopt ~~shall~~
3848 ~~have the power and authority to make reasonable rules and~~
3849 ~~regulations necessary to~~ implement general law conferring powers
3850 and duties upon it ~~carry out the provisions of ss. 215.44-~~
3851 ~~215.53.~~



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3852 Section 57. Subsection (18) of section 238.01, Florida
3853 Statutes, is amended to read:

3854 238.01 Definitions.--The following words and phrases as
3855 used in this chapter shall have the following meanings unless a
3856 different meaning is plainly required by the context:

3857 (18) "Actuarial equivalent" means a benefit of equal value
3858 when computed at regular interest upon the basis of the
3859 mortality tables adopted by the department ~~division~~.

3860 Section 58. Subsection (5) of section 238.05, Florida
3861 Statutes, is amended to read:

3862 238.05 Membership.--

3863 (5) Any person may, ~~at his or her option,~~ choose not to
3864 become a member of the Teachers' Retirement System when:

3865 (a) An election is made to the department ~~division~~ not to
3866 become a member within 60 days after ~~of~~ appointment to a
3867 teaching position as defined in this chapter or within 60 days
3868 from the date this law becomes effective.

3869 (b) Any election hereunder will not affect any rights
3870 accrued in the retirement system to which the person belongs.

3871 Section 59. Subsections (1), (3), (4), and (6) of section
3872 238.06, Florida Statutes, are amended to read:

3873 238.06 Membership application, creditable service, and
3874 time for making contributions.--

3875 (1) Under such rules and regulations as the department
3876 ~~Division of Retirement~~ shall adopt, each teacher upon becoming a
3877 member shall file with the department ~~division~~ an application
3878 showing date of birth and such other necessary information as
3879 the department ~~division~~ may require for the proper operation of



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3880 the retirement system. Until such application is filed no
3881 teacher or his or her beneficiary shall be eligible to receive
3882 any benefits under this chapter. If a member has been a teacher
3883 in Florida, he or she shall itemize on such application all
3884 service as a teacher rendered prior to the date of establishment
3885 of the retirement system, including service in a similar
3886 capacity in other states rendered by him or her prior to July 1,
3887 1939, for which he or she claims credit. Persons not eligible to
3888 membership in the retirement system as of July 1, 1939, and now
3889 eligible to membership shall file with the department ~~division~~
3890 an application and shall meet with all other requirements
3891 prescribed above. All such persons shall be entitled to prior
3892 service credit for the years prior to July 1, 1939, as
3893 prescribed in subsection (4). Any person made eligible to
3894 membership in the retirement system by provisions of this law
3895 may elect:

3896 (a) To make no contributions for the school years between
3897 1939-1940 and 1952-1953, inclusive, and if he or she so elects,
3898 shall be entitled to no membership credit for those years except
3899 as otherwise provided in this chapter.

3900 (b) To make contributions with accumulated regular
3901 interest to the retirement system on or before the time of
3902 retirement of such member for such years after July 1, 1939, as
3903 he or she served as a teacher, at the prescribed rate on the
3904 basis of his or her salary for those years, and if such
3905 contributions are made, he or she shall be entitled to
3906 membership service credit for such years.



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3907 (3) The department ~~division~~ shall fix and determine by
3908 appropriate rules and regulations how much service in any year
3909 is the equivalent of a year of service, but in no case shall it
3910 allow any credit for a period of absence without pay of more
3911 than a month's duration nor shall it allow credit for more than
3912 1 year of service for all service in any school year.

3913 (4) Subject to the above restriction and to such other
3914 rules and regulations as the department ~~division~~ shall adopt,
3915 the department ~~division~~ shall verify, as soon as practicable
3916 after the filing of the application, the statement of service
3917 therein claimed and shall issue to each person who becomes a
3918 member or any person with prior teaching service in the state
3919 who becomes a member of the retirement system, a prior service
3920 certificate certifying the length of service with which he or
3921 she is credited on the basis of his or her statement of service.
3922 Such prior service credit shall include credit for service
3923 rendered prior to date of establishment as a teacher within the
3924 state or in a similar capacity outside the state but not more
3925 than 10 years of credit for service outside the state shall be
3926 included. Credit for prior service outside the state may be
3927 claimed only by a person employed as a teacher in the state
3928 prior to July 1, 1939; provided that any person who became a
3929 member of the system after July 1, 1939, but prior to July 1,
3930 1955, and remained a member for 10 years shall be entitled to
3931 receive out-of-state prior service credit for a period not
3932 exceeding 10 years; provided that any person with out-of-state
3933 service who became a member of the system after July 1, 1939,
3934 but prior to July 1, 1955, and remained a member for 10 years



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3935 shall be entitled to receive membership service credit for a
3936 period of not exceeding 10 years, including credit for the
3937 period covered by service in the Armed Forces of the nation
3938 during World War II; provided such member was a public school
3939 teacher within 1 year before entering the armed services; and
3940 provided he or she resumed teaching, if such member shall, prior
3941 to retirement, make contribution to the retirement system with
3942 accumulated regular interest thereon in an amount equal to the
3943 contribution he or she would have made if such service had been
3944 rendered in the state subsequent to July 1, 1939; provided that
3945 no member who receives, or who is entitled to receive, a pension
3946 or annuity from any other state or county or municipality or
3947 other taxing district shall receive out-of-state prior service
3948 credit or membership service credit as set forth above;
3949 provided, however, that the change in this subsection shall not
3950 affect the rights of persons who have retired when this
3951 amendment to the law takes effect; provided, however, that any
3952 person who becomes a member of the system on or after July 1,
3953 1955, and who has moved from another state to Florida, and
3954 becoming employed in a category covered by the Teachers'
3955 Retirement System, must teach in the state for 5 years before
3956 being entitled to receive any out-of-state service credit. After
3957 having been employed within the state for a period of 5 years, a
3958 teacher may establish and receive credit for 1 year of out-of-
3959 state service for each additional year of service credit within
3960 the state, with a maximum of 10 years out-of-state credit
3961 allowed. In order to establish and receive this out-of-state
3962 credit, a teacher, who became a member of the system on or after



3963 July 1, 1955, but prior to October 1, 1963, must pay into the
 3964 retirement system prior to retirement total contributions equal
 3965 to 8 percent (plus accumulated regular interest thereon), of
 3966 such out-of-state compensation as the teacher received during
 3967 those years of out-of-state service for which the teacher
 3968 receives out-of-state credit, provided, however, that
 3969 contributions on out-of-state salary received prior to July 1,
 3970 1939, will not be required of any member in this category
 3971 retiring on or after July 1, 1969. In order to establish and
 3972 receive this out-of-state credit, a teacher who becomes a member
 3973 of the retirement system on or after October 1, 1963, must pay
 3974 into the retirement system prior to retirement, total
 3975 contributions which are in addition to the regular membership
 3976 contributions and which, when accumulated with regular interest
 3977 thereon, are equal to the actuarial equivalent at the time of
 3978 retirement of the monthly benefit which becomes payable at
 3979 retirement on account of out-of-state credit. In the event that
 3980 such accumulated additional contributions at time of retirement
 3981 are less than the actuarial equivalent at time of retirement of
 3982 the monthly benefit attributable to out-of-state credit, the
 3983 monthly benefit attributable to out-of-state credit shall be
 3984 reduced by an amount equal to the product of:

3985 (a) The monthly benefit attributable to out-of-state
 3986 credit, and

3987 (b) The ratio that such deficiency bears to the actuarial
 3988 equivalent of the monthly benefit attributable to the out-of-
 3989 state credit.

3990



3991 If such accumulated additional contributions are in excess of
 3992 the actuarial equivalent at time of retirement of the monthly
 3993 benefit attributable to out-of-state credit, such excess shall
 3994 be paid in a lump sum to the member at time of retirement. No
 3995 person may receive retirement benefits for less than 10 years of
 3996 service credit earned in Florida.

3997 (6) So long as membership continues, a prior service
 3998 certificate shall be final and conclusive for retirement
 3999 purposes as to such prior service credit, unless modified by the
 4000 department ~~division~~ upon application made by the member within 1
 4001 year after the date of issuance or modification of a prior
 4002 service certificate or upon the discovery by the department
 4003 ~~division~~ of error or fraud.

4004 Section 60. Subsection (4) of section 650.02, Florida
 4005 Statutes, is amended to read:

4006 650.02 Definitions.--For the purpose of this chapter:

4007 (4) The term "state agency" means the Division of
 4008 Retirement of the State Board of Administration ~~Department of~~
 4009 ~~Management Services~~.

4010 Section 61. The Department of Management Services may
 4011 contract with the State Board of Administration to administer
 4012 sections 112.05, 121.1815, 250.22, 112.351-112.362, and chapters
 4013 122 and 238, Florida Statutes.

4014 Section 62. The Department of Financial Services shall, at
 4015 the direction of the State Board of Administration, issue
 4016 benefit payments to persons eligible for such payments under the
 4017 retirement plans and other benefit programs administered by the
 4018 Board and the Division of Retirement. The Board is authorized to



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4019 direct the withdrawal of appropriate amounts from trust funds in
4020 the State Treasury established for this purpose. Alternatively,
4021 at the option of the Board, it may issue such payments directly
4022 or through a third party agent. If this option is authorized by
4023 resolution of the Board, then the System Trust Fund and related
4024 funds, if any, established pursuant to s. 121.021(36), Florida
4025 Statutes, the Optional Annuity Program Trust Fund established
4026 pursuant to s. 121.055(6)(d)3., Florida Statutes, the Optional
4027 Retirement Program Trust Fund established pursuant to s.
4028 121.35(4)(c), Florida Statutes, the Retiree Health Insurance
4029 Subsidy Trust Fund established pursuant to s. 112.363(5),
4030 Florida Statutes, and any other trust funds established in the
4031 State Treasury for the purpose of paying benefits of the
4032 retirement plans and other benefit programs administered by the
4033 Board and the Division of Retirement shall be moved to the State
4034 Board of Administration.

4035 Section 63. This act shall take effect July 1, 2003.
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4037