



CHAMBER ACTION

The Committee on Appropriations 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, 121.095, 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, 121.403, 121.591, 121.5911, 121.72, 121.73, 121.74, 175.032, 175.121, 175.1215, 175.341, 185.02, 185.10, 185.105, 185.23, 215.20, 215.28, 215.44, 215.50, 215.52, 238.01, 238.02, 238.03, 238.05, 238.07, 238.08, 238.09, 238.10, 238.11, 238.12, 238.14, 238.15,



29 | 238.171, 238.181, 238.32, 650.02, 650.06, 122.02, 122.03,
 30 | 122.05, 122.06, 122.07, 122.08, 122.09, 122.10, 122.12,
 31 | 122.13, 122.15, 122.16, 122.23, 122.30, 122.34, 122.351,
 32 | F.S., to conform to such transfer; providing duties of the
 33 | Department of Financial Services with respect to issuing
 34 | benefit payments under retirement plans; providing for the
 35 | request and transfer of appropriations; providing an
 36 | effective date.

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

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

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

53 | 20.22 Department of Management Services.--There is created
 54 | a Department of Management Services.

55 | (2) The following divisions and programs within the
 56 | Department of Management Services are established:



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57 | ~~(g) Division of Retirement.~~

58 | (g)(h) Division of State Group Insurance.

59 | Section 3. Section 20.28, Florida Statutes, is amended to
60 | read:

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

69 | Section 4. Paragraph (u) of subsection (2) of section
70 | 110.205, Florida Statutes, is amended to read:

71 | 110.205 Career service; exemptions.--

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

74 | (u) All officers and employees of the State Board of
75 | Administration, including its Division of Retirement. The State
76 | Board of Administration shall set the salaries and benefits of
77 | these positions.

78 | Section 5. Paragraph (b) of subsection (4) of section
79 | 112.05, Florida Statutes, is amended to read:

80 | 112.05 Retirement; cost-of-living adjustment; employment
81 | after retirement.--

82 | (4)

83 | (b) Any person to whom the limitation in paragraph (a)
84 | applies who violates such reemployment limitation and is



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

106 Section 6. Paragraph (d) of subsection (4) of section
107 112.3173, Florida Statutes, is amended to read:

108 112.3173 Felonies involving breach of public trust and
109 other specified offenses by public officers and employees;
110 forfeiture of retirement benefits.--

111 (4) NOTICE.--



112 (d) The Commission on Ethics shall forward any notice and
 113 any other document received by it pursuant to this subsection to
 114 the governing body of the public retirement system of which the
 115 public officer or employee is a member or from which the public
 116 officer or employee may be entitled to receive a benefit. When
 117 called on by the Commission on Ethics, the Division of
 118 Retirement of the State Board of Administration ~~Department of~~
 119 ~~Management Services~~ shall assist the commission in identifying
 120 the appropriate public retirement system.

121 Section 7. Subsections (2), (4), (5), (7), and (8) of
 122 section 112.363, Florida Statutes, are amended to read:

123 112.363 Retiree health insurance subsidy.--

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

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

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



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

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

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

156 2. Notwithstanding the provisions of subparagraph 1., a
157 person retiring due to disability must either qualify for a
158 regular or in-line-of-duty disability benefit as provided in s.
159 121.091(4) or qualify for a disability benefit under a
160 disability plan established under part II of chapter 121, as
161 appropriate.

162 (d) Payment of the retiree health insurance subsidy shall
163 be made only after coverage for health insurance for the retiree
164 or beneficiary has been certified in writing to the Division of
165 Retirement of the State Board of Administration ~~Department of~~
166 ~~Management Services~~. Participation in a former employer's group



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167 health insurance program is not a requirement for eligibility
168 under this section.

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

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

184 (5) TRUST FUND ESTABLISHED.--There is hereby established a
185 trust fund in the state treasury to be entitled the Retiree
186 Health Insurance Subsidy Trust Fund, which shall be administered
187 by the State Board of Administration. Said trust fund shall be
188 used to account for all moneys received and disbursed pursuant
189 to this section. Should funding for the retiree health
190 insurance subsidy program fail to provide full benefits for all
191 participants, the benefits may be reduced or canceled at any
192 time.

193 (7) ADMINISTRATION OF SYSTEM.--The Division of Retirement
194 of the State Board of Administration ~~Department of Management~~



195 ~~Services~~ may adopt such rules and regulations as are necessary
 196 for the effective and efficient administration of this section.
 197 The cost of administration is ~~shall be~~ appropriated from the
 198 trust fund.

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

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

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

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

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

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

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

219
 220 Such contributions shall be submitted to the Division of
 221 Retirement of the State Board of Administration ~~Department of~~



222 ~~Management Services~~ and deposited in the Retiree Health
223 Insurance Subsidy Trust Fund.

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

226 112.625 Definitions.--As used in this act:

227 (10) "Division" means the Division of Retirement of the
228 State Board of Administration.

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

231 112.63 Actuarial reports and statements of actuarial
232 impact; review.--

233 (2) The frequency of actuarial reports must be at least
234 every 3 years commencing from the last actuarial report of the
235 plan or system or October 1, 1980, if no actuarial report has
236 been issued within the 3-year period prior to October 1, 1979.
237 The results of each actuarial report shall be filed with the
238 plan administrator within 60 days of certification. Thereafter,
239 the results of each actuarial report shall be made available for
240 inspection upon request. Additionally, each retirement system or
241 plan covered by this act which is not administered directly by
242 the division ~~Department of Management Services~~ shall furnish a
243 copy of each actuarial report to the division ~~Department of~~
244 ~~Management Services~~ within 60 days after receipt from the
245 actuary. The requirements of this section are supplemental to
246 actuarial valuations necessary to comply with the requirements
247 of ss. 218.321 and 218.39.

248 (4) Upon receipt, pursuant to subsection (2), of an
249 actuarial report, or upon receipt, pursuant to subsection (3),



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250 of a statement of actuarial impact, the division ~~Department of~~
251 ~~Management Services~~ shall acknowledge such receipt, but shall
252 only review and comment on each retirement system's or plan's
253 actuarial valuations at least on a triennial basis. If the
254 division ~~department~~ finds that the actuarial valuation is not
255 complete, accurate, or based on reasonable assumptions, or if
256 the division ~~department~~ does not receive the actuarial report or
257 statement of actuarial impact, the division ~~department~~ shall
258 notify the local government and request appropriate adjustment.
259 If, after a reasonable period of time, a satisfactory adjustment
260 is not made, the affected local government or the division
261 ~~department~~ may petition for a hearing under the provisions of
262 ss. 120.569 and 120.57. If the administrative law judge
263 recommends in favor of the division ~~department~~, the division
264 ~~department~~ shall perform an actuarial review or prepare the
265 statement of actuarial impact. The cost to the division
266 ~~department~~ of performing such actuarial review or preparing such
267 statement shall be charged to the governmental entity of which
268 the employees are covered by the retirement system or plan. If
269 payment of such costs is not received by the division ~~department~~
270 within 60 days after receipt by the governmental entity of the
271 request for payment, the division ~~department~~ shall certify to
272 the Comptroller the amount due, and the Comptroller shall pay
273 such amount to the division ~~department~~ from any funds payable to
274 the governmental entity of which the employees are covered by
275 the retirement system or plan. If the administrative law judge
276 recommends in favor of the local retirement system and the
277 division ~~department~~ performs an actuarial review, the cost to



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278 | the division ~~department~~ of performing the actuarial review shall
279 | be paid by the division ~~department~~.

280 | Section 10. Subsection (1) of section 112.64, Florida
281 | Statutes, is amended to read:

282 | 112.64 Administration of funds; amortization of unfunded
283 | liability.--

284 | (1) Employee contributions shall be deposited in the
285 | retirement system or plan at least monthly. Employer
286 | contributions shall be deposited at least quarterly; however,
287 | any revenues received from any source by an employer which are
288 | specifically collected for the purpose of allocation for deposit
289 | into a retirement system or plan shall be so deposited within 30
290 | days of receipt by the employer. All employers and employees
291 | participating in the Florida Retirement System and other
292 | existing retirement systems which are administered by the
293 | division ~~Department of Management Services~~ shall continue to
294 | make contributions at least monthly.

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

297 | 112.658 Office of Program Policy Analysis and Government
298 | Accountability to determine compliance of the Florida Retirement
299 | System.--

300 | (1) The Office of Program Policy Analysis and Government
301 | Accountability shall determine, through the examination of
302 | actuarial reviews, financial statements, and the practices and
303 | procedures of the Division of Retirement ~~Department of~~
304 | ~~Management Services~~, the compliance of the Florida Retirement
305 | System with the provisions of this act.



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306 (3) The Office of Program Policy Analysis and Government
307 Accountability shall employ the same actuarial standards to
308 monitor the division ~~Department of Management Services~~ as the
309 division ~~Department of Management Services~~ uses to monitor local
310 governments.

311 Section 12. Subsections (9), (16), and (17) of section
312 112.661, Florida Statutes, are amended to read:

313 112.661 Investment policies.--Investment of the assets of
314 any local retirement system or plan must be consistent with a
315 written investment policy adopted by the board. Such policies
316 shall be structured to maximize the financial return to the
317 retirement system or plan consistent with the risks incumbent in
318 each investment and shall be structured to establish and
319 maintain an appropriate diversification of the retirement system
320 or plan's assets.

321 (9) EXPECTED ANNUAL RATE OF RETURN.--The investment policy
322 shall require that, for each actuarial valuation, the board
323 determine the total expected annual rate of return for the
324 current year, for each of the next several years, and for the
325 long term thereafter. This determination must be filed promptly
326 with the division ~~Department of Management Services~~ and with the
327 plan's sponsor and the consulting actuary. The division
328 ~~department~~ shall use this determination only to notify the
329 board, the plan's sponsor, and consulting actuary of material
330 differences between the total expected annual rate of return and
331 the actuarial assumed rate of return.

332 (16) FILING OF INVESTMENT POLICY.--Upon adoption by the
333 board, the investment policy shall be promptly filed with the



334 division ~~Department of Management Services~~ and the plan's
 335 sponsor and consulting actuary. The effective date of the
 336 investment policy, and any amendment thereto, shall be the 31st
 337 calendar day following the filing date with the plan sponsor.

338 (17) VALUATION OF ILLIQUID INVESTMENTS.--The investment
 339 policy shall provide for the valuation of illiquid investments
 340 for which a generally recognized market is not available or for
 341 which there is no consistent or generally accepted pricing
 342 mechanism. If those investments are utilized, the investment
 343 policy must include the criteria set forth in s. 215.47(6),
 344 except that submission to the Investment Advisory Council is not
 345 required. The investment policy shall require that, for each
 346 actuarial valuation, the board must verify the determination of
 347 the fair market value for those investments and ascertain that
 348 the determination complies with all applicable state and federal
 349 requirements. The investment policy shall require that the board
 350 disclose to the division ~~Department of Management Services~~ and
 351 the plan's sponsor each such investment for which the fair
 352 market value is not provided.

353 Section 13. Section 112.665, Florida Statutes, is amended
 354 to read:

355 112.665 Duties of Division of Retirement ~~Department of~~
 356 ~~Management Services~~.--

357 (1) The Division of Retirement ~~Department of Management~~
 358 ~~Services~~ shall:

359 (a) Gather, catalog, and maintain complete, computerized
 360 data information on all public employee retirement systems or



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361 plans in the state, based upon a review of audits, reports, and
362 other data pertaining to the systems or plans;

363 (b) Receive and comment upon all actuarial reviews of
364 retirement systems or plans maintained by units of local
365 government;

366 (c) Cooperate with local retirement systems or plans on
367 matters of mutual concern and provide technical assistance to
368 units of local government in the assessment and revision of
369 retirement systems or plans;

370 (d) Issue, by January 1 annually, a report to the
371 President of the Senate and the Speaker of the House of
372 Representatives, which report details division activities,
373 findings, and recommendations concerning all governmental
374 retirement systems. The report may include legislation proposed
375 to carry out such recommendations;

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

382 (f) Adopt reasonable rules to administer the provisions of
383 this part.

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



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388 Section 14. Subsections (4), (5), (32), and (36) and
389 paragraph (a) of subsection (39) of section 121.021, Florida
390 Statutes, are amended, and subsection (62) is added to that
391 section, to read:

392 121.021 Definitions.--The following words and phrases as
393 used in this chapter have the respective meanings set forth
394 unless a different meaning is plainly required by the context:

395 (4) "Division Department" means the Division of Retirement
396 of the State Board of Administration ~~Department of Management~~
397 ~~Services~~.

398 (5) "Administrator" means the executive director of the
399 State Board of Administration ~~secretary of the Department of~~
400 ~~Management Services~~.

401 (32) "State agency" means the Division of Retirement
402 ~~Department of Management Services~~ within the provisions and
403 contemplation of chapter 650.

404 (36) "System Trust Fund" means the trust fund established
405 in the State Treasury by this chapter and administered by the
406 State Board of Administration for the purpose of holding and
407 investing the contributions paid by members and employers and
408 paying the benefits to which members or their beneficiaries may
409 become entitled. Other trust funds may be established in the
410 State Treasury to administer the "System Trust Fund."

411 (39)(a) "Termination" occurs, except as provided in
412 paragraph (b), when a member ceases all employment relationships
413 with employers under this system, as defined in subsection (10),
414 but in the event a member should be employed by any such
415 employer within the next calendar month, termination shall be



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416 deemed not to have occurred. A leave of absence shall constitute
417 a continuation of the employment relationship, except that a
418 leave of absence without pay due to disability may constitute
419 termination for a member, if such member makes application for
420 and is approved for disability retirement in accordance with s.
421 121.091(4). The division ~~department~~ may require other evidence
422 of termination as it deems necessary.

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

424 Section 15. Section 121.025, Florida Statutes, is amended
425 to read:

426 121.025 Administrator; powers and duties.--The executive
427 director of the State Board of Administration ~~secretary of the~~
428 ~~Department of Management Services~~ shall be the administrator of
429 the retirement and pension systems assigned or transferred to
430 the division ~~Department of Management Services~~ by law. The
431 executive director of the State Board of Administration is the
432 trustee of the System Trust Fund and shall have the authority to
433 sign the contracts necessary to carry out the duties and
434 responsibilities assigned by law to the division ~~Department of~~
435 ~~Management Services~~.

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

439 121.031 Administration of system; appropriation; oaths;
440 actuarial studies; public records.--

441 (1) The division ~~Department of Management Services~~ has the
442 authority to adopt rules pursuant to ss. 120.536(1) and 120.54
443 to implement the provisions of law conferring duties upon the



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444 division ~~department~~ and to adopt rules as are necessary for the
445 effective and efficient administration of this system. The funds
446 to pay the expenses for administration of the system are hereby
447 appropriated from the interest earned on investments made for
448 the retirement and social security trust funds and the
449 assessments allowed under chapter 650.

450 (2) The division ~~Department of Management Services~~ is
451 authorized to require oaths, by affidavit or otherwise, and
452 acknowledgments from persons in connection with the
453 administration of its duties and responsibilities under this
454 chapter.

455 (3) The administrator shall cause an actuarial study of
456 the system to be made at least annually and shall report the
457 results of such study to the Legislature by December 31 prior to
458 the next legislative session. The study shall, at a minimum,
459 conform to the requirements of s. 112.63, with the following
460 exceptions and additions:

461 (e) The study shall include measures of funding status and
462 funding progress designed to facilitate the assessment of trends
463 over several actuarial valuations with respect to the overall
464 solvency of the system. Such measures shall be adopted by the
465 division ~~department~~ and shall be used consistently in all
466 actuarial valuations performed on the system.

467 (5) The names and addresses of retirees are confidential
468 and exempt from the provisions of s. 119.07(1) to the extent
469 that no state or local governmental agency may provide the names
470 or addresses of such persons in aggregate, compiled, or list
471 form to any person except to a public agency engaged in official



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472 business. However, a state or local government agency may
473 provide the names and addresses of retirees from that agency to
474 a bargaining agent as defined in s. 447.203(12) or to a retiree
475 organization for official business use. Lists of names or
476 addresses of retirees may be exchanged by public agencies, but
477 such lists shall not be provided to, or open for inspection by,
478 the public. Any person may view or copy any individual's
479 retirement records at the division ~~Department of Management~~
480 ~~Services~~, one record at a time, or may obtain information by a
481 separate written request for a named individual for which
482 information is desired.

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

486 121.051 Participation in the system.--

487 (1) COMPULSORY PARTICIPATION.--

488 (c)1. After June 30, 1983, a member of an existing system
489 who is reemployed after terminating employment shall have at the
490 time of reemployment the option of selecting to remain in the
491 existing retirement system or to transfer to the Florida
492 Retirement System. Failure to submit such selection in writing
493 to the division ~~Department of Management Services~~ within 6
494 months of reemployment shall result in compulsory membership in
495 the Florida Retirement System.

496 2. After June 30, 1988, the provisions of subparagraph 1.
497 shall not apply to a member of an existing system who is
498 reemployed within 12 months after terminating employment. Such
499 member shall continue to have membership in the existing system



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500 upon reemployment and shall not be permitted to become a member
501 of the Florida Retirement System, except by transferring to that
502 system as provided in ss. 121.052 and 121.055.

503 (2) OPTIONAL PARTICIPATION.--

504 (b)1. The governing body of any municipality or special
505 district in the state may elect to participate in the system
506 upon proper application to the administrator and may cover all
507 or any of its units as approved by the Secretary of Health and
508 Human Services and the administrator. The division ~~department~~
509 shall adopt rules establishing provisions for the submission of
510 documents necessary for such application. Prior to being
511 approved for participation in the Florida Retirement System, the
512 governing body of any such municipality or special district that
513 has a local retirement system shall submit to the administrator
514 a certified financial statement showing the condition of the
515 local retirement system as of a date within 3 months prior to
516 the proposed effective date of membership in the Florida
517 Retirement System. The statement must be certified by a
518 recognized accounting firm that is independent of the local
519 retirement system. All required documents necessary for
520 extending Florida Retirement System coverage must be received by
521 the division ~~department~~ for consideration at least 15 days prior
522 to the proposed effective date of coverage. If the municipality
523 or special district does not comply with this requirement, the
524 division ~~department~~ may require that the effective date of
525 coverage be changed.

526 2. Any city or special district that has an existing
527 retirement system covering the employees in the units that are



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528 | to be brought under the Florida Retirement System may
529 | participate only after holding a referendum in which all
530 | employees in the affected units have the right to participate.
531 | Only those employees electing coverage under the Florida
532 | Retirement System by affirmative vote in said referendum shall
533 | be eligible for coverage under this chapter, and those not
534 | participating or electing not to be covered by the Florida
535 | Retirement System shall remain in their present systems and
536 | shall not be eligible for coverage under this chapter. After the
537 | referendum is held, all future employees shall be compulsory
538 | members of the Florida Retirement System.

539 | 3. The governing body of any city or special district
540 | complying with subparagraph 1. may elect to provide, or not
541 | provide, benefits based on past service of officers and
542 | employees as described in s. 121.081(1). However, if such
543 | employer elects to provide past service benefits, such benefits
544 | must be provided for all officers and employees of its covered
545 | group.

546 | 4. Once this election is made and approved it may not be
547 | revoked, except pursuant to subparagraphs 5. and 6., and all
548 | present officers and employees electing coverage under this
549 | chapter and all future officers and employees shall be
550 | compulsory members of the Florida Retirement System.

551 | 5. Subject to the conditions set forth in subparagraph 6.,
552 | the governing body of any hospital licensed under chapter 395
553 | which is governed by the board of a special district as defined
554 | in s. 189.403(1) or by the board of trustees of a public health
555 | trust created under s. 154.07, hereinafter referred to as



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556 "hospital district," and which participates in the system, may
557 elect to cease participation in the system with regard to future
558 employees in accordance with the following procedure:

559 a. No more than 30 days and at least 7 days before
560 adopting a resolution to partially withdraw from the Florida
561 Retirement System and establish an alternative retirement plan
562 for future employees, a public hearing must be held on the
563 proposed withdrawal and proposed alternative plan.

564 b. From 7 to 15 days before such hearing, notice of intent
565 to withdraw, specifying the time and place of the hearing, must
566 be provided in writing to employees of the hospital district
567 proposing partial withdrawal and must be published in a
568 newspaper of general circulation in the area affected, as
569 provided by ss. 50.011-50.031. Proof of publication of such
570 notice shall be submitted to the division ~~Department of~~
571 ~~Management Services~~.

572 c. The governing body of any hospital district seeking to
573 partially withdraw from the system must, before such hearing,
574 have an actuarial report prepared and certified by an enrolled
575 actuary, as defined in s. 112.625(3), illustrating the cost to
576 the hospital district of providing, through the retirement plan
577 that the hospital district is to adopt, benefits for new
578 employees comparable to those provided under the Florida
579 Retirement System.

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



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584 resolution duly adopted by the hospital district board. The
585 hospital district board must provide written notice of such
586 withdrawal to the division by mailing a copy of the resolution
587 to the division, postmarked no later than December 15, 1995. The
588 withdrawal shall take effect January 1, 1996.

589 6. Following the adoption of a resolution under sub-
590 subparagraph 5.d., all employees of the withdrawing hospital
591 district who were participants in the Florida Retirement System
592 prior to January 1, 1996, shall remain as participants in the
593 system for as long as they are employees of the hospital
594 district, and all rights, duties, and obligations between the
595 hospital district, the system, and the employees shall remain in
596 full force and effect. Any employee who is hired or appointed on
597 or after January 1, 1996, may not participate in the Florida
598 Retirement System, and the withdrawing hospital district shall
599 have no obligation to the system with respect to such employees.

600 (f)1. Whenever an employer that participates in the
601 Florida Retirement System undertakes the transfer, merger, or
602 consolidation of governmental services or functions, the
603 employer must notify the division ~~department~~ at least 60 days
604 prior to such action and shall provide documentation as required
605 by the division ~~department~~.

606 2. When the agency to which a member's employing unit is
607 transferred, merged, or consolidated does not participate in the
608 Florida Retirement System, a member shall elect in writing to
609 remain in the Florida Retirement System or to transfer to the
610 local retirement system operated by such agency. If such agency
611 does not participate in a local retirement system, the member



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612 shall continue membership in the Florida Retirement System. In
 613 either case, the membership shall continue for as long as the
 614 member is employed by the agency to which his or her unit was
 615 transferred, merged, or consolidated.

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

618 121.0511 Revocation of election and alternative plan.--The
 619 governing body of any municipality or independent special
 620 district that has elected to participate in the Florida
 621 Retirement System may revoke its election in accordance with the
 622 following procedure:

623 (2) At least 7 days, but not more than 15 days, before the
 624 hearing, notice of intent to revoke, specifying the time and
 625 place of the hearing, must be published in a newspaper of
 626 general circulation in the area affected, as provided by ss.
 627 50.011-50.031. Proof of publication of the notice must be
 628 submitted to the division ~~Department of Management Services~~.

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

632 121.0515 Special risk membership.--

633 (3) PROCEDURE FOR DESIGNATING.--

634 (a) Any member of the Florida Retirement System employed
 635 by a county, city, or special district who feels that he or she
 636 meets the criteria set forth in this section for membership in
 637 the Special Risk Class may request that his or her employer
 638 submit an application to the division ~~department~~ requesting that
 639 the division ~~department~~ designate him or her as a special risk



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640 member. If the employer agrees that the member meets the
641 requirements for special risk membership, the employer shall
642 submit an application to the division ~~department~~ in behalf of
643 the employee containing a certification that the member meets
644 the criteria for special risk membership set forth in this
645 section and such other supporting documentation as may be
646 required by administrative rule. The division ~~department~~ shall,
647 within 90 days, either designate or refuse to designate the
648 member as a special risk member. If the employer declines to
649 submit the member's application to the division ~~department~~ or if
650 the division ~~department~~ does not designate the member as a
651 special risk member, the member or the employer may appeal to
652 the State Retirement Commission, as provided in s. 121.23, for
653 designation as a special risk member. A member who receives a
654 final affirmative ruling pursuant to such appeal for special
655 risk membership shall have special risk membership retroactive
656 to the date such member would have had special risk membership
657 had such membership been approved by the employer and the
658 division ~~department~~, as determined by the division ~~department~~,
659 and the employer contributions shall be paid in full within 1
660 year after such final ruling.

661 (b)1. Applying the criteria set forth in this section, the
662 division ~~Department of Management Services~~ shall specify which
663 current and newly created classes of positions under the uniform
664 classification plan established pursuant to chapter 110 entitle
665 the incumbents of positions in those classes to membership in
666 the Special Risk Class. Only employees employed in the classes
667 so specified shall be special risk members.



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

672 (4) REMOVAL OF SPECIAL RISK MEMBERSHIP.--Any member who is
673 a special risk member on October 1, 1978, and who fails to meet
674 the criteria for special risk membership established by this
675 section shall have his or her special risk designation removed
676 and thereafter shall be a regular member and shall earn only
677 regular membership credit. The division ~~department~~ shall have
678 the authority to review the special risk designation of members
679 to determine whether or not those members continue to meet the
680 criteria for special risk membership.

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

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

684 Section 20. Paragraph (e) of subsection (3) of section
685 121.052, Florida Statutes, is amended to read:

686 121.052 Membership class of elected officers.--

687 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.--Effective
688 July 1, 1990, participation in the Elected Officers' Class shall
689 be compulsory for elected officers listed in paragraphs (2)(a)-
690 (d) and (f) assuming office on or after said date, unless the
691 elected officer elects membership in another class or withdraws
692 from the Florida Retirement System as provided in paragraphs
693 (3)(a)-(d):

694 (e) Effective July 1, 2001, the governing body of a
695 municipality or special district may, by majority vote, elect to



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696 designate all its elected positions for inclusion in the Elected
697 Officers' Class. Such election shall be made between July 1,
698 2001, and December 31, 2001, and shall be irrevocable. The
699 designation of such positions shall be effective the first day
700 of the month following receipt by the division ~~department~~ of the
701 ordinance or resolution passed by the governing body.

702 Section 21. Paragraphs (b) and (h) of subsection (1) and
703 paragraphs (a), (c), (d), and (f) of subsection (6) of section
704 121.055, Florida Statutes, are amended to read:

705 121.055 Senior Management Service Class.--There is hereby
706 established a separate class of membership within the Florida
707 Retirement System to be known as the "Senior Management Service
708 Class," which shall become effective February 1, 1987.

709 (1)

710 (b)1. Except as provided in subparagraph 2., effective
711 January 1, 1990, participation in the Senior Management Service
712 Class shall be compulsory for the president of each community
713 college, the manager of each participating city or county, and
714 all appointed district school superintendents. Effective January
715 1, 1994, additional positions may be designated for inclusion in
716 the Senior Management Service Class of the Florida Retirement
717 System, provided that:

718 a. Positions to be included in the class shall be
719 designated by the local agency employer. Notice of intent to
720 designate positions for inclusion in the class shall be
721 published once a week for 2 consecutive weeks in a newspaper of
722 general circulation published in the county or counties
723 affected, as provided in chapter 50.



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724 b. Up to 10 nonelective full-time positions may be
725 designated for each local agency employer reporting to the
726 division ~~Department of Management Services~~; for local agencies
727 with 100 or more regularly established positions, additional
728 nonelective full-time positions may be designated, not to exceed
729 1 percent of the regularly established positions within the
730 agency.

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

735 (I) Heads an organizational unit; or

736 (II) Has responsibility to effect or recommend personnel,
737 budget, expenditure, or policy decisions in his or her areas of
738 responsibility.

739 2. In lieu of participation in the Senior Management
740 Service Class, members of the Senior Management Service Class
741 pursuant to the provisions of subparagraph 1. may withdraw from
742 the Florida Retirement System altogether. The decision to
743 withdraw from the Florida Retirement System shall be irrevocable
744 for as long as the employee holds such a position. Any service
745 creditable under the Senior Management Service Class shall be
746 retained after the member withdraws from the Florida Retirement
747 System; however, additional service credit in the Senior
748 Management Service Class shall not be earned after such
749 withdrawal. Such members shall not be eligible to participate in
750 the Senior Management Service Optional Annuity Program.



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751 (h)1. Except as provided in subparagraph 3., effective
752 January 1, 1994, participation in the Senior Management Service
753 Class shall be compulsory for the State Courts Administrator and
754 the Deputy State Courts Administrators, the Clerk of the Supreme
755 Court, the Marshal of the Supreme Court, the Executive Director
756 of the Justice Administrative Commission, the Capital Collateral
757 Regional Counsels, the clerks of the district courts of appeals,
758 the marshals of the district courts of appeals, and the trial
759 court administrator and the Chief Deputy Court Administrator in
760 each judicial circuit. Effective January 1, 1994, additional
761 positions in the offices of the state attorney and public
762 defender in each judicial circuit may be designated for
763 inclusion in the Senior Management Service Class of the Florida
764 Retirement System, provided that:

765 a. Positions to be included in the class shall be
766 designated by the state attorney or public defender, as
767 appropriate. Notice of intent to designate positions for
768 inclusion in the class shall be published once a week for 2
769 consecutive weeks in a newspaper of general circulation
770 published in the county or counties affected, as provided in
771 chapter 50.

772 b. One nonelective full-time position may be designated
773 for each state attorney and public defender reporting to the
774 division ~~Department of Management Services~~; for agencies with
775 200 or more regularly established positions under the state
776 attorney or public defender, additional nonelective full-time
777 positions may be designated, not to exceed 0.5 percent of the
778 regularly established positions within the agency.



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

783 (I) Heads an organizational unit; or

784 (II) Has responsibility to effect or recommend personnel,
785 budget, expenditure, or policy decisions in his or her areas of
786 responsibility.

787 2. Participation in this class shall be compulsory, except
788 as provided in subparagraph 3., for any judicial employee who
789 holds a position designated for coverage in the Senior
790 Management Service Class, and such participation shall continue
791 until the employee terminates employment in a covered position.
792 Effective January 1, 2001, participation in this class is
793 compulsory for assistant state attorneys, assistant statewide
794 prosecutors, assistant public defenders, and assistant capital
795 collateral regional counsels. Effective January 1, 2002,
796 participation in this class is compulsory for assistant
797 attorneys general.

798 3. In lieu of participation in the Senior Management
799 Service Class, such members, excluding assistant state
800 attorneys, assistant public defenders, assistant statewide
801 prosecutors, assistant attorneys general, and assistant capital
802 collateral regional counsels, may participate in the Senior
803 Management Service Optional Annuity Program as established in
804 subsection (6).

805 (6)(a) Senior Management Service Optional Annuity
806 Program.--The State Board of Administration ~~Department of~~



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807 ~~Management Services~~ shall establish a Senior Management Service
808 Optional Annuity Program under which contracts providing
809 retirement, death, and disability benefits may be purchased for
810 those employees who elect to participate in the optional annuity
811 program. The benefits to be provided for or on behalf of
812 participants in such optional annuity program shall be provided
813 through individual contracts or individual certificates issued
814 for group annuity contracts, which may be fixed, variable, or a
815 combination thereof, in accordance with s. 401(a) of the
816 Internal Revenue Code. Any such individual contract or
817 certificate shall state the annuity plan on its face page, and
818 shall include, but not be limited to, a statement of ownership,
819 the contract benefits, annuity income options, limitations,
820 expense charges, and surrender charges, if any. The employing
821 agency shall contribute, as provided in this section, toward the
822 purchase of such optional benefits which shall be fully and
823 immediately vested in the participants.

824 (c) Participation.--

825 1. Any eligible employee who is employed on or before
826 February 1, 1987, may elect to participate in the optional
827 annuity program in lieu of participation in the Senior
828 Management Service Class. Such election shall be made in writing
829 and filed with the board ~~department~~ and the personnel officer of
830 the employer on or before May 1, 1987. Any eligible employee who
831 is employed on or before February 1, 1987, and who fails to make
832 an election to participate in the optional annuity program by
833 May 1, 1987, shall be deemed to have elected membership in the
834 Senior Management Service Class.



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835 2. Any employee who becomes eligible to participate in the
836 optional annuity program by reason of initial employment
837 commencing after February 1, 1987, may, within 90 days after the
838 date of commencement of employment, elect to participate in the
839 optional annuity program. Such election shall be made in writing
840 and filed with the personnel officer of the employer. Any
841 eligible employee who does not within 90 days after commencement
842 of such employment elect to participate in the optional annuity
843 program shall be deemed to have elected membership in the Senior
844 Management Service Class.

845 3. A person who is appointed to a position in the Senior
846 Management Service Class and who is a member of an existing
847 retirement system or the Special Risk or Special Risk
848 Administrative Support Classes of the Florida Retirement System
849 may elect to remain in such system or class in lieu of
850 participation in the Senior Management Service Class or optional
851 annuity program. Such election shall be made in writing and
852 filed with the board ~~department~~ and the personnel officer of the
853 employer within 90 days of such appointment. Any eligible
854 employee who fails to make an election to participate in the
855 existing system, the Special Risk Class of the Florida
856 Retirement System, the Special Risk Administrative Support Class
857 of the Florida Retirement System, or the optional annuity
858 program shall be deemed to have elected membership in the Senior
859 Management Service Class.

860 4. Except as provided in subparagraph 5., an employee's
861 election to participate in the optional annuity program is
862 irrevocable as long as such employee continues to be employed in



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863 an eligible position and continues to meet the eligibility
864 requirements set forth in this paragraph.

865 5. Effective from July 1, 2002, through September 30,
866 2002, any active employee in a regularly established position
867 who has elected to participate in the Senior Management Service
868 Optional Annuity Program has one opportunity to choose to move
869 from the Senior Management Service Optional Annuity Program to
870 the Florida Retirement System defined benefit program.

871 a. The election must be made in writing and must be filed
872 with the department and the personnel officer of the employer
873 before October 1, 2002, or, in the case of an active employee
874 who is on a leave of absence on July 1, 2002, within 90 days
875 after the conclusion of the leave of absence. This election is
876 irrevocable.

877 b. The employee will receive service credit under the
878 defined benefit program of the Florida Retirement System equal
879 to his or her years of service under the Senior Management
880 Service Optional Annuity Program. The cost for such credit shall
881 be an amount representing the present value of that employee's
882 accumulated benefit obligation for the affected period of
883 service.

884 c. The employee must transfer the total accumulated
885 employer contributions and earnings on deposit in his or her
886 Senior Management Service Optional Annuity Program account. If
887 the transferred amount is not sufficient to pay the amount due,
888 the employee must pay a sum representing the remainder of the
889 amount due. In no case may the employee retain any employer



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890 contributions or earnings thereon from the Senior Management
891 Service Optional Annuity Program account.

892 (d) Contributions.--

893 1. Through June 30, 2001, each employer shall contribute
894 on behalf of each participant in the Senior Management Service
895 Optional Annuity Program an amount equal to the normal cost
896 portion of the employer retirement contribution which would be
897 required if the participant were a Senior Management Service
898 Class member of the Florida Retirement System defined benefit
899 program, plus the portion of the contribution rate required in
900 s. 112.363(8) that would otherwise be assigned to the Retiree
901 Health Insurance Subsidy Trust Fund. Effective July 1, 2001,
902 each employer shall contribute on behalf of each participant in
903 the optional program an amount equal to 12.49 percent of the
904 participant's gross monthly compensation. The board ~~department~~
905 shall deduct an amount approved by the board, pursuant to s.
906 215.44(4), Legislature to provide for the administration of this
907 program. The payment of the contributions to the optional
908 program which is required by this subparagraph for each
909 participant shall be made by the employer to the board
910 ~~department~~, which shall forward the contributions to the
911 designated company or companies contracting for payment of
912 benefits for the participant under the program.

913 2. Each employer shall contribute on behalf of each
914 participant in the Senior Management Service Optional Annuity
915 Program an amount equal to the unfunded actuarial accrued
916 liability portion of the employer contribution which would be
917 required for members of the Senior Management Service Class in



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918 the Florida Retirement System. This contribution shall be paid
919 to the board ~~department~~ for transfer to the Florida Retirement
920 System Trust Fund.

921 3. An Optional Annuity Program Trust Fund shall be
922 established in the State Treasury and administered by the board
923 ~~department~~ to make payments to provider companies on behalf of
924 the optional annuity program participants, and to transfer the
925 unfunded liability portion of the state optional annuity program
926 contributions to the Florida Retirement System Trust Fund.

927 4. Contributions required for social security by each
928 employer and each participant, in the amount required for social
929 security coverage as now or hereafter may be provided by the
930 federal Social Security Act shall be maintained for each
931 participant in the Senior Management Service retirement program
932 and shall be in addition to the retirement contributions
933 specified in this paragraph.

934 5. Each participant in the Senior Management Service
935 Optional Annuity Program may contribute by way of salary
936 reduction or deduction a percentage amount of the participant's
937 gross compensation not to exceed the percentage amount
938 contributed by the employer to the optional annuity program.
939 Payment of the participant's contributions shall be made by the
940 employer to the board ~~department~~, which shall forward the
941 contributions to the designated company or companies contracting
942 for payment of benefits for the participant under the program.

943 (f) Administration.--

944 1. The Senior Management Service Optional Annuity Program
945 authorized by this section shall be administered by the board



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946 ~~department~~. The board ~~department~~ shall designate one or more
947 provider companies from which annuity contracts may be purchased
948 under the program and shall approve the form and content of the
949 contracts. The board ~~department~~ shall sign a contract with each
950 of the provider companies and shall evaluate the performance of
951 the provider companies on a continuing basis. The board
952 ~~department~~ may terminate the services of a provider company for
953 reasons stated in the contract. The board ~~department~~ shall adopt
954 rules establishing its responsibilities and the responsibilities
955 of employers in administering the optional annuity program.

956 2. ~~Effective July 1, 1997, the State Board of~~
957 ~~Administration shall review and make recommendations to the~~
958 ~~department on the acceptability of all investment products~~
959 ~~proposed by provider companies of the optional annuity program~~
960 ~~before such products are offered through annuity contracts to~~
961 ~~the participants and may advise the department of any changes~~
962 ~~deemed necessary to ensure that the optional annuity program~~
963 ~~offers an acceptable mix of investment products.~~ The board
964 ~~department~~ shall determine which ~~make the final determination as~~
965 ~~to whether an investment~~ products ~~product~~ will be included in
966 ~~approved for~~ the program.

967 3. The provisions of each contract applicable to a
968 participant in the Senior Management Service Optional Annuity
969 Program shall be contained in a written program description
970 which shall include a report of pertinent financial and
971 actuarial information on the solvency and actuarial soundness of
972 the program and the benefits applicable to the participant. Such
973 description shall be furnished by the company or companies to



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974 each participant in the program and to the board ~~department~~ upon
975 commencement of participation in the program and annually
976 thereafter.

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

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

984 121.081 Past service; prior service;
985 contributions.--Conditions under which past service or prior
986 service may be claimed and credited are:

987 (1)

988 (h) The following provisions apply to the purchase of past
989 service:

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

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

999 3. If a member does not desire to receive credit for all
1000 of his or her past service, the period the member claims must be



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1001 the most recent past service prior to his or her participation
1002 in the Florida Retirement System.

1003 4. The cost of past service purchased by an employing
1004 agency for its employees may be amortized over such period of
1005 time as is provided in the agreement, but not to exceed 15
1006 years, calculated in accordance with rule 60S-1.007(5)(f),
1007 Florida Administrative Code.

1008 5. The retirement account of each member for whom past
1009 service is being provided by his or her employer shall be
1010 credited with all past service the employer agrees to purchase
1011 as soon as the agreement between the employer and the division
1012 ~~department~~ is executed. Pursuant thereto:

1013 a. Each such member's account shall also be posted with
1014 the total contribution his or her employer agrees to make in the
1015 member's behalf for past service earned prior to October 1,
1016 1975, excluding those contributions representing the employer's
1017 matching share and the compound interest calculation on the
1018 total contribution. However, a portion of any contributions paid
1019 by an employer for past service credit earned on and after
1020 October 1, 1975, may not be posted to a member's account.

1021 b. A refund of contributions payable after an employer has
1022 made a written agreement to purchase past service for employees
1023 of the covered group shall include contributions for past
1024 service which are posted to a member's account. However,
1025 contributions for past service earned on and after October 1,
1026 1975, are not refundable.

1027 (2) Prior service, as defined in s. 121.021(19), may be
1028 claimed as creditable service under the Florida Retirement



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1029 System after a member has been reemployed for 1 complete year of
1030 creditable service within a period of 12 consecutive months,
1031 except as provided in paragraph (c). Service performed as a
1032 participant of the optional retirement program for the State
1033 University System under s. 121.35 or the Senior Management
1034 Service Optional Annuity Program under s. 121.055 may be used to
1035 satisfy the reemployment requirement of 1 complete year of
1036 creditable service. The member shall not be permitted to make
1037 any contributions for prior service until after completion of
1038 the 1 year of creditable service. If a member does not wish to
1039 claim credit for all of his or her prior service, the service
1040 the member claims must be the most recent period of service. The
1041 required contributions for claiming the various types of prior
1042 service are:

1043 (e) For service performed under the Florida Retirement
1044 System after December 1, 1970, that was never reported to the
1045 division ~~or the department~~ due to error, retirement credit may
1046 be claimed by a member of the Florida Retirement System. The
1047 division ~~department~~ shall adopt rules establishing criteria for
1048 claiming such credit and detailing the documentation required to
1049 substantiate the error.

1050 Section 23. Subsection (1) of section 121.085, Florida
1051 Statutes, is amended to read:

1052 121.085 Creditable service.--The following provisions
1053 shall apply to creditable service as defined in s. 121.021(17):

1054 (1) The division ~~department~~ shall adopt rules establishing
1055 procedures for the submission of evidence or information
1056 necessary to establish a member's claim of creditable service.



1057 Section 24. Section 121.091, Florida Statutes, is amended
1058 to read:

1059 121.091 Benefits payable under the system.--Benefits may
1060 not be paid under this section unless the member has terminated
1061 employment as provided in s. 121.021(39)(a) or begun
1062 participation in the Deferred Retirement Option Program as
1063 provided in subsection (13), and a proper application has been
1064 filed in the manner prescribed by the division ~~department~~. The
1065 division ~~department~~ may cancel an application for retirement
1066 benefits when the member or beneficiary fails to timely provide
1067 the information and documents required by this chapter and the
1068 division's ~~department's~~ rules. The division ~~department~~ shall
1069 adopt rules establishing procedures for application for
1070 retirement benefits and for the cancellation of such application
1071 when the required information or documents are not received.

1072 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
1073 normal retirement date, the member, upon application to the
1074 administrator, shall receive a monthly benefit which shall begin
1075 to accrue on the first day of the month of retirement and be
1076 payable on the last day of that month and each month thereafter
1077 during his or her lifetime. The normal retirement benefit,
1078 including any past or additional retirement credit, may not
1079 exceed 100 percent of the average final compensation. The amount
1080 of monthly benefit shall be calculated as the product of A and
1081 B, subject to the adjustment of C, if applicable, as set forth
1082 below:

1083 (a)1. For creditable years of Regular Class service, A is
1084 1.60 percent of the member's average final compensation, up to



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1085 the member's normal retirement date. Upon completion of the
1086 first year after the normal retirement date, A is 1.63 percent
1087 of the member's average final compensation. Following the second
1088 year after the normal retirement date, A is 1.65 percent of the
1089 member's average final compensation. Following the third year
1090 after the normal retirement date, and for subsequent years, A is
1091 1.68 percent of the member's average final compensation.

1092 2. For creditable years of special risk service, A is:

1093 a. Two percent of the member's average final compensation
1094 for all creditable years prior to October 1, 1974;

1095 b. Three percent of the member's average final
1096 compensation for all creditable years after September 30, 1974,
1097 and before October 1, 1978;

1098 c. Two percent of the member's average final compensation
1099 for all creditable years after September 30, 1978, and before
1100 January 1, 1989;

1101 d. Two and two-tenths percent of the member's final
1102 monthly compensation for all creditable years after December 31,
1103 1988, and before January 1, 1990;

1104 e. Two and four-tenths percent of the member's average
1105 final compensation for all creditable years after December 31,
1106 1989, and before January 1, 1991;

1107 f. Two and six-tenths percent of the member's average
1108 final compensation for all creditable years after December 31,
1109 1990, and before January 1, 1992;

1110 g. Two and eight-tenths percent of the member's average
1111 final compensation for all creditable years after December 31,
1112 1991, and before January 1, 1993;



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1113 h. Three percent of the member's average final
1114 compensation for all creditable years after December 31, 1992;
1115 and

1116 i. Three percent of the member's average final
1117 compensation for all creditable years of service after September
1118 30, 1978, and before January 1, 1993, for any special risk
1119 member who retires after July 1, 2000, or any member of the
1120 Special Risk Administrative Support Class entitled to retain the
1121 special risk normal retirement date who was a member of the
1122 Special Risk Class during the time period and who retires after
1123 July 1, 2000.

1124 3. For creditable years of Senior Management Service Class
1125 service after January 31, 1987, A is 2 percent;

1126 4. For creditable years of Elected Officers' Class service
1127 as a Supreme Court Justice, district court of appeal judge,
1128 circuit judge, or county court judge, A is $3\frac{1}{3}$ percent of the
1129 member's average final compensation, and for all other
1130 creditable service in such class, A is 3 percent of average
1131 final compensation;

1132 (b) B is the number of the member's years and any
1133 fractional part of a year of creditable service earned
1134 subsequent to November 30, 1970; and

1135 (c) C is the normal retirement benefit credit brought
1136 forward as of November 30, 1970, by a former member of an
1137 existing system. Such normal retirement benefit credit shall be
1138 determined as the product of X and Y when X is the percentage of
1139 average final compensation which the member would have been
1140 eligible to receive if the member had attained his or her normal



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1141 retirement date as of November 30, 1970, all in accordance with
1142 the existing system under which the member is covered on
1143 November 30, 1970, and Y is average final compensation as
1144 defined in s. 121.021(25). However, any member of an existing
1145 retirement system who is eligible to retire and who does retire,
1146 become disabled, or die prior to April 15, 1971, may have his or
1147 her retirement benefits calculated on the basis of the best 5 of
1148 the last 10 years of service.

1149 (d) A member's average final compensation shall be
1150 determined by formula to obtain the coverage for the 5 highest
1151 fiscal years' salaries, calculated as provided by rule.

1152 (2) BENEFITS PAYABLE FOR DUAL NORMAL RETIREMENT AGES.--If
1153 a member accumulates retirement benefits to commence at
1154 different normal retirement ages by virtue of having performed
1155 duties for an employer which would entitle him or her to
1156 benefits as both a member of the Special Risk Class and a member
1157 of either the Regular Class, Senior Management Service Class, or
1158 Elected Officers' Class, the amount of benefits payable shall be
1159 computed separately with respect to each such age and the sum of
1160 such computed amounts shall be paid as provided in this section.

1161 (3) EARLY RETIREMENT BENEFIT.--Upon retirement on his or
1162 her early retirement date, the member shall receive an immediate
1163 monthly benefit that shall begin to accrue on the first day of
1164 the month of the retirement date and be payable on the last day
1165 of that month and each month thereafter during his or her
1166 lifetime. Such benefit shall be calculated as follows:

1167 (a) The amount of each monthly payment shall be computed
1168 in the same manner as for a normal retirement benefit, in



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1169 accordance with subsection (1), but shall be based on the
1170 member's average monthly compensation and creditable service as
1171 of the member's early retirement date. The benefit so computed
1172 shall be reduced by five-twelfths of 1 percent for each complete
1173 month by which the early retirement date precedes the normal
1174 retirement date of age 62 for a member of the Regular Class,
1175 Senior Management Service Class, or the Elected Officers' Class,
1176 and age 55 for a member of the Special Risk Class, or age 52 if
1177 a Special Risk member has completed 25 years of creditable
1178 service in accordance with s. 121.021(29)(b)3.

1179 (b) If the employment of a member is terminated by reason
1180 of death subsequent to the completion of 20 years of creditable
1181 service, the monthly benefit payable to the member's beneficiary
1182 shall be calculated in accordance with subsection (1), but shall
1183 be based on average monthly compensation and creditable service
1184 as of the date of death. The benefit so computed shall be
1185 reduced by five-twelfths of 1 percent for each complete month by
1186 which death precedes the normal retirement date specified above
1187 or the date on which the member would have attained 30 years of
1188 creditable service had he or she survived and continued his or
1189 her employment, whichever provides a higher benefit.

1190 (4) DISABILITY RETIREMENT BENEFIT.--

1191 (a) Disability retirement; entitlement and effective
1192 date.--

1193 1.a. A member who becomes totally and permanently
1194 disabled, as defined in paragraph (b), after completing 5 years
1195 of creditable service, or a member who becomes totally and
1196 permanently disabled in the line of duty regardless of service,



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1197 shall be entitled to a monthly disability benefit; except that
 1198 any member with less than 5 years of creditable service on July
 1199 1, 1980, or any person who becomes a member of the Florida
 1200 Retirement System on or after such date must have completed 10
 1201 years of creditable service prior to becoming totally and
 1202 permanently disabled in order to receive disability retirement
 1203 benefits for any disability which occurs other than in the line
 1204 of duty. However, if a member employed on July 1, 1980, with
 1205 less than 5 years of creditable service as of that date, becomes
 1206 totally and permanently disabled after completing 5 years of
 1207 creditable service and is found not to have attained fully
 1208 insured status for benefits under the federal Social Security
 1209 Act, such member shall be entitled to a monthly disability
 1210 benefit.

1211 b. Effective July 1, 2001, a member of the defined benefit
 1212 retirement program who becomes totally and permanently disabled,
 1213 as defined in paragraph (b), after completing 8 years of
 1214 creditable service, or a member who becomes totally and
 1215 permanently disabled in the line of duty regardless of service,
 1216 shall be entitled to a monthly disability benefit.

1217 2. If the division has received from the employer the
 1218 required documentation of the member's termination of
 1219 employment, the effective retirement date for a member who
 1220 applies and is approved for disability retirement shall be
 1221 established by rule of the division.

1222 3. For a member who is receiving Workers' Compensation
 1223 payments, the effective disability retirement date may not
 1224 precede the date the member reaches Maximum Medical Improvement



1225 (MMI), unless the member terminates employment prior to reaching
1226 MMI.

1227 (b) Total and permanent disability.--A member shall be
1228 considered totally and permanently disabled if, in the opinion
1229 of the administrator, he or she is prevented, by reason of a
1230 medically determinable physical or mental impairment, from
1231 rendering useful and efficient service as an officer or
1232 employee.

1233 (c) Proof of disability.--The administrator, before
1234 approving payment of any disability retirement benefit, shall
1235 require proof that the member is totally and permanently
1236 disabled as provided herein:

1237 1. Such proof shall include the certification of the
1238 member's total and permanent disability by two licensed
1239 physicians of the state and such other evidence of disability as
1240 the administrator may require, including reports from vocational
1241 rehabilitation, evaluation, or testing specialists who have
1242 evaluated the applicant for employment.

1243 2. It must be documented that:

1244 a. The member's medical condition occurred or became
1245 symptomatic during the time the member was employed in an
1246 employee/employer relationship with his or her employer;

1247 b. The member was totally and permanently disabled at the
1248 time he or she terminated covered employment; and

1249 c. The member has not been employed with any other
1250 employer after such termination.

1251 3. If the application is for in-line-of-duty disability,
1252 in addition to the requirements of subparagraph 2., it must be



1253 | documented by competent medical evidence that the disability was
 1254 | caused by a job-related illness or accident which occurred while
 1255 | the member was in an employee/employer relationship with his or
 1256 | her employer.

1257 | 4. The unavailability of an employment position that the
 1258 | member is physically and mentally capable of performing will not
 1259 | be considered as proof of total and permanent disability.

1260 | (d) Election on appeal.--A member whose application for
 1261 | regular disability retirement has been denied and who has filed
 1262 | an appeal to the State Retirement Commission may, if eligible,
 1263 | elect to receive normal or early service retirement benefits
 1264 | while he or she is awaiting the decision on the appeal. However:

1265 | 1. If the member elects to receive service retirement
 1266 | benefits and disability benefits are later approved as a result
 1267 | of the appeal, the payment option chosen by the member may not
 1268 | be changed.

1269 | 2. If the member elects to receive early service
 1270 | retirement and the appeal is later denied, the member may not
 1271 | change his or her election of early retirement.

1272 |
 1273 | Before such regular or early retirement benefits may be paid by
 1274 | the division, the member must provide to the division a written
 1275 | statement indicating that the member understands that such
 1276 | changes are not permitted after he or she begins receiving the
 1277 | benefits.

1278 | (e) Disability retirement benefit.--Upon the retirement of
 1279 | a member on his or her disability retirement date, the member
 1280 | shall receive a monthly benefit that shall begin to accrue on



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1281 the first day of the month of disability retirement and shall be
1282 payable on the last day of that month and each month thereafter
1283 during his or her lifetime and continued disability.

1284 (f) Computation of disability retirement benefit.--The
1285 amount of each monthly payment shall be computed in the same
1286 manner as for a normal retirement benefit, in accordance with
1287 subsection (1), but shall be based on disability option
1288 actuarial equivalency tables and the average monthly
1289 compensation and creditable service of the member as of the
1290 disability retirement date, subject to the following conditions:

1291 1. If the member's disability occurred in the line of
1292 duty, the monthly Option 1 benefit shall not be less than:

1293 a. Forty-two percent of average monthly compensation as of
1294 the disability retirement date; or

1295 b. Sixty-five percent of the average monthly compensation
1296 as of the disability retirement date for a member of the special
1297 risk class who retires on or after July 1, 2000; or

1298 2. If the member's disability occurred other than in the
1299 line of duty, the monthly Option 1 benefit shall not be less
1300 than 25 percent of average monthly compensation as of the
1301 disability retirement date.

1302 (g) Reapplication.--A member, whose initial application
1303 for disability retirement has been denied, may reapply for
1304 disability benefits. However, such member's reapplication will
1305 be considered only if the member presents new medical evidence
1306 of a medical condition that existed prior to the member's
1307 termination of employment. The division may prescribe by rule



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1308 | procedures for reapplication and for review and approval or
1309 | disapproval of reapplication.

1310 | (h) Recovery from disability.--The administrator may
1311 | require periodic reexaminations at the expense of the retirement
1312 | fund. The division may adopt rules establishing procedures for
1313 | conducting and review of such reexaminations.

1314 | 1. If the administrator finds that a member who is
1315 | receiving disability benefits is, at any time prior to his or
1316 | her normal retirement date, no longer disabled, the
1317 | administrator shall direct that the benefits be discontinued.
1318 | The decision of the administrator on this question shall be
1319 | final and binding. If such member:

1320 | a. Does not reenter the employ of an employer and was not
1321 | vested as of the disability retirement date, he or she shall be
1322 | entitled to the excess, if any, of his or her accumulated
1323 | contributions over the total disability benefits received up to
1324 | the date of recovery.

1325 | b. Does not reenter the employ of an employer, but was
1326 | vested as of the disability retirement date, he or she may elect
1327 | to receive:

1328 | (I) The excess, if any, of his or her accumulated
1329 | contributions over the total disability benefits received up to
1330 | the date of recovery; or

1331 | (II) A deferred benefit commencing on the last day of the
1332 | month of the normal retirement date which shall be payable on
1333 | the last day of the month thereafter during his or her lifetime.
1334 | The amount of such monthly benefit shall be computed in the same
1335 | manner as for a normal retirement benefit, in accordance with



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1336 subsection (1), but shall be based on average monthly
1337 compensation and creditable service as of the member's
1338 disability retirement date.

1339 c. Reenters employment of an employer within 6 months
1340 after recovery, the member's service will be deemed to have been
1341 continuous, but the period beginning with the first month for
1342 which he or she received a disability benefit payment and ending
1343 with the date he or she reentered employment will not be
1344 considered as creditable service for the purpose of computing
1345 benefits except as provided in sub-subparagraph d. As used in
1346 this section, the term "accumulated contributions" for such
1347 member means the excess of the member's accumulated
1348 contributions as of the disability retirement date over the
1349 total disability benefits received under paragraph (e).

1350 d. Terminates his or her disability benefit, reenters
1351 covered employment, and is continuously employed for a minimum
1352 of 1 year of creditable service, he or she may claim as
1353 creditable service the months during which he or she was
1354 receiving a disability benefit, upon payment of the required
1355 contributions. Contributions shall equal the total required
1356 employee and employer contribution rate applicable during the
1357 period the retiree received retirement benefits, multiplied
1358 times his or her rate of monthly compensation prior to the
1359 commencement of disability retirement for each month of the
1360 period claimed, plus 4 percent interest until July 1, 1975, and
1361 6.5 percent interest thereafter, compounded annually each June
1362 30 to the date of payment. If the member does not claim credit
1363 for all of the months he or she received disability benefits,



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1364 the months claimed must be the most recent months of retirement.
1365 Such credit for periods of disability, when purchased under the
1366 Florida Retirement System, shall apply toward vesting
1367 requirements for eligibility to purchase additional credit for
1368 other service.

1369 2. Both the member receiving disability benefits who
1370 reenters employment and the employer employing such disability
1371 retiree shall notify the division immediately upon reemployment,
1372 and the division shall terminate such member's disability
1373 benefits, effective the first day of the month following the
1374 month in which notification of recovery is received. If the
1375 member is reemployed with a Florida Retirement System employer
1376 at the time of benefit termination, and he or she has received
1377 disability retirement benefit and salary payments concurrently
1378 prior to notifying the division, he or she may elect within 30
1379 days to:

1380 a. Retain the retirement benefits received prior to
1381 termination of disability benefits and begin receiving
1382 retirement service credit effective upon the date of termination
1383 of benefits; or

1384 b. Repay, within 12 months after his or her decision to
1385 receive service credit, the retirement benefits received for
1386 each month of reemployment prior to termination of disability
1387 benefits and begin receiving retirement service credit effective
1388 upon the date of reemployment. Any such unpaid benefits shall
1389 have compound interest of 6.5 percent added June 30.

1390



1391 A member may not receive both retirement service credit for
1392 employment and retirement benefits for the same month.

1393 3. If, after recovery of disability and reentry into
1394 covered employment, the member again becomes disabled and is
1395 again approved for disability retirement, the Option 1 monthly
1396 retirement benefit shall not be less than the Option 1 monthly
1397 benefit calculated at the time of the previous disability, plus
1398 any cost of living increases up to the time the disability
1399 benefit was terminated upon his or her reentry into covered
1400 employment.

1401 (i) Nonadmissible causes of disability.--A member shall
1402 not be entitled to receive any disability retirement benefit if
1403 the disability is a result of any of the following:

1404 1. Injury or disease sustained by the member while
1405 willfully participating in a riot, civil insurrection, or other
1406 act of violence or while committing a felony;

1407 2. Injury or disease sustained by the member after his or
1408 her employment has terminated; or

1409 3. Intentional, self-inflicted injury.

1410 (j) Disability retirement of justice or judge by order of
1411 Supreme Court.--

1412 ~~1-~~ If a member is a justice of the Supreme Court, judge of
1413 a district court of appeal, circuit judge, or judge of a county
1414 court who has served for 6 years or more as an elected
1415 constitutional judicial officer, including service as a judicial
1416 officer in any court abolished pursuant to Art. V of the State
1417 Constitution, and who is retired for disability by order of the
1418 Supreme Court upon recommendation of the Judicial Qualifications



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1419 Commission pursuant to the provisions of Art. V of the State
1420 Constitution, the member's Option 1 monthly benefit as provided
1421 in subparagraph (6)(a)1. shall not be less than two-thirds of
1422 his or her monthly compensation as of the member's disability
1423 retirement date. Such a member may alternatively elect to
1424 receive a disability retirement benefit under any other option
1425 as provided in paragraph (6)(a).

1426 ~~2. Should any justice or judge who is a member of the~~
1427 ~~Florida Retirement System be retired for disability by order of~~
1428 ~~the Supreme Court upon recommendation of the Judicial~~
1429 ~~Qualifications Commission pursuant to the provisions of Art. V~~
1430 ~~of the State Constitution, then all contributions to his or her~~
1431 ~~account and all contributions made on his or her behalf by the~~
1432 ~~employer shall be transferred to and deposited in the General~~
1433 ~~Revenue Fund of the state, and there is hereby appropriated~~
1434 ~~annually out of the General Revenue Fund, to be paid into the~~
1435 ~~Florida Retirement System Fund, an amount necessary to pay the~~
1436 ~~benefits of all justices and judges retired from the Florida~~
1437 ~~Retirement System pursuant to Art. V of the State Constitution.~~

1438 (5) TERMINATION BENEFITS.--A member whose employment is
1439 terminated prior to retirement retains membership rights to
1440 previously earned member-noncontributory service credit, and to
1441 member-contributory service credit, if the member leaves the
1442 member contributions on deposit in his or her retirement
1443 account. If a terminated member receives a refund of member
1444 contributions, such member may reinstate membership rights to
1445 the previously earned service credit represented by the refund



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1446 by completing 1 year of creditable service and repaying the
1447 refunded member contributions, plus interest.

1448 (a) A member whose employment is terminated for any reason
1449 other than death or retirement prior to becoming vested is
1450 entitled to the return of his or her accumulated contributions
1451 as of the date of termination.

1452 (b) A member whose employment is terminated for any reason
1453 other than death or retirement after becoming vested may elect
1454 to receive a deferred monthly benefit which shall begin to
1455 accrue on the first day of the month of normal or early
1456 retirement and shall be payable on the last day of that month
1457 and each month thereafter during his or her lifetime. The amount
1458 of monthly benefit shall be computed in the same manner as for a
1459 normal retirement benefit in accordance with subsection (1) or
1460 early retirement benefit in accordance with s. 121.021(30), but
1461 based on average monthly compensation and creditable service as
1462 of the date of termination.

1463 (c) In lieu of the deferred monthly benefit provided in
1464 paragraph (b), the terminated member may elect to receive a
1465 lump-sum amount equal to his or her accumulated contributions as
1466 of the date of termination.

1467 (d) If any retired member dies without having received in
1468 benefit payments an amount equal to his or her accumulated
1469 contributions, there shall be payable to his or her designated
1470 beneficiary an amount equal to the excess, if any, of the
1471 member's accumulated contributions over the total monthly
1472 payments made to the member prior to the date of death.



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1473 (e) A member shall be deemed a terminated member when
1474 termination of employment has occurred as provided in s.
1475 121.021(39).

1476 (f) Any member who has been found guilty by a verdict of a
1477 jury, or by the court trying the case without a jury, of
1478 committing, aiding, or abetting any embezzlement or theft from
1479 his or her employer, bribery in connection with the employment,
1480 or other felony specified in chapter 838, except ss. 838.15 and
1481 838.16, committed prior to retirement, or who has entered a plea
1482 of guilty or of nolo contendere to such crime, or any member
1483 whose employment is terminated by reason of the member's
1484 admitted commitment, aiding, or abetting of an embezzlement or
1485 theft from his or her employer, bribery, or other felony
1486 specified in chapter 838, except ss. 838.15 and 838.16, shall
1487 forfeit all rights and benefits under this chapter, except the
1488 return of his or her accumulated contributions as of the date of
1489 termination.

1490 (g) Any elected official who is convicted by the Senate of
1491 an impeachable offense shall forfeit all rights and benefits
1492 under this chapter, except the return of his or her accumulated
1493 contributions as of the date of the conviction.

1494 (h) Any member who, prior to retirement, is adjudged by a
1495 court of competent jurisdiction to have violated any state law
1496 against strikes by public employees, or who has been found
1497 guilty by such court of violating any state law prohibiting
1498 strikes by public employees, shall forfeit all rights and
1499 benefits under this chapter, except the return of his or her
1500 accumulated contributions as of the date of the conviction.



1501 (i) Any beneficiary who by a verdict of a jury or by the
 1502 court trying the case without a jury is found guilty, or who has
 1503 entered a plea of guilty or nolo contendere, of unlawfully and
 1504 intentionally killing or procuring the death of the member
 1505 forfeits all rights to the deceased member's benefits under this
 1506 chapter, and the benefits will be paid as if such beneficiary
 1507 had predeceased the decedent.

1508 (j) Benefits shall not be paid by the division pending
 1509 final resolution of such charges against a member or beneficiary
 1510 if the resolution of such charges could require the forfeiture
 1511 of benefits as provided in paragraph (f), paragraph (g),
 1512 paragraph (h), or paragraph (i).

1513 (6) OPTIONAL FORMS OF RETIREMENT BENEFITS AND DISABILITY
 1514 RETIREMENT BENEFITS.--

1515 (a) Prior to the receipt of the first monthly retirement
 1516 payment, a member shall elect to receive the retirement benefits
 1517 to which he or she is entitled under subsection (1), subsection
 1518 (2), subsection (3), or subsection (4) in accordance with one of
 1519 the following options:

1520 1. The maximum retirement benefit payable to the member
 1521 during his or her lifetime.

1522 2. A decreased retirement benefit payable to the member
 1523 during his or her lifetime and, in the event of his or her death
 1524 within a period of 10 years after retirement, the same monthly
 1525 amount payable for the balance of such 10-year period to his or
 1526 her beneficiary or, in case the beneficiary is deceased, in
 1527 accordance with subsection (8) as though no beneficiary had been
 1528 named.



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1529 3. A decreased retirement benefit payable during the joint
1530 lifetime of both the member and his or her joint annuitant and
1531 which, after the death of either, shall continue during the
1532 lifetime of the survivor in the same amount, subject to the
1533 provisions of subsection (12).

1534 4. A decreased retirement benefit payable during the joint
1535 lifetime of the member and his or her joint annuitant and which,
1536 after the death of either, shall continue during the lifetime of
1537 the survivor in an amount equal to $66\frac{2}{3}$ percent of the amount
1538 that was payable during the joint lifetime of the member and his
1539 or her joint annuitant, subject to the provisions of subsection
1540 (12).

1541
1542 The spouse of any member who elects to receive the benefit
1543 provided under subparagraph 1. or subparagraph 2. shall be
1544 notified of and shall acknowledge any such election. The
1545 division shall establish by rule a method for selecting the
1546 appropriate actuarial factor for optional forms of benefits
1547 selected under subparagraphs 3. and 4., based on the age of the
1548 member and the joint annuitant.

1549 (b) The benefit payable under any option stated above
1550 shall be the actuarial equivalent, based on tables adopted by
1551 the administrator for this purpose, of the amount to which the
1552 member was otherwise entitled.

1553 (c) A member who elects the option in subparagraph (a)2.
1554 shall, in accordance with subsection (8), designate one or more
1555 persons to receive the benefits payable in the event of his or
1556 her death. Such persons shall be the beneficiaries of the



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1557 member. The member may also designate one or more contingent
1558 beneficiaries to receive any benefits remaining upon the death
1559 of the primary beneficiary.

1560 (d) A member who elects the option in subparagraph (a)3.
1561 or subparagraph (a)4. shall, on a form provided for that
1562 purpose, designate a joint annuitant to receive the benefits
1563 which continue to be payable upon the death of the member. After
1564 benefits have commenced under the option in subparagraph (a)3.
1565 or subparagraph (a)4., the following shall apply:

1566 1. A retired member may change his or her designation of a
1567 joint annuitant only twice. If such a retired member desires to
1568 change his or her designation of a joint annuitant, he or she
1569 shall file with the division a notarized "change of joint
1570 annuitant" form and shall notify the former joint annuitant in
1571 writing of such change. Effective the first day of the next
1572 month following receipt by the division of a completed change of
1573 joint annuitant form, the division shall adjust the member's
1574 monthly benefit by the application of actuarial tables and
1575 calculations developed to ensure that the benefit paid is the
1576 actuarial equivalent of the present value of the member's
1577 current benefit. The consent of a retired member's first
1578 designated joint annuitant to any such change shall not be
1579 required. However, if either the member or the joint annuitant
1580 dies before the effective date of the request for change of
1581 joint annuitant, the requested change shall be void, and
1582 survivor benefits, if any, shall be paid as if no request had
1583 been made.



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1584 2. In the event of the dissolution of marriage of a
1585 retired member and a joint annuitant, such member may make an
1586 election to nullify the joint annuitant designation of the
1587 former spouse, unless there is an existing qualified domestic
1588 relations order preventing such action. The member shall file
1589 with the division a written, notarized nullification which shall
1590 be effective on the first day of the next month following
1591 receipt by the division. Benefits shall be paid as if the former
1592 spouse predeceased the member. A member who makes such an
1593 election may not reverse the nullification but may designate a
1594 new joint annuitant in accordance with subparagraph 1.

1595 (e) The election of an option shall be null and void if
1596 the member dies before the effective date of retirement.

1597 (f) A member who elects to receive benefits under the
1598 option in subparagraph (a)3. may designate one or more qualified
1599 persons, either a spouse or other dependent, as his or her joint
1600 annuitant to receive the benefits after the member's death in
1601 whatever proportion he or she so assigns to each person named as
1602 joint annuitant. The division shall adopt appropriate actuarial
1603 tables and calculations necessary to ensure that the benefit
1604 paid is the actuarial equivalent of the benefit to which the
1605 member is otherwise entitled under the option in subparagraph
1606 (a)1.

1607 (g) Upon the death of a retired member or beneficiary
1608 receiving monthly benefits under this chapter, the monthly
1609 benefits shall be paid through the last day of the month of
1610 death and shall terminate, or be adjusted, if applicable, as of



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1611 that date in accordance with the optional form of benefit
1612 selected at the time of retirement.

1613 (h) The option selected or determined for payment of
1614 benefits as provided in this section shall be final and
1615 irrevocable at the time a benefit payment is cashed or deposited
1616 or credited to the Deferred Retirement Option Program as
1617 provided in subsection (13).

1618 (7) DEATH BENEFITS.--

1619 (a) If the employment of a member is terminated by reason
1620 of his or her death prior to being vested, except as provided in
1621 paragraph (f), there shall be payable to his or her designated
1622 beneficiary the member's accumulated contributions.

1623 (b) If the employment of an active member who may or may
1624 not have applied for retirement is terminated by reason of his
1625 or her death subsequent to becoming vested and prior to his or
1626 her effective date of retirement, if established, it shall be
1627 assumed that the member retired as of the date of death in
1628 accordance with subsection (1) if eligible for normal retirement
1629 benefits, subsection (2) if eligible for benefits payable for
1630 dual normal retirement, or subsection (3) if eligible for early
1631 retirement benefits. Benefits payable to the designated
1632 beneficiary shall be as follows:

1633 1. For a beneficiary who qualifies as a joint annuitant,
1634 the optional form of payment provided in accordance with
1635 subparagraph (6)(a)3. shall be paid for the joint annuitant's
1636 lifetime.

1637 2. For a beneficiary who does not qualify as a joint
1638 annuitant, no continuing monthly benefit shall be paid and the



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1639 beneficiary shall be entitled only to the return of the member's
1640 personal contributions. If there is no monetary interest in the
1641 member's retirement account for which such beneficiary is
1642 eligible, the beneficiary shall be the next named beneficiary
1643 or, if no other beneficiary is named, the beneficiary shall be
1644 the next eligible beneficiary according to subsection (8).

1645 (c) If a retiring member dies on or after the effective
1646 date of retirement, but prior to a benefit payment being cashed
1647 or deposited, or credited to the Deferred Retirement Option
1648 Program, benefits shall be paid as follows:

1649 1. For a designated beneficiary who qualifies as a joint
1650 annuitant, benefits shall be paid in the optional form of
1651 payment provided in subparagraph (6)(a)3. for the joint
1652 annuitant's lifetime or, if the member chose the optional form
1653 of payment provided in subparagraph (6)(a)2., the joint
1654 annuitant may select the form provided in either subparagraph
1655 (6)(a)2. or subparagraph (6)(a)3.

1656 2. For a designated beneficiary who does not qualify as a
1657 joint annuitant, any benefits payable shall be paid as provided
1658 in the option selected by the member; or if the member has not
1659 selected an option, benefits shall be paid in the optional form
1660 of payment provided in subparagraph (6)(a)1.

1661 (d) Notwithstanding any other provision in this chapter to
1662 the contrary, with the exception of the Deferred Retirement
1663 Option Program, as provided in subsection (13):

1664 1. The surviving spouse of any member killed in the line
1665 of duty may receive a monthly pension equal to one-half of the
1666 monthly salary being received by the member at the time of death



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1667 for the rest of the surviving spouse's lifetime or, if the
1668 member was vested, such surviving spouse may elect to receive a
1669 benefit as provided in paragraph (b). Benefits provided by this
1670 paragraph shall supersede any other distribution that may have
1671 been provided by the member's designation of beneficiary.

1672 2. If the surviving spouse of a member killed in the line
1673 of duty dies, the monthly payments which would have been payable
1674 to such surviving spouse had such surviving spouse lived shall
1675 be paid for the use and benefit of such member's child or
1676 children under 18 years of age and unmarried until the 18th
1677 birthday of the member's youngest child.

1678 3. If a member killed in the line of duty leaves no
1679 surviving spouse but is survived by a child or children under 18
1680 years of age, the benefits provided by subparagraph 1., normally
1681 payable to a surviving spouse, shall be paid for the use and
1682 benefit of such member's child or children under 18 years of age
1683 and unmarried until the 18th birthday of the member's youngest
1684 child.

1685 4. The surviving spouse of a member whose benefit
1686 terminated because of remarriage shall have the benefit
1687 reinstated beginning July 1, 1993, at an amount that would have
1688 been payable had the benefit not been terminated.

1689 (e) The surviving spouse or other dependent of any member,
1690 except a member who participated in the Deferred Retirement
1691 Option Program, whose employment is terminated by death shall,
1692 upon application to the administrator, be permitted to pay the
1693 required contributions for any service performed by the member
1694 which could have been claimed by the member at the time of his



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1695 or her death. Such service shall be added to the creditable
1696 service of the member and shall be used in the calculation of
1697 any benefits which may be payable to the surviving spouse or
1698 other surviving dependent.

1699 (f) Notwithstanding any other provisions in this chapter
1700 to the contrary and upon application to the administrator, an
1701 eligible joint annuitant, of a member whose employment is
1702 terminated by death within 1 year of such member satisfying the
1703 service requirements for vesting and retirement eligibility,
1704 shall be permitted to purchase only the additional service
1705 credit necessary to vest and qualify for retirement benefits,
1706 not to exceed a total of 1 year of credit, by one or a
1707 combination of the following methods:

1708 1. Such eligible joint annuitant may use the deceased
1709 member's accumulated hours of annual, sick, and compensatory
1710 leave to purchase additional creditable service, on an hour by
1711 hour basis, provided that such deceased member's accumulated
1712 leave is sufficient to cover the additional months required. For
1713 each month of service credit needed prior to the final month,
1714 credit for the total number of work hours in that month must be
1715 purchased, using an equal number of the deceased member's
1716 accumulated leave hours. Service credit required for the final
1717 month in which the deceased member would have become vested
1718 shall be awarded upon the purchase of 1 hour of credit. Such
1719 eligible joint annuitant shall pay the contribution rate in
1720 effect for the period of time being claimed for the deceased
1721 member's class of membership, multiplied by such member's
1722 monthly salary at the time of death, plus 6.5 percent interest



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1723 compounded annually. The accumulated leave payment used in the
1724 average final compensation shall not include that portion of the
1725 payment that represents any leave hours used in the purchase of
1726 such creditable service.

1727 2. Such eligible joint annuitant may purchase additional
1728 months of creditable service for any periods of out-of-state
1729 service as provided in s. 121.1115, and in-state service as
1730 provided in s. 121.1122, that the deceased member would have
1731 been eligible to purchase prior to his or her death.

1732
1733 Service purchased under this paragraph shall be added to the
1734 creditable service of the member and used to vest for retirement
1735 eligibility, and shall be used in the calculation of any
1736 benefits which may be payable to the eligible joint annuitant.
1737 Any benefits paid in accordance with this paragraph shall only
1738 be made prospectively.

1739 (g) Notwithstanding any other provisions in this chapter
1740 to the contrary, if any member who is vested dies and the
1741 surviving spouse receives a refund of the accumulated
1742 contributions made to the retirement trust fund, such spouse may
1743 pay to the Division of Retirement an amount equal to the sum of
1744 the amount of the deceased member's accumulated contributions
1745 previously refunded plus interest at 4 percent compounded
1746 annually each June 30 from the date of refund until July 1,
1747 1975, and 6.5 percent interest compounded annually thereafter,
1748 until full payment is made, and receive the monthly retirement
1749 benefit as provided in paragraph (b).



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1750 (h) The designated beneficiary who is the surviving spouse
1751 or other dependent of a member whose employment is terminated by
1752 death subsequent to becoming vested, but prior to actual
1753 retirement, may elect to receive a deferred monthly benefit as
1754 if the member had lived and had elected a deferred monthly
1755 benefit, as provided in paragraph (5)(b), calculated on the
1756 basis of the average final compensation and creditable service
1757 of the member at his or her death and the age the member would
1758 have attained on the commencement date of the deferred benefit
1759 elected by the beneficiary, paid in accordance with option 3 of
1760 paragraph (6)(a).

1761 (8) DESIGNATION OF BENEFICIARIES.--

1762 (a) Each member may, on a form provided for that purpose,
1763 signed and filed with the division, designate a choice of one or
1764 more persons, named sequentially or jointly, as his or her
1765 beneficiary who shall receive the benefits, if any, which may be
1766 payable in the event of the member's death pursuant to the
1767 provisions of this chapter. If no beneficiary is named in the
1768 manner provided above, or if no beneficiary designated by the
1769 member survives the member, the beneficiary shall be the spouse
1770 of the deceased, if living. If the member's spouse is not alive
1771 at his or her death, the beneficiary shall be the living
1772 children of the member. If no children survive, the beneficiary
1773 shall be the member's father or mother, if living; otherwise,
1774 the beneficiary shall be the member's estate. The beneficiary
1775 most recently designated by a member on a form or letter filed
1776 with the division shall be the beneficiary entitled to any
1777 benefits payable at the time of the member's death, except that



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1778 benefits shall be paid as provided in paragraph (7)(d) when
1779 death occurs in the line of duty. Notwithstanding any other
1780 provisions in this subsection to the contrary, for a member who
1781 dies prior to his or her effective date of retirement on or
1782 after January 1, 1999, the spouse at the time of death shall be
1783 the member's beneficiary unless such member designates a
1784 different beneficiary as provided herein subsequent to the
1785 member's most recent marriage.

1786 (b) A designated beneficiary of a retirement account for
1787 whom there is a monetary interest may disclaim his or her
1788 monetary interest as provided in s. 689.21, and in accordance
1789 with division rules governing such disclaimers. Such disclaimer
1790 must be filed within 24 months after the event that created the
1791 interest, that is, the death of the member or annuitant.

1792 (c) Notwithstanding the member's designation of benefits
1793 to be paid through a trust to a beneficiary that is a natural
1794 person as provided in s. 121.021(46), and notwithstanding the
1795 provisions of the trust, benefits shall be paid directly to the
1796 beneficiary if such person is no longer a minor or incapacitated
1797 as defined in s. 744.102(10) and (11).

1798 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.--

1799 (a) Any person who is retired under this chapter, except
1800 under the disability retirement provisions of subsection (4),
1801 may be employed by an employer that does not participate in a
1802 state-administered retirement system and may receive
1803 compensation from that employment without limiting or
1804 restricting in any way the retirement benefits payable to that
1805 person.



1806 (b)1. Any person who is retired under this chapter, except
 1807 under the disability retirement provisions of subsection (4),
 1808 may be reemployed by any private or public employer after
 1809 retirement and receive retirement benefits and compensation from
 1810 his or her employer without any limitations, except that a
 1811 person may not receive both a salary from reemployment with any
 1812 agency participating in the Florida Retirement System and
 1813 retirement benefits under this chapter for a period of 12 months
 1814 immediately subsequent to the date of retirement. However, a
 1815 DROP participant shall continue employment and receive a salary
 1816 during the period of participation in the Deferred Retirement
 1817 Option Program, as provided in subsection (13).

1818 2. Any person to whom the limitation in subparagraph 1.
 1819 applies who violates such reemployment limitation and who is
 1820 reemployed with any agency participating in the Florida
 1821 Retirement System before completion of the 12-month limitation
 1822 period shall give timely notice of this fact in writing to the
 1823 employer and to the division and shall have his or her
 1824 retirement benefits suspended for the balance of the 12-month
 1825 limitation period. Any person employed in violation of this
 1826 paragraph and any employing agency which knowingly employs or
 1827 appoints such person without notifying the Division of
 1828 Retirement to suspend retirement benefits shall be jointly and
 1829 severally liable for reimbursement to the retirement trust fund
 1830 of any benefits paid during the reemployment limitation period.
 1831 To avoid liability, such employing agency shall have a written
 1832 statement from the retiree that he or she is not retired from a
 1833 state-administered retirement system. Any retirement benefits



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1834 received while reemployed during this reemployment limitation
1835 period shall be repaid to the retirement trust fund, and
1836 retirement benefits shall remain suspended until such repayment
1837 has been made. Benefits suspended beyond the reemployment
1838 limitation shall apply toward repayment of benefits received in
1839 violation of the reemployment limitation.

1840 3. A district school board may reemploy a retired member
1841 as a substitute or hourly teacher, education paraprofessional,
1842 transportation assistant, bus driver, or food service worker on
1843 a noncontractual basis after he or she has been retired for 1
1844 calendar month, in accordance with s. 121.021(39). Any retired
1845 member who is reemployed within 1 calendar month after
1846 retirement shall void his or her application for retirement
1847 benefits. District school boards reemploying such teachers,
1848 education paraprofessionals, transportation assistants, bus
1849 drivers, or food service workers are subject to the retirement
1850 contribution required by subparagraph 7. Reemployment of a
1851 retired member as a substitute or hourly teacher, education
1852 paraprofessional, transportation assistant, bus driver, or food
1853 service worker is limited to 780 hours during the first 12
1854 months of his or her retirement. Any retired member reemployed
1855 for more than 780 hours during his or her first 12 months of
1856 retirement shall give timely notice in writing to the employer
1857 and to the division of the date he or she will exceed the
1858 limitation. The division shall suspend his or her retirement
1859 benefits for the remainder of the first 12 months of retirement.
1860 Any person employed in violation of this subparagraph and any
1861 employing agency which knowingly employs or appoints such person



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1862 without notifying the Division of Retirement to suspend
1863 retirement benefits shall be jointly and severally liable for
1864 reimbursement to the retirement trust fund of any benefits paid
1865 during the reemployment limitation period. To avoid liability,
1866 such employing agency shall have a written statement from the
1867 retiree that he or she is not retired from a state-administered
1868 retirement system. Any retirement benefits received by a retired
1869 member while reemployed in excess of 780 hours during the first
1870 12 months of retirement shall be repaid to the Retirement System
1871 Trust Fund, and his or her retirement benefits shall remain
1872 suspended until repayment is made. Benefits suspended beyond the
1873 end of the retired member's first 12 months of retirement shall
1874 apply toward repayment of benefits received in violation of the
1875 780-hour reemployment limitation.

1876 4. A community college board of trustees may reemploy a
1877 retired member as an adjunct instructor, that is, an instructor
1878 who is noncontractual and part-time, or as a participant in a
1879 phased retirement program within the Florida Community College
1880 System, after he or she has been retired for 1 calendar month,
1881 in accordance with s. 121.021(39). Any retired member who is
1882 reemployed within 1 calendar month after retirement shall void
1883 his or her application for retirement benefits. Boards of
1884 trustees reemploying such instructors are subject to the
1885 retirement contribution required in subparagraph 7. A retired
1886 member may be reemployed as an adjunct instructor for no more
1887 than 780 hours during the first 12 months of retirement. Any
1888 retired member reemployed for more than 780 hours during the
1889 first 12 months of retirement shall give timely notice in



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1890 writing to the employer and to the division of the date he or
1891 she will exceed the limitation. The division shall suspend his
1892 or her retirement benefits for the remainder of the first 12
1893 months of retirement. Any person employed in violation of this
1894 subparagraph and any employing agency which knowingly employs or
1895 appoints such person without notifying the Division of
1896 Retirement to suspend retirement benefits shall be jointly and
1897 severally liable for reimbursement to the retirement trust fund
1898 of any benefits paid during the reemployment limitation period.
1899 To avoid liability, such employing agency shall have a written
1900 statement from the retiree that he or she is not retired from a
1901 state-administered retirement system. Any retirement benefits
1902 received by a retired member while reemployed in excess of 780
1903 hours during the first 12 months of retirement shall be repaid
1904 to the Retirement System Trust Fund, and retirement benefits
1905 shall remain suspended until repayment is made. Benefits
1906 suspended beyond the end of the retired member's first 12 months
1907 of retirement shall apply toward repayment of benefits received
1908 in violation of the 780-hour reemployment limitation.

1909 5. The State University System may reemploy a retired
1910 member as an adjunct faculty member or as a participant in a
1911 phased retirement program within the State University System
1912 after the retired member has been retired for 1 calendar month,
1913 in accordance with s. 121.021(39). Any retired member who is
1914 reemployed within 1 calendar month after retirement shall void
1915 his or her application for retirement benefits. The State
1916 University System is subject to the retired contribution
1917 required in subparagraph 7., as appropriate. A retired member



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1918 may be reemployed as an adjunct faculty member or a participant
1919 in a phased retirement program for no more than 780 hours during
1920 the first 12 months of his or her retirement. Any retired member
1921 reemployed for more than 780 hours during the first 12 months of
1922 retirement shall give timely notice in writing to the employer
1923 and to the division of the date he or she will exceed the
1924 limitation. The division shall suspend his or her retirement
1925 benefits for the remainder of the first 12 months of retirement.
1926 Any person employed in violation of this subparagraph and any
1927 employing agency which knowingly employs or appoints such person
1928 without notifying the Division of Retirement to suspend
1929 retirement benefits shall be jointly and severally liable for
1930 reimbursement to the retirement trust fund of any benefits paid
1931 during the reemployment limitation period. To avoid liability,
1932 such employing agency shall have a written statement from the
1933 retiree that he or she is not retired from a state-administered
1934 retirement system. Any retirement benefits received by a retired
1935 member while reemployed in excess of 780 hours during the first
1936 12 months of retirement shall be repaid to the Retirement System
1937 Trust Fund, and retirement benefits shall remain suspended until
1938 repayment is made. Benefits suspended beyond the end of the
1939 retired member's first 12 months of retirement shall apply
1940 toward repayment of benefits received in violation of the 780-
1941 hour reemployment limitation.

1942 6. The Board of Trustees of the Florida School for the
1943 Deaf and the Blind may reemploy a retired member as a substitute
1944 teacher, substitute residential instructor, or substitute nurse
1945 on a noncontractual basis after he or she has been retired for 1



1946 calendar month, in accordance with s. 121.021(39). Any retired
 1947 member who is reemployed within 1 calendar month after
 1948 retirement shall void his or her application for retirement
 1949 benefits. The Board of Trustees of the Florida School for the
 1950 Deaf and the Blind reemploying such teachers, residential
 1951 instructors, or nurses is subject to the retirement contribution
 1952 required by subparagraph 7. Reemployment of a retired member as
 1953 a substitute teacher, substitute residential instructor, or
 1954 substitute nurse is limited to 780 hours during the first 12
 1955 months of his or her retirement. Any retired member reemployed
 1956 for more than 780 hours during the first 12 months of retirement
 1957 shall give timely notice in writing to the employer and to the
 1958 division of the date he or she will exceed the limitation. The
 1959 division shall suspend his or her retirement benefits for the
 1960 remainder of the first 12 months of retirement. Any person
 1961 employed in violation of this subparagraph and any employing
 1962 agency which knowingly employs or appoints such person without
 1963 notifying the Division of Retirement to suspend retirement
 1964 benefits shall be jointly and severally liable for reimbursement
 1965 to the retirement trust fund of any benefits paid during the
 1966 reemployment limitation period. To avoid liability, such
 1967 employing agency shall have a written statement from the retiree
 1968 that he or she is not retired from a state-administered
 1969 retirement system. Any retirement benefits received by a retired
 1970 member while reemployed in excess of 780 hours during the first
 1971 12 months of retirement shall be repaid to the Retirement System
 1972 Trust Fund, and his or her retirement benefits shall remain
 1973 suspended until payment is made. Benefits suspended beyond the



1974 | end of the retired member's first 12 months of retirement shall
 1975 | apply toward repayment of benefits received in violation of the
 1976 | 780-hour reemployment limitation.

1977 | 7. The employment by an employer of any retiree or DROP
 1978 | participant of any state-administered retirement system shall
 1979 | have no effect on the average final compensation or years of
 1980 | creditable service of the retiree or DROP participant. Prior to
 1981 | July 1, 1991, upon employment of any person, other than an
 1982 | elected officer as provided in s. 121.053, who has been retired
 1983 | under any state-administered retirement program, the employer
 1984 | shall pay retirement contributions in an amount equal to the
 1985 | unfunded actuarial liability portion of the employer
 1986 | contribution which would be required for regular members of the
 1987 | Florida Retirement System. Effective July 1, 1991, contributions
 1988 | shall be made as provided in s. 121.122 for retirees with
 1989 | renewed membership or subsection (13) with respect to DROP
 1990 | participants.

1991 | 8. Any person who has previously retired and who is
 1992 | holding an elective public office or an appointment to an
 1993 | elective public office eligible for the Elected Officers' Class
 1994 | on or after July 1, 1990, shall be enrolled in the Florida
 1995 | Retirement System as provided in s. 121.053(1)(b) or, if holding
 1996 | an elective public office that does not qualify for the Elected
 1997 | Officers' Class on or after July 1, 1991, shall be enrolled in
 1998 | the Florida Retirement System as provided in s. 121.122, and
 1999 | shall continue to receive retirement benefits as well as
 2000 | compensation for the elected officer's service for as long as he
 2001 | or she remains in elective office. However, any retired member



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2002 | who served in an elective office prior to July 1, 1990,
2003 | suspended his or her retirement benefit, and had his or her
2004 | Florida Retirement System membership reinstated shall, upon
2005 | retirement from such office, have his or her retirement benefit
2006 | recalculated to include the additional service and compensation
2007 | earned.

2008 | 9. Any person who is holding an elective public office
2009 | which is covered by the Florida Retirement System and who is
2010 | concurrently employed in nonelected covered employment may elect
2011 | to retire while continuing employment in the elective public
2012 | office, provided that he or she shall be required to terminate
2013 | his or her nonelected covered employment. Any person who
2014 | exercises this election shall receive his or her retirement
2015 | benefits in addition to the compensation of the elective office
2016 | without regard to the time limitations otherwise provided in
2017 | this subsection. No person who seeks to exercise the provisions
2018 | of this subparagraph, as the same existed prior to May 3, 1984,
2019 | shall be deemed to be retired under those provisions, unless
2020 | such person is eligible to retire under the provisions of this
2021 | subparagraph, as amended by chapter 84-11, Laws of Florida.

2022 | 10. The limitations of this paragraph apply to
2023 | reemployment in any capacity with an "employer" as defined in s.
2024 | 121.021(10), irrespective of the category of funds from which
2025 | the person is compensated.

2026 | 11. An employing agency may reemploy a retired member as a
2027 | firefighter or paramedic after the retired member has been
2028 | retired for 1 calendar month, in accordance with s. 121.021(39).
2029 | Any retired member who is reemployed within 1 calendar month



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2030 after retirement shall void his or her application for
2031 retirement benefits. The employing agency reemploying such
2032 firefighter or paramedic is subject to the retired contribution
2033 required in subparagraph 8. Reemployment of a retired
2034 firefighter or paramedic is limited to no more than 780 hours
2035 during the first 12 months of his or her retirement. Any retired
2036 member reemployed for more than 780 hours during the first 12
2037 months of retirement shall give timely notice in writing to the
2038 employer and to the division of the date he or she will exceed
2039 the limitation. The division shall suspend his or her retirement
2040 benefits for the remainder of the first 12 months of retirement.
2041 Any person employed in violation of this subparagraph and any
2042 employing agency which knowingly employs or appoints such person
2043 without notifying the Division of Retirement to suspend
2044 retirement benefits shall be jointly and severally liable for
2045 reimbursement to the Retirement System Trust Fund of any
2046 benefits paid during the reemployment limitation period. To
2047 avoid liability, such employing agency shall have a written
2048 statement from the retiree that he or she is not retired from a
2049 state-administered retirement system. Any retirement benefits
2050 received by a retired member while reemployed in excess of 780
2051 hours during the first 12 months of retirement shall be repaid
2052 to the Retirement System Trust Fund, and retirement benefits
2053 shall remain suspended until repayment is made. Benefits
2054 suspended beyond the end of the retired member's first 12 months
2055 of retirement shall apply toward repayment of benefits received
2056 in violation of the 780-hour reemployment limitation.



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2057 (10) FUTURE BENEFITS BASED ON ACTUARIAL DATA.--It is the
2058 intent of the Legislature that future benefit increases enacted
2059 into law in this chapter shall be financed concurrently by
2060 increased contributions or other adequate funding, and such
2061 funding shall be based on sound actuarial data as developed by
2062 the actuary or state retirement actuary, as provided in ss.
2063 121.021(6) and 121.192.

2064 (11) A member who becomes eligible to retire and has
2065 accumulated the maximum benefit of 100 percent of average final
2066 compensation may continue in active service, and, if upon the
2067 member's retirement the member elects to receive a retirement
2068 compensation pursuant to subsection (2), subsection (6), or
2069 subsection (7), the actuarial equivalent percentage factor
2070 applicable to the age of such member at the time the member
2071 reached the maximum benefit and to the age, at that time, of the
2072 member's spouse shall determine the amount of benefits to be
2073 paid.

2074 (12) SPECIAL PROVISIONS FOR PAYMENT OF CERTAIN SURVIVOR
2075 BENEFITS.--Notwithstanding any provision of this chapter to the
2076 contrary, for members with an effective date of retirement, or
2077 date of death if prior to retirement, on or after January 1,
2078 1996, the named joint annuitant, as defined in s.
2079 121.021(28)(b), who is eligible to receive benefits under
2080 subparagraph (6)(a)3. or subparagraph (6)(a)4., shall receive
2081 the maximum monthly retirement benefit that would have been
2082 payable to the member under subparagraph (6)(a)1.; however,
2083 payment of such benefit shall cease the month the joint
2084 annuitant attains age 25 unless such joint annuitant is disabled



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2085 and incapable of self-support, in which case, benefits shall
2086 cease when the joint annuitant is no longer disabled. The
2087 administrator may require proof of disability or continued
2088 disability in the same manner as is provided for a member
2089 seeking or receiving a disability retirement benefit under
2090 subsection (4).

2091 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general, and
2092 subject to the provisions of this section, the Deferred
2093 Retirement Option Program, hereinafter referred to as the DROP,
2094 is a program under which an eligible member of the Florida
2095 Retirement System may elect to participate, deferring receipt of
2096 retirement benefits while continuing employment with his or her
2097 Florida Retirement System employer. The deferred monthly
2098 benefits shall accrue in the System Trust Fund on behalf of the
2099 participant, plus interest compounded monthly, for the specified
2100 period of the DROP participation, as provided in paragraph (c).
2101 Upon termination of employment, the participant shall receive
2102 the total DROP benefits and begin to receive the previously
2103 determined normal retirement benefits. Participation in the DROP
2104 does not guarantee employment for the specified period of DROP.

2105 (a) Eligibility of member to participate in the DROP.--All
2106 active Florida Retirement System members in a regularly
2107 established position, and all active members of either the
2108 Teachers' Retirement System established in chapter 238 or the
2109 State and County Officers' and Employees' Retirement System
2110 established in chapter 122 which systems are consolidated within
2111 the Florida Retirement System under s. 121.011, are eligible to
2112 elect participation in the DROP provided that:



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2113 1. The member is not a renewed member of the Florida
2114 Retirement System under s. 121.122, or a member of the State
2115 Community College System Optional Retirement Program under s.
2116 121.051, the Senior Management Service Optional Annuity Program
2117 under s. 121.055, or the optional retirement program for the
2118 State University System under s. 121.35.

2119 2. Except as provided in subparagraph 6., election to
2120 participate is made within 12 months immediately following the
2121 date on which the member first reaches normal retirement date,
2122 or, for a member who reaches normal retirement date based on
2123 service before he or she reaches age 62, or age 55 for Special
2124 Risk Class members, election to participate may be deferred to
2125 the 12 months immediately following the date the member attains
2126 57, or age 52 for Special Risk Class members. For a member who
2127 first reached normal retirement date or the deferred eligibility
2128 date described above prior to the effective date of this
2129 section, election to participate shall be made within 12 months
2130 after the effective date of this section. A member who fails to
2131 make an election within such 12-month limitation period shall
2132 forfeit all rights to participate in the DROP. The member shall
2133 advise his or her employer and the division in writing of the
2134 date on which the DROP shall begin. Such beginning date may be
2135 subsequent to the 12-month election period, but must be within
2136 the 60-month limitation period as provided in subparagraph (b)1.
2137 When establishing eligibility of the member to participate in
2138 the DROP for the 60-month maximum participation period, the
2139 member may elect to include or exclude any optional service
2140 credit purchased by the member from the total service used to



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2141 establish the normal retirement date. A member with dual normal
2142 retirement dates shall be eligible to elect to participate in
2143 DROP within 12 months after attaining normal retirement date in
2144 either class.

2145 3. The employer of a member electing to participate in the
2146 DROP, or employers if dually employed, shall acknowledge in
2147 writing to the division the date the member's participation in
2148 the DROP begins and the date the member's employment and DROP
2149 participation will terminate.

2150 4. Simultaneous employment of a participant by additional
2151 Florida Retirement System employers subsequent to the
2152 commencement of participation in the DROP shall be permissible
2153 provided such employers acknowledge in writing a DROP
2154 termination date no later than the participant's existing
2155 termination date or the 60-month limitation period as provided
2156 in subparagraph (b)1.

2157 5. A DROP participant may change employers while
2158 participating in the DROP, subject to the following:

2159 a. A change of employment must take place without a break
2160 in service so that the member receives salary for each month of
2161 continuous DROP participation. If a member receives no salary
2162 during a month, DROP participation shall cease unless the
2163 employer verifies a continuation of the employment relationship
2164 for such participant pursuant to s. 121.021(39)(b).

2165 b. Such participant and new employer shall notify the
2166 division on forms required by the division as to the identity of
2167 the new employer.



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2168 c. The new employer shall acknowledge, in writing, the
2169 participant's DROP termination date, which may be extended but
2170 not beyond the original 60-month period provided in subparagraph
2171 (b)1., shall acknowledge liability for any additional retirement
2172 contributions and interest required if the participant fails to
2173 timely terminate employment, and shall be subject to the
2174 adjustment required in sub-subparagraph (c)5.d.

2175 6. Effective July 1, 2001, for instructional personnel as
2176 defined in s. 1012.01(2), election to participate in the DROP
2177 shall be made at any time following the date on which the member
2178 first reaches normal retirement date. The member shall advise
2179 his or her employer and the division in writing of the date on
2180 which the Deferred Retirement Option Program shall begin. When
2181 establishing eligibility of the member to participate in the
2182 DROP for the 60-month maximum participation period, as provided
2183 in subparagraph (b)1., the member may elect to include or
2184 exclude any optional service credit purchased by the member from
2185 the total service used to establish the normal retirement date.
2186 A member with dual normal retirement dates shall be eligible to
2187 elect to participate in either class.

2188 (b) Participation in the DROP.--

2189 1. An eligible member may elect to participate in the DROP
2190 for a period not to exceed a maximum of 60 calendar months
2191 immediately following the date on which the member first reaches
2192 his or her normal retirement date or the date to which he or she
2193 is eligible to defer his or her election to participate as
2194 provided in subparagraph (a)2. However, a member who has reached
2195 normal retirement date prior to the effective date of the DROP



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2196 shall be eligible to participate in the DROP for a period of
2197 time not to exceed 60 calendar months immediately following the
2198 effective date of the DROP, except a member of the Special Risk
2199 Class who has reached normal retirement date prior to the
2200 effective date of the DROP and whose total accrued value exceeds
2201 75 percent of average final compensation as of his or her
2202 effective date of retirement shall be eligible to participate in
2203 the DROP for no more than 36 calendar months immediately
2204 following the effective date of the DROP.

2205 2. Upon deciding to participate in the DROP, the member
2206 shall submit, on forms required by the division:

2207 a. A written election to participate in the DROP;

2208 b. Selection of the DROP participation and termination
2209 dates, which satisfy the limitations stated in paragraph (a) and
2210 subparagraph 1. Such termination date shall be in a binding
2211 letter of resignation with the employer, establishing a deferred
2212 termination date. The member may change the termination date
2213 within the limitations of subparagraph 1., but only with the
2214 written approval of his or her employer;

2215 c. A properly completed DROP application for service
2216 retirement as provided in this section; and

2217 d. Any other information required by the division.

2218 3. The DROP participant shall be a retiree under the
2219 Florida Retirement System for all purposes, except for paragraph
2220 (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053,
2221 and 121.122. However, participation in the DROP does not alter
2222 the participant's employment status and such employee shall not
2223 be deemed retired from employment until his or her deferred



2224 resignation is effective and termination occurs as provided in
2225 s. 121.021(39).

2226 4. Elected officers shall be eligible to participate in
2227 the DROP subject to the following:

2228 a. An elected officer who reaches normal retirement date
2229 during a term of office may defer the election to participate in
2230 the DROP until the next succeeding term in that office. Such
2231 elected officer who exercises this option may participate in the
2232 DROP for up to 60 calendar months or a period of no longer than
2233 such succeeding term of office, whichever is less.

2234 b. An elected or a nonelected participant may run for a
2235 term of office while participating in DROP and, if elected,
2236 extend the DROP termination date accordingly, except, however,
2237 if such additional term of office exceeds the 60-month
2238 limitation established in subparagraph 1., and the officer does
2239 not resign from office within such 60-month limitation, the
2240 retirement and the participant' s DROP shall be null and void as
2241 provided in sub-subparagraph (c)5.d.

2242 c. An elected officer who is dually employed and elects to
2243 participate in DROP shall be required to satisfy the definition
2244 of termination within the 60-month limitation period as provided
2245 in subparagraph 1. for the nonelected position and may continue
2246 employment as an elected officer as provided in s. 121.053. The
2247 elected officer will be enrolled as a renewed member in the
2248 Elected Officers' Class or the Regular Class, as provided in ss.
2249 121.053 and 121.22, on the first day of the month after
2250 termination of employment in the nonelected position and



2251 termination of DROP. Distribution of the DROP benefits shall be
2252 made as provided in paragraph (c).

2253 (c) Benefits payable under the DROP.--

2254 1. Effective with the date of DROP participation, the
2255 member's initial normal monthly benefit, including creditable
2256 service, optional form of payment, and average final
2257 compensation, and the effective date of retirement shall be
2258 fixed. The beneficiary established under the Florida Retirement
2259 System shall be the beneficiary eligible to receive any DROP
2260 benefits payable if the DROP participant dies prior to the
2261 completion of the period of DROP participation. In the event a
2262 joint annuitant predeceases the member, the member may name a
2263 beneficiary to receive accumulated DROP benefits payable. Such
2264 retirement benefit, the annual cost of living adjustments
2265 provided in s. 121.101, and interest shall accrue monthly in the
2266 System Trust Fund. Such interest shall accrue at an effective
2267 annual rate of 6.5 percent compounded monthly, on the prior
2268 month's accumulated ending balance, up to the month of
2269 termination or death.

2270 2. Each employee who elects to participate in the DROP
2271 shall be allowed to elect to receive a lump-sum payment for
2272 accrued annual leave earned in accordance with agency policy
2273 upon beginning participation in the DROP. Such accumulated leave
2274 payment certified to the division upon commencement of DROP
2275 shall be included in the calculation of the member's average
2276 final compensation. The employee electing such lump-sum payment
2277 upon beginning participation in DROP will not be eligible to
2278 receive a second lump-sum payment upon termination, except to



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2279 the extent the employee has earned additional annual leave which
2280 combined with the original payment does not exceed the maximum
2281 lump-sum payment allowed by the employing agency's policy or
2282 rules. Such early lump-sum payment shall be based on the hourly
2283 wage of the employee at the time he or she begins participation
2284 in the DROP. If the member elects to wait and receive such lump-
2285 sum payment upon termination of DROP and termination of
2286 employment with the employer, any accumulated leave payment made
2287 at that time cannot be included in the member's retirement
2288 benefit, which was determined and fixed by law when the employee
2289 elected to participate in the DROP.

2290 3. The effective date of DROP participation and the
2291 effective date of retirement of a DROP participant shall be the
2292 first day of the month selected by the member to begin
2293 participation in the DROP, provided such date is properly
2294 established, with the written confirmation of the employer, and
2295 the approval of the division, on forms required by the division.

2296 4. Normal retirement benefits and interest thereon shall
2297 continue to accrue in the DROP until the established termination
2298 date of the DROP, or until the participant terminates employment
2299 or dies prior to such date. Although individual DROP accounts
2300 shall not be established, a separate accounting of each
2301 participant's accrued benefits under the DROP shall be
2302 calculated and provided to participants.

2303 5. At the conclusion of the participant's DROP, the
2304 division shall distribute the participant's total accumulated
2305 DROP benefits, subject to the following provisions:



2306 a. The division shall receive verification by the
 2307 participant's employer or employers that such participant has
 2308 terminated employment as provided in s. 121.021(39)(b).

2309 b. The terminated DROP participant or, if deceased, such
 2310 participant's named beneficiary, shall elect on forms provided
 2311 by the division to receive payment of the DROP benefits in
 2312 accordance with one of the options listed below. For a
 2313 participant or beneficiary who fails to elect a method of
 2314 payment within 60 days of termination of the DROP, the division
 2315 will pay a lump sum as provided in sub-sub-subparagraph (I).

2316 (I) Lump sum.--All accrued DROP benefits, plus interest,
 2317 less withholding taxes remitted to the Internal Revenue Service,
 2318 shall be paid to the DROP participant or surviving beneficiary.

2319 (II) Direct rollover.--All accrued DROP benefits, plus
 2320 interest, shall be paid from the DROP directly to the custodian
 2321 of an eligible retirement plan as defined in s. 402(c)(8)(B) of
 2322 the Internal Revenue Code. However, in the case of an eligible
 2323 rollover distribution to the surviving spouse of a deceased
 2324 participant, an eligible retirement plan is an individual
 2325 retirement account or an individual retirement annuity as
 2326 described in s. 402(c)(9) of the Internal Revenue Code.

2327 (III) Partial lump sum.--A portion of the accrued DROP
 2328 benefits shall be paid to the DROP participant or surviving
 2329 spouse, less withholding taxes remitted to the Internal Revenue
 2330 Service, and the remaining DROP benefits shall be transferred
 2331 directly to the custodian of an eligible retirement plan as
 2332 defined in s. 402(c)(8)(B) of the Internal Revenue Code.
 2333 However, in the case of an eligible rollover distribution to the



2334 surviving spouse of a deceased participant, an eligible
 2335 retirement plan is an individual retirement account or an
 2336 individual retirement annuity as described in s. 402(c)(9) of
 2337 the Internal Revenue Code. The proportions shall be specified by
 2338 the DROP participant or surviving beneficiary.

2339 c. The form of payment selected by the DROP participant or
 2340 surviving beneficiary complies with the minimum distribution
 2341 requirements of the Internal Revenue Code.

2342 d. A DROP participant who fails to terminate employment as
 2343 defined in s. 121.021(39)(b) shall be deemed not to be retired,
 2344 and the DROP election shall be null and void. Florida Retirement
 2345 System membership shall be reestablished retroactively to the
 2346 date of the commencement of the DROP, and each employer with
 2347 whom the participant continues employment shall be required to
 2348 pay to the System Trust Fund the difference between the DROP
 2349 contributions paid in paragraph (i) and the contributions
 2350 required for the applicable Florida Retirement System class of
 2351 membership during the period the member participated in the
 2352 DROP, plus 6.5 percent interest compounded annually.

2353 6. The accrued benefits of any DROP participant, and any
 2354 contributions accumulated under such program, shall not be
 2355 subject to assignment, execution, attachment, or to any legal
 2356 process whatsoever, except for qualified domestic relations
 2357 orders by a court of competent jurisdiction, income deduction
 2358 orders as provided in s. 61.1301, and federal income tax levies.

2359 7. DROP participants shall not be eligible for disability
 2360 retirement benefits as provided in subsection (4).

2361 (d) Death benefits under the DROP.--



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2362 1. Upon the death of a DROP participant, the named
2363 beneficiary shall be entitled to apply for and receive the
2364 accrued benefits in the DROP as provided in sub-subparagraph
2365 (c)5.b.

2366 2. The normal retirement benefit accrued to the DROP
2367 during the month of a participant's death shall be the final
2368 monthly benefit credited for such DROP participant.

2369 3. Eligibility to participate in the DROP terminates upon
2370 death of the participant. If the participant dies on or after
2371 the effective date of enrollment in the DROP, but prior to the
2372 first monthly benefit being credited to the DROP, Florida
2373 Retirement System benefits shall be paid in accordance with
2374 subparagraph (7)(c)1. or subparagraph 2.

2375 4. A DROP participants' survivors shall not be eligible to
2376 receive Florida Retirement System death benefits as provided in
2377 paragraph (7)(d).

2378 (e) Cost-of-living adjustment.--On each July 1, the
2379 participants' normal retirement benefit shall be increased as
2380 provided in s. 121.101.

2381 (f) Retiree health insurance subsidy.--DROP participants
2382 are not eligible to apply for the retiree health insurance
2383 subsidy payments as provided in s. 112.363 until such
2384 participants have terminated employment and participation in the
2385 DROP.

2386 (g) Renewed membership.--DROP participants shall not be
2387 eligible for renewed membership in the Florida Retirement System
2388 under ss. 121.053 and 121.122 until termination of employment is
2389 effectuated as provided in s. 121.021(39)(b).



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2390 (h) Employment limitation after DROP participation.--Upon
2391 satisfying the definition of termination of employment as
2392 provided in s. 121.021(39)(b), DROP participants shall be
2393 subject to such reemployment limitations as other retirees.
2394 Reemployment restrictions applicable to retirees as provided in
2395 subsection (9) shall not apply to DROP participants until their
2396 employment and participation in the DROP are terminated.

2397 (i) Contributions.--

2398 1. All employers paying the salary of a DROP participant
2399 filling a regularly established position shall contribute 8.0
2400 percent of such participant's gross compensation for the period
2401 of July 1, 2002, through June 30, 2003, and 11.56 percent of
2402 such compensation thereafter, which shall constitute the entire
2403 employer DROP contribution with respect to such participant.
2404 Such contributions, payable to the System Trust Fund in the same
2405 manner as required in s. 121.071, shall be made as appropriate
2406 for each pay period and are in addition to contributions
2407 required for social security and the Retiree Health Insurance
2408 Subsidy Trust Fund. Such employer, social security, and health
2409 insurance subsidy contributions are not included in the DROP.

2410 2. The employer shall, in addition to subparagraph 1.,
2411 also withhold one-half of the entire social security
2412 contribution required for the participant. Contributions for
2413 social security by each participant and each employer, in the
2414 amount required for social security coverage as now or hereafter
2415 provided by the federal Social Security Act, shall be in
2416 addition to contributions specified in subparagraph 1.



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2417 3. All employers paying the salary of a DROP participant
2418 filling a regularly established position shall contribute the
2419 percent of such participant's gross compensation required in s.
2420 121.071(4), which shall constitute the employer's health
2421 insurance subsidy contribution with respect to such participant.
2422 Such contributions shall be deposited by the administrator in
2423 the Retiree Health Insurance Subsidy Trust Fund.

2424 (j) Forfeiture of retirement benefits.--Nothing in this
2425 section shall be construed to remove DROP participants from the
2426 scope of s. 8(d), Art. II of the State Constitution, s.
2427 112.3173, and paragraph (5)(f). DROP participants who commit a
2428 specified felony offense while employed will be subject to
2429 forfeiture of all retirement benefits, including DROP benefits,
2430 pursuant to those provisions of law.

2431 (k) Administration of program.--The division shall make
2432 such rules as are necessary for the effective and efficient
2433 administration of this subsection. The division shall not be
2434 required to advise members of the federal tax consequences of an
2435 election related to the DROP but may advise members to seek
2436 independent advice.

2437 (14) PAYMENT OF BENEFITS.--This subsection applies to the
2438 payment of benefits to a payee (retiree or beneficiary) under
2439 the Florida Retirement System:

2440 (a) Federal income tax shall be withheld in accordance
2441 with federal law, unless the payee elects otherwise on Form W-
2442 4P. The division shall prepare and distribute to each recipient
2443 of monthly retirement benefits an appropriate income tax form



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2444 that reflects the recipient's income and federal income tax
2445 withheld for the calendar year just ended.

2446 (b) Subject to approval by the division in accordance with
2447 rule 60S-4.015, Florida Administrative Code, a payee receiving
2448 retirement benefits under the Florida Retirement System may also
2449 have the following payments deducted from his or her monthly
2450 benefit:

2451 1. Premiums for life and health-related insurance policies
2452 from approved companies.

2453 2. Life insurance premiums for the State Group Life
2454 Insurance Plan, if authorized in writing by the payee and by the
2455 Department of Management Services.

2456 3. Repayment of overpayments from the Florida Retirement
2457 System Trust Fund, the State Employees' Health Insurance Trust
2458 Fund, or the State Employees' Life Insurance Trust Fund, upon
2459 notification of the payee.

2460 4. Payments to an alternate payee for alimony, child
2461 support, or division of marital assets pursuant to a qualified
2462 domestic relations order under s. 222.21 or an income deduction
2463 order under s. 61.1301.

2464 5. Payments to the Internal Revenue Service for federal
2465 income tax levies, upon notification of the division by the
2466 Internal Revenue Service.

2467 (c) A payee shall notify the division of any change in his
2468 or her address. The division may suspend benefit payments to a
2469 payee if correspondence sent to the payee's mailing address is
2470 returned due to an incorrect address. Benefit payments shall be



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2471 resumed upon notification to the division of the payee's new
2472 address.

2473 (d) A payee whose retirement benefits are reduced by the
2474 application of maximum benefit limits under s. 415(b) of the
2475 Internal Revenue Code, as specified in s. 121.30(5), shall have
2476 the portion of his or her calculated benefit in the Florida
2477 Retirement System defined benefit plan which exceeds such
2478 federal limitation paid through the Florida Retirement System
2479 Preservation of Benefits Plan, as provided in s. 121.1001.

2480 (e) No benefit may be reduced for the purpose of
2481 preserving the member's eligibility for a federal program.

2482 (f) The division shall adopt rules establishing procedures
2483 for determining that the persons to whom benefits are being paid
2484 are still living. The division shall suspend the benefits being
2485 paid to any payee when it is unable to contact such payee and to
2486 confirm that he or she is still living.

2487 Section 25. Subsection (1) of section 121.095, Florida
2488 Statutes, is amended to read:

2489 121.095 Florida Retirement System Preservation of Benefits
2490 Plan Trust Fund.--

2491 (1) The Florida Retirement System Preservation of Benefits
2492 Plan Trust Fund is created in the State Treasury to be
2493 administered by the State Board of Administration ~~within the~~
2494 ~~Division of Retirement.~~

2495 (a) Funds to be credited to the trust fund shall consist
2496 of Florida Retirement System monthly retirement contributions
2497 required to meet the requirements for payment of restored



2498 benefits under the Florida Retirement System Preservation of
2499 Benefits Plan, as specified in s. 121.1001.

2500 (b) The trust fund shall be maintained and utilized solely
2501 for the purpose of providing benefits under the Preservation of
2502 Benefits Plan, as specified in s. 121.1001.

2503 (c) The trust fund shall be separate and apart from the
2504 Florida Retirement System Trust Fund. The trust fund moneys and
2505 assets shall not be commingled with nor ever receive a transfer
2506 of moneys and assets from the remainder of the Florida
2507 Retirement System, including, but not limited to, the Florida
2508 Retirement System Trust Fund, or any other qualified retirement
2509 plan administered by the Division of Retirement.

2510 (d) The trust fund shall be funded on a month-to-month
2511 basis. Trust fund assets shall not be accumulated to pay future
2512 benefits.

2513 Section 26. Paragraph (b) of subsection (7) of section
2514 121.101, Florida Statutes, is amended to read:

2515 121.101 Cost-of-living adjustment of benefits.--

2516 (7) The purpose of this subsection is to establish a
2517 supplemental cost-of-living adjustment for certain retirees and
2518 beneficiaries who receive monthly retirement benefits under the
2519 provisions of this chapter and the existing systems consolidated
2520 therein, s. 112.05 for certain state officers and employees, and
2521 s. 238.171 for certain elderly incapacitated teachers.

2522 (b) Application for the supplemental cost-of-living
2523 adjustment provided by this subsection shall include
2524 certification by the retiree or annuitant that he or she is not
2525 receiving, and is not eligible to receive, social security



2526 benefits and shall include written authorization for the
 2527 division ~~department~~ to have access to information from the
 2528 Social Security Administration concerning his or her entitlement
 2529 to, or eligibility for, social security benefits. Such
 2530 supplemental cost-of-living adjustment shall not be paid unless
 2531 and until the application requirements of this paragraph are
 2532 met.

2533 Section 27. Paragraph (e) of subsection (2) of section
 2534 121.111, Florida Statutes, is amended to read:

2535 121.111 Credit for military service.--

2536 (2) Any member whose initial date of employment is before
 2537 January 1, 1987, who has military service as defined in s.
 2538 121.021(20)(b), and who does not claim such service under
 2539 subsection (1) may receive creditable service for such military
 2540 service if:

2541 (e) Any member claiming credit under this subsection must
 2542 certify on the form prescribed by the division ~~department~~ that
 2543 credit for such service has not and will not be claimed for
 2544 retirement purposes under any other federal, state, or local
 2545 retirement or pension system where "length of service" is a
 2546 factor in determining the amount of compensation received,
 2547 except where credit for such service has been granted in a
 2548 pension system providing retired pay for nonregular service as
 2549 provided in paragraph(d). If the member dies prior to
 2550 retirement, the member's beneficiary must make the required
 2551 certification before credit may be claimed. If such
 2552 certification is not made by the member or the member's



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2553 beneficiary, credit for wartime military service shall not be
2554 allowed.

2555 Section 28. Section 121.133, Florida Statutes, is amended
2556 to read:

2557 121.133 Cancellation of uncashed
2558 warrants.--Notwithstanding the provisions of s. 17.26 or s.
2559 717.123 to the contrary, effective July 1, 1998, if any state
2560 warrant issued by the Comptroller for the payment of retirement
2561 benefits from the Florida Retirement System Trust Fund, or any
2562 other pension trust fund administered by the division
2563 ~~department~~, is not presented for payment within 1 year after the
2564 last day of the month in which it was originally issued, the
2565 Comptroller shall cancel the benefit warrant and credit the
2566 amount of the warrant to the Florida Retirement System Trust
2567 Fund or other pension trust fund administered by the division
2568 ~~department~~, as appropriate. The division ~~department~~ may provide
2569 for issuance of a replacement warrant when deemed appropriate.

2570 Section 29. Section 121.135, Florida Statutes, is amended
2571 to read:

2572 121.135 Annual report to Legislature concerning the
2573 Florida Retirement System ~~state-administered retirement~~
2574 ~~systems~~.--The board ~~department~~ shall make to each regular
2575 session of the Legislature a written report on the operation and
2576 condition of the Florida Retirement System ~~the state-~~
2577 ~~administered retirement systems~~.

2578 Section 30. Section 121.136, Florida Statutes, is amended
2579 to read:



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2580 121.136 Annual benefit statement to members.--Beginning
2581 January 1, 1993, and each January thereafter, the board
2582 ~~department~~ shall provide each active member of the Florida
2583 Retirement System with 5 or more years of creditable service an
2584 annual statement of benefits. Such statement should provide the
2585 member with basic data about the member's retirement account.
2586 Minimally, it shall include the member's retirement plan, the
2587 amount of funds on deposit in the retirement account, and an
2588 estimate of retirement benefits.

2589 Section 31. Section 121.1905, Florida Statutes, is amended
2590 to read:

2591 121.1905 Division of Retirement; mission creation.--

2592 ~~(1) There is created the Division of Retirement within the~~
2593 ~~Department of Management Services.~~

2594 ~~(2)~~ The mission of the Division of Retirement is to
2595 provide quality and cost-effective retirement services as
2596 measured by member satisfaction and by comparison with
2597 administrative costs of comparable retirement systems.

2598 Section 32. Section 121.192, Florida Statutes, is amended
2599 to read:

2600 121.192 State retirement actuary.--The division ~~department~~
2601 may employ an actuary. Such actuary shall, together with such
2602 other duties as the administrator assigns ~~secretary may assign~~,
2603 be responsible for:

2604 (1) Advising the administrator ~~secretary~~ on actuarial
2605 matters of the state retirement systems.

2606 (2) Making periodic valuations of the retirement systems.



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2607 (3) Providing actuarial analyses to the Legislature
2608 concerning proposed changes in the retirement systems.

2609 (4) Assisting the administrator ~~secretary~~ in developing a
2610 sound and modern retirement system.

2611 Section 33. Section 121.193, Florida Statutes, is amended
2612 to read:

2613 121.193 External compliance audits.--

2614 (1) The division ~~department~~ shall conduct audits of the
2615 payroll and personnel records of participating agencies. These
2616 audits shall be made to determine the accuracy of reports
2617 submitted to the division ~~department~~ and to assess the degree of
2618 compliance with applicable statutes, rules, and coverage
2619 agreements. Audits shall be scheduled on a regular basis, as the
2620 result of concerns known to exist at an agency, or as a followup
2621 to ensure agency action was taken to correct deficiencies found
2622 in an earlier audit.

2623 (2) Upon request, participating agencies shall furnish the
2624 division ~~department~~ with information and documents that the
2625 division ~~department~~ requires to conduct the audit. The division
2626 ~~department~~ may prescribe by rule the documents that may be
2627 requested.

2628 (3) The division ~~department~~ shall review the agency's
2629 operations concerning retirement and social security coverage.
2630 Preliminary findings shall be discussed with agency personnel at
2631 the close of the audit. An audit report of findings and
2632 recommendations shall be submitted to division ~~department~~
2633 management and an audit summary letter shall be submitted to the
2634 agency noting any concerns and necessary corrective action.



2635 Section 34. Subsection (1) of section 121.22, Florida
2636 Statutes, is amended to read:

2637 121.22 State Retirement Commission; creation; membership;
2638 compensation.--

2639 (1) There is created within the Division of Retirement
2640 ~~Department of Management Services~~ a State Retirement Commission
2641 composed of three members: One member who is retired under a
2642 state-supported retirement system administered by the division
2643 ~~department~~; one member who is an active member of a state-
2644 supported retirement system that is administered by the division
2645 ~~department~~; and one member who is neither a retiree,
2646 beneficiary, or member of a state-supported retirement system
2647 administered by the division ~~department~~. Each member shall have
2648 a different occupational background from the other members.

2649 Section 35. Subsection (1) of section 121.23, Florida
2650 Statutes, is amended to read:

2651 121.23 Disability retirement and special risk membership
2652 applications; Retirement Commission; powers and duties; judicial
2653 review.--The provisions of this section apply to all proceedings
2654 in which the administrator has made a written final decision on
2655 the merits respecting applications for disability retirement,
2656 reexamination of retired members receiving disability benefits,
2657 applications for special risk membership, and reexamination of
2658 special risk members in the Florida Retirement System. The
2659 jurisdiction of the State Retirement Commission under this
2660 section shall be limited to written final decisions of the
2661 administrator on the merits.



2662 (1) In accordance with the rules of procedure adopted by
 2663 the division ~~Department of Management Services~~, the
 2664 administrator shall:

2665 (a) Give reasonable notice of his or her proposed action,
 2666 or decision to refuse action, together with a summary of the
 2667 factual, legal, and policy grounds therefor.

2668 (b) Give affected members, or their counsel, an
 2669 opportunity to present to the division written evidence in
 2670 opposition to the proposed action or refusal to act or a written
 2671 statement challenging the grounds upon which the administrator
 2672 has chosen to justify his or her action or inaction.

2673 (c) If the objections of the member are overruled, provide
 2674 a written explanation within 21 days.

2675 Section 36. Subsections (2), (3), and (4) of section
 2676 121.24, Florida Statutes, are amended to read:

2677 121.24 Conduct of commission business; legal and other
 2678 assistance; compensation.--

2679 (2) Legal counsel for the commission may be provided by
 2680 the Department of Legal Affairs or by the division ~~Department of~~
 2681 ~~Management Services~~, with the concurrence of the commission, and
 2682 shall be paid by the division ~~Department of Management Services~~
 2683 from the appropriate funds.

2684 (3) The division ~~Department of Management Services~~ shall
 2685 provide timely and appropriate training for newly appointed
 2686 members of the commission. Such training shall be designed to
 2687 acquaint new members of the commission with the duties and
 2688 responsibilities of the commission.



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2689 (4) The division ~~Department of Management Services~~ shall
2690 furnish administrative and secretarial assistance to the
2691 commission and shall provide a place where the commission may
2692 hold its meetings.

2693 Section 37. Subsection (9) of section 121.30, Florida
2694 Statutes, is amended to read:

2695 121.30 Statements of purpose and intent and other
2696 provisions required for qualification under the Internal Revenue
2697 Code of the United States.--Any other provisions in this chapter
2698 to the contrary notwithstanding, it is specifically provided
2699 that:

2700 (9) The division ~~department~~ may adopt any rule necessary
2701 to accomplish the purpose of the section which is not
2702 inconsistent with this chapter.

2703 Section 38. Paragraph (c) of subsection (2), paragraphs
2704 (c) and (e) of subsection (3), paragraphs (a), (b), and (c) of
2705 subsection (4), and subsection (6) of section 121.35, Florida
2706 Statutes, are amended to read:

2707 121.35 Optional retirement program for the State
2708 University System.--

2709 (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL PROGRAM.--

2710 (c) For purposes of this section, the State Board of
2711 Administration ~~Department of Management Services~~ is referred to
2712 as the "board ~~department~~."

2713 (3) ELECTION OF OPTIONAL PROGRAM.--

2714 (c) Any employee who becomes eligible to participate in
2715 the optional retirement program on or after January 1, 1993,
2716 shall be a compulsory participant of the program unless such



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2717 employee elects membership in the Florida Retirement System.
2718 Such election shall be made in writing and filed with the
2719 personnel officer of the employer. Any eligible employee who
2720 fails to make such election within the prescribed time period
2721 shall be deemed to have elected to participate in the optional
2722 retirement program.

2723 1. Any employee whose optional retirement program
2724 eligibility results from initial employment shall be enrolled in
2725 the program at the commencement of employment. If, within 90
2726 days after commencement of employment, the employee elects
2727 membership in the Florida Retirement System, such membership
2728 shall be effective retroactive to the date of commencement of
2729 employment.

2730 2. Any employee whose optional retirement program
2731 eligibility results from a change in status due to the
2732 subsequent designation of the employee's position as one of
2733 those specified in paragraph (2)(a) or due to the employee's
2734 appointment, promotion, transfer, or reclassification to a
2735 position specified in paragraph (2)(a) shall be enrolled in the
2736 optional retirement program upon such change in status and shall
2737 be notified by the employer of such action. If, within 90 days
2738 after the date of such notification, the employee elects to
2739 retain membership in the Florida Retirement System, such
2740 continuation of membership shall be retroactive to the date of
2741 the change in status.

2742 3. Notwithstanding the provisions of this paragraph,
2743 effective July 1, 1997, any employee who is eligible to
2744 participate in the Optional Retirement Program and who fails to



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2745 execute a contract with one of the approved companies and to
2746 notify the board ~~department~~ in writing as provided in subsection
2747 (4) within 90 days after the date of eligibility shall be deemed
2748 to have elected membership in the Florida Retirement System,
2749 except as provided in s. 121.051(1)(a). This provision shall
2750 also apply to any employee who terminates employment in an
2751 eligible position before executing the required annuity contract
2752 and notifying the board ~~department~~. Such membership shall be
2753 retroactive to the date of eligibility, and all appropriate
2754 contributions shall be transferred to the Florida Retirement
2755 System Trust Fund and the Health Insurance Subsidy Trust Fund.

2756 (e) The election by an eligible employee to participate in
2757 the optional retirement program shall be irrevocable for so long
2758 as the employee continues to meet the eligibility requirements
2759 specified in subsection (2), except as provided in paragraph
2760 (h). In the event that an employee participates in the optional
2761 retirement program for 90 days or more and is subsequently
2762 employed in an administrative or professional position which has
2763 been determined by the board ~~department~~, under subparagraph
2764 (2)(a)2., to be not otherwise eligible for participation in the
2765 optional retirement program, the employee shall continue
2766 participation in the optional program so long as the employee
2767 meets the other eligibility requirements for the program, except
2768 as provided in paragraph (h).

2769 (4) CONTRIBUTIONS.--

2770 (a) Through June 30, 2001, each employer shall contribute
2771 on behalf of each participant in the optional retirement program
2772 an amount equal to the normal cost portion of the employer



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2773 retirement contribution which would be required if the
2774 participant were a regular member of the Florida Retirement
2775 System defined benefit program, plus the portion of the
2776 contribution rate required in s. 112.363(8) that would otherwise
2777 be assigned to the Retiree Health Insurance Subsidy Trust Fund.
2778 Effective July 1, 2001, each employer shall contribute on behalf
2779 of each participant in the optional program an amount equal to
2780 10.43 percent of the participant's gross monthly compensation.
2781 The board, pursuant to s. 215.44(4), ~~department~~ shall deduct an
2782 amount ~~approved by the Legislature~~ to provide for the
2783 administration of this program. The payment of the contributions
2784 to the optional program which is required by this paragraph for
2785 each participant shall be made by the employer to the board
2786 ~~department~~, which shall forward the contributions to the
2787 designated company or companies contracting for payment of
2788 benefits for the participant under the program. However, such
2789 contributions paid on behalf of an employee described in
2790 paragraph (3)(c) shall not be forwarded to a company and shall
2791 not begin to accrue interest until the employee has executed an
2792 annuity contract and notified the board ~~department~~.

2793 (b) Each employer shall contribute on behalf of each
2794 participant in the optional retirement program an amount equal
2795 to the unfunded actuarial accrued liability portion of the
2796 employer contribution which would be required for members of the
2797 Florida Retirement System. This contribution shall be paid to
2798 the board ~~department~~ for transfer to the Florida Retirement
2799 System Trust Fund.



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2800 (c) An Optional Retirement Program Trust Fund shall be
2801 established in the State Treasury and administered by the board
2802 ~~department~~ to make payments to the provider companies on behalf
2803 of the optional retirement program participants, and to transfer
2804 the unfunded liability portion of the state optional retirement
2805 program contributions to the Florida Retirement System Trust
2806 Fund.

2807 (6) ADMINISTRATION OF PROGRAM.--

2808 (a) The optional retirement program authorized by this
2809 section shall be administered by the board ~~department~~. The board
2810 ~~department~~ shall adopt rules establishing the responsibilities
2811 of the State Board of Education and institutions in the State
2812 University System in administering the optional retirement
2813 program. The State Board of Education shall, no more than 90
2814 days after July 1, 1983, submit to the board ~~department~~ its
2815 recommendations for the contracts to be offered by the companies
2816 chosen by the board ~~department~~. The recommendations of the State
2817 Board of Education shall include the following:

2818 1. The nature and extent of the rights and benefits in
2819 relation to the required contributions; and

2820 2. The suitability of the rights and benefits to the needs
2821 of the participants and the interests of the institutions in the
2822 recruitment and retention of eligible employees.

2823 (b) After receiving and considering the recommendations of
2824 the State Board of Education, the board ~~department~~ shall
2825 designate no more than four companies from which contracts may
2826 be purchased under the program and shall approve the form and
2827 content of the optional retirement program contracts. Upon



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2828 application by a qualified Florida domestic company, the board
2829 ~~department~~ shall give reasonable notice to all other such
2830 companies that it intends to designate one of such companies as
2831 a fifth company from which contracts may be purchased pursuant
2832 to this section and that they may apply for such designation
2833 prior to the deadline established by said notice. At least 60
2834 days after giving such notice and upon receipt of the
2835 recommendation of the State Board of Education, the board
2836 ~~department~~ shall so designate one of such companies as the fifth
2837 company from which such contracts may be purchased.

2838 (c) ~~Effective July 1, 1997, the State Board of~~
2839 ~~Administration shall review and make recommendations to the~~
2840 ~~department on the acceptability of all investment products~~
2841 ~~proposed by provider companies of the optional retirement~~
2842 ~~program before they are offered through annuity contracts to the~~
2843 ~~participants and may advise the department of any changes~~
2844 ~~necessary to ensure that the optional retirement program offers~~
2845 ~~an acceptable mix of investment products. The board department~~
2846 ~~shall determine which make the final determination as to whether~~
2847 ~~an investment products product will be included in approved for~~
2848 the program.

2849 (d) The provisions of each contract applicable to a
2850 participant in the optional retirement program shall be
2851 contained in a written program description which shall include a
2852 report of pertinent financial and actuarial information on the
2853 solvency and actuarial soundness of the program and the benefits
2854 applicable to the participant. Such description shall be
2855 furnished by the companies to each participant in the program



2856 and to the board ~~department~~ upon commencement of participation
2857 in the program and annually thereafter.

2858 (e) The board ~~department~~ shall ensure that each
2859 participant in the optional retirement program is provided an
2860 accounting of the total contribution and the annual contribution
2861 made by and on behalf of such participant.

2862 Section 39. Paragraph (b) of subsection (3), paragraph (a)
2863 of subsection (12), and paragraphs (a) and (b) of subsection
2864 (14) of section 121.40, Florida Statutes, are amended to read:

2865 121.40 Cooperative extension personnel at the Institute of
2866 Food and Agricultural Sciences; supplemental retirement
2867 benefits.--

2868 (3) DEFINITIONS.--The definitions provided in s. 121.021
2869 shall not apply to this section except when specifically cited.
2870 For the purposes of this section, the following words or phrases
2871 have the respective meanings set forth:

2872 (b) "Division ~~Department~~" means the Division of Retirement
2873 of the State Board of Administration ~~Department of Management~~
2874 Services.

2875 (12) CONTRIBUTIONS.--

2876 (a) For the purposes of funding the supplemental benefits
2877 provided by this section, the institute is authorized and
2878 required to pay, commencing July 1, 1985, the necessary monthly
2879 contributions from its appropriated budget. These amounts shall
2880 be paid into the Institute of Food and Agricultural Sciences
2881 Supplemental Retirement Trust Fund, which is hereby created in
2882 the State Treasury to be administered by the State Board of
2883 Administration.



2884 (14) ADMINISTRATION OF SYSTEM.--

2885 (a) The division ~~department~~ shall make such rules as are
 2886 necessary for the effective and efficient administration of this
 2887 system. The executive director of the State Board of
 2888 Administration ~~secretary of the department~~ shall be the
 2889 administrator of the system. The funds to pay the expenses for
 2890 such administration are ~~shall be~~ appropriated from the interest
 2891 earned on investments made for the trust fund.

2892 (b) The division ~~department~~ is authorized to require
 2893 oaths, by affidavit or otherwise, and acknowledgments from
 2894 persons in connection with the administration of its duties and
 2895 responsibilities under this section.

2896 Section 40. Subsection (3) of section 121.45, Florida
 2897 Statutes, is amended to read:

2898 121.45 Interstate compacts relating to pension
 2899 portability.--

2900 (3) ESTABLISHMENT OF COMPACTS.--

2901 (a) The division ~~Department of Management Services~~ is
 2902 authorized and directed to survey other state retirement systems
 2903 to determine if such retirement systems are interested in
 2904 developing an interstate compact with Florida.

2905 (b) If any such state is interested in pursuing the
 2906 matter, the division ~~department~~ shall confer with the other
 2907 state and the consulting actuaries of both states, and shall
 2908 present its findings to the committees having jurisdiction over
 2909 retirement matters in the Legislature, and to representatives of
 2910 affected certified bargaining units, in order to determine the
 2911 feasibility of developing a portability compact, what groups



2912 | should be covered, and the goals and priorities which should
 2913 | guide such development.

2914 | (c) Upon a determination that such a compact is feasible
 2915 | and upon request of the Legislature, the division ~~department~~,
 2916 | together with its consulting actuaries, shall, in accordance
 2917 | with such ~~said~~ goals and priorities, develop a proposal under
 2918 | which retirement credit may be transferred to or from Florida in
 2919 | an actuarially sound manner.

2920 | (d) Once a proposal has been developed, the division
 2921 | ~~department~~ shall contract with its consulting actuaries to
 2922 | conduct an actuarial study of the proposal to determine the cost
 2923 | to the Florida Retirement System Trust Fund and the State of
 2924 | Florida.

2925 | (e) After the actuarial study has been completed, the
 2926 | division ~~department~~ shall present its findings and the actuarial
 2927 | study to the Legislature for consideration. If either house of
 2928 | the Legislature elects to enter into such a compact, it shall be
 2929 | introduced in the form of a proposed committee bill to the full
 2930 | Legislature during the same or next regular session.

2931 | Section 41. Subsection (2), paragraph (a) of subsection
 2932 | (5), paragraphs (a), (b), (c), and(e) of subsection (8),
 2933 | paragraph (c) of subsection (9), paragraphs (a), (c), and (f) of
 2934 | subsection (10), subsection (11), and paragraph (b) of
 2935 | subsection (12) and subsection (19) of section 121.4501, Florida
 2936 | Statutes, are amended to read:

2937 | 121.4501 Public Employee Optional Retirement Program.--

2938 | (2) DEFINITIONS.--As used in this part, the term:



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2939 (a) "Approved provider" or "provider" means a private
2940 sector company that is selected and approved by the ~~state~~ board
2941 to offer one or more investment products or services to the
2942 Public Employee Optional Retirement Program. The term includes a
2943 bundled provider that offers participants a range of
2944 individually allocated or unallocated investment products and
2945 may offer a range of administrative and customer services, which
2946 may include accounting and administration of individual
2947 participant benefits and contributions; individual participant
2948 recordkeeping; asset purchase, control, and safekeeping; direct
2949 execution of the participant's instructions as to asset and
2950 contribution allocation; calculation of daily net asset values;
2951 direct access to participant account information; periodic
2952 reporting to participants, at least quarterly, on account
2953 balances and transactions; guidance, advice, and allocation
2954 services directly relating to its own investment options or
2955 products, but only if the bundled provider complies with the
2956 standard of care of s. 404(a)(1)(A-B) of the Employee Retirement
2957 Income Security Act of 1974 (ERISA) and if providing such
2958 guidance, advice, or allocation services does not constitute a
2959 prohibited transaction under s. 4975(c)(1) of the Internal
2960 Revenue Code or s. 406 of ERISA, notwithstanding that such
2961 prohibited transaction provisions do not apply to the optional
2962 retirement program; a broad array of distribution options; asset
2963 allocation; and retirement counseling and education. Private
2964 sector companies include investment management companies,
2965 insurance companies, depositories, and mutual fund companies.



2966 (b) "Average monthly compensation" means one-twelfth of
2967 average final compensation as defined in s. 121.021(24).

2968 (c) "Covered employment" means employment in a regularly
2969 established position as defined in s. 121.021(52).

2970 ~~(d) "Department" means the Department of Management~~
2971 ~~Services.~~

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

2975 (e)(f) "Eligible employee" means an officer or employee,
2976 as defined in s. 121.021(11), who:

2977 1. Is a member of, or is eligible for membership in, the
2978 Florida Retirement System, including any renewed member of the
2979 Florida Retirement System;

2980 2. Participates in, or is eligible to participate in, the
2981 Senior Management Service Optional Annuity Program as
2982 established under s. 121.055(6); or

2983 3. Is eligible to participate in, but does not participate
2984 in, the State University System Optional Retirement Program
2985 established under s. 121.35 or the State Community College
2986 System Optional Retirement Program established under s.
2987 121.051(2)(c).

2988
2989 The term does not include any member participating in the
2990 Deferred Retirement Option Program established under s.
2991 121.091(13) or any employee participating in an optional
2992 retirement program established under s. 121.051(2)(c) or s.
2993 121.35.



2994 (f)~~(g)~~ "Employer" means an employer, as defined in s.
2995 121.021(10), of an eligible employee.

2996 (g)~~(h)~~ "Participant" means an eligible employee who elects
2997 to participate in the Public Employee Optional Retirement
2998 Program and enrolls in such optional program as provided in
2999 subsection (4).

3000 (h)~~(i)~~ "Public Employee Optional Retirement Program,"
3001 "optional program," or "optional retirement program" means the
3002 alternative defined contribution retirement program established
3003 under this section.

3004 (i)~~(j)~~ "State board" or "board" means the State Board of
3005 Administration.

3006 (j)~~(k)~~ "Trustees" means Trustees of the State Board of
3007 Administration.

3008 (k)~~(l)~~ "Vested" or "vesting" means the guarantee that a
3009 participant is eligible to receive a retirement benefit upon
3010 completion of the required years of service under the Public
3011 Employee Optional Retirement Program.

3012 (5) CONTRIBUTIONS.--

3013 (a) Each employer shall contribute on behalf of each
3014 participant in the Public Employee Optional Retirement Program,
3015 as provided in part III of this chapter. The state board, acting
3016 as plan fiduciary, shall ensure that all plan assets are held in
3017 a trust, pursuant to s. 401 of the Internal Revenue Code. The
3018 fiduciary shall ensure that said contributions are allocated as
3019 follows:

3020 1. The portion earmarked for participant accounts shall be
3021 used to purchase interests in the appropriate investment



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3022 vehicles for the accounts of each participant as specified by
3023 the participant, or in accordance with paragraph (4)(d).

3024 2. The portion earmarked for administrative and
3025 educational expenses shall be transferred to the board.

3026 3. The portion earmarked for disability benefits shall be
3027 transferred to the division ~~department~~ .

3028 (8) ADMINISTRATION OF PROGRAM.--

3029 (a) The Public Employee Optional Retirement Program shall
3030 be administered by the state board and affected employers. The
3031 board is authorized to require oaths, by affidavit or otherwise,
3032 and acknowledgments from persons in connection with the
3033 administration of its duties and responsibilities under this
3034 chapter. No oath, by affidavit or otherwise, shall be required
3035 of an employee participant at the time of election.

3036 Acknowledgment of an employee's election to participate in the
3037 program shall be no greater than necessary to confirm the
3038 employee's election. The board shall adopt rules establishing
3039 the role and responsibilities of affected state, local
3040 government, and education-related employers, the state board,
3041 ~~the department~~, and third-party contractors in administering the
3042 Public Employee Optional Retirement Program. The division
3043 ~~department~~ shall adopt rules necessary to implement the optional
3044 program in coordination with the defined benefit retirement
3045 program and the disability benefits available under the optional
3046 program.

3047 (b)1. The state board shall select and contract with one
3048 third-party administrator to provide administrative services if
3049 those services cannot be competitively ~~and contractually~~



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3050 provided by the division ~~of Retirement within the Department of~~
3051 ~~Management Services~~. With the approval of the state board, the
3052 third-party administrator may subcontract with other
3053 organizations or individuals to provide components of the
3054 administrative services. As a cost of administration, the board
3055 may compensate any such contractor for its services, in
3056 accordance with the terms of the contract, as is deemed
3057 necessary or proper by the board. The third-party administrator
3058 may not be an approved provider or be affiliated with an
3059 approved provider.

3060 2. These administrative services may include, but are not
3061 limited to, enrollment of eligible employees, collection of
3062 employer contributions, disbursement of such contributions to
3063 approved providers in accordance with the allocation directions
3064 of participants; services relating to consolidated billing;
3065 individual and collective recordkeeping and accounting; asset
3066 purchase, control, and safekeeping; and direct disbursement of
3067 funds to and from the third-party administrator, the division,
3068 the board, employers, participants, approved providers, and
3069 beneficiaries. This section does not prevent or prohibit a
3070 bundled provider from providing any administrative or customer
3071 service, including accounting and administration of individual
3072 participant benefits and contributions; individual participant
3073 recordkeeping; asset purchase, control, and safekeeping; direct
3074 execution of the participant' s instructions as to asset and
3075 contribution allocation; calculation of daily net asset values;
3076 direct access to participant account information; or periodic
3077 reporting to participants, at least quarterly, on account



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3078 balances and transactions, if these services are authorized by
3079 the board as part of the contract.

3080 3. The state board shall select and contract with one or
3081 more organizations to provide educational services. With
3082 approval of the board, the organizations may subcontract with
3083 other organizations or individuals to provide components of the
3084 educational services. As a cost of administration, the board may
3085 compensate any such contractor for its services in accordance
3086 with the terms of the contract, as is deemed necessary or proper
3087 by the board. The education organization may not be an approved
3088 provider or be affiliated with an approved provider.

3089 4. Educational services shall be designed by the board ~~and~~
3090 ~~department~~ to assist employers, eligible employees,
3091 participants, and beneficiaries in order to maintain compliance
3092 with United States Department of Labor regulations under s.
3093 404(c) of the Employee Retirement Income Security Act of 1974
3094 and to assist employees in their choice of defined benefit or
3095 defined contribution retirement alternatives. Educational
3096 services include, but are not limited to, disseminating
3097 educational materials; providing retirement planning education;
3098 explaining the differences between the defined benefit
3099 retirement plan and the defined contribution retirement plan;
3100 and offering financial planning guidance on matters such as
3101 investment diversification, investment risks, investment costs,
3102 and asset allocation. An approved provider may also provide
3103 educational information, including retirement planning and
3104 investment allocation information concerning its products and
3105 services.



3106 (c)1. In evaluating and selecting a third-party
 3107 administrator, the board shall establish criteria under which it
 3108 shall consider the relative capabilities and qualifications of
 3109 each proposed administrator. In developing such criteria, the
 3110 board shall consider:

3111 a. The administrator's demonstrated experience in
 3112 providing administrative services to public or private sector
 3113 retirement systems.

3114 b. The administrator's demonstrated experience in
 3115 providing daily valued recordkeeping to defined contribution
 3116 plans.

3117 c. The administrator's ability and willingness to
 3118 coordinate its activities with the Florida Retirement System
 3119 employers, the board, and the division, and to supply to such
 3120 employers, the board, and the division the information and data
 3121 they require, including, but not limited to, monthly management
 3122 reports, quarterly participant reports, and ad hoc reports
 3123 requested by the ~~department or~~ board.

3124 d. The cost-effectiveness and levels of the administrative
 3125 services provided.

3126 e. The administrator's ability to interact with the
 3127 participants, the employers, the board, the division, and the
 3128 providers; the means by which participants may access account
 3129 information, direct investment of contributions, make changes to
 3130 their accounts, transfer moneys between available investment
 3131 vehicles, and transfer moneys between investment products; and
 3132 any fees that apply to such activities.



3133 f. Any other factor deemed necessary by the Trustees of
3134 the State Board of Administration.

3135 g. The recommendations of the Public Employee Optional
3136 Retirement Program Advisory Committee established in subsection
3137 (12).

3138 2. In evaluating and selecting an educational provider,
3139 the board shall establish criteria under which it shall consider
3140 the relative capabilities and qualifications of each proposed
3141 educational provider. In developing such criteria, the board
3142 shall consider:

3143 a. Demonstrated experience in providing educational
3144 services to public or private sector retirement systems.

3145 b. Ability and willingness to coordinate its activities
3146 with the Florida Retirement System employers, the board, and the
3147 division, and to supply to such employers, the board, and the
3148 division the information and data they require, including, but
3149 not limited to, reports on educational contacts.

3150 c. The cost-effectiveness and levels of the educational
3151 services provided.

3152 d. Ability to provide educational services via different
3153 media, including, but not limited to, the Internet, personal
3154 contact, seminars, brochures, and newsletters.

3155 e. Any other factor deemed necessary by the Trustees of
3156 the State Board of Administration.

3157 f. The recommendations of the Public Employee Optional
3158 Retirement Program Advisory Committee established in subsection
3159 (12).



3160 3. The establishment of the criteria shall be solely
3161 within the discretion of the board.

3162 (e)~~1~~. The board may contract with any consultant for
3163 professional services, including legal, consulting, accounting,
3164 and actuarial services, deemed necessary to implement and
3165 administer the optional program by the Trustees of the State
3166 Board of Administration. The board may enter into a contract
3167 with one or more vendors to provide low-cost investment advice
3168 to participants, supplemental to education provided by the
3169 third-party administrator. All fees under any such contract
3170 shall be paid by those participants who choose to use the
3171 services of the vendor.

3172 ~~2. The department may contract with consultants for
3173 professional services, including legal, consulting, accounting,
3174 and actuarial services, deemed necessary to implement and
3175 administer the optional program in coordination with the defined
3176 benefit program of the Florida Retirement System. The
3177 department, in coordination with the board, may enter into a
3178 contract with the third party administrator in order to
3179 coordinate services common to the various programs within the
3180 Florida Retirement System.~~

3181 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE REVIEW.--

3182 (c) In evaluating and selecting approved providers and
3183 products, the board shall establish criteria under which it
3184 shall consider the relative capabilities and qualifications of
3185 each proposed provider company and product. In developing such
3186 criteria, the board shall consider the following to the extent



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3187 such factors may be applied in connection with investment
3188 products, services, or providers:

3189 1. Experience in the United States providing retirement
3190 products and related financial services under defined
3191 contribution retirement plans.

3192 2. Financial strength and stability which shall be
3193 evidenced by the highest ratings assigned by nationally
3194 recognized rating services when comparing proposed providers
3195 that are so rated.

3196 3. Intrastate and interstate portability of the product
3197 offered, including early withdrawal options.

3198 4. Compliance with the Internal Revenue Code.

3199 5. The cost-effectiveness of the product provided and the
3200 levels of service supporting the product relative to its
3201 benefits and its characteristics, including, without limitation,
3202 the level of risk borne by the provider.

3203 6. The provider company's ability and willingness to
3204 coordinate its activities with Florida Retirement System
3205 employers, the division ~~department~~, and the board, and to
3206 supply to such employers, the division ~~department~~, and the board
3207 the information and data they require.

3208 7. The methods available to participants to interact with
3209 the provider company; the means by which participants may access
3210 account information, direct investment of contributions, make
3211 changes to their accounts, transfer moneys between available
3212 investment vehicles, and transfer moneys between provider
3213 companies; and any fees that apply to such activities.



3214 8. The provider company's policies with respect to the
 3215 transfer of individual account balances, contributions, and
 3216 earnings thereon, both internally among investment products
 3217 offered by the provider company and externally between approved
 3218 providers, as well as any fees, charges, reductions, or
 3219 penalties that may be applied.

3220 9. An evaluation of specific investment products, taking
 3221 into account each product's experience in meeting its investment
 3222 return objectives net of all related fees, expenses, and
 3223 charges, including, but not limited to, investment management
 3224 fees, loads, distribution and marketing fees, custody fees,
 3225 recordkeeping fees, education fees, annuity expenses, and
 3226 consulting fees.

3227 10. Organizational factors, including, but not limited to,
 3228 financial solvency, organizational depth, and experience in
 3229 providing institutional and retail investment services.

3230 (10) EDUCATION COMPONENT.--

3231 (a) The board, ~~in coordination with the department,~~ shall
 3232 provide for an education component for system members in a
 3233 manner consistent with the provisions of this section. The
 3234 education component must be available to eligible employees at
 3235 least 90 days prior to the beginning date of the election period
 3236 for the employees of the respective types of employers.

3237 (c) The board, ~~in coordination with the department,~~ shall
 3238 provide for an initial and ongoing transfer education component
 3239 to provide system members with information necessary to make
 3240 informed plan choice decisions. The transfer education component
 3241 must include, but is not limited to, information on:



3242 | 1. The amount of money available to a member to transfer
3243 | to the defined contribution program.

3244 | 2. The features of and differences between the defined
3245 | benefit program and the defined contribution program, both
3246 | generally and specifically, as those differences may affect the
3247 | member.

3248 | 3. The expected benefit available if the member were to
3249 | retire under each of the retirement programs, based on
3250 | appropriate alternative sets of assumptions.

3251 | 4. The rate of return from investments in the defined
3252 | contribution program and the period of time over which such rate
3253 | of return must be achieved to equal or exceed the expected
3254 | monthly benefit payable to the member under the defined benefit
3255 | program.

3256 | 5. The historical rates of return for the investment
3257 | alternatives available in the defined contribution programs.

3258 | 6. The benefits and historical rates of return on
3259 | investments available in a typical deferred compensation plan or
3260 | a typical plan under s. 403(b) of the Internal Revenue Code for
3261 | which the employee may be eligible.

3262 | 7. The program choices available to employees of the State
3263 | University System and the comparative benefits of each available
3264 | program, if applicable.

3265 | 8. Payout options available in each of the retirement
3266 | programs.

3267 | (f) The board ~~and the department~~ shall also establish a
3268 | communication component to provide program information to
3269 | participating employers and the employers' personnel and payroll



3270 officers and to explain their respective responsibilities in
3271 conjunction with the retirement programs.

3272 (11) PARTICIPANT INFORMATION REQUIREMENTS.--The board
3273 shall ensure that each participant is provided a quarterly
3274 statement that accounts for the contributions made on behalf of
3275 such participant; the interest and investment earnings thereon;
3276 and any fees, penalties, or other deductions that apply thereto.
3277 At a minimum, such statements must:

3278 (a) Indicate the participant's investment options.

3279 (b) State the market value of the account at the close of
3280 the current quarter and previous quarter.

3281 (c) Show account gains and losses for the period and
3282 changes in account accumulation unit values for the period.

3283 (d) Itemize account contributions for the quarter.

3284 (e) Indicate any account changes due to adjustment of
3285 contribution levels, reallocation of contributions, balance
3286 transfers, or withdrawals.

3287 (f) Set forth any fees, charges, penalties, and deductions
3288 that apply to the account.

3289 (g) Indicate the amount of the account in which the
3290 participant is fully vested and the amount of the account in
3291 which the participant is not vested.

3292 (h) Indicate each investment product's performance
3293 relative to an appropriate market benchmark.

3294

3295 The third-party administrator shall provide quarterly and annual
3296 summary reports to the board and any other reports requested by
3297 ~~the department or~~ the board. In any solicitation or offer of



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3298 coverage under an optional retirement program, a provider
3299 company shall be governed by the contract readability provisions
3300 of s. 627.4145, notwithstanding s. 627.4145(6)(c). In addition,
3301 all descriptive materials must be prepared under the assumption
3302 that the participant is an unsophisticated investor. Provider
3303 companies must maintain an internal system of quality assurance,
3304 have proven functional systems that are date-calculation
3305 compliant, and be subject to a due-diligence inquiry that proves
3306 their capacity and fitness to undertake service
3307 responsibilities.

3308 (12) ADVISORY COMMITTEES TO PROVIDE ADVICE AND
3309 ASSISTANCE.--The Investment Advisory Council and the Public
3310 Employee Optional Retirement Program Advisory Committee shall
3311 assist the board in implementing and administering the Public
3312 Employee Optional Retirement Program.

3313 (b)1. The Public Employee Optional Retirement Program
3314 Advisory Committee shall be composed of seven members. The
3315 President of the Senate shall appoint two members, the Speaker
3316 of the House of Representatives shall appoint two members, the
3317 Governor shall appoint one member, the Treasurer shall appoint
3318 one member, and the Comptroller shall appoint one member. The
3319 members of the advisory committee shall elect a member as chair.
3320 The appointments shall be made by September 1, 2000, and the
3321 committee shall meet to organize by October 1, 2000. The initial
3322 appointments shall be for a term of 24 months. Each appointing
3323 authority shall fill any vacancy occurring among its appointees
3324 for the remainder of the original term.



3325 2. The advisory committee shall make recommendations on
3326 the selection of the third-party administrator, the education
3327 providers, and the investment products and providers. The
3328 committee's recommendations on the third-party administrator
3329 must be forwarded to the Trustees of the State Board of
3330 Administration by January 1, 2001. The recommendations on the
3331 education providers must be forwarded to the trustees by April
3332 1, 2001.

3333 3. The advisory committee's recommendations and activities
3334 shall be guided by the best interests of the employees,
3335 considering the interests of employers, and the intent of the
3336 Legislature in establishing the Public Employee Optional
3337 Retirement Program.

3338 4. The staff of the ~~state board and the department~~ shall
3339 assist the advisory committee.

3340 (19) PARTICIPANT RECORDS.--All personal identifying
3341 information regarding a participant in the Public Employee
3342 Optional Retirement Program contained in Florida Retirement
3343 System records held by the State Board of Administration ~~or the~~
3344 ~~Department of Management Services~~, or its ~~their~~ agents,
3345 employees, or contractors is exempt from the provisions of s.
3346 119.07(1) and s. 24(a), Art. I of the State Constitution. The
3347 ~~department or~~ board may use such exempt information as necessary
3348 in any legal or administrative proceeding. This subsection is
3349 subject to the Open Government Sunset Review Act of 1995 in
3350 accordance with s. 119.15, and shall stand repealed October 2,
3351 2007, unless reviewed and saved from repeal through reenactment
3352 by the Legislature.



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3353 Section 42. Section 121.4503, Florida Statutes, is amended
3354 to read:

3355 121.4503 Florida Retirement System Contributions Clearing
3356 Trust Fund.--

3357 (1) The Florida Retirement System Contributions Clearing
3358 Trust Fund is created in the State Treasury as a clearing fund
3359 for disbursing employer contributions to the component plans of
3360 the Florida Retirement System and shall be administered by the
3361 State Board of Administration ~~Department of Management Services~~.
3362 Funds shall be credited to the trust fund as provided in this
3363 chapter and shall be held in trust for the contributing
3364 employers until such time as the assets are transferred by the
3365 board ~~department~~ to the Florida Retirement System Trust Fund,
3366 the Public Employee Optional Retirement Program Trust Fund, or
3367 other trust funds as authorized by law, to be used for the
3368 purposes of this chapter. The trust fund is exempt from the
3369 service charges imposed by s. 215.20.

3370 (2) The Florida Retirement System Contributions Clearing
3371 Trust Fund is a clearing trust fund of the State Board of
3372 Administration ~~Department of Management Services~~ pursuant to s.
3373 19(f), Art. III of the State Constitution, and is not subject to
3374 termination.

3375 (3) The State Board of Administration ~~Department of~~
3376 ~~Management Services~~ may adopt rules governing the receipt and
3377 disbursement of amounts received by the Florida Retirement
3378 System Contributions Clearing Trust Fund from employers
3379 contributing to the component plans of the Florida Retirement
3380 System.



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3381 Section 43. Section 121.591, Florida Statutes, is amended
3382 to read:

3383 121.591 Benefits payable under the Public Employee
3384 Optional Retirement Program of the Florida Retirement
3385 System.--Benefits may not be paid under this section unless the
3386 member has terminated employment as provided in s.
3387 121.021(39)(a) or is deceased and a proper application has been
3388 filed in the manner prescribed by the state board or the
3389 division ~~department~~. The state board or division ~~department~~, as
3390 appropriate, may cancel an application for retirement benefits
3391 when the member or beneficiary fails to timely provide the
3392 information and documents required by this chapter and the rules
3393 of the state board and division ~~department~~. In accordance with
3394 their respective responsibilities as provided herein, the State
3395 Board of Administration and the division ~~Department of~~
3396 ~~Management Services~~ shall adopt rules establishing procedures
3397 for application for retirement benefits and for the cancellation
3398 of such application when the required information or documents
3399 are not received.

3400 (1) NORMAL BENEFITS.--Under the Public Employee Optional
3401 Retirement Program:

3402 (a) Benefits in the form of vested accumulations as
3403 described in s. 121.4501(6) shall be payable under this
3404 subsection in accordance with the following terms and
3405 conditions:

3406 1. To the extent vested, benefits shall be payable only to
3407 a participant.



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3408 2. Benefits shall be paid by the third-party administrator
3409 or designated approved providers in accordance with the law, the
3410 contracts, and any applicable board rule or policy.

3411 3. To receive benefits under this subsection, the
3412 participant must be terminated from all employment with all
3413 Florida Retirement System employers, as provided in s.
3414 121.021(39).

3415 (b) If a participant elects to receive his or her benefits
3416 upon termination of employment, the participant must submit a
3417 written application to the third-party administrator indicating
3418 his or her preferred distribution date and selecting an
3419 authorized method of distribution as provided in paragraph (c).
3420 The participant may defer receipt of benefits until he or she
3421 chooses to make such application, subject to federal
3422 requirements.

3423 (c) Upon receipt by the third-party administrator of a
3424 properly executed application for distribution of benefits, the
3425 total accumulated benefit shall be payable to the participant,
3426 as:

3427 1. A lump-sum distribution to the participant;

3428 2. A lump-sum direct rollover distribution whereby all
3429 accrued benefits, plus interest and investment earnings, are
3430 paid from the participant's account directly to the custodian of
3431 an eligible retirement plan, as defined in s. 402(c)(8)(B) of
3432 the Internal Revenue Code, on behalf of the participant; or

3433 3. Periodic distributions, as authorized by the state
3434 board.



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3435 (2) DISABILITY RETIREMENT BENEFITS.--Benefits provided
3436 under this subsection are payable in lieu of the benefits which
3437 would otherwise be payable under the provisions of subsection
3438 (1). Such benefits shall be funded entirely from employer
3439 contributions made under s. 121.571, transferred participant
3440 funds accumulated pursuant to paragraph (a), and interest and
3441 earnings thereon. Pursuant thereto:

3442 (a) Transfer of funds.--To qualify to receive monthly
3443 disability benefits under this subsection:

3444 1. All moneys accumulated in the participant's Public
3445 Employee Optional Retirement Program accounts, including vested
3446 and nonvested accumulations as described in s. 121.4501(6),
3447 shall be transferred from such individual accounts to the
3448 Division of Retirement for deposit in the disability account of
3449 the Florida Retirement System Trust Fund. Such moneys shall be
3450 separately accounted for. Earnings shall be credited on an
3451 annual basis for amounts held in the disability accounts of the
3452 Florida Retirement System Trust Fund based on actual earnings of
3453 the Florida Retirement System Trust Fund.

3454 2. If the participant has retained retirement credit he or
3455 she had earned under the defined benefit program of the Florida
3456 Retirement System as provided in s. 121.4501(3)(b), a sum
3457 representing the actuarial present value of such credit within
3458 the Florida Retirement System Trust Fund shall be reassigned by
3459 the Division of Retirement from the defined benefit program to
3460 the disability program as implemented under this subsection and
3461 shall be deposited in the disability account of the Florida



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3462 Retirement System Trust Fund. Such moneys shall be separately
3463 accounted for.

3464 (b) Disability retirement; entitlement.--

3465 1. A participant of the Public Employee Optional
3466 Retirement Program who becomes totally and permanently disabled,
3467 as defined in s. 121.091(4)(b), after completing 8 years of
3468 creditable service, or a participant who becomes totally and
3469 permanently disabled in the line of duty regardless of his or
3470 her length of service, shall be entitled to a monthly disability
3471 benefit as provided herein.

3472 2. In order for service to apply toward the 8 years of
3473 service required to vest for regular disability benefits, or
3474 toward the creditable service used in calculating a service-
3475 based benefit as provided for under paragraph (g), the service
3476 must be creditable service as described below:

3477 a. The participant's period of service under the Public
3478 Employee Optional Retirement Program will be considered
3479 creditable service, except as provided in subparagraph d.

3480 b. If the participant has elected to retain credit for his
3481 or her service under the defined benefit program of the Florida
3482 Retirement System as provided under s. 121.4501(3)(b), all such
3483 service will be considered creditable service.

3484 c. If the participant has elected to transfer to his or
3485 her participant accounts a sum representing the present value of
3486 his or her retirement credit under the defined benefit program
3487 as provided under s. 121.4501(3)(c), the period of service under
3488 the defined benefit program represented in the present value
3489 amounts transferred will be considered creditable service for



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3490 purposes of vesting for disability benefits, except as provided
3491 in subparagraph d.

3492 d. Whenever a participant has terminated employment and
3493 has taken distribution of his or her funds as provided in
3494 subsection (1), all creditable service represented by such
3495 distributed funds is forfeited for purposes of this subsection.

3496 (c) Disability retirement effective date.--The effective
3497 retirement date for a participant who applies and is approved
3498 for disability retirement shall be established as provided under
3499 s. 121.091(4)(a)2. and 3.

3500 (d) Total and permanent disability.--A participant shall
3501 be considered totally and permanently disabled if, in the
3502 opinion of the division, he or she is prevented, by reason of a
3503 medically determinable physical or mental impairment, from
3504 rendering useful and efficient service as an officer or
3505 employee.

3506 (e) Proof of disability.--The division, before approving
3507 payment of any disability retirement benefit, shall require
3508 proof that the participant is totally and permanently disabled
3509 in the same manner as provided for members of the defined
3510 benefit program of the Florida Retirement System under s.
3511 121.091(4)(c).

3512 (f) Disability retirement benefit.--Upon the disability
3513 retirement of a participant under this subsection, the
3514 participant shall receive a monthly benefit that shall begin to
3515 accrue on the first day of the month of disability retirement,
3516 as approved by the division, and shall be payable on the last
3517 day of that month and each month thereafter during his or her



3518 lifetime and continued disability. All disability benefits
 3519 payable to such member shall be paid out of the disability
 3520 account of the Florida Retirement System Trust Fund established
 3521 under this subsection.

3522 (g) Computation of disability retirement benefit.--The
 3523 amount of each monthly payment shall be calculated in the same
 3524 manner as provided for members of the defined benefit program of
 3525 the Florida Retirement System under s. 121.091(4)(f). For such
 3526 purpose, creditable service under both the defined benefit
 3527 program and the Public Employee Optional Retirement Program of
 3528 the Florida Retirement System shall be applicable as provided
 3529 under paragraph (b).

3530 (h) Reapplication.--A participant whose initial
 3531 application for disability retirement has been denied may
 3532 reapply for disability benefits in the same manner, and under
 3533 the same conditions, as provided for members of the defined
 3534 benefit program of the Florida Retirement System under s.
 3535 121.091(4)(g).

3536 (i) Membership.--Upon approval of an application for
 3537 disability benefits under this subsection, the applicant shall
 3538 be transferred to the defined benefit program of the Florida
 3539 Retirement System, effective upon his or her disability
 3540 retirement effective date.

3541 (j) Option to cancel.--Any participant whose application
 3542 for disability benefits is approved may cancel his or her
 3543 application for disability benefits, provided that the
 3544 cancellation request is received by the division before a



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3545 disability retirement warrant has been deposited, cashed, or
3546 received by direct deposit. Upon such cancellation:

3547 1. The participant's transfer to the defined benefit
3548 program under paragraph (i) shall be nullified;

3549 2. The participant shall be retroactively reinstated in
3550 the Public Employee Optional Retirement Program without hiatus;

3551 3. All funds transferred to the Florida Retirement System
3552 Trust Fund under paragraph (a) shall be returned to the
3553 participant accounts from which such funds were drawn; and

3554 4. The participant may elect to receive the benefit
3555 payable under the provisions of subsection (1) in lieu of
3556 disability benefits as provided under this subsection.

3557 (k) Recovery from disability.--

3558 1. The division may require periodic reexaminations at the
3559 expense of the disability program account of the Florida
3560 Retirement System Trust Fund. Except as otherwise provided in
3561 subparagraph 2., the requirements, procedures, and restrictions
3562 relating to the conduct and review of such reexaminations,
3563 discontinuation or termination of benefits, reentry into
3564 employment, disability retirement after reentry into covered
3565 employment, and all other matters relating to recovery from
3566 disability shall be the same as are set forth under s.
3567 121.091(4)(h).

3568 2. Upon recovery from disability, any recipient of
3569 disability retirement benefits under this subsection shall be a
3570 compulsory member of the Public Employee Optional Retirement
3571 Program of the Florida Retirement System. The net difference
3572 between the recipient's original account balance transferred to



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3573 the Florida Retirement System Trust Fund, including earnings,
3574 under paragraph (a) and total disability benefits paid to such
3575 recipient, if any, shall be determined as provided in sub-
3576 subparagraph a.

3577 a. An amount equal to the total benefits paid shall be
3578 subtracted from that portion of the transferred account balance
3579 consisting of vested accumulations as described under s.
3580 121.4501(6), if any, and an amount equal to the remainder of
3581 benefit amounts paid, if any, shall then be subtracted from any
3582 remaining portion consisting of nonvested accumulations as
3583 described under s. 121.4501(6).

3584 b. Amounts subtracted under sub-subparagraph a. shall be
3585 retained within the disability account of the Florida Retirement
3586 System Trust Fund. Any remaining account balance shall be
3587 transferred to the third-party administrator for disposition as
3588 provided under sub-subparagraph c. or sub-subparagraph d., as
3589 appropriate.

3590 c. If the recipient returns to covered employment,
3591 transferred amounts shall be deposited in individual accounts
3592 under the Public Employee Optional Retirement Program, as
3593 directed by the participant. Vested and nonvested amounts shall
3594 be separately accounted for as provided in s. 121.4501(6).

3595 d. If the recipient fails to return to covered employment
3596 upon recovery from disability:

3597 (I) Any remaining vested amount shall be deposited in
3598 individual accounts under the Public Employee Optional
3599 Retirement Program, as directed by the participant, and shall be
3600 payable as provided in subsection (1).



3601 (II) Any remaining nonvested amount shall be held in a
 3602 suspense account and shall be forfeitable after 5 years as
 3603 provided in s. 121.4501(6).

3604 3. If present value was reassigned from the defined
 3605 benefit program to the disability program of the Florida
 3606 Retirement System as provided under subparagraph (a)2., the full
 3607 present value amount shall be returned to the defined benefit
 3608 account within the Florida Retirement System Trust Fund and the
 3609 affected individual's associated retirement credit under the
 3610 defined benefit program shall be reinstated in full. Any benefit
 3611 based upon such credit shall be calculated as provided in s.
 3612 121.091(4)(h)1.

3613 (1) Nonadmissible causes of disability.--A participant
 3614 shall not be entitled to receive a disability retirement benefit
 3615 if the disability results from any injury or disease sustained
 3616 or inflicted as described in s. 121.091(4)(i).

3617 (m) Disability retirement of justice or judge by order of
 3618 Supreme Court.--

3619 1. If a participant is a justice of the Supreme Court,
 3620 judge of a district court of appeal, circuit judge, or judge of
 3621 a county court who has served for 6 years or more as an elected
 3622 constitutional judicial officer, including service as a judicial
 3623 officer in any court abolished pursuant to Art. V of the State
 3624 Constitution, and who is retired for disability by order of the
 3625 Supreme Court upon recommendation of the Judicial Qualifications
 3626 Commission pursuant to the provisions of Art. V of the State
 3627 Constitution, the participant's Option 1 monthly disability
 3628 benefit amount as provided in s. 121.091(6)(a)1. shall be two-



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3629 thirds of his or her monthly compensation as of the
3630 participant's disability retirement date. Such a participant
3631 may alternatively elect to receive an actuarially adjusted
3632 disability retirement benefit under any other option as provided
3633 in s. 121.091(6)(a), or to receive the normal benefit payable
3634 under the Public Employee Optional Retirement Program as set
3635 forth in subsection (1).

3636 2. If any justice or judge who is a participant of the
3637 Public Employee Optional Retirement Program of the Florida
3638 Retirement System is retired for disability by order of the
3639 Supreme Court upon recommendation of the Judicial Qualifications
3640 Commission pursuant to the provisions of Art. V of the State
3641 Constitution and elects to receive a monthly disability benefit
3642 under the provisions of this paragraph:

3643 a. Any present value amount that was transferred to his or
3644 her program account and all employer contributions made to such
3645 account on his or her behalf, plus interest and earnings
3646 thereon, shall be transferred to and deposited in the disability
3647 account of the Florida Retirement System Trust Fund; and

3648 b. The monthly benefits payable under this paragraph for
3649 any affected justice or judge retired from the Florida
3650 Retirement System pursuant to Art. V of the State Constitution
3651 shall be paid from the disability account of the Florida
3652 Retirement System Trust Fund.

3653 (n) Death of retiree or beneficiary.--Upon the death of a
3654 disabled retiree or beneficiary thereof who is receiving monthly
3655 benefits under this subsection, the monthly benefits shall be
3656 paid through the last day of the month of death and shall



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3657 terminate, or be adjusted, if applicable, as of that date in
3658 accordance with the optional form of benefit selected at the
3659 time of retirement. The deceased disabled retiree's beneficiary
3660 shall also receive the amount of the participant's remaining
3661 account balance, if any, in the Florida Retirement System Trust
3662 Fund. The Division of Retirement ~~Department of Management~~
3663 ~~Services~~ may adopt rules necessary to administer this paragraph.

3664 (3) DEATH BENEFITS.--Under the Public Employee Optional
3665 Retirement Program:

3666 (a) Survivor benefits shall be payable in accordance with
3667 the following terms and conditions:

3668 1. To the extent vested, benefits shall be payable only to
3669 a participant's beneficiary or beneficiaries as designated by
3670 the participant. If a participant designates a primary
3671 beneficiary other than the participant's spouse, the
3672 participant's spouse shall be notified of the designation. This
3673 requirement shall not apply to the designation of one or more
3674 contingent beneficiaries to receive any benefits remaining upon
3675 the death of the primary beneficiary or beneficiaries.

3676 2. Benefits shall be paid by the third-party administrator
3677 or designated approved providers in accordance with the law, the
3678 contracts, and any applicable board rule or policy.

3679 3. To receive benefits under this subsection, the
3680 participant must be deceased.

3681 (b) In the event of a participant's death, all vested
3682 accumulations as described in s. 121.4501(6), less withholding
3683 taxes remitted to the Internal Revenue Service, shall be
3684 distributed, as provided in paragraph (c), to the participant's



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3685 designated beneficiary or beneficiaries, or to the participant's
3686 estate, as if the participant retired on the date of death. No
3687 other death benefits shall be available for survivors of
3688 participants under the Public Employee Optional Retirement
3689 Program, except for such benefits, or coverage for such
3690 benefits, as are otherwise provided by law or are separately
3691 afforded by the employer, at the employer's discretion.

3692 (c) Upon receipt by the third-party administrator of a
3693 properly executed application for distribution of benefits, the
3694 total accumulated benefit shall be payable by the third-party
3695 administrator to the participant's surviving beneficiary or
3696 beneficiaries, as:

3697 1. A lump-sum distribution payable to the beneficiary or
3698 beneficiaries, or to the deceased participant's estate;

3699 2. An eligible rollover distribution on behalf of the
3700 surviving spouse of a deceased participant, whereby all accrued
3701 benefits, plus interest and investment earnings, are paid from
3702 the deceased participant's account directly to the custodian of
3703 an eligible retirement plan, as described in s. 402(c)(8)(B) of
3704 the Internal Revenue Code, on behalf of the surviving spouse; or

3705 3. A partial lump-sum payment whereby a portion of the
3706 accrued benefit is paid to the deceased participant's surviving
3707 spouse or other designated beneficiaries, less withholding taxes
3708 remitted to the Internal Revenue Service, and the remaining
3709 amount is transferred directly to the custodian of an eligible
3710 retirement plan, as described in s. 402(c)(8)(B) of the Internal
3711 Revenue Code, on behalf of the surviving spouse. The proportions



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3712 must be specified by the participant or the surviving
3713 beneficiary.

3714
3715 This paragraph does not abrogate other applicable provisions of
3716 state or federal law providing for payment of death benefits.

3717 (4) LIMITATION ON LEGAL PROCESS.--The benefits payable to
3718 any person under the Public Employee Optional Retirement
3719 Program, and any contributions accumulated under such program,
3720 are not subject to assignment, execution, attachment, or any
3721 legal process, except for qualified domestic relations orders by
3722 a court of competent jurisdiction, income deduction orders as
3723 provided in s. 61.1301, and federal income tax levies.

3724 Section 44. Section 121.5911, Florida Statutes, is amended
3725 to read:

3726 121.5911 Disability retirement program; qualified status;
3727 rulemaking authority.--It is the intent of the Legislature that
3728 the disability retirement program for participants of the Public
3729 Employee Optional Retirement Program as created in this act must
3730 meet all applicable requirements of federal law for a qualified
3731 plan. The Department of Management Services or the Division of
3732 Retirement shall seek a private letter ruling from the Internal
3733 Revenue Service on the disability retirement program for
3734 participants of the Public Employee Optional Retirement Program.
3735 Consistent with the private letter ruling, the division
3736 ~~Department of Management Services~~ shall adopt any necessary
3737 rules required to maintain the qualified status of the
3738 disability retirement program and the Florida Retirement System
3739 defined benefit plan.



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3740 Section 45. Subsection (1) of section 121.72, Florida
3741 Statutes, is amended to read:

3742 121.72 Allocations to optional retirement program
3743 participant accounts; percentage amounts.--

3744 (1) The allocations established in subsection (4) shall
3745 fund retirement benefits under the optional retirement program
3746 and shall be transferred monthly by the State Board of
3747 Administration ~~Division of Retirement~~ from the Florida
3748 Retirement System Contributions Clearing Trust Fund to the
3749 third-party administrator for deposit in each participating
3750 employee's individual account based on the membership class of
3751 the participant.

3752 Section 46. Subsection (1) of section 121.73, Florida
3753 Statutes, is amended to read:

3754 121.73 Allocations for optional retirement program
3755 participant disability coverage; percentage amounts.--

3756 (1) The allocations established in subsection (3) shall be
3757 used to provide disability coverage for participants in the
3758 optional retirement program and shall be transferred monthly by
3759 the State Board of Administration ~~Division of Retirement~~ from
3760 the Florida Retirement System Contributions Clearing Trust Fund
3761 to the disability account of the Florida Retirement System Trust
3762 Fund.

3763 Section 47. Section 121.74, Florida Statutes, is amended
3764 to read:

3765 121.74 Administrative and educational expenses.--Effective
3766 July 1, 2002, in addition to contributions required under s.
3767 121.71, employers participating in the Florida Retirement System



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3768 shall contribute an amount equal to 0.15 percent of the payroll
 3769 reported for each class or subclass of Florida Retirement System
 3770 membership, which amount shall be transferred by the State Board
 3771 of Administration ~~Division of Retirement~~ from the Florida
 3772 Retirement System Contributions Clearing Trust Fund to the
 3773 board's ~~State Board of Administration's~~ Administrative Trust
 3774 Fund to offset the costs of administering the optional
 3775 retirement program and the costs of providing educational
 3776 services to participants in the defined benefit program and the
 3777 optional retirement program. Approval of the Trustees of the
 3778 State Board of Administration is required prior to the
 3779 expenditure of these funds. Payments for third-party
 3780 administrative or educational expenses shall be made only
 3781 pursuant to the terms of the approved contracts for such
 3782 services.

3783 Section 48. Subsection (6) of section 175.032, Florida
 3784 Statutes, is amended to read:

3785 175.032 Definitions.--For any municipality, special fire
 3786 control district, chapter plan, local law municipality, local
 3787 law special fire control district, or local law plan under this
 3788 chapter, the following words and phrases have the following
 3789 meanings:

3790 (6) "Division" means the Division of Retirement of the
 3791 State Board of Administration ~~Department of Management Services~~.

3792 Section 49. Subsection (1) of section 175.121, Florida
 3793 Statutes, is amended to read:

3794 175.121 Department of Revenue and Division of Retirement
 3795 to keep accounts of deposits; disbursements.--For any



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3796 municipality or special fire control district having a chapter
3797 or local law plan established pursuant to this chapter:

3798 (1) The Department of Revenue shall keep a separate
3799 account of all moneys collected for each municipality and each
3800 special fire control district under the provisions of this
3801 chapter. Seven and three-tenths percent of all moneys so
3802 collected shall be transferred to the General Revenue Fund. The
3803 balance of all moneys so collected shall ~~must~~ be transferred to
3804 the Police and Firefighters' Premium Tax Trust Fund and shall be
3805 separately accounted for by the division. The moneys budgeted as
3806 necessary to pay the expenses of the division for the daily
3807 oversight and monitoring of the firefighters' pension plans
3808 under this chapter and for the oversight and actuarial reviews
3809 conducted under part VII of chapter 112 are annually
3810 appropriated from the interest and investment income earned on
3811 the moneys collected for each municipality or special fire
3812 control district and deposited in the Police and Firefighters'
3813 Premium Tax Trust Fund. Interest and investment income
3814 remaining thereafter in the trust fund which is unexpended and
3815 otherwise unallocated by law shall be transferred ~~revert~~ to the
3816 General Revenue Fund on June 30 of each year.

3817 Section 50. Section 175.1215, Florida Statutes, is amended
3818 to read:

3819 175.1215 Police and Firefighters' Premium Tax Trust
3820 Fund.--The Police and Firefighters' Premium Tax Trust Fund is
3821 created in the State Treasury, to be administered by the
3822 Division of Retirement ~~of the Department of Management Services~~.
3823 Funds credited to the trust fund, as provided in chapter 95-250,



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3824 | Laws of Florida, or similar legislation, shall be expended for
3825 | the purposes set forth in that legislation.

3826 | Section 51. Subsection (1) of section 175.341, Florida
3827 | Statutes, is amended to read:

3828 | 175.341 Duties of Division of Retirement; rulemaking
3829 | authority; investments by State Board of Administration.--

3830 | (1) The division shall be responsible for the daily
3831 | oversight and monitoring for actuarial soundness of the
3832 | firefighters' pension plans, whether chapter or local law plans,
3833 | established under this chapter, for receiving and holding the
3834 | premium tax moneys collected under this chapter, and, upon
3835 | determining compliance with the provisions of this chapter, for
3836 | disbursing those moneys to the firefighters' pension plans. The
3837 | funds necessary to pay expenses for such administration are
3838 | ~~shall be~~ annually appropriated from the interest and investment
3839 | income earned on moneys deposited in the trust fund.

3840 | Section 52. Subsection (7) of section 185.02, Florida
3841 | Statutes, is amended to read:

3842 | 185.02 Definitions.--For any municipality, chapter plan,
3843 | local law municipality, or local law plan under this chapter,
3844 | the following words and phrases as used in this chapter shall
3845 | have the following meanings, unless a different meaning is
3846 | plainly required by the context:

3847 | (7) "Division" means the Division of Retirement of the
3848 | State Board of Administration ~~Department of Management Services~~.

3849 | Section 53. Subsection (1) of section 185.10, Florida
3850 | Statutes, is amended to read:



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3851 185.10 Department of Revenue and Division of Retirement to
3852 keep accounts of deposits; disbursements.--For any municipality
3853 having a chapter plan or local law plan under this chapter:

3854 (1) The Department of Revenue shall keep a separate
3855 account of all moneys collected for each municipality under the
3856 provisions of this chapter. Seven and three-tenths percent of
3857 all moneys so collected shall be transferred to the General
3858 Revenue Fund. The balance of all moneys so collected shall ~~must~~
3859 be transferred to the Police and Firefighters' Premium Tax Trust
3860 Fund and shall be separately accounted for by the division. The
3861 moneys budgeted as necessary to pay the expenses of the division
3862 for the daily oversight and monitoring of the police officers'
3863 retirement plans under this chapter and for the oversight and
3864 actuarial reviews conducted under part VII of chapter 112 are
3865 annually appropriated from the interest and investment income
3866 earned on the moneys collected for each municipality or special
3867 fire control district and deposited in the Police and
3868 Firefighters' Premium Tax Trust Fund. Interest and investment
3869 income remaining thereafter in the trust fund which is
3870 unexpended and otherwise unallocated by law shall be transferred
3871 ~~revert~~ to the General Revenue Fund on June 30 of each year.

3872 Section 54. Section 185.105, Florida Statutes, is amended
3873 to read:

3874 185.105 Police and Firefighters' Premium Tax Trust
3875 Fund.--The Police and Firefighters' Premium Tax Trust Fund is
3876 created in the State Treasury, to be administered by the
3877 Division of Retirement ~~of the Department of Management Services~~.
3878 Funds credited to the trust fund, as provided in chapter 95-250,



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3879 | Laws of Florida, or similar legislation, shall be expended for
3880 | the purposes set forth in that legislation.

3881 | Section 55. Subsection (1) of section 185.23, Florida
3882 | Statutes, is amended to read:

3883 | 185.23 Duties of Division of Retirement; rulemaking
3884 | authority; investments by State Board of Administration.--

3885 | (1) The division shall be responsible for the daily
3886 | oversight and monitoring for actuarial soundness of the
3887 | municipal police officers' retirement plans, whether chapter or
3888 | local law plans, established under this chapter, for receiving
3889 | and holding the premium tax moneys collected under this chapter,
3890 | and, upon determining compliance with the provisions of this
3891 | chapter, for disbursing those moneys to the municipal police
3892 | officers' retirement plans. The funds to pay the expenses for
3893 | such administration are ~~shall be annually~~ appropriated from the
3894 | interest and investment income earned on moneys deposited in the
3895 | trust fund.

3896 | Section 56. Paragraph (ii) of subsection (4) of section
3897 | 215.20, Florida Statutes, is amended to read:

3898 | 215.20 Certain income and certain trust funds to
3899 | contribute to the General Revenue Fund.--

3900 | (4) The income of a revenue nature deposited in the
3901 | following described trust funds, by whatever name designated, is
3902 | that from which the deductions authorized by subsection (3)
3903 | shall be made:

3904 | ~~(ii) The Police and Firefighters' Premium Tax Trust Fund~~
3905 | ~~established within the Department of Management Services.~~

3906 |



3907 The enumeration of the foregoing moneys or trust funds shall not
 3908 prohibit the applicability thereto of s. 215.24 should the
 3909 Governor determine that for the reasons mentioned in s. 215.24
 3910 the money or trust funds should be exempt herefrom, as it is the
 3911 purpose of this law to exempt income from its force and effect
 3912 when, by the operation of this law, federal matching funds or
 3913 contributions or private grants to any trust fund would be lost
 3914 to the state.

3915 Section 57. Subsection (3) of section 215.28, Florida
 3916 Statutes, is amended to read:

3917 215.28 United States securities, purchase by state and
 3918 county officers and employees; deductions from salary.--

3919 (3) All deductions so made by any such disbursing
 3920 authority shall be deposited in a trust account separate and
 3921 apart from the funds of the state, county, or subordinate
 3922 agency. Such trust account shall be created in the State
 3923 Treasury and shall be administered by the State Board of
 3924 Administration. Such account will be subject to withdrawal only
 3925 for the purchase of United States securities on behalf of
 3926 officers and employees, or for refunds to such persons in
 3927 accordance with the provisions of this law. Whenever the sum of
 3928 \$18.75 or the purchase price of the security requested to be
 3929 purchased is accumulated from deductions so made from the
 3930 salaries or wages of an officer or employee, such disbursing
 3931 agent shall arrange the purchase of the bond or security applied
 3932 for and have it registered in the name or names requested in the
 3933 deduction authorization. Securities so purchased will be
 3934 delivered in such manner as may be convenient for the issuing



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3935 agent and the purchaser. Any interest earned on moneys in such
3936 account while awaiting the accumulation of the purchase price of
3937 the security shall be transferred to the Florida Retirement
3938 System Trust Fund as reimbursement for administrative costs
3939 incurred by the Division of Retirement of the State Board of
3940 Administration ~~Department of Management Services~~ under this
3941 section.

3942 Section 58. Subsection (7) of section 215.44, Florida
3943 Statutes, is amended to read:

3944 215.44 Board of Administration; powers and duties in
3945 relation to investment of trust funds.--

3946 (7) Investment and debt purchasing procedures and
3947 contracts of funds held in trust by the State Board of
3948 Administration, whether directly or incidentally related to the
3949 investment or debt transactions, and purchases of commodities or
3950 services related to the administration of pension benefits, are
3951 exempt from the provisions of chapter 287.

3952 Section 59. Subsection (3) of section 215.50, Florida
3953 Statutes, is amended to read:

3954 215.50 Custody of securities purchased; income.--

3955 (3) The Treasurer, as custodian of securities owned by the
3956 Florida Retirement System Trust Fund and the Florida Survivor
3957 Benefit Trust Fund, shall collect the interest, dividends,
3958 prepayments, maturities, proceeds from sales, and other income
3959 accruing from such assets. As such income is collected by the
3960 Treasurer, it shall be deposited directly into a commercial bank
3961 to the credit of the State Board of Administration. Such bank
3962 accounts as may be required for this purpose shall offer



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3963 satisfactory collateral security as provided by chapter 280. In
 3964 the event funds so deposited according to the provisions of this
 3965 section are required for the purpose of paying benefits or other
 3966 operational needs, the State Board of Administration shall remit
 3967 to the Florida Retirement System Trust Fund in the State
 3968 Treasury such amounts as are required ~~may be requested by the~~
 3969 ~~Department of Management Services.~~

3970 Section 60. Section 215.52, Florida Statutes, is amended
 3971 to read:

3972 215.52 Rules and regulations.--The board may adopt ~~shall~~
 3973 ~~have the power and authority to make reasonable rules and~~
 3974 ~~regulations necessary to implement general law conferring powers~~
 3975 ~~and duties upon it carry out the provisions of ss. 215.44-~~
 3976 ~~215.53.~~

3977 Section 61. Subsections (2), (3), (11), and (13) of
 3978 section 238.01, Florida Statutes, are amended to read:

3979 238.01 Definitions.--The following words and phrases as
 3980 used in this chapter shall have the following meanings unless a
 3981 different meaning is plainly required by the context:

3982 (2) "Division" means the Division of Retirement of the
 3983 State Board of Administration ~~"Department"~~ ~~means the Department~~
 3984 ~~of Management Services.~~

3985 (3) "Teacher" means any member of the teaching or
 3986 professional staff and any certificated employee of any public
 3987 free school, of any district school system and vocational
 3988 school, any member of the teaching or professional staff of the
 3989 Florida School for the Deaf and Blind, child training schools of
 3990 the Department of Juvenile Justice, the Department of



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3991 Corrections, and any tax-supported institution of higher
 3992 learning of the state, and any member and any certified employee
 3993 of the Department of Education, any certified employee of the
 3994 retirement system, any full-time employee of any nonprofit
 3995 professional association or corporation of teachers functioning
 3996 in Florida on a statewide basis, which seeks to protect and
 3997 improve public school opportunities for children and advance the
 3998 professional and welfare status of its members, any person now
 3999 serving as superintendent, or who was serving as county
 4000 superintendent of public instruction on July 1, 1939, and any
 4001 hereafter duly elected or appointed superintendent, who holds a
 4002 valid Florida teachers' certificate. In all cases of doubt the
 4003 division ~~Department of Management Services~~ shall determine
 4004 whether any person is a teacher as defined herein.

4005 (11) "Regular interest" means interest at such rate as may
 4006 be set from time to time by the division ~~Department of~~
 4007 ~~Management Services~~.

4008 (13) "Earnable compensation" means the full compensation
 4009 payable to a teacher working the full working time for his or
 4010 her position. In respect to plans A, B, C, and D only, in cases
 4011 where compensation includes maintenance, the division ~~Department~~
 4012 ~~of Management Services~~ shall fix the value of that part of the
 4013 compensation not paid in money; provided that all members shall
 4014 from July 1, 1955, make contributions to the retirement system
 4015 on the basis of "earnable compensation" as defined herein and
 4016 all persons who are members on July 1, 1955, may, upon
 4017 application, have their "earnable compensation" for the time
 4018 during which they have been members prior to that date



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4019 determined on the basis of "earnable compensation" as defined in
4020 this law, upon paying to the retirement system, on or before the
4021 date of retirement, a sum equal to the additional contribution
4022 with accumulated regular interest thereon they would have made
4023 if "earnable compensation" had been defined, at the time they
4024 became members, as it is now defined. However, earnable
4025 compensation for all plan years beginning on or after July 1,
4026 1990, shall not include any amounts in excess of the
4027 compensation limitation (originally \$200,000) established by s.
4028 401(a)(17) of the Internal Revenue Code prior to the Omnibus
4029 Budget Reconciliation Act of 1993, which limitation shall be
4030 adjusted for changes in the cost of living since 1989, in the
4031 manner provided by s. 401(a)(17) of the Internal Revenue Code of
4032 1991. This limitation, which has been part of the Teachers'
4033 Retirement System since plan years beginning on or after July 1,
4034 1990, shall be adjusted as required by federal law for qualified
4035 government plans.

4036 Section 62. Section 238.02, Florida Statutes, is amended
4037 to read:

4038 238.02 Name and date of establishment.--A retirement
4039 system is established and placed under the management of the
4040 division ~~Department of Management Services~~ for the purpose of
4041 providing retirement allowances and other benefits for teachers
4042 of the state. The retirement system shall begin operations on
4043 July 1, 1939. It has such powers and privileges of a
4044 corporation as may be necessary to carry out effectively the
4045 provisions of this chapter and shall be known as the "Teachers'
4046 Retirement System of the State," and by such name all of its



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4047 business shall be transacted, all of its funds invested, and all
4048 of its cash and securities and other property held in trust for
4049 the purpose for which received.

4050 Section 63. Section 238.03, Florida Statutes, is amended
4051 to read:

4052 238.03 Administration.--

4053 (1) The general administration and the responsibility for
4054 the proper operation of the retirement system and for making
4055 effective the provisions of this chapter are vested in the
4056 division ~~Department of Management Services~~. Subject to the
4057 limitation of this chapter, the division ~~department~~ shall, from
4058 time to time, establish rules and regulations for the
4059 administration and transaction of the business of the retirement
4060 system and shall perform such other functions as are required
4061 for the execution of this chapter.

4062 (2) The division ~~department~~ shall keep in convenient form
4063 such data as shall be necessary for actuarial valuation of the
4064 various funds created by this chapter and for checking the
4065 experience of the retirement system.

4066 (3) The Department of Legal Affairs, at the option of the
4067 State Board of Administration, shall be the legal adviser of the
4068 division ~~department~~.

4069 (4) The division ~~department~~ shall employ such agents,
4070 servants and employees as in its judgment may be necessary to
4071 carry out the terms and provisions of this chapter and shall
4072 provide for their compensation. Among the employees of the
4073 division ~~department~~ shall be an actuary who shall be the
4074 technical adviser of the division ~~department~~ on matters



4075 regarding the operation of the funds created by the provisions
 4076 of this chapter and who shall perform such other duties as are
 4077 required in connection therewith.

4078 (5) In the year 1943 and at least once in each 5-year
 4079 period thereafter, the actuary shall make an actuarial
 4080 investigation of the mortality, service and salary experience of
 4081 the members and beneficiaries as defined in this chapter, and
 4082 shall make a valuation of the various funds created by the
 4083 chapter, and having regard to such investigation and valuation,
 4084 the division ~~department~~ shall adopt such mortality and service
 4085 tables as shall be deemed necessary, and shall certify the rates
 4086 of contribution payable under the provisions of this chapter.

4087 (6) The actuary shall make an annual valuation of the
 4088 assets and liabilities of the funds of the retirement system on
 4089 the basis of the tables adopted by the division ~~department~~ in
 4090 accordance with the requirements of this section, and shall
 4091 prepare an annual statement of the amounts to be contributed by
 4092 the state in accordance with s. 238.09.

4093 (7) The division ~~department~~ shall publish annually the
 4094 valuation, as certified by the actuary, of the assets and
 4095 liabilities of the various funds created by this chapter, a
 4096 statement as to the receipts and disbursements of the funds, and
 4097 a statement as to the accumulated cash and securities of the
 4098 funds.

4099 (8) The division ~~department~~ shall keep a record of all of
 4100 its proceedings and such record shall be open to inspection by
 4101 the public.



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4102 (9) The division ~~department~~ is authorized to photograph
4103 and reduce to microfilm as a permanent record, its ledger sheets
4104 showing the salary and contributions of members of the
4105 retirement system, also the records of deceased members of the
4106 system and thereupon to destroy the documents from which such
4107 films are photographed.

4108 Section 64. Paragraph (b) of subsection (1), paragraphs
4109 (a) and (b) of subsection (3), and subsection (4) of section
4110 238.05, Florida Statutes, are amended to read:

4111 238.05 Membership.--

4112 (1) The membership of the retirement system shall consist
4113 of the following:

4114 (b) All persons who became or who become teachers on or
4115 after July 1, 1939, except as provided in paragraph (a) and
4116 subsection (5) hereof, shall become members of the retirement
4117 system by virtue of their appointment as teachers. However,
4118 employees who are not members of the teaching or professional
4119 staff shall only become members of the retirement system by
4120 filing a notice with the division ~~department~~ of their election
4121 to become members.

4122 (3) Except as otherwise provided in s. 238.07(9),
4123 membership of any person in the retirement system will cease if
4124 he or she is continuously unemployed as a teacher for a period
4125 of more than 5 consecutive years, or upon the withdrawal by the
4126 member of his or her accumulated contributions as provided in s.
4127 238.07(13), or upon retirement, or upon death; provided that the
4128 adjustments prescribed below are to be made for persons who
4129 enter the Armed Forces of the United States during a period of



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4130 war or national emergency and for persons who are granted leaves
4131 of absence. Any member of the retirement system who within 1
4132 year before the time of entering the Armed Forces of the United
4133 States was a teacher, as defined in s. 238.01, or was engaged in
4134 other public educational work within the state, and member of
4135 the Teachers' Retirement System at the time of induction, or who
4136 has been or is granted leave of absence, shall be permitted to
4137 elect to continue his or her membership in the Teachers'
4138 Retirement System; and membership service shall be allowed for
4139 the period covered by service in the Armed Forces of the United
4140 States or by leave of absence under the following conditions:

4141 (a) A person who has been granted leave of absence shall
4142 file with the division ~~department~~ before his or her next
4143 contribution is due an application to continue his or her
4144 membership during the period covered by the person's leave of
4145 absence and, if such application is filed, shall make his or her
4146 contribution to the retirement system on the basis of his or her
4147 last previous annual salary as a teacher, and shall, prior to
4148 retirement, pay in full to the system such contributions with
4149 accumulated regular interest. Such contributions with interest
4150 may be paid at one time or in monthly, quarterly, semiannual, or
4151 annual payments in the person's discretion.

4152 (b) A person who enters or who has entered the Armed
4153 Forces of the United States may either continue his or her
4154 membership according to the plan outlined under paragraph (a)
4155 or, in lieu thereof, may file with the division ~~department~~ at
4156 any time following the close of his or her military service an
4157 application that his or her membership be continued and that



4158 membership service be allowed for not more than 5 years of his
 4159 or her period of service in the Armed Forces of the United
 4160 States during any period of war or national emergency; provided
 4161 that any such person shall, prior to retirement, pay in full his
 4162 or her contributions with accumulated regular interest to the
 4163 retirement system for the period for which he or she is entitled
 4164 to membership service on the basis of his or her last previous
 4165 annual salary as a teacher. Such contributions with interest may
 4166 be paid to the division ~~department~~ at one time or in monthly,
 4167 quarterly, semiannual, or annual payments in the person's
 4168 discretion.

4169 (4) The division ~~department~~ may in its discretion deny the
 4170 right to become members to any class of teachers who are serving
 4171 on a temporary or any other than a per annum basis, and it may
 4172 also in its discretion make optional with members in any such
 4173 class their individual entrance into membership.

4174 Section 65. Subsections (3), (10), (12), (13), (15A), and
 4175 (16) of section 238.07, Florida Statutes, are amended to read:

4176 238.07 Regular benefits; survivor benefits.--

4177 (3) Any member who, prior to July 1, 1955, elected to
 4178 retire under one of plans A, B, C, or D may elect, prior to
 4179 retirement, to retire under plan E in accordance with the terms
 4180 hereof. Any person who became a member on or after July 1,
 4181 1955, shall retire under plan E, except as provided for under s.
 4182 238.31. With respect to plans A, B, C, or D, any member shall
 4183 have the right at any time to change to a plan of retirement
 4184 requiring a lower rate of contribution. The division ~~Department~~
 4185 ~~of Management Services~~ shall also notify the member of the rate



4186 of contribution such member must make from and after selecting
 4187 such plan of retirement. Any member in service may retire upon
 4188 reaching the age of retirement formerly selected by him or her,
 4189 upon the member's written application to the division ~~department~~
 4190 setting forth at which time, not more than 90 days subsequent to
 4191 the execution and filing of such application, it is his or her
 4192 desire to retire notwithstanding that during such period of
 4193 notification he or she may have separated from service. Upon
 4194 receipt of such application for retirement, the division
 4195 ~~department~~ shall retire such member not more than 90 days
 4196 thereafter. Before such member may retire he or she must file
 4197 with the division ~~department~~ his or her written selection of one
 4198 of the optional benefits provided in s. 238.08.

4199 (10) Any member in service, who has 10 or more years of
 4200 creditable service, may upon the application of his or her
 4201 employer or upon his or her own application, be retired by the
 4202 division ~~department~~ not less than 30 nor more than 90 days next
 4203 following the date of filing such application, on a disability
 4204 retirement allowance; provided that a physician licensed by this
 4205 state examines and certifies that such member is mentally or
 4206 physically incapacitated for the further performance of duty,
 4207 that such incapacity is likely to be permanent, and that such
 4208 member should be retired, and the division ~~department~~ concurs.
 4209 In making the determination, the division ~~department~~ may require
 4210 other evidence of disability as deemed appropriate.

4211 (12)(a) Once each year during the first 5 years following
 4212 the retirement of a member on a disability retirement allowance,
 4213 and once in every 3-year period thereafter, the division



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4214 ~~department~~ may require any disability beneficiary who has not
4215 yet attained his or her minimum service retirement age to
4216 undergo a medical examination by a physician licensed by this
4217 state and to submit any other evidence of disability as required
4218 by the division ~~department~~. Should a disability beneficiary who
4219 has not yet attained his or her minimum service retirement age
4220 refuse to submit to any such medical examination, his or her
4221 retirement allowance shall be discontinued until his or her
4222 withdrawal of such refusal, and should such refusal continue for
4223 1 year, all of the disability beneficiary's rights in and to his
4224 or her pension shall be forfeited.

4225 (b) If the division ~~department~~ finds that a disability
4226 beneficiary is engaged in or is able to engage in a gainful
4227 occupation paying more than the difference between his or her
4228 disability retirement allowance and his or her average final
4229 compensation, the amount of the beneficiary's pension shall be
4230 reduced to an amount which, together with his or her annuity and
4231 the amount earnable by him or her, shall equal the amount of his
4232 or her average final compensation. Should the beneficiary's
4233 earning capacity later be changed, the amount of his or her
4234 pension may be further modified; provided that the pension so
4235 modified shall not exceed the amount of the pension allowable
4236 under subsection (11), at the time of retirement, nor an amount
4237 which, when added to the amount earnable by the beneficiary,
4238 together with his or her annuity, equals the amount of his or
4239 her average final compensation. A beneficiary restored to
4240 active service at a salary less than the average final



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4241 compensation upon the basis of which he or she was retired shall
4242 not become a member of the retirement system at that time.

4243 (c) Should a disability beneficiary under his or her
4244 minimum service retirement age be at any time in service at a
4245 salary equal to or greater than his or her average final
4246 compensation upon the basis of which he or she was retired, the
4247 beneficiary's disability retirement allowance shall cease and he
4248 or she shall again become a member of the retirement system and
4249 shall contribute thereafter at the same rate at which he or she
4250 paid prior to disability. Any prior service certificate, on the
4251 basis of which his or her allowance was computed at the time of
4252 his or her disability retirement, shall be restored to full
4253 force and effect; and, in addition, upon his or her subsequent
4254 retirement he or she shall be credited with all his or her
4255 membership service on the basis of which his or her allowance
4256 was computed at the time of his or her disability retirement.

4257 (13) Should a member cease to be a teacher except by death
4258 or by retirement under the provisions of this chapter, the
4259 member shall be paid the amount of his or her accumulated
4260 contributions. Should a member die before retirement, the
4261 amount of his or her accumulated contributions shall be paid to
4262 such person, if any, as he or she shall have nominated by
4263 written designation duly executed and filed with the division
4264 ~~department~~; otherwise, to his or her executors or
4265 administrators.

4266 (15A)(a) Any member of the Teachers' Retirement System who
4267 has heretofore, or who hereafter, retires with no less than 10
4268 years of creditable service and who has passed his or her 65th



4269 birthday, may, upon application to the division ~~department~~, have
 4270 his or her retirement allowance redetermined and thereupon shall
 4271 be entitled to a monthly service retirement allowance which
 4272 shall be equal to \$4 multiplied by the number of years of the
 4273 member's creditable service which shall be payable monthly
 4274 during his or her retirement; provided, that the amount of
 4275 retirement allowance as determined hereunder, shall be reduced
 4276 by an amount equal to:

4277 1. Any social security benefits received by the member,
 4278 and

4279 2. Any social security benefits that the member is
 4280 eligible to receive by reason of his or her own right or through
 4281 his or her spouse.

4282 (b) No payment shall be made to a member of the Teachers'
 4283 Retirement System under this act, until the division ~~department~~
 4284 has determined the social security status of such member.

4285 (c) Eligibility of a member of the Teachers' Retirement
 4286 System shall be determined under the social security laws and
 4287 regulations; provided, however, that a member shall be
 4288 considered eligible if the member or the member's spouse has
 4289 reached 65 years of age and would draw social security if the
 4290 member or the member's spouse were not engaged in activity that
 4291 results in the member or the member's spouse receiving income
 4292 that would make him or her ineligible to receive social security
 4293 benefits. A member of the Teachers' Retirement System shall be
 4294 deemed to be eligible for social security benefits if the member
 4295 has this eligibility in his or her own right or through his or
 4296 her spouse.



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4297 (d) The division ~~department~~ shall review, at least
 4298 annually, the social security status of all members of the
 4299 Teachers' Retirement System receiving payment under this act and
 4300 shall increase or decrease payments to such members as shall be
 4301 necessary to carry out the intent of this act.

4302 (e) No member of the Teachers' Retirement System shall
 4303 have his or her retirement allowance reduced or any of his or
 4304 her rights impaired by reason of this act.

4305 (f) This subsection shall take effect on January 1, 1962.

4306 (16)(a) Definitions under survivor benefits are:

4307 1. A dependent is a child, widow, widower, or parent of
 4308 the deceased member who was receiving not less than one-half of
 4309 his or her support from the deceased member at the time of the
 4310 death of such member.

4311 2. A child is a natural or legally adopted child of a
 4312 member, who:

4313 a. Is under 18 years of age, or

4314 b. Is over 18 years of age but not over 22 years of age
 4315 and is enrolled as a student in an accredited educational
 4316 institution, or

4317 c. Is 18 years of age or older and is physically or
 4318 mentally incapable of self-support, when such mental and
 4319 physical incapacity occurred prior to such child obtaining the
 4320 age of 18 years. Such person shall cease to be regarded as a
 4321 child upon the termination of such physical or mental
 4322 disability. The determination as to such physical or mental
 4323 incapability shall be vested in the division ~~department~~.

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

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

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

(b) In addition to all other benefits to which a member shall, subject to the conditions set out below, be entitled, the beneficiary of such member shall, upon the death of such member, receive the following benefits:

| Minimum period of paid service of member in Florida as regular full-time teacher | Beneficiaries of deceased member | Benefits |
|--|--|--|
| 1. One calendar day | Widow or widower who has care of dependent child or children of deceased member. | \$190 per month for one child. \$250 per month if more than one child, maximum benefits \$250 per month. |



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- | | | | |
|----|------------------|--|---|
| 2. | One calendar day | One or more dependent children if there is no surviving widow or widower. | \$190 per month per child; maximum benefits \$250 per month if more than one child. |
| 3. | One calendar day | Dependent parents 65 years or older. | For each parent, \$100 per month for life. |
| 4. | One calendar day | Designated beneficiary and, if no designated beneficiary, then the executor or administrator of deceased member. | \$500 lump-sum death benefits payable only once. |
| 5. | One calendar day | Dependent widow or widower 50 years of age and less than 65 years of age. | \$150 per month for life. |
| 6. | Ten years | Widow or widower 65 years of age or older. | \$175 per month for life. |
| 7. | Retired member | Designated | \$500 lump-sum death |



beneficiary and if benefits payable
no designated only once.
beneficiary, then
the executor or
administrator of
deceased retired
member.

4340

4341 Beginning on July 1, 1971, the lump-sum death benefit, provided
4342 in item 7 above for the retired teacher, shall apply to all
4343 present and future retirees of the systems.

4344 (c) The payment of survivor benefits shall begin as of the
4345 month immediately following the death of the member except where
4346 the beneficiary has not reached the age required to receive
4347 benefits under paragraph (b), in which event the payment of
4348 survivor benefits shall begin as of the month immediately
4349 following the month in which the beneficiary reaches the
4350 required age. Provided that if death occurs during the first 3
4351 years of employment, the payment of survivor benefits shall be
4352 reduced by the amount of monthly benefits the member's survivors
4353 are entitled to receive under federal social security as either
4354 a survivor of the member or as a covered worker under federal
4355 social security.

4356 (d) Limitations on rights of beneficiary are:

4357 1. The person named as beneficiary in paragraph (b) shall,
4358 in no event, be entitled to receive the benefits set out in such
4359 paragraph unless the death of the member under whom such



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4360 beneficiary claims occurs within the period of time after the
4361 member has served in Florida as follows:

| | | |
|------|-------------------------|-------------------------|
| 4362 | | |
| 4363 | Minimum number of years | Period after serving in |
| 4364 | of service in Florida | Florida in which |
| 4365 | | death of member |
| 4366 | | occurs |

| | | |
|------|-----------------|----------|
| 4367 | | |
| 4368 | 3 to 5..... | 2 years |
| 4369 | 6 to 9..... | 5 years |
| 4370 | 10 or more..... | 10 years |

4371

4372 2. Upon the death of a member, the division ~~department~~

4373 shall make a determination of the beneficiary or beneficiaries

4374 of the deceased member and shall pay survivor benefits to such

4375 beneficiary or beneficiaries beginning 1 month immediately

4376 following the death of the member except where the beneficiary

4377 has not reached the age required to receive benefits under

4378 paragraph (b), in which event the payment of survivor benefits

4379 shall begin as of the month immediately following the month in

4380 which the beneficiary reaches the required age. When required

4381 by the division ~~department~~, the beneficiary or beneficiaries

4382 shall file an application for survivor benefits upon forms

4383 prescribed by the division ~~department~~.

4384 3. The beneficiaries of a member to receive survivor

4385 benefits are fixed by this subsection, and a member may not buy

4386 or otherwise change such benefits. He or she may, however,

4387 designate the beneficiary to receive the \$500 death benefits.



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4388 If a member fails to make this designation, the \$500 death
4389 benefits shall be paid to his or her executor or administrator.

4390 4. The beneficiary or beneficiaries of a member whose
4391 death occurs while he or she is in service or while he or she is
4392 receiving a disability allowance under subsection (11), shall
4393 receive survivor benefits under this subsection determined by
4394 the years of service in Florida of the deceased member as set
4395 out in paragraph (b). The requirement that the death of a
4396 member must occur within a certain period of time after service
4397 in Florida as set out in subparagraph (d)1. shall not apply to a
4398 member receiving a disability benefit at the time of his or her
4399 death.

4400 Section 66. Subsection (2), paragraph (b) of subsection
4401 (5), and subsections (6) and (7) of section 238.08, Florida
4402 Statutes, are amended to read:

4403 238.08 Optional benefits.--A member may elect to receive
4404 his or her benefits under the terms of this chapter according to
4405 the provisions of any one of the following options:

4406 (2) Option two. A member may elect to receive on
4407 retirement the actuarial equivalent (at that time) of his or her
4408 retirement allowance in a reduced retirement allowance payable
4409 throughout life, with the provisions that if the member dies
4410 before he or she has received in payment of his or her annuity
4411 the amount of his or her accumulated contributions, as they were
4412 at the time of his or her retirement, the balance shall be paid
4413 to such person, if any, as he or she shall nominate by written
4414 designation duly acknowledged and filed with the division



4415 ~~department~~; otherwise, to his or her executors or
4416 administrators.

4417 (5)

4418 (b) A member who elects Option three or Option four shall,
4419 on a form provided for that purpose, designate his or her spouse
4420 as beneficiary to receive the benefits which continue to be
4421 payable upon the death of the member. After such benefits have
4422 commenced under Option three or Option four, the retired member
4423 may change the designation of his or her spouse as beneficiary
4424 only twice. If such a retired member remarries and wishes to
4425 make such a change, he or she may do so by filing with the
4426 division ~~department~~ a notarized change of spouse designation
4427 form and shall notify the former spouse in writing of such
4428 change. Upon receipt of a completed change of spouse
4429 designation form, the division ~~department~~ shall adjust the
4430 member's monthly benefit by the application of actuarial tables
4431 and calculations developed to ensure that the benefit paid is
4432 the actuarial equivalent of the present value of the member's
4433 current benefit. The consent of a retired member's formerly
4434 designated spouse as beneficiary to any such change shall not be
4435 required.

4436 (6) Notwithstanding any provision in this chapter to the
4437 contrary, the following provisions shall apply to any member of
4438 the retirement system who has accumulated at least 10 years of
4439 service and dies prior to retirement:

4440 (a) If the deceased member's surviving spouse has
4441 previously received a refund of the member's accumulated
4442 contributions made to the retirement system, such spouse may pay



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4443 to the division ~~department~~ an amount equal to the sum of the
4444 amount of the deceased member's contributions previously
4445 refunded and regular interest compounded annually on the amount
4446 of such refunded contributions from the date of refund to the
4447 date of payment to the division ~~department~~, and by so doing be
4448 entitled to receive the monthly retirement benefit provided in
4449 paragraph (c).

4450 (b) If the deceased member's surviving spouse has not
4451 received a refund of the deceased member's accumulated
4452 contributions, such spouse shall, upon application to the
4453 division ~~department~~ within 30 days of the death of the member,
4454 receive the monthly retirement benefit provided in paragraph
4455 (c).

4456 (c) The monthly benefit payable to the spouse described in
4457 paragraph (a) or paragraph (b) shall be the amount which would
4458 have been payable to the deceased member's spouse, assuming that
4459 the member retired on the date of his or her death and had
4460 selected the option in subsection (3), such benefit to be based
4461 on the ages of the spouse and member as of the date of death of
4462 the member. The benefit shall commence on the first day of the
4463 month following the payment of the aforesaid amount to the
4464 division ~~department~~, if paragraph (a) is applicable, or on the
4465 first day of the month following the receipt of the spouse's
4466 application by the division ~~department~~, if paragraph (b) is
4467 applicable.

4468 (7) The surviving spouse or other dependent of any member
4469 whose employment is terminated by death shall, upon application
4470 to the division ~~department~~, be permitted to pay the required



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4471 contributions for any service performed by the member which
4472 could have been claimed by the member at the time of his or her
4473 death. Such service shall be added to the creditable service of
4474 the member and shall be used in the calculation of any benefits
4475 which may be payable to the surviving spouse or other surviving
4476 dependent.

4477 Section 67. Paragraphs (a), (c), and (d) of subsection
4478 (1), paragraphs (b) and (c) of subsection (3), subsection (4),
4479 and paragraph (b) of subsection (5) of section 238.09, Florida
4480 Statutes, are amended to read:

4481 238.09 Method of financing.--All of the assets of the
4482 retirement system shall be credited, according to the purposes
4483 for which they are held, to one of four funds; namely, the
4484 Annuity Savings Trust Fund, the Pension Accumulation Trust Fund,
4485 the Expense Trust Fund, and the Survivors' Benefit Trust Fund.

4486 (1) The Annuity Savings Trust Fund shall be a fund in
4487 which shall be accumulated contributions made from the salaries
4488 of members under the provisions of paragraph (c) or paragraph
4489 (f). Contribution to, payments from, the Annuity Savings Trust
4490 Fund shall be made as follows:

4491 (a) With respect to plan A, B, C, or D, upon the basis of
4492 such tables as the division ~~Department of Management Services~~
4493 shall adopt, and regular interest, the actuary of the retirement
4494 system shall determine for each member the proportion of
4495 earnable compensation which, when deducted from each payment of
4496 his or her prospective earnable annual compensation prior to his
4497 or her minimum service retirement age, and accumulated at



4498 regular interest until such age, shall be computed to provide at
4499 such age:

4500 1. An annuity equal to one one-hundred-fortieth of his or
4501 her average final compensation multiplied by the number of his
4502 or her years of membership in the case of each member electing
4503 to retire under the provisions of plan A or B.

4504 2. An annuity equal to one one-hundred-twentieth of his or
4505 her average final compensation multiplied by the number of his
4506 or her years of membership service in the case of each member
4507 electing to retire under the provisions of plan C.

4508 3. An annuity equal to one one-hundredth of his or her
4509 average final compensation multiplied by the number of his or
4510 her years of membership service in the case of each member
4511 electing to retire under the provisions of plan D.

4512

4513 In the case of any member who has attained his or her minimum
4514 service retirement age prior to becoming a member, the
4515 proportion of salary applicable to such member, with respect to
4516 plan A, B, C, or D, shall be the proportion computed for the age
4517 1 year younger than his or her minimum service retirement age.

4518 (c) The division ~~department~~ shall certify to each employer
4519 the proportion of the earnable compensation of each member who
4520 is compensated by the employer, and the employer shall cause to
4521 be deducted from the salary of each member on each and every
4522 payroll for each and every payroll period an amount equal to the
4523 proportion of the member's earnable compensation so computed.
4524 With respect to plan A, B, C, or D, the employer shall not make
4525 any deduction for annuity purposes from the compensation of a



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4526 member who has attained the age of 60 years, if such member
4527 elects not to contribute.

4528 (d) In determining the amount earnable by a member in a
4529 payroll period, the division ~~department~~ may consider the rate of
4530 compensation payable to such member on the first day of the
4531 payroll period as continuing throughout such payroll period, and
4532 it may omit deductions from compensation for any period less
4533 than a full payroll period if a teacher was not a member on the
4534 first day of the payroll period, and to facilitate the making of
4535 deductions, it may modify any deduction required of any member
4536 by such an amount as shall not exceed one-tenth of 1 percent of
4537 the annual salary from which said deduction is to be made.

4538 (3) The Pension Accumulation Trust Fund shall be the fund
4539 in which shall be accumulated all reserves for the payment of
4540 all annuities or benefits in lieu of annuities on retired
4541 members and all pensions and other benefits payable from
4542 contributions made by the members and by the employers, from
4543 which annuities, pensions and benefits in lieu thereof shall be
4544 paid. Contributions to, and payments from, the Pension
4545 Accumulation Trust Fund, other than as set forth in subsections
4546 (2) and (3) herein, shall be made as follows:

4547 (b) On the basis of regular interest and of such mortality
4548 and other tables as shall be adopted by the division ~~department~~,
4549 the actuary engaged by the division ~~department~~ to make each
4550 valuation required by this chapter shall, during the period over
4551 which the accrued liability contribution is payable, determine,
4552 immediately after making such valuation, the uniform and
4553 constant percentage of the earnable compensation of the average



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4554 new entrant, which, if contributed on the basis of his or her
4555 compensation throughout his or her entire period of service,
4556 would be sufficient to provide for the payment of any pension
4557 payable by the state on his or her account. The rate percent so
4558 determined shall be known as the normal contribution rate. After
4559 the accrued liability contribution has ceased to be payable, the
4560 normal contribution rate shall be the rate percent of the
4561 earnable compensation of all members, obtained by deducting from
4562 the total liabilities of the Pension Accumulation Trust Fund the
4563 amount of the funds in hand to the credit of that fund and
4564 dividing the remainder by 1 percent of the present value of the
4565 prospective future salaries of all members as computed on the
4566 basis of the mortality and service tables adopted by the
4567 division ~~department~~ and on the basis of regular interest. The
4568 normal rate of contribution shall be determined and certified to
4569 the division ~~department~~ by the actuary after each valuation and
4570 shall continue in force until a new valuation and certification
4571 are made.

4572 (c) Immediately succeeding the first valuation, the
4573 actuary engaged by the division ~~department~~ shall compute the
4574 rate percent of the total earnable compensation of all members
4575 which is equivalent to 4 percent of the amount of the total
4576 liability for pensions on account of all members and
4577 beneficiaries and not dischargeable by the present assets of the
4578 Pension Accumulation Trust Fund and by the aforesaid normal
4579 contribution if made on account of such members during the
4580 remainder of their active service. The rate percent, originally



4581 | so determined, shall be known as the accrued liability
4582 | contribution rate.

4583 | (4) The Expense Trust Fund shall be the fund to which
4584 | shall be credited all moneys contributed for the administrative
4585 | expenses of the retirement system and from which shall be paid
4586 | all expenses incurred in connection with the administration and
4587 | operation of the retirement system. Contribution to the Expense
4588 | Trust Fund shall be made by transfer from interest earnings on
4589 | investments in the Annuity Savings Trust Fund. Such transfers
4590 | shall be approved by the State Board of Administration in
4591 | accordance with s. 215.44(4) ~~regulated by the Legislature~~
4592 | ~~pursuant to budgets filed in accordance with the provisions of~~
4593 | ~~chapter 216.~~

4594 | (5)

4595 | (b) The division ~~department~~ shall annually certify to each
4596 | employer, at the time it makes the certification to the employer
4597 | under paragraph (1)(c), the rate of twenty-five-hundredths
4598 | percent to be applied by the employer to the salary of each
4599 | member who is compensated by the employer, and the employer
4600 | shall cause to be deducted from the salary of each member on
4601 | each and every payroll for each and every payroll period an
4602 | amount equal to twenty-five-hundredths percent of the member's
4603 | salary paid by the employer and the employer shall remit monthly
4604 | such deducted amounts to the division ~~department~~ which shall
4605 | place the same in the Survivors' Benefit Trust Fund of the
4606 | Teachers' Retirement System of the state. The amount of
4607 | contributions by a member to the Survivors' Benefit Trust Fund



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4608 shall, in no event, be refundable to the member or his or her
4609 beneficiaries.

4610 Section 68. Section 238.10, Florida Statutes, is amended
4611 to read:

4612 238.10 Management of funds.--The division ~~Department of~~
4613 ~~Management Services~~, annually, shall allow regular interest on
4614 the amount for the preceding year to the credit of each of the
4615 funds of the retirement system, and to the credit of the
4616 individual account therein, if any, with the exception of the
4617 expense fund, from the interest and dividends earned from
4618 investments.

4619 Section 69. Paragraph (b) of subsection (1) and
4620 subsections (2) and (3) of section 238.11, Florida Statutes, are
4621 amended to read:

4622 238.11 Collection of contributions.--

4623 (1) The collection of contributions shall be as follows:

4624 (b) Each employer shall transmit monthly to the division
4625 ~~Department of Management Services~~ a warrant for the total amount
4626 of such deductions. Each employer shall also transmit monthly to
4627 the division ~~department~~ a warrant for such employer contribution
4628 set aside as provided for in paragraph (a) of this subsection.
4629 The division ~~department~~, after making records of all such
4630 warrants, shall transmit them to the Department of Banking and
4631 Finance for delivery to the Treasurer of the state who shall
4632 collect them.

4633 (2) The collection of the state contribution shall be made
4634 as follows:



4635 (a) The amounts required to be paid by the state into the
 4636 Teachers' Retirement System in this chapter shall be provided
 4637 therefor in the General Appropriations Act. However, in the
 4638 event a sufficient amount is not included in the General
 4639 Appropriations Act to meet the full amount needed to pay the
 4640 retirement compensation provided for in this chapter, the
 4641 additional amount needed for such retirement compensation is
 4642 hereby appropriated from the General Revenue Fund as approved by
 4643 the division ~~Department of Management Services~~.

4644 (b) The division ~~Department of Management Services~~ shall
 4645 certify one-fourth of the amount so ascertained for each year to
 4646 the Comptroller on or before the last day of July, October,
 4647 January, and April of each year. The Comptroller shall, on or
 4648 before the first day of August, November, February, and May of
 4649 each year, draw his or her warrant or warrants on the Treasurer
 4650 for the respective amounts due the several funds of the
 4651 retirement system. On the receipt of the warrant or warrants of
 4652 the Comptroller, the Treasurer shall immediately transfer to the
 4653 several funds of the retirement system the amounts due.

4654 (3) All collection of contributions of a nonprofit
 4655 professional association or corporation of teachers as referred
 4656 to in s. 238.01(3) and (5) shall be made by such association or
 4657 corporation in the following manner:

4658 (a) On April 1 of each year, the division ~~Department of~~
 4659 ~~Management Services~~ shall certify to any such nonprofit
 4660 professional association or corporation of teachers the amounts
 4661 which will become due and payable during the ensuing fiscal year



4662 to each of the funds of the retirement system to which such
4663 contributions are payable as set forth in this law.

4664 (b) The division ~~Department of Management Services~~ shall
4665 certify one-fourth of the amount so ascertained for each year to
4666 the nonprofit professional association or corporation of
4667 teachers on or before the last day of July, October, January,
4668 and April of each year. The nonprofit professional association
4669 or corporation of teachers shall, on or before the first day of
4670 August, November, February, and May of each year, draw its check
4671 payable to the division ~~department~~ for the respective amounts
4672 due the several funds of the retirement system. Upon receipt of
4673 the check, the division ~~department~~ shall immediately transfer to
4674 the several funds of the retirement system the amounts due,
4675 provided, however, that the amounts due the several funds of the
4676 retirement system from any such association or corporation for
4677 creditable service accruing to any such member before July 1,
4678 1947, shall be paid prior to the retirement of any such member.

4679 Section 70. Section 238.12, Florida Statutes, is amended
4680 to read:

4681 238.12 Duties of employers.--

4682 (1) Each employer shall keep such records and, from time
4683 to time, shall furnish such information as the division
4684 ~~Department of Management Services~~ may require in the discharge
4685 of its duties. Upon the employment of any teacher to whom this
4686 chapter may apply, the teacher shall be informed by his or her
4687 employer of his or her duties and obligations in connection with
4688 the retirement system as a condition of his or her employment.
4689 Every teacher accepting employment shall be deemed to consent



4690 and agree to any deductions from his or her compensation
 4691 required in this chapter and to all other provisions of this
 4692 chapter.

4693 (2) During September of each year, or at such other time
 4694 as the division ~~department~~ shall approve, each employer shall
 4695 certify to the division ~~department~~ the names of all teachers to
 4696 whom this chapter applies.

4697 (3) Each employer shall, on the first day of each calendar
 4698 month, or at such less frequent intervals as the division
 4699 ~~department~~ may approve, notify the division ~~department~~ of the
 4700 employment of new teachers, removals, withdrawals and changes in
 4701 salary of members that have occurred during the preceding month,
 4702 or the period covered since the last notification.

4703 Section 71. Section 238.14, Florida Statutes, is amended
 4704 to read:

4705 238.14 Protection against fraud.--Any person who shall
 4706 knowingly make any false statement, or shall falsify or permit
 4707 to be falsified any record or records of this retirement system
 4708 in any attempt to defraud such system as a result of such act,
 4709 shall be guilty of a misdemeanor of the second degree,
 4710 punishable as provided in s. 775.082 or s. 775.083. Should any
 4711 change or error in records result in any member or beneficiary
 4712 receiving from the retirement system more or less than he or she
 4713 would have been entitled to receive had the records been
 4714 correct, then on discovery of any such error the division
 4715 ~~department~~ shall correct such error, and, as far as practicable,
 4716 shall adjust the payments in such a manner that the actuarial



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4717 equivalent of the benefit, to which such member or beneficiary
4718 was correctly entitled, shall be paid.

4719 Section 72. Section 238.15, Florida Statutes, is amended
4720 to read:

4721 238.15 Exemption of funds from taxation, execution, and
4722 assignment.--The pensions, annuities or any other benefits
4723 accrued or accruing to any person under the provisions of this
4724 chapter and the accumulated contributions and cash securities in
4725 the funds created under this chapter are exempted from any
4726 state, county or municipal tax of the state, and shall not be
4727 subject to execution or attachment or to any legal process
4728 whatsoever, and shall be unassignable, except:

4729 (1) That any teacher who has retired shall have the right
4730 and power to authorize in writing the division ~~Department of~~
4731 ~~Management Services~~ to deduct from his or her monthly retirement
4732 allowance money for the payment of the premiums on group
4733 insurance for hospital, medical and surgical benefits, under a
4734 plan or plans for such benefits approved in writing by the
4735 Insurance Commissioner and Treasurer of the state, and upon
4736 receipt of such request the division ~~department~~ shall make the
4737 monthly payments as directed; and

4738 (2) As may be otherwise specifically provided for in this
4739 chapter.

4740 Section 73. Paragraph (a) of subsection (3) of section
4741 238.171, Florida Statutes, is amended to read:

4742 238.171 Monthly allowance; when made.--

4743 (3)(a) On July 1, 1974, the Department of Management
4744 Services ~~director of the Division of Retirement~~ shall adjust the



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4745 monthly allowance provided for incapacitated teachers under this
4746 section by increasing said allowance by a percentage which shall
4747 be equal to the percentage change in the average cost-of-living
4748 index, as defined in chapter 121, over the period between April
4749 1, 1967, and March 31, 1973. The percent of increase, as of July
4750 1, 1974, shall be 25.4 percent, which is the average cost-of-
4751 living increase percentage from April 1, 1967, through March 31,
4752 1973.

4753 Section 74. Subsection (2) of section 238.181, Florida
4754 Statutes, is amended to read:

4755 238.181 Reemployment after retirement; conditions and
4756 limitations.--

4757 (2)(a) Any person retired under this chapter, except under
4758 the disability retirement provisions of s. 238.07, may be
4759 reemployed by any private or public employer after retirement
4760 and receive retirement benefits and compensation from his or her
4761 employer without limitation, except that no person may receive
4762 both a salary from reemployment with any agency participating in
4763 the Florida Retirement System and retirement benefits under this
4764 chapter for a period of 12 months immediately subsequent to the
4765 date of retirement.

4766 (b) Any person to whom the limitation in paragraph (a)
4767 applies who violates such reemployment limitation and who is
4768 reemployed with any agency participating in the Florida
4769 Retirement System before completion of the 12-month limitation
4770 period shall give timely notice of this fact in writing to his
4771 or her employer and to the division ~~Department of Management~~
4772 ~~Services~~ and shall have his or her retirement benefits suspended



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4773 for the balance of the 12-month limitation period. Any person
4774 employed in violation of this paragraph and any employing agency
4775 which knowingly employs or appoints such person without
4776 notifying the division ~~department~~ to suspend retirement benefits
4777 shall be jointly and severally liable for reimbursement to the
4778 retirement trust fund of any benefits paid during the
4779 reemployment limitation period. To avoid liability, such
4780 employing agency shall have a written statement from the retiree
4781 that he or she is not retired from a state-administered
4782 retirement system. Any retirement benefits received while
4783 reemployed during this reemployment limitation period shall be
4784 repaid to the retirement trust fund, and retirement benefits
4785 shall remain suspended until such repayment has been made.
4786 Benefits suspended beyond the reemployment limitation shall
4787 apply toward repayment of benefits received in violation of the
4788 reemployment limitation.

4789 (c) A district school board may reemploy a retired member
4790 as a substitute or hourly teacher on a noncontractual basis
4791 after he or she has been retired for 1 calendar month, in
4792 accordance with s. 121.021(39). Any retired member who is
4793 reemployed within 1 calendar month after retirement shall void
4794 his or her application for retirement benefits. District school
4795 boards reemploying such teachers are subject to the retirement
4796 contribution required by paragraph (g). Reemployment of a
4797 retired member as a substitute or hourly teacher is limited to
4798 780 hours during the first 12 months of his or her retirement.
4799 Any retired member reemployed for more than 780 hours during his
4800 or her first 12 months of retirement shall give timely notice in



4801 writing to his or her employer and to the division ~~department~~ of
 4802 the date he or she will exceed the limitation. The division
 4803 ~~department~~ shall suspend his or her retirement benefits for the
 4804 remainder of his or her first 12 months of retirement. Any
 4805 person employed in violation of this paragraph and any employing
 4806 agency which knowingly employs or appoints such person without
 4807 notifying the division ~~department~~ to suspend retirement benefits
 4808 shall be jointly and severally liable for reimbursement to the
 4809 retirement trust fund of any benefits paid during the
 4810 reemployment limitation period. To avoid liability, such
 4811 employing agency shall have a written statement from the retiree
 4812 that he or she is not retired from a state-administered
 4813 retirement system. Any retirement benefits received by a retired
 4814 member while reemployed in excess of 780 hours during his or her
 4815 first 12 months of retirement shall be repaid to the Retirement
 4816 System Trust Fund, and his or her retirement benefits shall
 4817 remain suspended until repayment is made. Benefits suspended
 4818 beyond the end of the retired member's first 12 months of
 4819 retirement shall apply toward repayment of benefits received in
 4820 violation of the 780-hour reemployment limitation.

4821 (d) A community college board of trustees may reemploy a
 4822 retired member as an adjunct instructor, that is, an instructor
 4823 who is noncontractual and part time, or as a participant in a
 4824 phased retirement program within a community college, after he
 4825 or she has been retired for 1 calendar month, in accordance with
 4826 s. 121.021(39). Any retired member who is reemployed within 1
 4827 calendar month after retirement shall void his or her
 4828 application for retirement benefits. Boards of trustees



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4829 reemploying such instructors are subject to the retirement
4830 contribution required in paragraph (g). A retired member may be
4831 reemployed as an adjunct instructor for no more than 780 hours
4832 during the first 12 months of his or her retirement. Any retired
4833 member reemployed for more than 780 hours during his or her
4834 first 12 months of retirement shall give timely notice in
4835 writing to his or her employer and to the division ~~department~~ of
4836 the date he or she will exceed the limitation. The division
4837 ~~department~~ shall suspend his or her retirement benefits for the
4838 remainder of his or her first 12 months of retirement. Any
4839 person employed in violation of this paragraph and any employing
4840 agency which knowingly employs or appoints such person without
4841 notifying the division ~~department~~ to suspend retirement benefits
4842 shall be jointly and severally liable for reimbursement to the
4843 retirement trust fund of any benefits paid during the
4844 reemployment limitation period. To avoid liability, such
4845 employing agency shall have a written statement from the retiree
4846 that he or she is not retired from a state-administered
4847 retirement system. Any retirement benefits received by a retired
4848 member while reemployed in excess of 780 hours during his or her
4849 first 12 months of retirement shall be repaid to the Retirement
4850 System Trust Fund, and retirement benefits shall remain
4851 suspended until repayment is made. Benefits suspended beyond the
4852 end of the retired member's first 12 months of retirement shall
4853 apply toward repayment of benefits received in violation of the
4854 780-hour reemployment limitation.

4855 (e) The Board of Trustees of the Florida School for the
4856 Deaf and the Blind may reemploy a retired member as a substitute



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4857 teacher, substitute residential instructor, or substitute nurse
4858 on a noncontractual basis after he or she has been retired for 1
4859 calendar month, in accordance with s. 121.021(39). Any retired
4860 member who is reemployed within 1 calendar month after
4861 retirement shall void his or her application for retirement
4862 benefits. The Board of Trustees of the Florida School for the
4863 Deaf and the Blind reemploying such teachers, residential
4864 instructors, or nurses is subject to the retirement contribution
4865 required by paragraph (g). Reemployment of a retired member as a
4866 substitute teacher, substitute residential instructor, or
4867 substitute nurse is limited to 780 hours during the first 12
4868 months of his or her retirement. Any retired member reemployed
4869 for more than 780 hours during his or her first 12 months of
4870 retirement shall give timely notice in writing to his or her
4871 employer and to the division ~~department~~ of the date he or she
4872 will exceed the limitation. The division ~~department~~ shall
4873 suspend his or her retirement benefits for the remainder of his
4874 or her first 12 months of retirement. Any person employed in
4875 violation of this paragraph and any employing agency which
4876 knowingly employs or appoints such person without notifying the
4877 division ~~department~~ to suspend retirement benefits shall be
4878 jointly and severally liable for reimbursement to the retirement
4879 trust fund of any benefits paid during the reemployment
4880 limitation period. To avoid liability, such employing agency
4881 shall have a written statement from the retiree that he or she
4882 is not retired from a state-administered retirement system. Any
4883 retirement benefits received by a retired member while
4884 reemployed in excess of 780 hours during his or her first 12



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4885 months of retirement shall be repaid to the Retirement System
4886 Trust Fund, and his or her retirement benefits shall remain
4887 suspended until payment is made. Benefits suspended beyond the
4888 end of the retired member's first 12 months of retirement shall
4889 apply toward repayment of benefits received in violation of the
4890 780-hour reemployment limitation.

4891 (f) The State University System may reemploy a retired
4892 member as an adjunct faculty member or as a participant in a
4893 phased retirement program within the State University System
4894 after the retired member has been retired for 1 calendar month,
4895 in accordance with s. 121.021(39). Any retired member who is
4896 reemployed within 1 calendar month after retirement shall void
4897 his or her application for retirement benefits. The State
4898 University System is subject to the retired contribution
4899 required in paragraph (g), as appropriate. A retired member may
4900 be reemployed as an adjunct faculty member or a participant in a
4901 phased retirement program for no more than 780 hours during the
4902 first 12 months of his or her retirement. Any retired member
4903 reemployed for more than 780 hours during his or her first 12
4904 months of retirement shall give timely notice in writing to his
4905 or her employer and to the division ~~department~~ of the date he or
4906 she will exceed the limitation. The division ~~department~~ shall
4907 suspend his or her retirement benefits for the remainder of his
4908 or her first 12 months of retirement. Any person employed in
4909 violation of this paragraph and any employing agency which
4910 knowingly employs or appoints such person without notifying the
4911 division ~~department~~ to suspend retirement benefits shall be
4912 jointly and severally liable for reimbursement to the retirement



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4913 trust fund of any benefits paid during the reemployment
4914 limitation period. To avoid liability, such employing agency
4915 shall have a written statement from the retiree that he or she
4916 is not retired from a state-administered retirement system. Any
4917 retirement benefits received by a retired member while
4918 reemployed in excess of 780 hours during his or her first 12
4919 months of retirement shall be repaid to the Retirement System
4920 Trust Fund, and retirement benefits shall remain suspended until
4921 repayment is made. Benefits suspended beyond the end of the
4922 retired member's first 12 months of retirement shall apply
4923 toward repayment of benefits received in violation of the 780-
4924 hour reemployment limitation.

4925 (g) The employment by an employer of any retiree of a
4926 state-administered retirement system shall have no effect on the
4927 average final compensation or years of creditable service of
4928 such retiree. Prior to July 1, 1991, upon employment of any
4929 person, other than an elected officer as provided in s. 121.053,
4930 who has been retired under any state-administered retirement
4931 program, the employer shall pay retirement contributions in an
4932 amount equal to the unfunded actuarial accrued liability portion
4933 of the employer contribution which would be required for a
4934 regular member of the Florida Retirement System. Effective July
4935 1, 1991, contributions shall be made as provided in s. 121.122
4936 for renewed membership.

4937 (h) The limitations of this subsection apply to
4938 reemployment in any capacity with an "employer" as defined in s.
4939 121.021(10), irrespective of the category of funds from which
4940 the person is compensated.



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4941 Section 75. Section 238.32, Florida Statutes, is amended
4942 to read:

4943 238.32 Service credit in disputed cases.--The division
4944 ~~Department of Management Services~~ may in its discretion allow or
4945 deny a member service credit in disputed or doubtful cases for
4946 employment in Florida and out-of-state schools in order to serve
4947 the best interests of the state and the member, subject to the
4948 membership dates set forth in s. 238.06(4).

4949 Section 76. Subsection (4) of section 650.02, Florida
4950 Statutes, is amended to read:

4951 650.02 Definitions.--For the purpose of this chapter:

4952 (4) The term "state agency" means the Division of
4953 Retirement of the State Board of Administration ~~Department of~~
4954 ~~Management Services~~.

4955 Section 77. Subsection (1) of section 650.06, Florida
4956 Statutes, is amended to read:

4957 650.06 Social Security Contribution Trust Fund.--

4958 (1) There is hereby established in the State Treasury to
4959 be administered by the State Board of Administration a special
4960 fund to be known as the "Social Security Contribution Trust
4961 Fund." Such fund shall consist of and there shall be deposited
4962 in such fund:

4963 (a) All contributions, interest, and penalties collected
4964 under ss. 650.04 and 650.05;

4965 (b) All moneys appropriated thereto under this chapter;

4966 (c) Any property or securities and earnings thereof
4967 acquired through the use of moneys belonging to the fund;

4968 (d) Interest earned upon any moneys in the fund; and



4969 (e) All sums recovered upon the bond of the custodian or
 4970 otherwise for losses sustained by the fund and all other moneys
 4971 received for the fund from any other source. All moneys in the
 4972 fund shall be mingled and undivided. Subject to the provisions
 4973 of this chapter, the state agency is vested with full power,
 4974 authority and jurisdiction over the fund, including all moneys
 4975 and property or securities belonging thereto, and may perform
 4976 any and all acts whether or not specifically designated, which
 4977 are necessary to the administration thereof and are consistent
 4978 with the provisions of this chapter.

4979 Section 78. The Department of Management Services may
 4980 contract with the State Board of Administration to administer
 4981 sections 112.05, 121.1815, 238.171, 250.22, and 112.351-112.362,
 4982 Florida Statutes.

4983 Section 79. The Division of Retirement of the State Board
 4984 of Administration is a state agency for the purpose of making
 4985 payments under the retirement plans and other benefit programs
 4986 administered by the board and the Division of Retirement. The
 4987 Department of Financial Services shall issue benefit payments to
 4988 persons or governmental entities eligible for such payments
 4989 under the retirement plans and other benefit programs
 4990 administered by the board and the Division of Retirement. The
 4991 board is authorized to requisition the appropriate amounts from
 4992 trust funds in the State Treasury established for this purpose.

4993 Section 80. Subsections (1) and (6) of section 122.02,
 4994 Florida Statutes, are amended to read:



4995 | 122.02 Definitions.--The following words and phrases as
4996 | used in this chapter shall have the following meaning unless a
4997 | different meaning is plainly required by the context:

4998 | (1) "State and county officers and employees" shall
4999 | include all full-time officers or employees who receive
5000 | compensation for services rendered from state or county funds,
5001 | or from funds of drainage districts or mosquito control
5002 | districts of a county or counties, or from funds of the State
5003 | Board of Administration or from funds of closed bank
5004 | receivership accounts or from funds of any state institution or
5005 | who receive compensation for employment or service from any
5006 | agency, branch, department, institution or board of the state,
5007 | or any county of the state, for service rendered the state or
5008 | county from funds from any source provided for their employment
5009 | or service regardless of whether the same is paid by state or
5010 | county warrant or not; provided that such compensation in
5011 | whatever form paid shall be specified in terms of fixed monthly
5012 | salaries by the employing state or county agency or state or
5013 | county official and shall not include amounts allowed for
5014 | professional employees for special or particular service or for
5015 | subsistence or travel expenses; provided further the division
5016 | ~~department~~ shall prescribe appropriate procedure for
5017 | contribution deduction out of such compensation in accordance
5018 | with the provisions of this chapter, provided further that such
5019 | officers and employees defined herein shall not include those
5020 | officers and employees excepted from the provisions by s. 122.18
5021 | of this law.



5022 (6) "Division" means the Division of Retirement of the
5023 State Board of Administration ~~"Department" means the Department~~
5024 ~~of Management Services.~~

5025 Section 81. Paragraph (d) of subsection (6) and subsection
5026 (9) of section 122.03, Florida Statutes, are amended to read:

5027 122.03 Contributions; participants; prior service
5028 credit.--

5029 (6) Any officer or employee who held office or was
5030 employed by the state or a county of the state continuously from
5031 May 1, 1959, and who has not previously received credit for, or
5032 is not eligible to claim credit for, prior years of service
5033 under subsection (2); or any officer or employee who holds
5034 office or is employed by the state or a county of the state on
5035 June 1, 1961, and is continuously employed; or any officer or
5036 employee who holds office or is employed by the state or county
5037 of the state after June 1, 1961, and who is continuously
5038 employed for 3 years, during which period of time no back
5039 payments may be made:

5040 (d) Prior service allowance may be made only for those
5041 periods in which state or county records of service and salary
5042 are available, or at least three affidavits and such other
5043 information as might be required by the division ~~department~~ to
5044 meet the provisions of this law.

5045 (9) The surviving spouse or other dependent of any member
5046 whose employment is terminated by death shall, upon application
5047 to the division ~~department~~, be permitted to pay the required
5048 contributions for any service performed by the member which
5049 could have been claimed by the member at the time of death. Such



5050 service shall be added to the creditable service of the member
 5051 and shall be used in the calculation of any benefits which may
 5052 be payable to the surviving spouse or other surviving dependent.

5053 Section 82. Subsection (2) of section 122.05, Florida
 5054 Statutes, is amended to read:

5055 122.05 Legislator services included.--

5056 (2) The division ~~department~~ and state officials
 5057 administering such ~~said~~ retirement system shall make the
 5058 contribution deductions required by law from the compensation
 5059 hereafter received by any of the ~~said~~ participating members of
 5060 the Legislature for service rendered the State Legislature in
 5061 the same manner as in the case of other state employment.

5062 Section 83. Subsection (2) of section 122.06, Florida
 5063 Statutes, is amended to read:

5064 122.06 Legislative employee services included.--

5065 (2) The division ~~department~~ and other state officials
 5066 administering said retirement system shall make the contribution
 5067 deductions required by law from the compensation hereafter
 5068 received by any of the said participating attaches for service
 5069 rendered the State Legislature in the same manner as in the case
 5070 of other state employment.

5071 Section 84. Subsection (2) of section 122.07, Florida
 5072 Statutes, is amended to read:

5073 122.07 Seasonal state employment included; time limit and
 5074 procedure for claiming.--

5075 (2) Any state employee as described in subsection (1) in
 5076 the classification set forth in s. 122.01 may elect to receive
 5077 credit as a state employee under the State and County Officers



5078 and Employees' Retirement System by providing to the division
 5079 ~~department~~ a statement from the state in which he or she was
 5080 employed, listing days employed and monthly earnings and such
 5081 other information as may, in the opinion of the division
 5082 ~~department~~, be necessary or appropriate in the carrying out of
 5083 this section. Credit shall be granted upon payment to the
 5084 division ~~department~~ by such employee of an amount equal to the
 5085 total retirement contribution that would have been required had
 5086 the member worked in this state during the period based on the
 5087 salary drawn by such employee during his or her last full month
 5088 of employment by the state or any department thereof for each
 5089 month during said fiscal year for which such employee was not
 5090 employed by the state or any department thereof, but was
 5091 employed by some other state, plus interest compounded annually
 5092 each June 30 from the date of the service in another state to
 5093 the date of payment at the rate of 4 percent until July 1, 1975,
 5094 and 6.5 percent thereafter. The member shall have until his or
 5095 her date of retirement to claim and purchase credit for such
 5096 employment in another state.

5097 Section 85. Paragraph (a) of subsection (1), paragraph (b)
 5098 of subsection (4), and subsections (5) and (9) of section
 5099 122.08, Florida Statutes, are amended to read:

5100 122.08 Requirements for retirement;
 5101 classifications.--There shall be two retirement classifications
 5102 for all state and county officers and employees participating
 5103 herein as hereafter provided in this section:

5104 (1)(a) Any state or county officer or employee who has
 5105 attained normal retirement age, which shall be age 60 for a



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5106 person who had become a member prior to July 1, 1963, and age 62
5107 for a person who had or shall become a member on or after July
5108 1, 1963, and has accumulated at least 10 years' service in the
5109 aggregate within the contemplation of this law, and who has made
5110 or makes contributions to the State and County Officers and
5111 Employees' Retirement Trust Fund for 5 or more years as
5112 prescribed in this law, may voluntarily retire from office or
5113 employment and be entitled to receive retirement compensation,
5114 the amount of which shall be 2 percent for each year of service
5115 rendered, based upon the average final compensation, payable in
5116 equal monthly installments, upon his or her own requisition.
5117 Requisition requirements shall be set by the division
5118 ~~department~~.

5119 (4)

5120 (b) A member who elects an option in paragraph (a) shall
5121 on a form provided for that purpose designate his or her spouse
5122 as beneficiary to receive the benefits which continue to be
5123 payable upon the death of the member. After such benefits have
5124 commenced under an option in paragraph (a), the retired member
5125 may change the designation of his or her spouse as beneficiary
5126 only twice. If such a retired member remarries and wishes to
5127 make such a change, he or she may do so by filing with the
5128 division ~~department~~ a notarized change of spouse designation
5129 form and shall notify the former spouse in writing of such
5130 change. Upon receipt of a completed change of spouse designation
5131 form, the division ~~department~~ shall adjust the member's monthly
5132 benefit by the application of actuarial tables and calculations
5133 developed to ensure that the benefit paid is the actuarial



5134 equivalent of the present value of the member's current benefit.
 5135 The consent of a retired member's formerly designated spouse as
 5136 beneficiary to any such change shall not be required.

5137 (5) Tables for computing the actuarial equivalent shall be
 5138 approved by the division ~~department~~.

5139 (9) Notwithstanding any other provision in this chapter to
 5140 the contrary, the following provisions shall apply to any
 5141 officer or employee who has accumulated at least 10 years of
 5142 service and dies:

5143 (a) If the deceased member's surviving spouse has
 5144 previously received a refund of the member's contributions made
 5145 to the retirement trust fund, such spouse may pay to the
 5146 division ~~department~~ an amount equal to the sum of the amount of
 5147 the deceased member's contributions previously refunded and
 5148 interest at 3 percent compounded annually on the amount of such
 5149 refunded contributions from the date of refund until July 1,
 5150 1975, and thereafter at the rate of 6.5 percent interest
 5151 compounded annually to the date of payment to the division
 5152 ~~department~~, and by so doing be entitled to receive the monthly
 5153 retirement benefit provided in paragraph (c).

5154 (b) If the deceased member's surviving spouse has not
 5155 received a refund of the deceased member's contributions, such
 5156 spouse shall, upon application to the division ~~department~~,
 5157 receive the monthly retirement benefit provided in paragraph
 5158 (c).

5159 (c) The monthly benefit payable to the spouse described in
 5160 paragraph (a) or paragraph (b) shall be the amount which would
 5161 have been payable to the deceased member's spouse, assuming that



5162 the member retired on the date of death and had selected the
 5163 option in subsection (4) which would afford the surviving spouse
 5164 the greatest amount of benefits, such benefit to be based on the
 5165 ages of the spouse and member as of the date of death of the
 5166 member. Such benefit shall commence on the first day of the
 5167 month following the payment of the aforesaid amount to the
 5168 division ~~department~~, if paragraph (a) is applicable, or on the
 5169 first day of the month following the receipt of the spouse's
 5170 application by the division ~~department~~, if paragraph (b) is
 5171 applicable.

5172 Section 86. Section 122.09, Florida Statutes, is amended
 5173 to read:

5174 122.09 Disability retirement; medical
 5175 examinations.--Whenever any officer or employee of the state or
 5176 county of the state has service credit as such officer or
 5177 employee for 10 years within the contemplation of this law, the
 5178 last 5 years of which, except for a single break not to exceed 1
 5179 year, must be continuous, unbroken service and who is regularly
 5180 contributing to the State and County Officers and Employees'
 5181 Retirement Trust Fund and shall while holding such office or
 5182 employment become permanently and totally disabled, physically
 5183 or mentally, or both, from rendering useful and efficient
 5184 service as such officer or employee, such officer or employee
 5185 may retire from his or her office or employment, and upon such
 5186 retirement the officer or employee shall be paid, so long as the
 5187 permanent and total disability continues, on his or her own
 5188 monthly requisition, from the State and County Officers and
 5189 Employees' Retirement Trust Fund hereinafter established,



5190 retirement compensation as provided in s. 122.08; provided that
 5191 no officer or employee retiring under this section shall receive
 5192 less than 50 percent of his or her average final compensation
 5193 not to exceed \$75. No officer or employee of the state and
 5194 county of the state shall be permitted to retire under the
 5195 provisions of this section until examined by a duly qualified
 5196 physician or surgeon or board of physicians and surgeons, to be
 5197 selected by the Governor for that purpose, and found to be
 5198 disabled in the degree and in the manner specified in this
 5199 section. Any officer or employee retiring under this section
 5200 shall be examined periodically by a duly qualified physician or
 5201 surgeon or board of physicians and surgeons to be selected by
 5202 the Governor for that purpose and paid from the retirement trust
 5203 fund herein provided for, at such time as the division
 5204 ~~Department of Management Services~~ shall direct to determine if
 5205 such total disability has continued and in the event it be
 5206 disclosed by said examination that said total disability has
 5207 ceased to exist, then such officer or employee shall forthwith
 5208 cease to be paid benefits under this section. Reference to s.
 5209 122.08 is for the purpose of computing benefits only. Any person
 5210 heretofore retired under this section shall be eligible to
 5211 qualify for the minimum benefits provided herein; however,
 5212 minimum benefits shall not be paid retroactively.

5213 Section 87. Subsection (4) of section 122.10, Florida
 5214 Statutes, is amended to read:

5215 122.10 Separation from service; refund of contributions.--

5216 (4) Should any officer or employee elect to receive a
 5217 refund as provided in this section, his or her application for



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5218 refund shall be submitted in the manner prescribed by the
5219 regulations adopted by the division ~~department~~ and shall
5220 accompany the payroll certification, submitted to the division
5221 ~~department~~, on which he or she was last paid prior to
5222 termination. The division ~~department~~ shall pay the entire refund
5223 due within 45 days after the first day of the month subsequent
5224 to receipt of such application for refund and said payroll
5225 certification.

5226 Section 88. Subsection (1) of section 122.12, Florida
5227 Statutes, is amended to read:

5228 122.12 Designation of beneficiary; death of participant;
5229 forfeiture of contributions after benefits paid; survivor
5230 benefits.--

5231 (1) Any officer or employee may file, in writing, a
5232 designation of beneficiary and it shall be the duty of the
5233 division ~~department~~ to refund 100 percent, without interest, of
5234 the contributions made to the retirement trust fund by such
5235 deceased officer or employee to such designated beneficiary.
5236 The officer or employee shall have the privilege of changing, in
5237 writing, the designated beneficiary at any time. Upon failure to
5238 designate a beneficiary, the refund shall be made to the persons
5239 in the same order as designated in s. 222.15, for wages due
5240 deceased employees. If the deceased officer or employee has
5241 received any benefits under this law, no refund shall be made
5242 unless such officer or employee has elected to accept benefits
5243 under s. 122.08(3) or (4).

5244 Section 89. Section 122.13, Florida Statutes, is amended
5245 to read:



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5246 122.13 Administration of law; appropriation.--The division
5247 ~~department~~ shall make such rules as are necessary for the
5248 effective administration of this chapter, and the cost is hereby
5249 annually appropriated and shall be paid into the State and
5250 County Officers and Employees' Retirement Trust Fund out of the
5251 Intangible Tax Fund in the State Treasury in the amount
5252 necessary to administer efficiently the state and county
5253 retirement law. At the end of each fiscal year, beginning with
5254 fiscal year 1959-1960, the administrative cost of the state and
5255 county retirement system for the fiscal year just ended shall be
5256 refunded to the General Revenue Fund from interest earned on
5257 investments made subsequent to June 30, 1959.

5258 Section 90. Subsection (2) of section 122.15, Florida
5259 Statutes, is amended to read:

5260 122.15 Benefits exempt from taxes and execution.--

5261 (2) This subsection shall have no effect upon this section
5262 except that the division ~~department~~ may, upon written request
5263 from the retired member, deduct premiums for group
5264 hospitalization insurance from the retirement benefit paid such
5265 retired member.

5266 Section 91. Paragraph (b) of subsection (2) of section
5267 122.16, Florida Statutes, is amended to read:

5268 122.16 Employment after retirement.--

5269 (2)

5270 (b) Any person to whom the limitation in paragraph (a)
5271 applies who violates such reemployment limitation and is
5272 reemployed with any agency participating in the Florida
5273 Retirement System prior to completion of the 12-month limitation



5274 period shall give timely notice of this fact in writing to his
 5275 or her employer and to the division ~~department~~; and his or her
 5276 retirement benefits shall be suspended for the balance of the
 5277 12-month limitation period. Any person employed in violation of
 5278 this subsection and any employing agency which knowingly employs
 5279 or appoints such person without notifying the division
 5280 ~~department~~ to suspend retirement benefits shall be jointly and
 5281 severally liable for reimbursement to the retirement trust fund
 5282 of any benefits paid during the reemployment limitation period.
 5283 To avoid liability, such employing agency shall have a written
 5284 statement from the retiree that he or she is not retired from a
 5285 state-administered retirement system. Any retirement benefits
 5286 received by such person while he or she is reemployed during
 5287 this reemployment limitation period shall be repaid to the
 5288 retirement trust fund, and his or her retirement benefits shall
 5289 remain suspended until such repayment has been made. Any
 5290 benefits suspended beyond the reemployment limitation period
 5291 shall apply toward the repayment of benefits received in
 5292 violation of the reemployment limitation.

5293 Section 92. Subsection (3) of section 122.23, Florida
 5294 Statutes, is amended to read:

5295 122.23 Definitions; ss. 122.21-122.321.--In addition to
 5296 those definitions set forth in s. 122.02 the following words and
 5297 phrases used in ss. 122.21-122.24, 122.26 to 122.321, inclusive,
 5298 have the respective meanings set forth:

5299 (3) "Division" means the Division of Retirement of the
 5300 State Board of Administration ~~"Department" means the Department~~
 5301 ~~of Management Services.~~



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5302 Section 93. Subsections (1) and (5) of section 122.30,
5303 Florida Statutes, are amended to read:

5304 122.30 Appropriations.--

5305 (1) There is hereby annually appropriated from the
5306 intangible tax fund of the state to the division ~~department~~ as
5307 the state agency designated in chapter 650, a sum not to exceed
5308 \$10,000 to defray the expenses of such agency in connection with
5309 its continuing duties in relation to the social security
5310 coverage provided by this law.

5311 (5) In addition to amounts appropriated by other
5312 provisions of this chapter or other laws to defray cost of
5313 administration of this system, there is hereby appropriated out
5314 of the Intangible Tax Fund of the state for use of the division
5315 ~~department~~ in its administration of the two divisions of this
5316 system, the sum of \$100,000, or so much thereof as may be
5317 required for that purpose.

5318 Section 94. Paragraphs (b) and (c) of subsection (1) and
5319 subsection (11) of section 122.34, Florida Statutes, are amended
5320 to read:

5321 122.34 Special provisions for certain sheriffs and full-
5322 time deputy sheriffs.--

5323 (1)

5324 (b) Only those members who are full-time criminal law
5325 enforcement officers or agents, as certified by the employing
5326 authority, who perform duties according to rule, order, or
5327 established custom as full-time criminal law enforcement
5328 officers or agents shall be certified to the division ~~department~~



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5329 as high hazard members, and only such members will be approved
5330 by the division ~~department~~.

5331 (c) The division ~~department~~ shall make such rules as are
5332 necessary for the effective administration of the intent of this
5333 section.

5334 (11) No high hazard member shall be permitted to receive
5335 benefits under this section until examined by a duly qualified
5336 physician or surgeon, or board of physicians and surgeons, to be
5337 selected by the Governor for that purpose, and found to be
5338 disabled in the degree and in the manner specified in this
5339 section. At such time as the division ~~Department of Management~~
5340 ~~Services~~ directs, any high hazard member receiving disability
5341 benefits under this section shall submit to a medical
5342 examination to determine if such disability has continued, and
5343 the cost of such examination shall be paid from the retirement
5344 trust fund herein provided for; and in the event it is declared
5345 by said examination that said disability has cleared, such
5346 member shall be ordered to return to active duty with the same
5347 rank and salary that he or she had at the time of disability.
5348 Any such member who shall fail to return to duty following such
5349 order shall forfeit all rights and claims under this law. Every
5350 high hazard member retiring under this provision shall be paid
5351 so long as the member's permanent total or partial disability
5352 continues, on his or her own requisition.

5353 Section 95. Section 122.351, Florida Statutes, is amended
5354 to read:

5355 122.351 Funding by local agencies.--Commencing on July 1,
5356 1969, all county and local agencies covered under the provisions



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5357 of s. 122.35 shall accumulate and be responsible for the payment
5358 of social security and retirement matching costs as required
5359 under s. 122.35, from the intangible tax allocation of that
5360 county and any other source available to the local governmental
5361 units, except that all agencies, other than the school boards,
5362 shall be given credit for 50 percent of their 1967-1969 actual
5363 employer matching cost, actual cost being that cost in cash
5364 actually paid by the employer for matching retirement and social
5365 security into the fund by the agency for said biennium. The
5366 above credit of 50 percent shall be calculated by the division
5367 ~~department~~.

5368 Section 96. The Department of Management Services shall,
5369 at the request of the Division of Retirement of the State Board
5370 of Administration, include within its annual budget request
5371 those general revenue appropriations necessary for providing
5372 retirement or other benefit payments to persons or governmental
5373 entities pursuant to ss. 112.05, 121.1815, 238.171, and 250.22,
5374 Florida Statutes, and any other provision of law authorizing or
5375 requiring general revenue funding for said purpose. The
5376 department shall transfer all moneys so appropriated into the
5377 Florida Retirement System Contributions Clearing Trust Fund
5378 created in s. 121.4503, Florida Statutes, wherefrom payments for
5379 said benefits and associated costs shall be made by the
5380 division.

5381 Section 97. This act shall take effect July 1, 2003.