

By the Committee on Appropriations; and Senator Pruitt

309-2082-03

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A bill to be entitled  
An act relating to retirement; amending s.  
121.71, F.S.; revising the payroll contribution  
rates of the Florida Retirement System;  
directing state actuary to use excess assets in  
certain instances; amending s. 121.74, F.S.;  
reducing the assessment for administrative and  
educational expenses; providing a declaration  
of important state interest; providing an  
effective date.

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

Section 1. Subsections (3) and (4) of section 121.71,  
Florida Statutes, are amended to read:

121.71 Uniform rates; process; calculations; levy.--

(3) Required employer retirement contribution rates  
for each membership class and subclass of the Florida  
Retirement System for both retirement plans are as follows:  
~~Rates effective July 1, 2002, reflect an offset to normal  
employer costs of \$1,237,000,000, resulting from recognition  
and usage of current available excess assets of the Florida  
Retirement System Trust Fund as determined pursuant to s.  
121.031. Contribution rates that become effective July 1,  
2003, reflect normal system costs.~~

	Percentage of Gross Compensation, Effective July 1, <u>2003</u> 2002	Percentage of Gross Compensation, Effective July 1, <u>2004</u> 2003
Membership Class		
Regular Class	<u>6.18%</u> <del>4.50%</del>	<u>9.96%</u> <del>9.87%</del>
Special Risk Class	<u>17.32%</u> <del>14.75%</del>	<u>22.15%</u> <del>22.89%</del>
Special Risk Administrative Support Class	<u>8.71%</u> <del>5.30%</del>	12.58%
Elected Officers' Class - Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>11.28%</u> <del>8.15%</del>	<u>15.48%</u> <del>15.43%</del>
Elected Officers' Class - Justices, Judges	<u>17.44%</u> <del>14.60%</del>	<u>20.70%</u> <del>20.54%</del>
Elected Officers' Class - County Elected Officers	<u>14.02%</u> <del>10.60%</del>	<u>17.81%</u> <del>17.52%</del>
Senior Management Class	<u>8.16%</u> <del>4.80%</del>	<u>11.59%</u> <del>11.68%</del>
DROP	8.00%	11.56%

(4) ~~Notwithstanding the provisions of subsection (3), and for the fiscal year 2002-2003 only,~~The state actuary shall recognize and use an appropriate level of available excess assets of the Florida Retirement System Trust Fund to offset the difference between the normal costs of the Florida Retirement System and the statutorily prescribed contribution rates. ~~This subsection expires July 1, 2003.~~

1           Section 2. Section 121.74, Florida Statutes, is  
2 amended to read:

3           121.74 Administrative and educational  
4 expenses.--Effective July 1, 2003 ~~2002~~, in addition to  
5 contributions required under s. 121.71, employers  
6 participating in the Florida Retirement System shall  
7 contribute an amount equal to 0.08 ~~0.15~~ percent of the payroll  
8 reported for each class or subclass of Florida Retirement  
9 System membership, which amount shall be transferred by the  
10 Division of Retirement from the Florida Retirement System  
11 Contributions Clearing Trust Fund to the State Board of  
12 Administration's Administrative Trust Fund to offset the costs  
13 of administering the optional retirement program and the costs  
14 of providing educational services to participants in the  
15 defined benefit program and the optional retirement program.  
16 Approval of the Trustees of the State Board of Administration  
17 is required prior to the expenditure of these funds. Payments  
18 for third-party administrative or educational expenses shall  
19 be made only pursuant to the terms of the approved contracts  
20 for such services.

21           Section 3. The Legislature finds that a proper and  
22 legitimate state purpose is served when employees and retirees  
23 of the state and its political subdivisions, and the  
24 dependents, survivors, and beneficiaries of such employees and  
25 retirees, are extended the basic protections afforded by  
26 governmental retirement systems. These persons must be  
27 provided benefits that are fair and adequate and that are  
28 managed, administered, and funded in an actuarially sound  
29 manner, as required by Section 14, Article X of the State  
30 Constitution, and part VII of chapter 112, Florida Statutes.

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1 Therefore, the Legislature hereby determines and declares that  
2 this act fulfills an important state interest.

3 Section 4. This act shall take effect July 1, 2003.  
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5 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
6 COMMITTEE SUBSTITUTE FOR  
7 Senate Bill 420

8 The Committee Substitute for Senate Bill 420 revises the  
9 employer paid contribution rates for the Florida Retirement  
10 System, reduces the assessment paid by employers to cover the  
11 costs incurred by the State Board of Administration for  
12 administrative and educational expenses associated with the  
13 defined contribution program, and determines and declares that  
14 this act fulfills an important state interest.  
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