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1 A bill to be entitled
 2 An act relating to the Florida Retirement System; amending
 3 s. 121.021, F.S.; defining the term "public school member"
 4 for purposes of the system; amending s. 121.091, F.S.;
 5 providing retirement benefits payable to public school
 6 members; providing retroactive applicability; providing
 7 for funding of the revision of the Florida Retirement
 8 System by this act; providing a finding of important state
 9 interest; providing an effective date.

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

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

15 121.021 Definitions.--The following words and phrases as
 16 used in this chapter have the respective meanings set forth
 17 unless a different meaning is plainly required by the context:

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

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

24 121.091 Benefits payable under the system.--Benefits may
 25 not be paid under this section unless the member has terminated
 26 employment as provided in s. 121.021(39)(a) or begun
 27 participation in the Deferred Retirement Option Program as
 28 provided in subsection (13), and a proper application has been
 29 filed in the manner prescribed by the department. The department

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

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

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

57 b. For creditable years of Regular Class service, public
 58 school members shall have A determined under the provisions of

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59 sub-subparagraph 1.a. for service up to the "applicability
 60 date," and according to the following table for service earned
 61 after the "applicability date":

<u>Years of Regular Class Service</u>	<u>Benefit Accrual Rate</u>
<u>0-6</u>	<u>1.60%</u>
<u>7-12</u>	<u>1.75%</u>
<u>13-18</u>	<u>1.90%</u>
<u>Over 18</u>	<u>2.10%</u>

67
 68
 69 As used in this sub-subparagraph, the term "applicability date"
 70 means July 1, 2005, adjusted as follows: for each year of
 71 creditable service as a public school member earned after the
 72 applicability date, 2 years will be subtracted from the
 73 applicability date up to a maximum adjustment of 18 years.

- 74 2. For creditable years of special risk service, A is:
- 75 a. Two percent of the member's average final compensation
- 76 for all creditable years prior to October 1, 1974;
- 77 b. Three percent of the member's average final
- 78 compensation for all creditable years after September 30, 1974,
- 79 and before October 1, 1978;
- 80 c. Two percent of the member's average final compensation
- 81 for all creditable years after September 30, 1978, and before
- 82 January 1, 1989;

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83 d. Two and two-tenths percent of the member's final
 84 monthly compensation for all creditable years after December 31,
 85 1988, and before January 1, 1990;

86 e. Two and four-tenths percent of the member's average
 87 final compensation for all creditable years after December 31,
 88 1989, and before January 1, 1991;

89 f. Two and six-tenths percent of the member's average
 90 final compensation for all creditable years after December 31,
 91 1990, and before January 1, 1992;

92 g. Two and eight-tenths percent of the member's average
 93 final compensation for all creditable years after December 31,
 94 1991, and before January 1, 1993;

95 h. Three percent of the member's average final
 96 compensation for all creditable years after December 31, 1992;
 97 and

98 i. Three percent of the member's average final
 99 compensation for all creditable years of service after September
 100 30, 1978, and before January 1, 1993, for any special risk
 101 member who retires after July 1, 2000, or any member of the
 102 Special Risk Administrative Support Class entitled to retain the
 103 special risk normal retirement date who was a member of the
 104 Special Risk Class during the time period and who retires after
 105 July 1, 2000.

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

108 4. For creditable years of Elected Officers' Class service
 109 as a Supreme Court Justice, district court of appeal judge,
 110 circuit judge, or county court judge, A is 3 1/3 percent of the
 111 member's average final compensation, and for all other

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112 creditable service in such class, A is 3 percent of average
 113 final compensation;

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

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

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

134 Section 3. It is the intent of the Legislature that costs
 135 attributable to benefit increases for public school members of
 136 the Florida Retirement System Regular Class shall be funded by
 137 recognition of lump sums from the excess actuarial assets of the
 138 Florida Retirement System Trust Fund as follows:

139 (1) For fiscal year 2005-2006, the lump sum to be
 140 recognized shall be the lesser of:

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141 (a) The amount available under the rate stabilization
142 mechanism described in section 121.031, Florida Statutes; or
143 (b) The amount needed to pay the annual cost attributable
144 to the increased benefit accrual rate for public school members.
145 The annual cost shall consist of the increase in normal cost for
146 public school members, plus payment of the 30-year amortization
147 amount of the increase in the actuarial accrued liability
148 attributable to the increase, equal to 2.51 percent of the
149 public school member payroll or \$212 million for the fiscal year
150 2005-2006.

151
152 If, after the recognition of excess actuarial assets pursuant to
153 this subsection, there remains an unfunded cost, the
154 contribution rate applicable to public school members shall be
155 increased by the difference between the annual cost and the
156 amount provided by the excess actuarial assets, unless the
157 Legislature provides an alternate funding mechanism.

158 (2) For fiscal years starting 2006-2007 and thereafter,
159 the Legislature shall, as provided in subsection (1), continue
160 to fund on an ongoing basis the annual cost attributable to the
161 formula improvements.

162 Section 4. The Legislature finds that a proper and
163 legitimate state purpose is served when employees and retirees
164 of the state and of its political subdivisions, and the
165 dependents, survivors, and beneficiaries of such employees and
166 retirees, are extended the basic protections afforded by
167 governmental retirement systems that provide fair and adequate
168 benefits that are managed, administered, and funded in an
169 actuarially sound manner, as required by Section 14, Article X

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170 of the State Constitution and part VII of chapter 112, Florida
171 Statutes. Therefore, the Legislature determines and declares
172 that this act fulfills an important state interest.

173 Section 5. This act shall take effect July 1, 2005.