

By Senator Campbell

32-738-04

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

12  
13 Be It Enacted by the Legislature of the State of Florida:

14  
15           Section 1. Subsection (62) is added to section  
16 121.021, Florida Statutes, to read:

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

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

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

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

1 department may cancel an application for retirement benefits  
2 when the member or beneficiary fails to timely provide the  
3 information and documents required by this chapter and the  
4 department's rules. The department shall adopt rules  
5 establishing procedures for application for retirement  
6 benefits and for the cancellation of such application when the  
7 required information or documents are not received.

8 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or  
9 her normal retirement date, the member, upon application to  
10 the administrator, shall receive a monthly benefit which shall  
11 begin to accrue on the first day of the month of retirement  
12 and be payable on the last day of that month and each month  
13 thereafter during his or her lifetime. The normal retirement  
14 benefit, including any past or additional retirement credit,  
15 may not exceed 100 percent of the average final compensation.  
16 The amount of monthly benefit shall be calculated as the  
17 product of A and B, subject to the adjustment of C, if  
18 applicable, as set forth below:

19 (a) 1.a. For creditable years of Regular Class service,  
20 A is 1.60 percent of the member's average final compensation,  
21 up to the member's normal retirement date. Upon completion of  
22 the first year after the normal retirement date, A is 1.63  
23 percent of the member's average final compensation. Following  
24 the second year after the normal retirement date, A is 1.65  
25 percent of the member's average final compensation. Following  
26 the third year after the normal retirement date, and for  
27 subsequent years, A is 1.68 percent of the member's average  
28 final compensation.

29 b. For creditable years of Regular Class service,  
30 public school members shall have A determined under the  
31 provisions of sub-subparagraph 1.a. for service up to the

1 "applicability date," and according to the following table for  
2 service earned after the "applicability date":

3

| <u>Years of Regular</u> | <u>Benefit Accrual Rate</u> |
|-------------------------|-----------------------------|
| <u>Class Service</u>    |                             |
| 6 <u>0-6</u>            | <u>1.60%</u>                |
| 7 <u>7-12</u>           | <u>1.75%</u>                |
| 8 <u>13-18</u>          | <u>1.90%</u>                |
| 9 <u>Over 18</u>        | <u>2.10%</u>                |

10

11 As used in this sub-subparagraph, the term "applicability  
12 date" means July 1, 2005, adjusted as follows: for each year  
13 of creditable service as a public school member earned after  
14 the applicability date, 2 years will be subtracted from the  
15 applicability date up to a maximum adjustment of 18 years.

16 2. For creditable years of special risk service, A is:  
17 a. Two percent of the member's average final  
18 compensation for all creditable years prior to October 1,  
19 1974;

20 b. Three percent of the member's average final  
21 compensation for all creditable years after September 30,  
22 1974, and before October 1, 1978;

23 c. Two percent of the member's average final  
24 compensation for all creditable years after September 30,  
25 1978, and before January 1, 1989;

26 d. Two and two-tenths percent of the member's final  
27 monthly compensation for all creditable years after December  
28 31, 1988, and before January 1, 1990;

29

30

31

1 e. Two and four-tenths percent of the member's average  
2 final compensation for all creditable years after December 31,  
3 1989, and before January 1, 1991;

4 f. Two and six-tenths percent of the member's average  
5 final compensation for all creditable years after December 31,  
6 1990, and before January 1, 1992;

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

10 h. Three percent of the member's average final  
11 compensation for all creditable years after December 31, 1992;  
12 and

13 i. Three percent of the member's average final  
14 compensation for all creditable years of service after  
15 September 30, 1978, and before January 1, 1993, for any  
16 special risk member who retires after July 1, 2000, or any  
17 member of the Special Risk Administrative Support Class  
18 entitled to retain the special risk normal retirement date who  
19 was a member of the Special Risk Class during the time period  
20 and who retires after July 1, 2000.

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

23 4. For creditable years of Elected Officers' Class  
24 service as a Supreme Court Justice, district court of appeal  
25 judge, circuit judge, or county court judge, A is 3 1/3  
26 percent of the member's average final compensation, and for  
27 all other creditable service in such class, A is 3 percent of  
28 average final compensation;

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

1 (c) C is the normal retirement benefit credit brought  
2 forward as of November 30, 1970, by a former member of an  
3 existing system. Such normal retirement benefit credit shall  
4 be determined as the product of X and Y when X is the  
5 percentage of average final compensation which the member  
6 would have been eligible to receive if the member had attained  
7 his or her normal retirement date as of November 30, 1970, all  
8 in accordance with the existing system under which the member  
9 is covered on November 30, 1970, and Y is average final  
10 compensation as defined in s. 121.021(25). However, any  
11 member of an existing retirement system who is eligible to  
12 retire and who does retire, become disabled, or die prior to  
13 April 15, 1971, may have his or her retirement benefits  
14 calculated on the basis of the best 5 of the last 10 years of  
15 service.

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

19 Section 3. It is the intent of the Legislature that  
20 costs attributable to benefit increases for public school  
21 members of the Florida Retirement System Regular Class shall  
22 be funded by recognition of lump sums from the excess  
23 actuarial assets of the Florida Retirement System Trust Fund  
24 as follows:

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

27 (a) The amount available under the rate stabilization  
28 mechanism described in section 121.031, Florida Statutes; or

29 (b) The amount needed to pay the annual cost  
30 attributable to the increased benefit accrual rate for public  
31 school members. The annual cost shall consist of the increase

1 in normal cost for public school members, plus payment of the  
2 30-year amortization amount of the increase in the actuarial  
3 accrued liability attributable to the increase, equal to 2.51  
4 percent of the public school member payroll or \$212 million  
5 for the fiscal year 2005-2006.

6  
7 If, after the recognition of excess actuarial assets pursuant  
8 to this subsection, there remains an unfunded cost, the  
9 contribution rate applicable to public school members shall be  
10 increased by the difference between the annual cost and the  
11 amount provided by the excess actuarial assets, unless the  
12 Legislature provides an alternate funding mechanism.

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

17 Section 4. The Legislature finds that a proper and  
18 legitimate state purpose is served when employees and retirees  
19 of the state and of its political subdivisions, and the  
20 dependents, survivors, and beneficiaries of such employees and  
21 retirees, are extended the basic protections afforded by  
22 governmental retirement systems that provide fair and adequate  
23 benefits that are managed, administered, and funded in an  
24 actuarially sound manner, as required by Section 14, Article X  
25 of the State Constitution and part VII of chapter 112, Florida  
26 Statutes. Therefore, the Legislature determines and declares  
27 that this act fulfills an important state interest.

28 Section 5. This act shall take effect July 1, 2005.  
29  
30  
31

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

\*\*\*\*\*

SENATE SUMMARY

Increases retirement benefits for members of the Florida Retirement System who are employed by a public school system, a charter school, or the Florida School for the Deaf and the Blind.