

By Senator Posey

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A bill to be entitled
An act relating to retirement; amending s.
121.021, F.S.; redefining the term "average
final compensation" with respect to the Florida
Retirement System; revising contribution rates
as part of the funding process; providing a
declaration of important state interest;
providing an effective date.

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

Section 1. Subsection (24) of section 121.021, Florida
Statutes, is amended to read:

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

(24) "Average final compensation" means the average of
the 3 ~~5~~ highest fiscal years of compensation for creditable
service prior to retirement, termination, or death. For
in-line-of-duty disability benefits, if less than 3 ~~5~~ years of
creditable service have been completed, the term "average
final compensation" means the average annual compensation of
the total number of years of creditable service. Each year
used in the calculation of average final compensation shall
commence on July 1.

(a) The average final compensation shall include:

1. Accumulated annual leave payments, not to exceed
500 hours; and

2. All payments defined as compensation in subsection
(22).

(b) The average final compensation shall not include:

- 1 1. Compensation paid to professional persons for
- 2 special or particular services;
- 3 2. Payments for accumulated sick leave made due to
- 4 retirement or termination;
- 5 3. Payments for accumulated annual leave in excess of
- 6 500 hours;
- 7 4. Bonuses as defined in subsection (47);
- 8 5. Third party payments made on and after July 1,
- 9 1990; or
- 10 6. Fringe benefits (for example, automobile allowances
- 11 or housing allowances).

12 Section 2. Effective July 1, 2004, for the purposes of

13 funding the 3-year average final compensation benefit change,

14 the contribution rate for the below-named classes of the

15 Florida Retirement System shall be increased, as follows:

16 (a) The contribution rate that applies to the Regular

17 Class of the Florida Retirement System shall be increased by

18 1.06 percentage points.

19 (b) The contribution rate that applies to the Special

20 Risk Class of the Florida Retirement System shall be increased

21 by 2.14 percentage points.

22 (c) The contribution rate that applies to the Special

23 Risk Administrative Support Class of the Florida Retirement

24 System shall be increased by 1.67 percentage points.

25 (d) The contribution rate that applies to the Judicial

26 subclass of the Elected Officers' Class of the Florida

27 Retirement System shall increase by 1.87 percentage points.

28 (e) The contribution rate that applies to the

29 legislative-attorney-Cabinet subclass of the Elected Officers'

30 Class of the Florida Retirement Class shall be increased by

31 1.79 percentage points.

1 (f) The contribution rate that applies to the County
2 Officers' subclass of the Elected Officers' Class of the
3 Florida Retirement System shall be increased by 1.66
4 percentage points.

5 (g) The contribution rate that applies to the Senior
6 Management Service Class of the Florida Retirement System
7 shall be increased by 1.45 percentage points.

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9 These increases shall be in addition to all changes to such
10 contribution rates which may be enacted into law to take
11 effect on that date. The Division of Statutory Revision is
12 directed to adjust the contribution rates set forth in
13 sections 121.052, 121.055, and 121.071, Florida Statutes.

14 Section 3. The Legislature finds that a proper and
15 legitimate state purpose is served when employees and retirees
16 of the state and its political subdivisions and the
17 dependents, survivors, and beneficiaries of such employees and
18 retirees are extended the basic protections afforded by
19 governmental retirement systems that provide fair and adequate
20 benefits and that are managed, administered, and funded in an
21 actuarially sound manner, as required by Section 14, Article
22 X, of the State Constitution and part VII of chapter 112,
23 Florida Statutes. Therefore, the Legislature determines and
24 declares that this act fulfills an important state interest.

25 Section 4. This act shall take effect July 1, 2004.

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28 SENATE SUMMARY

29 Redefines the term "average final compensation" for
30 purposes of the Florida Retirement System to mean the
31 average of the 3 highest fiscal years of compensation
 rather than the 5 highest fiscal years of compensation.
 Revises the contribution rates to conform.