

HB 0789

2004

1                                   A bill to be entitled  
 2           An act relating to the Florida Retirement System; amending  
 3           s. 121.021, F.S., revising the definition of "average  
 4           final compensation"; increasing a contribution rate for  
 5           certain benefit change funding purposes; providing a  
 6           declaration of important state interest; providing an  
 7           effective date.

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

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

13           121.021 Definitions.--The following words and phrases as  
 14   used in this chapter have the respective meanings set forth  
 15   unless a different meaning is plainly required by the context:

16           (24) "Average final compensation" means the average of the  
 17   5 highest fiscal years of compensation for creditable service  
 18   prior to retirement, termination, or death; however, the  
 19   "average final compensation" applicable to a member of the  
 20   Special Risk Class is the average of the 3 highest fiscal years  
 21   of compensation for creditable service prior to retirement,  
 22   termination, or death. For in-line-of-duty disability benefits,  
 23   if less than the number of years specified for calculating  
 24   "average final compensation" 5-years of creditable service have  
 25   been completed, the term "average final compensation" means the  
 26   average annual compensation of the total number of years of  
 27   creditable service. Each year used in the calculation of average  
 28   final compensation shall commence on July 1.

29           (a) The average final compensation shall include:

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

32 2. All payments defined as compensation in subsection  
 33 (22).

34 (b) The average final compensation shall not include:

35 1. Compensation paid to professional persons for special  
 36 or particular services;

37 2. Payments for accumulated sick leave made due to  
 38 retirement or termination;

39 3. Payments for accumulated annual leave in excess of 500  
 40 hours;

41 4. Bonuses as defined in subsection (47);

42 5. Third party payments made on and after July 1, 1990; or

43 6. Fringe benefits (for example, automobile allowances or  
 44 housing allowances).

45 Section 2. Effective July 1, 2004, for the purposes of  
 46 funding the 3-year average final compensation benefit change  
 47 made by this act, the contribution rate set forth in s.  
 48 121.071(3), Florida Statutes, for the Special Risk Class of the  
 49 Florida Retirement System shall be increased by 2.14 percent.  
 50 This increase shall be in addition to other changes to  
 51 contribution rates which may be enacted into law to take effect  
 52 on that date.

53 Section 3. The Legislature finds that a proper and  
 54 legitimate state purpose is served when employees and retirees  
 55 of the state and its political subdivisions and the dependents,  
 56 survivors, and beneficiaries of such employees and retirees are  
 57 extended the basic protections afforded by governmental  
 58 retirement systems that provide fair and adequate benefits and

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59 that are managed, administered, and funded in an actuarially  
60 sound manner, as required by s. 14, Art. X, of the State  
61 Constitution and part VII of chapter 112, Florida Statutes.  
62 Therefore, the Legislature determines and declares that this act  
63 fulfills an important state interest.

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