

1 A bill to be entitled
 2 An act relating to the Florida Retirement System; amending
 3 s. 121.021, F.S.; providing a definition; amending ss.
 4 121.051 and 121.0511, F.S.; removing cross references, to
 5 conform; amending s. 121.055, F.S.; authorizing certain
 6 senior management employees who withdrew from the system a
 7 period within which to transfer into certain retirement
 8 programs of the system; providing for transfer of
 9 retirement contributions, interest, and earnings;
 10 providing employees with service credit upon transferring
 11 into a new program; providing requirements for the
 12 calculation of service credit; requiring employees to
 13 transfer funds upon moving into a new program; providing
 14 an effective date.

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

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

20 121.021 Definitions.--The following words and phrases as
 21 used in this chapter have the respective meanings set forth
 22 unless a different meaning is plainly required by the context:

23 (62) "Enrolled actuary" means an actuary who is enrolled
 24 under Subtitle C of Title III of the Employee Retirement Income
 25 Security Act of 1974 and who is a member of the Society of
 26 Actuaries or the American Academy of Actuaries.

27 Section 2. Paragraph (b) of subsection (2) of section
 28 121.051, Florida Statutes, is amended to read:

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29 | 121.051 Participation in the system.--

30 | (2) OPTIONAL PARTICIPATION.--

31 | (b)1. The governing body of any municipality or special
32 | district in the state may elect to participate in the system
33 | upon proper application to the administrator and may cover all
34 | or any of its units as approved by the Secretary of Health and
35 | Human Services and the administrator. The department shall adopt
36 | rules establishing provisions for the submission of documents
37 | necessary for such application. Prior to being approved for
38 | participation in the Florida Retirement System, the governing
39 | body of any such municipality or special district that has a
40 | local retirement system shall submit to the administrator a
41 | certified financial statement showing the condition of the local
42 | retirement system as of a date within 3 months prior to the
43 | proposed effective date of membership in the Florida Retirement
44 | System. The statement must be certified by a recognized
45 | accounting firm that is independent of the local retirement
46 | system. All required documents necessary for extending Florida
47 | Retirement System coverage must be received by the department
48 | for consideration at least 15 days prior to the proposed
49 | effective date of coverage. If the municipality or special
50 | district does not comply with this requirement, the department
51 | may require that the effective date of coverage be changed.

52 | 2. Any city or special district that has an existing
53 | retirement system covering the employees in the units that are
54 | to be brought under the Florida Retirement System may
55 | participate only after holding a referendum in which all
56 | employees in the affected units have the right to participate.

57 Only those employees electing coverage under the Florida
58 Retirement System by affirmative vote in said referendum shall
59 be eligible for coverage under this chapter, and those not
60 participating or electing not to be covered by the Florida
61 Retirement System shall remain in their present systems and
62 shall not be eligible for coverage under this chapter. After the
63 referendum is held, all future employees shall be compulsory
64 members of the Florida Retirement System.

65 3. The governing body of any city or special district
66 complying with subparagraph 1. may elect to provide, or not
67 provide, benefits based on past service of officers and
68 employees as described in s. 121.081(1). However, if such
69 employer elects to provide past service benefits, such benefits
70 must be provided for all officers and employees of its covered
71 group.

72 4. Once this election is made and approved it may not be
73 revoked, except pursuant to subparagraphs 5. and 6., and all
74 present officers and employees electing coverage under this
75 chapter and all future officers and employees shall be
76 compulsory members of the Florida Retirement System.

77 5. Subject to the conditions set forth in subparagraph 6.,
78 the governing body of any hospital licensed under chapter 395
79 which is governed by the board of a special district as defined
80 in s. 189.403(1) or by the board of trustees of a public health
81 trust created under s. 154.07, hereinafter referred to as
82 "hospital district," and which participates in the system, may
83 elect to cease participation in the system with regard to future
84 employees in accordance with the following procedure:

85 a. No more than 30 days and at least 7 days before
86 adopting a resolution to partially withdraw from the Florida
87 Retirement System and establish an alternative retirement plan
88 for future employees, a public hearing must be held on the
89 proposed withdrawal and proposed alternative plan.

90 b. From 7 to 15 days before such hearing, notice of intent
91 to withdraw, specifying the time and place of the hearing, must
92 be provided in writing to employees of the hospital district
93 proposing partial withdrawal and must be published in a
94 newspaper of general circulation in the area affected, as
95 provided by ss. 50.011-50.031. Proof of publication of such
96 notice shall be submitted to the Department of Management
97 Services.

98 c. The governing body of any hospital district seeking to
99 partially withdraw from the system must, before such hearing,
100 have an actuarial report prepared and certified by an enrolled
101 actuary, ~~as defined in s. 112.625(3)~~, illustrating the cost to
102 the hospital district of providing, through the retirement plan
103 that the hospital district is to adopt, benefits for new
104 employees comparable to those provided under the Florida
105 Retirement System.

106 d. Upon meeting all applicable requirements of this
107 subparagraph, and subject to the conditions set forth in
108 subparagraph 6., partial withdrawal from the system and adoption
109 of the alternative retirement plan may be accomplished by
110 resolution duly adopted by the hospital district board. The
111 hospital district board must provide written notice of such
112 withdrawal to the division by mailing a copy of the resolution

113 to the division, postmarked no later than December 15, 1995. The
 114 withdrawal shall take effect January 1, 1996.

115 6. Following the adoption of a resolution under sub-
 116 subparagraph 5.d., all employees of the withdrawing hospital
 117 district who were participants in the Florida Retirement System
 118 prior to January 1, 1996, shall remain as participants in the
 119 system for as long as they are employees of the hospital
 120 district, and all rights, duties, and obligations between the
 121 hospital district, the system, and the employees shall remain in
 122 full force and effect. Any employee who is hired or appointed on
 123 or after January 1, 1996, may not participate in the Florida
 124 Retirement System, and the withdrawing hospital district shall
 125 have no obligation to the system with respect to such employees.

126 Section 3. Subsection (3) of section 121.0511, Florida
 127 Statutes, is amended to read:

128 121.0511 Revocation of election and alternative plan.--The
 129 governing body of any municipality or independent special
 130 district that has elected to participate in the Florida
 131 Retirement System may revoke its election in accordance with the
 132 following procedure:

133 (3) The governing body of a municipality or independent
 134 special district seeking to revoke its election to participate
 135 in the system must, before such revocation, have an actuarial
 136 report prepared and certified by an enrolled actuary, ~~as defined~~
 137 ~~in s. 112.625,~~ illustrating the cost to the municipality or
 138 independent special district and to its future employees of
 139 providing a new retirement plan for employees hired after
 140 January 1, 1996.

141 Section 4. Paragraph (b) of subsection (1) of section
 142 121.055, Florida Statutes, is amended to read:

143 121.055 Senior Management Service Class.--There is hereby
 144 established a separate class of membership within the Florida
 145 Retirement System to be known as the "Senior Management Service
 146 Class," which shall become effective February 1, 1987.

147 (1)

148 (b)1. Except as provided in subparagraph 2., effective
 149 January 1, 1990, participation in the Senior Management Service
 150 Class shall be compulsory for the president of each community
 151 college, the manager of each participating city or county, and
 152 all appointed district school superintendents. Effective January
 153 1, 1994, additional positions may be designated for inclusion in
 154 the Senior Management Service Class of the Florida Retirement
 155 System, provided that:

156 a. Positions to be included in the class shall be
 157 designated by the local agency employer. Notice of intent to
 158 designate positions for inclusion in the class shall be
 159 published once a week for 2 consecutive weeks in a newspaper of
 160 general circulation published in the county or counties
 161 affected, as provided in chapter 50.

162 b. Up to 10 nonelective full-time positions may be
 163 designated for each local agency employer reporting to the
 164 Department of Management Services; for local agencies with 100
 165 or more regularly established positions, additional nonelective
 166 full-time positions may be designated, not to exceed 1 percent
 167 of the regularly established positions within the agency.

168 c. Each position added to the class must be a managerial
 169 or policymaking position filled by an employee who is not
 170 subject to continuing contract and serves at the pleasure of the
 171 local agency employer without civil service protection, and who:

172 (I) Heads an organizational unit; or

173 (II) Has responsibility to effect or recommend personnel,
 174 budget, expenditure, or policy decisions in his or her areas of
 175 responsibility.

176 2. In lieu of participation in the Senior Management
 177 Service Class, members of the Senior Management Service Class
 178 pursuant to the provisions of subparagraph 1. may withdraw from
 179 the Florida Retirement System altogether. The decision to
 180 withdraw from the Florida Retirement System shall be irrevocable
 181 for as long as the employee holds such a position. Any service
 182 creditable under the Senior Management Service Class shall be
 183 retained after the member withdraws from the Florida Retirement
 184 System; however, additional service credit in the Senior
 185 Management Service Class shall not be earned after such
 186 withdrawal. Such members shall not be eligible to participate in
 187 the Senior Management Service Optional Annuity Program.

188 3. Effective January 1, 2006, and terminating June 30,
 189 2006, an employee who has withdrawn from the Florida Retirement
 190 System pursuant to subparagraph 2., shall have one opportunity,
 191 at the employee's discretion, to transfer from his or her
 192 current optional retirement program to the defined benefit
 193 program of the Florida Retirement System or to the Public
 194 Employee Optional Retirement Program, subject to the terms of
 195 the applicable optional retirement program contracts.

196 a. If an employee chooses to move to the Public Employee
 197 Optional Retirement Program, any contributions, interest, and
 198 earnings creditable to the employee under the local optional
 199 retirement program shall be retained by the employee in the
 200 local optional retirement program, and the applicable provisions
 201 of s. 121.4501(4) shall govern the election.

202 b. If an employee chooses to move to the defined benefit
 203 program of the Florida Retirement System, the employee shall
 204 receive service credit equal to his or her years of service
 205 under the local optional retirement program.

206 (I) The cost for such credit shall be an amount
 207 representing the present value of that employee's accumulated
 208 benefit obligation for the affected period of service. The cost
 209 shall be calculated as if the benefit commencement occurs on the
 210 first date the employee would become eligible for unreduced
 211 benefits, using the discount rate and other relevant actuarial
 212 assumptions that were used to value the Florida Retirement
 213 System defined benefit plan liabilities in the most recent
 214 actuarial valuation. The calculation shall include any service
 215 previously maintained under the defined benefit plan in addition
 216 to the years under the local optional retirement program. The
 217 present value of any service already maintained under the
 218 defined benefit plan shall be applied as a credit to total cost
 219 resulting from the calculation. The division shall ensure that
 220 the transfer sum is prepared using a formula and methodology
 221 certified by an enrolled actuary.

222 (II) The employee must transfer from his or her local
 223 optional retirement program account, and from other employee

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224 moneys as necessary, a sum representing the present value of
225 that employee's accumulated benefit obligation immediately
226 following the time of such movement if attained service equals
227 the sum of service in the defined benefit program and service in
228 the local optional retirement program.

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