

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
 4 member"; amending s. 121.091, F.S.; providing for
 5 calculation of retirement benefits payable to public
 6 school members; providing retroactive applicability;
 7 providing for funding of benefit increases for public
 8 school members; 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

HB 0563

2005

29 | filed in the manner prescribed by the department. The department
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 second
53 | year after the normal retirement date, A is 1.65 percent of the
54 | member's average final compensation. Following the third year
55 | after the normal retirement date, and for subsequent years, A is
56 | 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
 59 sub-subparagraph a. for service up to the applicability date and
 60 according to the following table for service earned after the
 61 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>

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 68 As used in this sub-subparagraph, the term "applicability date"
 69 means July 1, 2006, adjusted as follows: for each year of
 70 creditable service earned after the applicability date as a
 71 public school member, 2 years will be subtracted from the
 72 applicability date up to a maximum adjustment of 18 years.

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

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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

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

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

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

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

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

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

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

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

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

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

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

133 Section 3. It is the intent of the Legislature that costs
 134 attributable to benefit increases for public school members of

135 the Florida Retirement System Regular Class shall be funded by
 136 recognition of lump sums from the excess actuarial assets of the
 137 Florida Retirement System Trust Fund as follows:

138 (1) For fiscal year 2006-2007, the lump sum to be
 139 recognized shall be the lesser of:

140 (a) The amount available under the rate stabilization
 141 mechanism described in s. 121.031, Florida Statutes; or

142 (b) The amount needed to pay the annual cost attributable
 143 to the increased benefit accrual rate for public school members.
 144 The annual cost shall consist of the increase in normal cost for
 145 public school members, plus payment of the 30-year amortization
 146 amount of the increase in the actuarial accrued liability
 147 attributable to the increase, equal to 2.51 percent of the
 148 public school member payroll or \$212 million for the fiscal year
 149 2006-2007.

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

157 (2) For fiscal years beginning with 2007-2008, the
 158 Legislature shall, as provided in subsection (1), continue to
 159 fund on an ongoing basis the annual cost attributable to the
 160 formula improvements.

161 Section 4. The Legislature finds that a proper and
 162 legitimate state purpose is served when employees and retirees

HB 0563

2005

163 of the state and of its political subdivisions, and the
164 dependents, survivors, and beneficiaries of such employees and
165 retirees, are extended the basic protections afforded by
166 governmental retirement systems that provide fair and adequate
167 benefits that are managed, administered, and funded in an
168 actuarially sound manner, as required by s. 14, Art. X of the
169 State Constitution and part VII of chapter 112, Florida
170 Statutes. Therefore, the Legislature determines and declares
171 that this act fulfills an important state interest.

172 Section 5. This act shall take effect July 1, 2006.