

By the Committee on Governmental Oversight and Productivity

585-641-06

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A bill to be entitled

An act relating to retirement; amending s. 121.71, F.S.; revising the payroll contribution rates for the membership classes of the Florida Retirement System for the state fiscal years effective July 1, 2006, and July 1, 2007; providing a declaration of important state interest; providing an effective date.

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

Section 1. Section 121.71, Florida Statutes, is amended to read:

121.71 Uniform rates; process; calculations; levy.--

(1) In conducting the system actuarial study required under s. 121.031, the actuary shall follow all requirements specified thereunder to determine, by Florida Retirement System employee membership class, the dollar contribution amounts necessary for the forthcoming fiscal year for the defined benefit program. In addition, the actuary shall determine, by Florida Retirement System membership class, based on an estimate for the forthcoming fiscal year of the gross compensation of employees participating in the optional retirement program, the dollar contribution amounts necessary to make the allocations required under ss. 121.72 and 121.73. For each employee membership class and subclass, the actuarial study shall establish a uniform rate necessary to fund the benefit obligations under both Florida Retirement System retirement plans, by dividing the sum of total dollars required by the estimated gross compensation of members in both plans.

1 (2) Based on the uniform rates set forth in subsection  
2 (3), employers shall make monthly contributions to the  
3 Division of Retirement, which shall initially deposit the  
4 funds into the Florida Retirement System Contributions  
5 Clearing Trust Fund. A change in a contribution rate is  
6 effective the first day of the month for which a full month's  
7 employer contribution may be made on or after the beginning  
8 date of the change.

9 (3) Required employer retirement contribution rates  
10 for each membership class and subclass of the Florida  
11 Retirement System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective July 1, <u>2006</u> <del>2005</del>	Percentage of Gross Compensation, Effective July 1, <u>2007</u> <del>2006</del>
Membership Class		
Regular Class	<u>        </u> % <del>6.67%</del>	<u>9.55%</u> <del>9.53%</del>
Special Risk Class	<u>        </u> % <del>17.37%</del>	<u>21.96%</u> <del>21.91%</del>
Special Risk Administrative		
Support Class	<u>        </u> % <del>8.76%</del>	<u>12.65%</u> <del>12.39%</del>
Elected Officers' Class -		
Legislators, Governor,		
Lt. Governor,		
Cabinet Officers,		
State Attorneys,		
Public Defenders	<u>        </u> % <del>11.33%</del>	14.86%
Elected Officers' Class -		
Justices, Judges	<u>        </u> % <del>17.49%</del>	<u>20.44%</u> <del>20.43%</del>
Elected Officers' Class -		
County Elected Officers	<u>        </u> % <del>14.07%</del>	<u>17.08%</u> <del>17.00%</del>

1	Senior Management Class	<u>      </u> %	<del>9.29%</del>	<u>13.29%</u>	<del>13.27%</del>
2	DROP	<u>      </u> %	<del>8.22%</del>	<u>11.20%</u>	<del>11.74%</del>

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(4) The state actuary shall recognize and use an appropriate level of available excess assets of the Florida Retirement System Trust Fund to offset the difference between the normal costs of the Florida Retirement System and the statutorily prescribed contribution rates.

Section 2. The Legislature finds that a proper and legitimate state purpose is served when employees and retirees of the state and its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by governmental retirement systems. These persons must be provided benefits that are fair and adequate and that are managed, administered, and funded in an actuarially sound manner, as required by Section 14, Article X of the State Constitution, and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 3. This act shall take effect July 1, 2006.

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SENATE SUMMARY

Establishes the payroll contribution rates for the Florida Retirement System for the 2006 and 2007 state fiscal years.