

By the Committee on Governmental Oversight and Productivity

585-1985-06

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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, 2006 2005	Percentage of Gross Compensation, Effective July 1, 2007 2006
Membership Class		
Regular Class	<u>8.69%</u> 6.67%	<u>9.55%</u> 9.53%
Special Risk Class	<u>19.76%</u> 17.37%	<u>21.96%</u> 21.91%
Special Risk Administrative		
Support Class	<u>11.39%</u> 8.76%	<u>12.65%</u> 12.39%
Elected Officers' Class - Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>13.32%</u> 11.33%	<u>14.80%</u> 14.86%
Elected Officers' Class - Justices, Judges	<u>18.40%</u> 17.49%	<u>20.44%</u> 20.43%
Elected Officers' Class - County Elected Officers	<u>15.37%</u> 14.07%	<u>17.08%</u> 17.00%

1	Senior Management Class	<u>11.96%</u>	9.29%	<u>13.29%</u>	13.27%
2	DROP	<u>9.80%</u>	8.22%	<u>10.89%</u>	11.74%

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

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

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

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23 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
24 COMMITTEE SUBSTITUTE FOR
25 SB 1040

26

26 Sets payroll contribution rates for the 2006-2007 Fiscal Year
27 and establishes payroll contribution rates for Fiscal Year
28 2007-2008.

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