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A bill to be entitled
 An act relating to retiree health insurance subsidy;
 amending s. 112.363, F.S.; revising provisions for
 determination of the amount of the subsidy for retirees of
 the defined benefit program and eligible participants of
 the Public Employee Optional Retirement Program of the
 Florida Retirement System or their beneficiaries;
 providing that the spouse at the time of a Florida
 Retirement System participant's death is considered the
 beneficiary for purposes of the retiree health insurance
 subsidy unless a different beneficiary has been
 designated; revising the contribution paid by employers of
 state-administered retirement plans; providing a finding
 of important state interest; providing an effective date.

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

Section 1. Paragraphs (f) and (g) are added to subsection
 (3) of section 112.363, Florida Statutes, and paragraphs (g) and
 (h) are added to subsection (8) of that section, to read:

112.363 Retiree health insurance subsidy.--
 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--
(f)1. Beginning January 1, 2007, each eligible retiree of
the defined benefit program of the Florida Retirement System or,
if the retiree is deceased, his or her beneficiary who is
receiving a monthly benefit from such retiree's account and who
is a spouse or a person who meets the definition of a joint
annuitant in s. 121.021 shall receive a monthly retiree health

29 insurance subsidy payment equal to the number of years of
30 creditable service, as defined in s. 121.021, completed at the
31 time of retirement multiplied by \$6; however, an eligible
32 retiree or beneficiary may not receive a subsidy payment of more
33 than \$180 or less than \$36. If there are multiple beneficiaries,
34 the total payment must not be greater than the payment to which
35 the retiree was entitled. Notwithstanding any other provision in
36 this section, the spouse at the time of death shall be the
37 participant's beneficiary unless such participant has designated
38 a different beneficiary subsequent to the participant's most
39 recent marriage. The health insurance subsidy amount payable to
40 any person receiving the retiree health insurance subsidy
41 payment on January 1, 2006, may not be reduced solely by
42 operation of this subparagraph.

43 2. Beginning January 1, 2007, each eligible participant of
44 the Public Employee Optional Retirement Program of the Florida
45 Retirement System who has met the requirements of this section
46 or, if the participant is deceased, his or her spouse who is the
47 participant's designated beneficiary shall receive a monthly
48 retiree health insurance subsidy equal to the number of years of
49 creditable service, as provided in this subparagraph, completed
50 at the time of retirement multiplied by \$6; however, an eligible
51 retiree or beneficiary may not receive a subsidy payment of more
52 than \$180 or less than \$36. For purposes of determining a
53 participant's creditable service used to calculate the health
54 insurance subsidy, a participant's years of service credit or
55 fraction thereof shall be based on the participant's work year
56 as defined in s. 121.021. Credit shall be awarded for a full

57 work year whenever health insurance subsidy contributions have
58 been made as required by law for each month in the participant's
59 work year. In addition, all years of creditable service retained
60 under the Florida Retirement System defined benefit program
61 shall be included as creditable service for purposes of this
62 section. Notwithstanding any other provision in this section,
63 the spouse at the time of death shall be the participant's
64 beneficiary unless such participant has designated a different
65 beneficiary subsequent to the participant's most recent
66 marriage.

67 (g)1. Beginning January 1, 2008, each eligible retiree of
68 the defined benefit program of the Florida Retirement System or,
69 if the retiree is deceased, his or her beneficiary who is
70 receiving a monthly benefit from such retiree's account and who
71 is a spouse or a person who meets the definition of a joint
72 annuitant in s. 121.021 shall receive a monthly retiree health
73 insurance subsidy payment equal to the number of years of
74 creditable service, as defined in s. 121.021, completed at the
75 time of retirement multiplied by \$7; however, an eligible
76 retiree or beneficiary may not receive a subsidy payment of more
77 than \$210 or less than \$42. If there are multiple beneficiaries,
78 the total payment must not be greater than the payment to which
79 the retiree was entitled. Notwithstanding any other provision in
80 this section, the spouse at the time of death shall be the
81 participant's beneficiary unless such participant has designated
82 a different beneficiary subsequent to the participant's most
83 recent marriage. The health insurance subsidy amount payable to
84 any person receiving the retiree health insurance subsidy

85 payment on January 1, 2006, may not be reduced solely by
86 operation of this subparagraph.

87 2. Beginning January 1, 2008, each eligible participant of
88 the Public Employee Optional Retirement Program of the Florida
89 Retirement System who has met the requirements of this section
90 or, if the participant is deceased, his or her spouse who is the
91 participant's designated beneficiary shall receive a monthly
92 retiree health insurance subsidy equal to the number of years of
93 creditable service, as provided in this subparagraph, completed
94 at the time of retirement multiplied by \$7; however, an eligible
95 retiree or beneficiary may not receive a subsidy payment of more
96 than \$210 or less than \$42. For purposes of determining a
97 participant's creditable service used to calculate the health
98 insurance subsidy, a participant's years of service credit or
99 fraction thereof shall be based on the participant's work year
100 as defined in s. 121.021. Credit shall be awarded for a full
101 work year whenever health insurance subsidy contributions have
102 been made as required by law for each month in the participant's
103 work year. In addition, all years of creditable service retained
104 under the Florida Retirement System defined benefit program
105 shall be included as creditable service for purposes of this
106 section. Notwithstanding any other provision in this section,
107 the spouse at the time of death shall be the participant's
108 beneficiary unless such participant has designated a different
109 beneficiary subsequent to the participant's most recent
110 marriage.

111 (8) CONTRIBUTIONS.--For purposes of funding the insurance
112 subsidy provided by this section:

113 (g) Beginning July 1, 2006, the employer of each member of
 114 a state-administered retirement plan shall contribute 1.22
 115 percent of gross compensation each pay period.

116 (h) Beginning July 1, 2007, the employer of each member of
 117 a state-administered retirement plan shall contribute 1.66
 118 percent of gross compensation each pay period.

119
 120 Such contributions shall be submitted to the Department of
 121 Management Services and deposited in the Retiree Health
 122 Insurance Subsidy Trust Fund.

123 Section 2. The Legislature finds that a proper and
 124 legitimate state purpose is served when employees and retirees
 125 of the state and of its political subdivisions, and the
 126 dependents, survivors, and beneficiaries of such employees and
 127 retirees, are extended the basic protections afforded by
 128 governmental retirement systems that provide fair and adequate
 129 benefits that are managed, administered, and funded in an
 130 actuarially sound manner, as required by s. 14, Art. X of the
 131 State Constitution and part VII of chapter 112, Florida
 132 Statutes. Therefore, the Legislature determines and declares
 133 that this act fulfills an important state interest.

134 Section 3. This act shall take effect upon becoming a law.