

By Senator Clary

4-839-06

1 A bill to be entitled
2 An act relating to the Florida Retirement
3 System; amending s. 121.091, F.S.; increasing
4 the period of time in which members of the
5 system who are employed as administrative
6 personnel in grades K-12 may participate in the
7 Deferred Retirement Option Program; providing a
8 declaration of important state interest;
9 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. Paragraphs (a) and (b) of subsection (13)
14 of section 121.091, Florida Statutes, are amended to read:

15 121.091 Benefits payable under the system.--Benefits
16 may not be paid under this section unless the member has
17 terminated employment as provided in s. 121.021(39)(a) or
18 begun participation in the Deferred Retirement Option Program
19 as provided in subsection (13), and a proper application has
20 been filed in the manner prescribed by the department. The
21 department may cancel an application for retirement benefits
22 when the member or beneficiary fails to timely provide the
23 information and documents required by this chapter and the
24 department's rules. The department shall adopt rules
25 establishing procedures for application for retirement
26 benefits and for the cancellation of such application when the
27 required information or documents are not received.

28 (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general,
29 and subject to the provisions of this section, the Deferred
30 Retirement Option Program, hereinafter referred to as the
31 DROP, is a program under which an eligible member of the

1 Florida Retirement System may elect to participate, deferring
2 receipt of retirement benefits while continuing employment
3 with his or her Florida Retirement System employer. The
4 deferred monthly benefits shall accrue in the System Trust
5 Fund on behalf of the participant, plus interest compounded
6 monthly, for the specified period of the DROP participation,
7 as provided in paragraph (c). Upon termination of employment,
8 the participant shall receive the total DROP benefits and
9 begin to receive the previously determined normal retirement
10 benefits. Participation in the DROP does not guarantee
11 employment for the specified period of DROP. Participation in
12 the DROP by an eligible member beyond the initial 60-month
13 period as authorized in this subsection shall be on an annual
14 contractual basis for all participants.

15 (a) Eligibility of member to participate in the
16 DROP.--All active Florida Retirement System members in a
17 regularly established position, and all active members of
18 either the Teachers' Retirement System established in chapter
19 238 or the State and County Officers' and Employees'
20 Retirement System established in chapter 122 which systems are
21 consolidated within the Florida Retirement System under s.
22 121.011, are eligible to elect participation in the DROP
23 provided that:

24 1. The member is not a renewed member of the Florida
25 Retirement System under s. 121.122, or a member of the State
26 Community College System Optional Retirement Program under s.
27 121.051, the Senior Management Service Optional Annuity
28 Program under s. 121.055, or the optional retirement program
29 for the State University System under s. 121.35.

30 2. Except as provided in subparagraph 6., election to
31 participate is made within 12 months immediately following the

1 date on which the member first reaches normal retirement date,
2 or, for a member who reaches normal retirement date based on
3 service before he or she reaches age 62, or age 55 for Special
4 Risk Class members, election to participate may be deferred to
5 the 12 months immediately following the date the member
6 attains 57, or age 52 for Special Risk Class members. For a
7 member who first reached normal retirement date or the
8 deferred eligibility date described above prior to the
9 effective date of this section, election to participate shall
10 be made within 12 months after the effective date of this
11 section. A member who fails to make an election within such
12 12-month limitation period shall forfeit all rights to
13 participate in the DROP. The member shall advise his or her
14 employer and the division in writing of the date on which the
15 DROP shall begin. Such beginning date may be subsequent to the
16 12-month election period, but must be within the 60-month or,
17 with respect to members who are instructional personnel
18 employed by the Florida School for the Deaf and the Blind and
19 who have received authorization by the Board of Trustees of
20 the Florida School for the Deaf and the Blind to participate
21 in the DROP beyond 60 months, or who are instructional
22 personnel as defined in s. 1012.01(2)(a)-(d) or administrative
23 personnel as defined in s. 1012.01(3) in grades K-12 and who
24 have received authorization by the district school
25 superintendent to participate in the DROP beyond 60 months,
26 the 96-month limitation period as provided in subparagraph
27 (b)1. When establishing eligibility of the member to
28 participate in the DROP for the 60-month or, with respect to
29 members who are instructional personnel employed by the
30 Florida School for the Deaf and the Blind and who have
31 received authorization by the Board of Trustees of the Florida

1 School for the Deaf and the Blind to participate in the DROP
2 beyond 60 months, or who are instructional personnel as
3 defined in s. 1012.01(2)(a)-(d) or administrative personnel as
4 defined in s. 1012.01(3) in grades K-12 and who have received
5 authorization by the district school superintendent to
6 participate in the DROP beyond 60 months, the 96-month maximum
7 participation period, the member may elect to include or
8 exclude any optional service credit purchased by the member
9 from the total service used to establish the normal retirement
10 date. A member with dual normal retirement dates shall be
11 eligible to elect to participate in DROP within 12 months
12 after attaining normal retirement date in either class.

13 3. The employer of a member electing to participate in
14 the DROP, or employers if dually employed, shall acknowledge
15 in writing to the division the date the member's participation
16 in the DROP begins and the date the member's employment and
17 DROP participation will terminate.

18 4. Simultaneous employment of a participant by
19 additional Florida Retirement System employers subsequent to
20 the commencement of participation in the DROP shall be
21 permissible provided such employers acknowledge in writing a
22 DROP termination date no later than the participant's existing
23 termination date or the 60-month limitation period as provided
24 in subparagraph (b)1.

25 5. A DROP participant may change employers while
26 participating in the DROP, subject to the following:

27 a. A change of employment must take place without a
28 break in service so that the member receives salary for each
29 month of continuous DROP participation. If a member receives
30 no salary during a month, DROP participation shall cease
31 unless the employer verifies a continuation of the employment

1 relationship for such participant pursuant to s.
2 121.021(39)(b).

3 b. Such participant and new employer shall notify the
4 division on forms required by the division as to the identity
5 of the new employer.

6 c. The new employer shall acknowledge, in writing, the
7 participant's DROP termination date, which may be extended but
8 not beyond the original 60-month or, with respect to members
9 who are instructional personnel employed by the Florida School
10 for the Deaf and the Blind and who have received authorization
11 by the Board of Trustees of the Florida School for the Deaf
12 and the Blind to participate in the DROP beyond 60 months, or
13 who are instructional personnel as defined in s.

14 1012.01(2)(a)-(d) or administrative personnel as defined in s.
15 1012.01(3) in grades K-12 and who have received authorization
16 by the district school superintendent to participate in the
17 DROP beyond 60 months, the 96-month period provided in
18 subparagraph (b)1., shall acknowledge liability for any
19 additional retirement contributions and interest required if
20 the participant fails to timely terminate employment, and
21 shall be subject to the adjustment required in
22 sub-subparagraph (c)5.d.

23 6. Effective July 1, 2001, for instructional personnel
24 as defined in s. 1012.01(2), election to participate in the
25 DROP shall be made at any time following the date on which the
26 member first reaches normal retirement date. The member shall
27 advise his or her employer and the division in writing of the
28 date on which the Deferred Retirement Option Program shall
29 begin. When establishing eligibility of the member to
30 participate in the DROP for the 60-month or, with respect to
31 members who are instructional personnel employed by the

1 Florida School for the Deaf and the Blind and who have
2 received authorization by the Board of Trustees of the Florida
3 School for the Deaf and the Blind to participate in the DROP
4 beyond 60 months, or who are instructional personnel as
5 defined in s. 1012.01(2)(a)-(d) or administrative personnel as
6 defined in s. 1012.01(3) in grades K-12 and who have received
7 authorization by the district school superintendent to
8 participate in the DROP beyond 60 months, the 96-month maximum
9 participation period, as provided in subparagraph (b)1., the
10 member may elect to include or exclude any optional service
11 credit purchased by the member from the total service used to
12 establish the normal retirement date. A member with dual
13 normal retirement dates shall be eligible to elect to
14 participate in either class.

15 (b) Participation in the DROP.--

16 1. An eligible member may elect to participate in the
17 DROP for a period not to exceed a maximum of 60 calendar
18 months or, with respect to members who are instructional
19 personnel employed by the Florida School for the Deaf and the
20 Blind and who have received authorization by the Board of
21 Trustees of the Florida School for the Deaf and the Blind to
22 participate in the DROP beyond 60 months, or who are
23 instructional personnel as defined in s. 1012.01(2)(a)-(d) or
24 administrative personnel as defined in s. 1012.01(3) in grades
25 K-12 and who have received authorization by the district
26 school superintendent to participate in the DROP beyond 60
27 calendar months, 96 calendar months immediately following the
28 date on which the member first reaches his or her normal
29 retirement date or the date to which he or she is eligible to
30 defer his or her election to participate as provided in
31 subparagraph (a)2. However, a member who has reached normal

1 retirement date prior to the effective date of the DROP shall
2 be eligible to participate in the DROP for a period of time
3 not to exceed 60 calendar months or, with respect to members
4 who are instructional personnel employed by the Florida School
5 for the Deaf and the Blind and who have received authorization
6 by the Board of Trustees of the Florida School for the Deaf
7 and the Blind to participate in the DROP beyond 60 months, or
8 who are instructional personnel as defined in s.
9 1012.01(2)(a)-(d) or administrative personnel as defined in s.
10 1012.01(3) in grades K-12 and who have received authorization
11 by the district school superintendent to participate in the
12 DROP beyond 60 calendar months, 96 calendar months immediately
13 following the effective date of the DROP, except a member of
14 the Special Risk Class who has reached normal retirement date
15 prior to the effective date of the DROP and whose total
16 accrued value exceeds 75 percent of average final compensation
17 as of his or her effective date of retirement shall be
18 eligible to participate in the DROP for no more than 36
19 calendar months immediately following the effective date of
20 the DROP.

21 2. Upon deciding to participate in the DROP, the
22 member shall submit, on forms required by the division:
23 a. A written election to participate in the DROP;
24 b. Selection of the DROP participation and termination
25 dates, which satisfy the limitations stated in paragraph (a)
26 and subparagraph 1. Such termination date shall be in a
27 binding letter of resignation with the employer, establishing
28 a deferred termination date. The member may change the
29 termination date within the limitations of subparagraph 1.,
30 but only with the written approval of his or her employer;
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1 c. A properly completed DROP application for service
2 retirement as provided in this section; and

3 d. Any other information required by the division.

4 3. The DROP participant shall be a retiree under the
5 Florida Retirement System for all purposes, except for
6 paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363,
7 121.053, and 121.122. However, participation in the DROP does
8 not alter the participant's employment status and such
9 employee shall not be deemed retired from employment until his
10 or her deferred resignation is effective and termination
11 occurs as provided in s. 121.021(39).

12 4. Elected officers shall be eligible to participate
13 in the DROP subject to the following:

14 a. An elected officer who reaches normal retirement
15 date during a term of office may defer the election to
16 participate in the DROP until the next succeeding term in that
17 office. Such elected officer who exercises this option may
18 participate in the DROP for up to 60 calendar months or a
19 period of no longer than such succeeding term of office,
20 whichever is less.

21 b. An elected or a nonelected participant may run for
22 a term of office while participating in DROP and, if elected,
23 extend the DROP termination date accordingly, except, however,
24 if such additional term of office exceeds the 60-month
25 limitation established in subparagraph 1., and the officer
26 does not resign from office within such 60-month limitation,
27 the retirement and the participant's DROP shall be null and
28 void as provided in sub-subparagraph (c)5.d.

29 c. An elected officer who is dually employed and
30 elects to participate in DROP shall be required to satisfy the
31 definition of termination within the 60-month or, with respect

1 to members who are instructional personnel employed by the
2 Florida School for the Deaf and the Blind and who have
3 received authorization by the Board of Trustees of the Florida
4 School for the Deaf and the Blind to participate in the DROP
5 beyond 60 months, or who are instructional personnel as
6 defined in s. 1012.01(2)(a)-(d) or administrative personnel as
7 defined in s. 1012.01(3) in grades K-12 and who have received
8 authorization by the district school superintendent to
9 participate in the DROP beyond 60 months, the 96-month
10 limitation period as provided in subparagraph 1. for the
11 nonelected position and may continue employment as an elected
12 officer as provided in s. 121.053. The elected officer will be
13 enrolled as a renewed member in the Elected Officers' Class or
14 the Regular Class, as provided in ss. 121.053 and 121.122, on
15 the first day of the month after termination of employment in
16 the nonelected position and termination of DROP. Distribution
17 of the DROP benefits shall be made as provided in paragraph
18 (c).

19 Section 2. The Legislature finds that a proper and
20 legitimate state purpose is served when employees and retirees
21 of the state and of its political subdivisions, and the
22 dependents, survivors, and beneficiaries of such employees and
23 retirees, are extended the basic protections afforded by
24 governmental retirement systems that provide fair and adequate
25 benefits and that are managed, administered, and funded in an
26 actuarially sound manner as required by s. 14, Art. X of the
27 State Constitution and part VII of chapter 112, Florida
28 Statutes. Therefore, the Legislature determines and declares
29 that this act fulfills an important state interest.

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

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SENATE SUMMARY

Authorizes school administrative personnel an additional
36 months of DROP participation, in the same manner as
instructional personnel.