

By the Committee on Governmental Oversight and Productivity;
and Senators Clary, Lynn, Crist and Aronberg

585-2335-06

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A bill to be entitled

An act relating to the Florida Retirement System; amending s. 121.091, F.S.; increasing the period of time in which members of the system who are employed as certain administrative personnel in grades K-12 may participate in the Deferred Retirement Option Program; providing a declaration of important state interest; providing an effective date.

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

Section 1. Paragraphs (a) and (b) of subsection (13) of section 121.091, Florida Statutes, are amended to read:

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

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

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

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), administrative
23 | personnel as defined in s. 1012.01(3)(c), or administrative
24 | personnel as defined in s. 1012.01(3)(a) and (b) in school
25 | board designated areas of critical administrative shortage in
26 | grades K-12 and who have received authorization by the
27 | district school superintendent to participate in the DROP
28 | beyond 60 months, the 96-month limitation period as provided
29 | in subparagraph (b)1. When establishing eligibility of the
30 | member to participate in the DROP for the 60-month or, with
31 | respect to members who are instructional personnel employed by

1 | the 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), administrative personnel as
6 | defined in s. 1012.01(3)(c), or administrative personnel as
7 | defined in s. 1012.01(3)(a) and (b) in school board designated
8 | areas of critical administrative shortage in grades K-12 and
9 | who have received authorization by the district school
10 | superintendent to participate in the DROP beyond 60 months,
11 | the 96-month maximum participation period, the member may
12 | elect to include or exclude any optional service credit
13 | purchased by the member from the total service used to
14 | establish the normal retirement date. A member with dual
15 | normal retirement dates shall be eligible to elect to
16 | participate in DROP within 12 months after attaining normal
17 | retirement date in either class.

18 | 3. The employer of a member electing to participate in
19 | the DROP, or employers if dually employed, shall acknowledge
20 | in writing to the division the date the member's participation
21 | in the DROP begins and the date the member's employment and
22 | DROP participation will terminate.

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

30 | 5. A DROP participant may change employers while
31 | participating in the DROP, subject to the following:

1 a. A change of employment must take place without a
2 break in service so that the member receives salary for each
3 month of continuous DROP participation. If a member receives
4 no salary during a month, DROP participation shall cease
5 unless the employer verifies a continuation of the employment
6 relationship for such participant pursuant to s.
7 121.021(39)(b).

8 b. Such participant and new employer shall notify the
9 division on forms required by the division as to the identity
10 of the new employer.

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

19 1012.01(2)(a)-(d), administrative personnel as defined in s.
20 1012.01(3)(c), or administrative personnel as defined in s.
21 1012.01(3)(a) and (b) in school board designated areas of
22 critical administrative shortage in grades K-12 and who have
23 received authorization by the district school superintendent
24 to participate in the DROP beyond 60 months, the 96-month
25 period provided in subparagraph (b)1., shall acknowledge
26 liability for any additional retirement contributions and
27 interest required if the participant fails to timely terminate
28 employment, and shall be subject to the adjustment required in
29 sub-subparagraph (c)5.d.

30 6. Effective July 1, 2001, for instructional personnel
31 as defined in s. 1012.01(2), election to participate in the

1 DROP shall be made at any time following the date on which the
2 member first reaches normal retirement date. The member shall
3 advise his or her employer and the division in writing of the
4 date on which the Deferred Retirement Option Program shall
5 begin. When establishing eligibility of the member to
6 participate in the DROP for the 60-month or, with respect to
7 members who are instructional personnel employed by the
8 Florida School for the Deaf and the Blind and who have
9 received authorization by the Board of Trustees of the Florida
10 School for the Deaf and the Blind to participate in the DROP
11 beyond 60 months, or who are instructional personnel as
12 defined in s. 1012.01(2)(a)-(d), administrative personnel as
13 defined in s. 1012.01(3)(c), or administrative personnel as
14 defined in s. 1012.01(3)(a) and (b) in school board designated
15 areas of critical administrative shortage in grades K-12 and
16 who have received authorization by the district school
17 superintendent to participate in the DROP beyond 60 months,
18 the 96-month maximum participation period, as provided in
19 subparagraph (b)1., the member may elect to include or exclude
20 any optional service credit purchased by the member from the
21 total service used to establish the normal retirement date. A
22 member with dual normal retirement dates shall be eligible to
23 elect to participate in either class.

24 (b) Participation in the DROP.--

25 1. An eligible member may elect to participate in the
26 DROP for a period not to exceed a maximum of 60 calendar
27 months or, with respect to members who are instructional
28 personnel employed by the Florida School for the Deaf and the
29 Blind and who have received authorization by the Board of
30 Trustees of the Florida School for the Deaf and the Blind to
31 participate in the DROP beyond 60 months, or who are

1 instructional personnel as defined in s. 1012.01(2)(a)-(d),
2 administrative personnel as defined in s. 1012.01(3)(c), or
3 administrative personnel as defined in s. 1012.01(3)(a) and
4 (b) in school board designated areas of critical
5 administrative shortage in grades K-12 and who have received
6 authorization by the district school superintendent to
7 participate in the DROP beyond 60 calendar months, 96 calendar
8 months immediately following the date on which the member
9 first reaches his or her normal retirement date or the date to
10 which he or she is eligible to defer his or her election to
11 participate as provided in subparagraph (a)2. However, a
12 member who has reached normal retirement date prior to the
13 effective date of the DROP shall be eligible to participate in
14 the DROP for a period of time not to exceed 60 calendar months
15 or, with respect to members who are instructional personnel
16 employed by the Florida School for the Deaf and the Blind and
17 who have received authorization by the Board of Trustees of
18 the Florida School for the Deaf and the Blind to participate
19 in the DROP beyond 60 months, or who are instructional
20 personnel as defined in s. 1012.01(2)(a)-(d), administrative
21 personnel as defined in s. 1012.01(3)(c), or administrative
22 personnel as defined in s. 1012.01(3)(a) and (b) in school
23 board designated areas of critical administrative shortage in
24 grades K-12 and who have received authorization by the
25 district school superintendent to participate in the DROP
26 beyond 60 calendar months, 96 calendar months immediately
27 following the effective date of the DROP, except a member of
28 the Special Risk Class who has reached normal retirement date
29 prior to the effective date of the DROP and whose total
30 accrued value exceeds 75 percent of average final compensation
31 as of his or her effective date of retirement shall be

1 eligible to participate in the DROP for no more than 36
2 calendar months immediately following the effective date of
3 the DROP.

4 2. Upon deciding to participate in the DROP, the
5 member shall submit, on forms required by the division:

6 a. A written election to participate in the DROP;

7 b. Selection of the DROP participation and termination
8 dates, which satisfy the limitations stated in paragraph (a)
9 and subparagraph 1. Such termination date shall be in a
10 binding letter of resignation with the employer, establishing
11 a deferred termination date. The member may change the
12 termination date within the limitations of subparagraph 1.,
13 but only with the written approval of his or her employer;

14 c. A properly completed DROP application for service
15 retirement as provided in this section; and

16 d. Any other information required by the division.

17 3. The DROP participant shall be a retiree under the
18 Florida Retirement System for all purposes, except for
19 paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363,
20 121.053, and 121.122. However, participation in the DROP does
21 not alter the participant's employment status and such
22 employee shall not be deemed retired from employment until his
23 or her deferred resignation is effective and termination
24 occurs as provided in s. 121.021(39).

25 4. Elected officers shall be eligible to participate
26 in the DROP subject to the following:

27 a. An elected officer who reaches normal retirement
28 date during a term of office may defer the election to
29 participate in the DROP until the next succeeding term in that
30 office. Such elected officer who exercises this option may
31 participate in the DROP for up to 60 calendar months or a

1 period of no longer than such succeeding term of office,
2 whichever is less.

3 b. An elected or a nonelected participant may run for
4 a term of office while participating in DROP and, if elected,
5 extend the DROP termination date accordingly, except, however,
6 if such additional term of office exceeds the 60-month
7 limitation established in subparagraph 1., and the officer
8 does not resign from office within such 60-month limitation,
9 the retirement and the participant's DROP shall be null and
10 void as provided in sub-subparagraph (c)5.d.

11 c. An elected officer who is dually employed and
12 elects to participate in DROP shall be required to satisfy the
13 definition of termination within the 60-month or, with respect
14 to members who are instructional personnel employed by the
15 Florida School for the Deaf and the Blind and who have
16 received authorization by the Board of Trustees of the Florida
17 School for the Deaf and the Blind to participate in the DROP
18 beyond 60 months, or who are instructional personnel as
19 defined in s. 1012.01(2)(a)-(d), administrative personnel as
20 defined in s. 1012.01(3)(c), or administrative personnel as
21 defined in s. 1012.01(3)(a) and (b) in school board designated
22 areas of critical administrative shortage in grades K-12 and
23 who have received authorization by the district school
24 superintendent to participate in the DROP beyond 60 months,
25 the 96-month limitation period as provided in subparagraph 1.
26 for the nonelected position and may continue employment as an
27 elected officer as provided in s. 121.053. The elected officer
28 will be enrolled as a renewed member in the Elected Officers'
29 Class or the Regular Class, as provided in ss. 121.053 and
30 121.122, on the first day of the month after termination of
31 employment in the nonelected position and termination of DROP.

1 Distribution of the DROP benefits shall be made as provided in
2 paragraph (c).

3 Section 2. The Legislature finds that a proper and
4 legitimate state purpose is served when employees and retirees
5 of the state and of its political subdivisions, and the
6 dependents, survivors, and beneficiaries of such employees and
7 retirees, are extended the basic protections afforded by
8 governmental retirement systems that provide fair and adequate
9 benefits and that are managed, administered, and funded in an
10 actuarially sound manner as required by s. 14, Art. X of the
11 State Constitution and part VII of chapter 112, Florida
12 Statutes. Therefore, the Legislature determines and declares
13 that the provisions of this act fulfill an important state
14 interest.

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

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18 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
19 COMMITTEE SUBSTITUTE FOR
20 SB 1064

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22 The CS expands eligibility for the extended DROP to all
23 classes of administrative personnel in school board designated
24 areas of critical administrative concern.

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