

1 A bill to be entitled
 2 An act relating to the Florida Retirement System; amending
 3 s. 121.091, F.S.; revising the calculation of retirement
 4 benefits payable to Regular Class members; providing
 5 retroactive applicability; providing for funding of
 6 benefit increases to Regular Class members; providing a
 7 finding of important state interest; providing an
 8 effective date.

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

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12 Section 1. Subsection (1) of section 121.091, Florida
 13 Statutes, is amended to read:

14 121.091 Benefits payable under the system.--Benefits may
 15 not be paid under this section unless the member has terminated
 16 employment as provided in s. 121.021(39)(a) or begun
 17 participation in the Deferred Retirement Option Program as
 18 provided in subsection (13), and a proper application has been
 19 filed in the manner prescribed by the department. The department
 20 may cancel an application for retirement benefits when the
 21 member or beneficiary fails to timely provide the information
 22 and documents required by this chapter and the department's
 23 rules. The department shall adopt rules establishing procedures
 24 for application for retirement benefits and for the cancellation
 25 of such application when the required information or documents
 26 are not received.

27 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
 28 normal retirement date, the member, upon application to the

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29 administrator, shall receive a monthly benefit which shall begin
30 to accrue on the first day of the month of retirement and be
31 payable on the last day of that month and each month thereafter
32 during his or her lifetime. The normal retirement benefit,
33 including any past or additional retirement credit, may not
34 exceed 100 percent of the average final compensation. The amount
35 of monthly benefit shall be calculated as the product of A and
36 B, subject to the adjustment of C, if applicable, as set forth
37 below:

38 (a)1.a. Prior to July 1, 2006, for creditable years of
39 Regular Class service, A is 1.60 percent of the member's average
40 final compensation, up to the member's normal retirement date.
41 Upon completion of the first year after the normal retirement
42 date, A is 1.63 percent of the member's average final
43 compensation. Following the second year after the normal
44 retirement date, A is 1.65 percent of the member's average final
45 compensation. Following the third year after the normal
46 retirement date, and for subsequent years, A is 1.68 percent of
47 the member's average final compensation.

48 b. Beginning July 1, 2006, for all creditable years of
49 Regular Class service including service years prior to July 1,
50 2006, A is 2.00 percent of the member's average final
51 compensation.

52 2. For creditable years of special risk service, A is:

53 a. Two percent of the member's average final compensation
54 for all creditable years prior to October 1, 1974;

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- 55 b. Three percent of the member's average final
56 compensation for all creditable years after September 30, 1974,
57 and before October 1, 1978;
- 58 c. Two percent of the member's average final compensation
59 for all creditable years after September 30, 1978, and before
60 January 1, 1989;
- 61 d. Two and two-tenths percent of the member's final
62 monthly compensation for all creditable years after December 31,
63 1988, and before January 1, 1990;
- 64 e. Two and four-tenths percent of the member's average
65 final compensation for all creditable years after December 31,
66 1989, and before January 1, 1991;
- 67 f. Two and six-tenths percent of the member's average
68 final compensation for all creditable years after December 31,
69 1990, and before January 1, 1992;
- 70 g. Two and eight-tenths percent of the member's average
71 final compensation for all creditable years after December 31,
72 1991, and before January 1, 1993;
- 73 h. Three percent of the member's average final
74 compensation for all creditable years after December 31, 1992;
75 and
- 76 i. Three percent of the member's average final
77 compensation for all creditable years of service after September
78 30, 1978, and before January 1, 1993, for any special risk
79 member who retires after July 1, 2000, or any member of the
80 Special Risk Administrative Support Class entitled to retain the
81 special risk normal retirement date who was a member of the

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82 Special Risk Class during the time period and who retires after
83 July 1, 2000.

84 3. For creditable years of Senior Management Service Class
85 service after January 31, 1987, A is 2 percent;

86 4. For creditable years of Elected Officers' Class service
87 as a Supreme Court Justice, district court of appeal judge,
88 circuit judge, or county court judge, A is $3\frac{1}{3}$ percent of the
89 member's average final compensation, and for all other
90 creditable service in such class, A is 3 percent of average
91 final compensation;

92 (b) B is the number of the member's years and any
93 fractional part of a year of creditable service earned
94 subsequent to November 30, 1970; and

95 (c) C is the normal retirement benefit credit brought
96 forward as of November 30, 1970, by a former member of an
97 existing system. Such normal retirement benefit credit shall be
98 determined as the product of X and Y when X is the percentage of
99 average final compensation which the member would have been
100 eligible to receive if the member had attained his or her normal
101 retirement date as of November 30, 1970, all in accordance with
102 the existing system under which the member is covered on
103 November 30, 1970, and Y is average final compensation as
104 defined in s. 121.021(25). However, any member of an existing
105 retirement system who is eligible to retire and who does retire,
106 become disabled, or die prior to April 15, 1971, may have his or
107 her retirement benefits calculated on the basis of the best 5 of
108 the last 10 years of service.

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109 (d) A member's average final compensation shall be
110 determined by formula to obtain the coverage for the 5 highest
111 fiscal years' salaries, calculated as provided by rule.

112 Section 2. It is the intent of the Legislature that costs
113 attributable to benefit increases for Regular Class members of
114 the Florida Retirement System shall be funded by recognition of
115 lump sums from the excess actuarial assets of the Florida
116 Retirement System Trust Fund as follows:

117 (1) For fiscal year 2006-2007, the lump sum to be
118 recognized shall be the lesser of:

119 (a) The amount available under the rate stabilization
120 mechanism described in s. 121.031, Florida Statutes; or

121 (b) The amount needed to pay the annual cost attributable
122 to the increased benefit accrual rate for Regular Class members.
123 The annual cost shall consist of the increase in normal cost for
124 Regular Class members plus payment of the 30-year amortization
125 amount of the increase in the actuarial accrued liability
126 attributable to the increase, equal to 4.59 percent of the
127 Regular Class member payroll.

128
129 If, after the recognition of excess actuarial assets pursuant to
130 this subsection, there remains an unfunded cost, the
131 contribution rate applicable to Regular Class members shall be
132 increased by the difference between the annual cost and the
133 amount provided by the excess actuarial assets, unless the
134 Legislature provides an alternate funding mechanism.

135 (2) For fiscal years beginning with 2007-2008, the
136 Legislature shall, as provided in subsection (1), continue to

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137 fund on an ongoing basis the annual cost attributable to the
138 formula improvements.

139 Section 3. The Legislature finds that a proper and
140 legitimate state purpose is served when employees and retirees
141 of the state and of its political subdivisions, and the
142 dependents, survivors, and beneficiaries of such employees and
143 retirees, are extended the basic protections afforded by
144 governmental retirement systems that provide fair and adequate
145 benefits that are managed, administered, and funded in an
146 actuarially sound manner, as required by s. 14, Art. X of the
147 State Constitution and part VII of chapter 112, Florida
148 Statutes. Therefore, the Legislature determines and declares
149 that this act fulfills an important state interest.

150 Section 4. This act shall take effect July 1, 2006.