

By Senator Jones

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A bill to be entitled

An act relating to the Florida Retirement System; amending s. 121.091, F.S.; increasing retirement benefits payable to Regular Class members of the system; providing retroactive applicability; providing for funding benefit increases; providing a finding of important state interest; providing an effective date.

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

Section 1. Subsection (1) of section 121.091, Florida Statutes, is 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.

(1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her normal retirement date, the member, upon application to the administrator, shall receive a monthly benefit which shall begin to accrue on the first day of the month of retirement and be payable on the last day of that month and each month

1 thereafter during his or her lifetime. The normal retirement
2 benefit, including any past or additional retirement credit,
3 may not exceed 100 percent of the average final compensation.
4 The amount of monthly benefit shall be calculated as the
5 product of A and B, subject to the adjustment of C, if
6 applicable, as set forth below:

7 (a)1.a. Before July 1, 2006, for creditable years of
8 Regular Class service, A is 1.60 percent of the member's
9 average final compensation, up to the member's normal
10 retirement date. Upon completion of the first year after the
11 normal retirement date, A is 1.63 percent of the member's
12 average final compensation. Following the second year after
13 the normal retirement date, A is 1.65 percent of the member's
14 average final compensation. Following the third year after the
15 normal retirement date, and for subsequent years, A is 1.68
16 percent of the member's average final compensation.

17 b. Beginning July 1, 2006, for all creditable years of
18 Regular Class service, including service years before July 1,
19 2006, A is 2 percent of the member's average final
20 compensation.

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

22 a. Two percent of the member's average final
23 compensation for all creditable years prior to October 1,
24 1974;

25 b. Three percent of the member's average final
26 compensation for all creditable years after September 30,
27 1974, and before October 1, 1978;

28 c. Two percent of the member's average final
29 compensation for all creditable years after September 30,
30 1978, and before January 1, 1989;

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1 d. Two and two-tenths percent of the member's final
2 monthly compensation for all creditable years after December
3 31, 1988, and before January 1, 1990;

4 e. Two and four-tenths percent of the member's average
5 final compensation for all creditable years after December 31,
6 1989, and before January 1, 1991;

7 f. Two and six-tenths percent of the member's average
8 final compensation for all creditable years after December 31,
9 1990, and before January 1, 1992;

10 g. Two and eight-tenths percent of the member's
11 average final compensation for all creditable years after
12 December 31, 1991, and before January 1, 1993;

13 h. Three percent of the member's average final
14 compensation for all creditable years after December 31, 1992;
15 and

16 i. Three percent of the member's average final
17 compensation for all creditable years of service after
18 September 30, 1978, and before January 1, 1993, for any
19 special risk member who retires after July 1, 2000, or any
20 member of the Special Risk Administrative Support Class
21 entitled to retain the special risk normal retirement date who
22 was a member of the Special Risk Class during the time period
23 and who retires after July 1, 2000.

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

26 4. For creditable years of Elected Officers' Class
27 service as a Supreme Court Justice, district court of appeal
28 judge, circuit judge, or county court judge, A is 3 1/3
29 percent of the member's average final compensation, and for
30 all other creditable service in such class, A is 3 percent of
31 average final compensation.

1 (b) B is the number of the member's years and any
2 fractional part of a year of creditable service earned
3 subsequent to November 30, 1970. ~~and~~

4 (c) C is the normal retirement benefit credit brought
5 forward as of November 30, 1970, by a former member of an
6 existing system. Such normal retirement benefit credit shall
7 be determined as the product of X and Y when X is the
8 percentage of average final compensation which the member
9 would have been eligible to receive if the member had attained
10 his or her normal retirement date as of November 30, 1970, all
11 in accordance with the existing system under which the member
12 is covered on November 30, 1970, and Y is average final
13 compensation as defined in s. 121.021(25). However, any
14 member of an existing retirement system who is eligible to
15 retire and who does retire, become disabled, or die prior to
16 April 15, 1971, may have his or her retirement benefits
17 calculated on the basis of the best 5 of the last 10 years of
18 service.

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

22 Section 2. It is the intent of the Legislature that
23 costs attributable to benefit increases for members of the
24 Florida Retirement System Regular Class be funded by
25 recognition of lump sums from the excess actuarial assets of
26 the Florida Retirement System Trust Fund as follows:

27 (1) For fiscal year 2006-2007, the lump sum to be
28 recognized is the lesser of:

29 (a) The amount available under the rate stabilization
30 mechanism described in s. 121.031, Florida Statutes; or
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1 (b) The amount needed to pay the annual cost
2 attributable to the increased benefit accrual rate for Regular
3 Class members. The annual cost shall consist of the increase
4 in normal cost for Regular Class members, plus payment of the
5 30-year amortization amount of the increase in the actuarial
6 accrued liability attributable to the increase, equal to 4.59
7 percent of the Regular Class member payroll. If, after the
8 recognition of excess actuarial assets under this subsection,
9 there remains an unfunded cost, the contribution rate
10 applicable to Regular Class members shall be increased by the
11 difference between the annual cost and the amount provided by
12 the excess actuarial assets, unless the Legislature provides
13 an alternate funding mechanism.

14 (2) For fiscal years beginning with 2007-2008, the
15 Legislature shall, as provided in subsection (1), continue to
16 fund on an ongoing basis the annual cost attributable to the
17 formula improvements.

18 Section 3. The Legislature finds that a proper and
19 legitimate state purpose is served when employees and retirees
20 of the state and of its political subdivisions, and the
21 dependents, survivors, and beneficiaries of such employees and
22 retirees, are extended the basic protections afforded by
23 governmental retirement systems that provide fair and adequate
24 benefits and that are managed, administered, and funded in an
25 actuarially sound manner as required by s. 14, Art. X of the
26 State Constitution and part VII of chapter 112, Florida
27 Statutes. Therefore, the Legislature determines and declares
28 that this act fulfills an important state interest.

29 Section 4. This act shall take effect July 1, 2006.
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SENATE SUMMARY

Increases the retirement credit for members of the Regular Class of the Florida Retirement System to 2 percent of average final compensation for all years of creditable service, applicable retroactively.