## Florida Senate - 2006 (PROPOSED COMMITTEE BILL) SPB 7048

FOR CONSIDERATION  $\ensuremath{\mathsf{By}}$  the Committee on Governmental Oversight and Productivity

585-641-06 1 A bill to be entitled 2 An act relating to retirement; amending s. 121.71, F.S.; revising the payroll contribution 3 4 rates for the membership classes of the Florida 5 Retirement System for the state fiscal years б effective July 1, 2006, and July 1, 2007; 7 providing a declaration of important state 8 interest; providing an effective date. 9 Be It Enacted by the Legislature of the State of Florida: 10 11 12 Section 1. Section 121.71, Florida Statutes, is 13 amended to read: 121.71 Uniform rates; process; calculations; levy.--14 (1) In conducting the system actuarial study required 15 under s. 121.031, the actuary shall follow all requirements 16 17 specified thereunder to determine, by Florida Retirement 18 System employee membership class, the dollar contribution amounts necessary for the forthcoming fiscal year for the 19 defined benefit program. In addition, the actuary shall 20 21 determine, by Florida Retirement System membership class, 22 based on an estimate for the forthcoming fiscal year of the 23 gross compensation of employees participating in the optional retirement program, the dollar contribution amounts necessary 2.4 to make the allocations required under ss. 121.72 and 121.73. 25 For each employee membership class and subclass, the actuarial 26 27 study shall establish a uniform rate necessary to fund the 2.8 benefit obligations under both Florida Retirement System retirement plans, by dividing the sum of total dollars 29 required by the estimated gross compensation of members in 30 31 both plans.

1

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

Florida Senate - 2006 (PROPOSED COMMITTEE BILL) SPB 7048 585-641-06

(2) Based on the uniform rates set forth in subsection 1 2 (3), employers shall make monthly contributions to the Division of Retirement, which shall initially deposit the 3 funds into the Florida Retirement System Contributions 4 Clearing Trust Fund. A change in a contribution rate is 5 6 effective the first day of the month for which a full month's 7 employer contribution may be made on or after the beginning date of the change. 8 9 (3) Required employer retirement contribution rates 10 for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows: 11 12 13 Percentage of Percentage of Gross 14 Gross 15 Compensation, Compensation, Effective Effective 16 17 Membership Class July 1, <u>2006</u> <del>2005</del> July 1, <u>2007</u> <del>2006</del> 18 Regular Class <u>9.55%</u> 9.53% Special Risk Class 21.96% 21.91% 19 Special Risk Administrative 20 21 Support Class <u>12.65%</u> <del>12.39%</del> 2.2 Elected Officers' Class -23 Legislators, Governor, Lt. Governor, 2.4 25 Cabinet Officers, State Attorneys, 26 27 Public Defenders 14.86% 28 Elected Officers' Class -Justices, Judges 29 20.44% 20.43% Elected Officers' Class -30 County Elected Officers <u>%</u> 14.07% <u>17.08%</u> <del>17.00%</del> 31

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

Florida Senate - 2006 (PROPOSED COMMITTEE BILL) SPB 7048 585-641-06

1 Senior Management Class % <del>9.29%</del> 13.29% 13.27% 2 DROP % <del>8.22%</del> <u>11.20%</u> <del>11.74%</del> 3 4 (4) The state actuary shall recognize and use an appropriate level of available excess assets of the Florida 5 б Retirement System Trust Fund to offset the difference between 7 the normal costs of the Florida Retirement System and the 8 statutorily prescribed contribution rates. 9 Section 2. The Legislature finds that a proper and 10 legitimate state purpose is served when employees and retirees of the state and its political subdivisions, and the 11 12 dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by 13 governmental retirement systems. These persons must be 14 provided benefits that are fair and adequate and that are 15 managed, administered, and funded in an actuarially sound 16 17 manner, as required by Section 14, Article X of the State 18 Constitution, and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this 19 <u>act fulfills an important state interest.</u> 2.0 21 Section 3. This act shall take effect July 1, 2006. 22 \*\*\*\*\*\* 23 SENATE SUMMARY 2.4 25 Establishes the payroll contribution rates for the Florida Retirement System for the 2006 and 2007 state 26 fiscal years. 27 28 29 30 31

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