38-1861-07

A bill to be entitled 2 An act relating to the Florida Retirement System; amending s. 121.091, F.S.; providing 3 for calculation of retirement benefits payable 4 5 to Regular Class members; providing for funding 6 benefit increases for Regular Class members; 7 providing a finding 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. Subsection (1) of section 121.091, Florida 13 Statutes, is amended to read: 121.091 Benefits payable under the system.--Benefits 14 may not be paid under this section unless the member has 15 terminated employment as provided in s. 121.021(39)(a) or 16 17 begun participation in the Deferred Retirement Option Program as provided in subsection (13), and a proper application has 18 been filed in the manner prescribed by the department. The 19 department may cancel an application for retirement benefits 20 21 when the member or beneficiary fails to timely provide the 22 information and documents required by this chapter and the 23 department's rules. The department shall adopt rules establishing procedures for application for retirement 2.4 benefits and for the cancellation of such application when the 25 required information or documents are not received. 26 27 (1) NORMAL RETIREMENT BENEFIT .-- Upon attaining his or 2.8 her normal retirement date, the member, upon application to the administrator, shall receive a monthly benefit which shall 29 begin to accrue on the first day of the month of retirement 30 and be payable on the last day of that month and each month

thereafter during his or her lifetime. The normal retirement 2 benefit, including any past or additional retirement credit, may not exceed 100 percent of the average final compensation. 3 The amount of monthly benefit shall be calculated as the 4 product of A and B, subject to the adjustment of C, if 5 applicable, as set forth below: 7 (a)1. For creditable years of Regular Class service, A 8 is 3 1.60 percent of the member's average final compensation-9 up to the member's normal retirement date. Upon completion of the first year after the normal retirement date, A is 1.63 10 percent of the member's average final compensation. Following 11 12 the second year after the normal retirement date, A is 1.65 13 percent of the member's average final compensation. Following the third year after the normal retirement date, and for 14 15 subsequent years, A is 1.68 percent of the member's average 16 final compensation. 17 2. For creditable years of special risk service, A is: 18 Two percent of the member's average final compensation for all creditable years prior to October 1, 19 1974; 2.0 21 b. Three percent of the member's average final 22 compensation for all creditable years after September 30, 23 1974, and before October 1, 1978; c. Two percent of the member's average final 2.4 25 compensation for all creditable years after September 30, 1978, and before January 1, 1989; 26 27 d. Two and two-tenths percent of the member's final 2.8 monthly compensation for all creditable years after December

31, 1988, and before January 1, 1990;

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- e. Two and four-tenths percent of the member's average 2 final compensation for all creditable years after December 31, 1989, and before January 1, 1991;
 - f. Two and six-tenths percent of the member's average final compensation for all creditable years after December 31, 1990, and before January 1, 1992;
 - g. Two and eight-tenths percent of the member's average final compensation for all creditable years after December 31, 1991, and before January 1, 1993;
 - h. Three percent of the member's average final compensation for all creditable years after December 31, 1992; and
 - i. Three percent of the member's average final compensation for all creditable years of service after September 30, 1978, and before January 1, 1993, for any special risk member who retires after July 1, 2000, or any member of the Special Risk Administrative Support Class entitled to retain the special risk normal retirement date who was a member of the Special Risk Class during the time period and who retires after July 1, 2000.
 - 3. For creditable years of Senior Management Service Class service after January 31, 1987, A is 2 percent $_{.}\dot{\tau}$
 - 4. For creditable years of Elected Officers' Class service as a Supreme Court Justice, district court of appeal judge, circuit judge, or county court judge, A is 3 1/3 percent of the member's average final compensation, and for all other creditable service in such class, A is 3 percent of average final compensation .. +
 - (b) B is the number of the member's years and any fractional part of a year of creditable service earned subsequent to November 30, 1970 .: and

| 1 | (c) C is the normal retirement benefit credit brought |
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| 2 | forward as of November 30, 1970, by a former member of an |
| 3 | existing system. Such normal retirement benefit credit shall |
| 4 | be determined as the product of X and Y when X is the |
| 5 | percentage of average final compensation which the member |
| 6 | would have been eligible to receive if the member had attained |
| 7 | his or her normal retirement date as of November 30, 1970, all |
| 8 | in accordance with the existing system under which the member |
| 9 | is covered on November 30, 1970, and Y is average final |
| 10 | compensation as defined in s. 121.021(25). However, any |
| 11 | member of an existing retirement system who is eligible to |
| 12 | retire and who does retire, become disabled, or die prior to |
| 13 | April 15, 1971, may have his or her retirement benefits |
| 14 | calculated on the basis of the best 5 of the last 10 years of |
| 15 | service. |
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| 16 | (d) A member's average final compensation shall be |
| 16 17 | (d) A member's average final compensation shall be determined by formula to obtain the coverage for the 5 highest |
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| 17 | determined by formula to obtain the coverage for the 5 highest |
| 17 18 | determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule. |
| 17 18 19 | determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule. Section 2. It is the intent of the Legislature that |
| 17 18 19 20 | determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule. Section 2. It is the intent of the Legislature that costs attributable to benefit increases for Regular Class |
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| 17 18 19 20 21 22 23 24 25 26 | determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule. Section 2. It is the intent of the Legislature that costs attributable to benefit increases for Regular Class members of the Florida Retirement System be funded by recognition of lump sums from the excess actuarial assets of the Florida Retirement System Trust Fund as follows: (1) For the 2007-2008 fiscal year, the lump sum to be recognized shall be the lesser of: (a) The amount available under the rate stabilization |
| 17 18 19 20 21 22 23 24 25 26 27 | determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule. Section 2. It is the intent of the Leqislature that costs attributable to benefit increases for Regular Class members of the Florida Retirement System be funded by recognition of lump sums from the excess actuarial assets of the Florida Retirement System Trust Fund as follows: (1) For the 2007-2008 fiscal year, the lump sum to be recognized shall be the lesser of: (a) The amount available under the rate stabilization mechanism described in s. 121.031, Florida Statutes; or |

31 in normal cost for Regular Class members plus payment of the

| 1 | 30-year amortization amount of the increase in the actuarial |
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| 2 | accrued liability attributable to the increase, equal to 2.04 |
| 3 | percent of the Regular Class member payroll. If, after the |
| 4 | recognition of excess actuarial assets pursuant to this |
| 5 | subsection, there remains an unfunded cost, the contribution |
| 6 | rate applicable to Regular Class members shall be increased by |
| 7 | the difference between the annual cost and the amount provided |
| 8 | by the excess actuarial assets, unless the Legislature |
| 9 | provides an alternate funding mechanism. |
| 10 | (2) For fiscal years beginning with 2008-2009, the |
| 11 | Legislature shall, as provided in subsection (1), continue to |
| 12 | fund on an ongoing basis the annual cost attributable to the |
| 13 | formula improvements. |
| 14 | Section 3. The Legislature finds that a proper and |
| 15 | legitimate state purpose is served when employees and retirees |
| 16 | of the state and of its political subdivisions, and the |
| 17 | dependents, survivors, and beneficiaries of such employees and |
| 18 | retirees, are extended the basic protections afforded by |
| 19 | governmental systems that provide fair and adequate benefits |
| 20 | that are managed, administered, and funded in an actuarially |
| 21 | sound manner, as required by s. 14, Art. X of the State |
| 22 | Constitution and part VII of chapter 112, Florida Statutes. |
| 23 | Therefore, the Legislature determines and declares that this |
| 24 | act fulfills an important state interest. |
| 25 | Section 4. This act shall take effect July 1, 2007. |
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| 28 | SENATE SUMMARY |
| 29 | Increases the basic benefit for members of the Regular |
| 30 incremental increase in benefit when a | Class of the Florida Retirement System and repeals the incremental increase in benefit when a member serves |
| 31 | beyond his or her normal retirement date. |