

1  
2 An act relating to retirement; amending s.  
3 112.0801, F.S.; providing a definition for the  
4 term "retiree" for purposes of participation in  
5 group insurance; amending s. 121.051, F.S.;  
6 revising conditions for membership in the State  
7 Community College System Optional Retirement  
8 Program; amending s. 121.35, F.S.; revising  
9 conditions for membership in the State  
10 University System Optional Retirement Program;  
11 authorizing transfer of funds for specified  
12 earned credit between the Florida Retirement  
13 System and such optional retirement program;  
14 authorizing a transfer of membership between  
15 the State University System Optional Retirement  
16 Program and the Florida Retirement System;  
17 amending s. 121.4501, F.S.; redefining the term  
18 "eligible employee" for purposes of the Public  
19 Employee Optional Retirement Program; revising  
20 conditions for participation in the Public  
21 Employee Optional Retirement Program; providing  
22 an effective date.

23  
24 Be It Enacted by the Legislature of the State of Florida:

25  
26 Section 1. Section 112.0801, Florida Statutes, is  
27 amended to read:

28 112.0801 Group insurance; participation by retired  
29 employees.--

30 (1) Any state agency, county, municipality, special  
31 district, community college, or district school board which

1 provides life, health, accident, hospitalization, or annuity  
2 insurance, or all of any kinds of such insurance, for its  
3 officers and employees and their dependents upon a group  
4 insurance plan or self-insurance plan shall allow all former  
5 personnel who have retired prior to October 1, 1987, as well  
6 as those who retire on or after such date, and their eligible  
7 dependents, the option of continuing to participate in such  
8 group insurance plan or self-insurance plan. Retirees and  
9 their eligible dependents shall be offered the same health and  
10 hospitalization insurance coverage as is offered to active  
11 employees at a premium cost of no more than the premium cost  
12 applicable to active employees. For the retired employees and  
13 their eligible dependents, the cost of any such continued  
14 participation in any type of plan or any of the cost thereof  
15 may be paid by the employer or by the retired employees. To  
16 determine health and hospitalization plan costs, the employer  
17 shall commingle the claims experience of the retiree group  
18 with the claims experience of the active employees; and, for  
19 other types of coverage, the employer may commingle the claims  
20 experience of the retiree group with the claims experience of  
21 active employees. Retirees covered under Medicare may be  
22 experience-rated separately from the retirees not covered by  
23 Medicare and from active employees, provided that the total  
24 premium does not exceed that of the active group and coverage  
25 is basically the same as for the active group.

26 (2) For purposes of this section "retiree" means any  
27 officer or employee who retires under a state retirement  
28 system or a state optional annuity or retirement program or is  
29 placed on disability retirement and who begins receiving  
30 retirement benefits immediately after retirement from  
31 employment. In addition to these requirements, any officer or

1 employee who retires under the Public Employee Optional  
2 Retirement Program established under part II of chapter 121  
3 shall be considered a "retired officer or employee" or  
4 "retiree" as used in this section if he or she:

5 (a) Meets the age and service requirements to qualify  
6 for normal retirement as set forth in s. 121.021(29); or

7 (b) Has attained the age specified by s.  
8 72(t)(2)(A)(i) of the Internal Revenue Code and has 6 years of  
9 creditable service.

10 Section 2. Paragraph (c) of subsection (2) of section  
11 121.051, Florida Statutes, is amended to read:

12 121.051 Participation in the system.--

13 (2) OPTIONAL PARTICIPATION.--

14 (c) Employees of public community colleges or charter  
15 technical career centers sponsored by public community  
16 colleges, as designated in s. 1000.21(3), who are members of  
17 the Regular Class of the Florida Retirement System and who  
18 comply with the criteria set forth in this paragraph and in s.  
19 1012.875 may elect, in lieu of participating in the Florida  
20 Retirement System, to withdraw from the Florida Retirement  
21 System altogether and participate in an optional retirement  
22 program provided by the employing agency under s. 1012.875, to  
23 be known as the State Community College System Optional  
24 Retirement Program. Pursuant thereto:

25 1. Through June 30, 2001, the cost to the employer for  
26 such annuity shall equal the normal cost portion of the  
27 employer retirement contribution which would be required if  
28 the employee were a member of the Regular Class defined  
29 benefit program, plus the portion of the contribution rate  
30 required by s. 112.363(8) that would otherwise be assigned to  
31 the Retiree Health Insurance Subsidy Trust Fund. Effective

1 July 1, 2001, each employer shall contribute on behalf of each  
2 participant in the optional program an amount equal to 10.43  
3 percent of the participant's gross monthly compensation. The  
4 employer shall deduct an amount to provide for the  
5 administration of the optional retirement program. The  
6 employer providing the optional program shall contribute an  
7 additional amount to the Florida Retirement System Trust Fund  
8 equal to the unfunded actuarial accrued liability portion of  
9 the Regular Class contribution rate.

10         2. The decision to participate in such an optional  
11 retirement program shall be irrevocable for as long as the  
12 employee holds a position eligible for participation, except  
13 as provided in subparagraph 3. Any service creditable under  
14 the Florida Retirement System shall be retained after the  
15 member withdraws from the Florida Retirement System; however,  
16 additional service credit in the Florida Retirement System  
17 shall not be earned while a member of the optional retirement  
18 program.

19         3. An employee who has elected to participate in the  
20 optional retirement program shall have one opportunity, at the  
21 employee's discretion, to choose to transfer from the optional  
22 retirement program to the defined benefit program of the  
23 Florida Retirement System or to the Public Employee Optional  
24 Retirement Program, subject to the terms of the applicable  
25 optional retirement program contracts.

26         a. If the employee chooses to move to the Public  
27 Employee Optional Retirement Program, any contributions,  
28 interest, and earnings creditable to the employee under the  
29 State Community College System Optional Retirement Program  
30 shall be retained by the employee in the State Community  
31

1 College System Optional Retirement Program, and the applicable  
2 provisions of s. 121.4501(4) shall govern the election.

3       b. If the employee chooses to move to the defined  
4 benefit program of the Florida Retirement System, the employee  
5 shall receive service credit equal to his or her years of  
6 service under the State Community College Optional Retirement  
7 Program.

8       (I) The cost for such credit shall be an amount  
9 representing the present value of that employee's accumulated  
10 benefit obligation for the affected period of service. The  
11 cost shall be calculated as if the benefit commencement occurs  
12 on the first date the employee would become eligible for  
13 unreduced benefits, using the discount rate and other relevant  
14 actuarial assumptions that were used to value the Florida  
15 Retirement System defined benefit plan liabilities in the most  
16 recent actuarial valuation. The calculation shall include any  
17 service already maintained under the defined benefit plan in  
18 addition to the years under the State Community College  
19 Optional Retirement Program. The present value of any service  
20 already maintained under the defined benefit plan shall be  
21 applied as a credit to total cost resulting from the  
22 calculation. The division shall ensure that the transfer sum  
23 is prepared using a formula and methodology certified by an  
24 enrolled actuary.

25       (II) The employee must transfer from his or her State  
26 Community College System Optional Retirement Program account  
27 and from other employee moneys as necessary, a sum  
28 representing the present value of that employee's accumulated  
29 benefit obligation immediately following the time of such  
30 movement, determined assuming that attained service equals the  
31 sum of service in the defined benefit program and service in

1 the State Community College System Optional Retirement  
2 Program.

3 4. Participation in the optional retirement program  
4 shall be limited to those employees who satisfy the following  
5 eligibility criteria:

6 a. The employee must be otherwise eligible for  
7 membership or renewed membership in the Regular Class of the  
8 Florida Retirement System, as provided in s. 121.021(11) and  
9 (12) or s. 121.122.

10 b. The employee must be employed in a full-time  
11 position classified in the Accounting Manual for Florida's  
12 Public Community Colleges as:

13 (I) Instructional; or

14 (II) Executive Management, Instructional Management,  
15 or Institutional Management, if a community college determines  
16 that recruiting to fill a vacancy in the position is to be  
17 conducted in the national or regional market, and:

18 (A) The duties and responsibilities of the position  
19 include either the formulation, interpretation, or  
20 implementation of policies; or

21 (B) The duties and responsibilities of the position  
22 include the performance of functions that are unique or  
23 specialized within higher education and that frequently  
24 involve the support of the mission of the community college.

25 c. The employee must be employed in a position not  
26 included in the Senior Management Service Class of the Florida  
27 Retirement System, as described in s. 121.055.

28 5. Participants in the program are subject to the same  
29 reemployment limitations, renewed membership provisions, and  
30 forfeiture provisions as are applicable to regular members of  
31

1 the Florida Retirement System under ss. 121.091(9), 121.122,  
2 and 121.091(5), respectively.

3         6. Eligible community college employees shall be  
4 compulsory members of the Florida Retirement System until,  
5 pursuant to the procedures set forth in s. 1012.875, a written  
6 election to withdraw from the Florida Retirement System and to  
7 participate in the State Community College Optional Retirement  
8 Program is filed with the program administrator and received  
9 by the division.

10         a. Any community college employee whose program  
11 eligibility results from initial employment shall be enrolled  
12 in the State Community College Optional Retirement Program  
13 retroactive to the first day of eligible employment. The  
14 employer retirement contributions paid through the month of  
15 the employee plan change shall be transferred to the community  
16 college for the employee's optional program account, and,  
17 effective the first day of the next month, the employer shall  
18 pay the applicable contributions based upon subparagraph 1.

19         b. Any community college employee whose program  
20 eligibility results from a change in status due to the  
21 subsequent designation of the employee's position as one of  
22 those specified in subparagraph 4. or due to the employee's  
23 appointment, promotion, transfer, or reclassification to a  
24 position specified in subparagraph 4. shall be enrolled in the  
25 program upon the first day of the first full calendar month  
26 that such change in status becomes effective. The employer  
27 retirement contributions paid from the effective date through  
28 the month of the employee plan change shall be transferred to  
29 the community college for the employee's optional program  
30 account, and, effective the first day of the next month, the  
31

1 employer shall pay the applicable contributions based upon  
2 subparagraph 1.

3           7. Effective July 1, 2003, through December 31, 2008,  
4 any participant of the State Community College Optional  
5 Retirement Program who has service credit in the defined  
6 benefit plan of the Florida Retirement System for the period  
7 between his or her first eligibility to transfer from the  
8 defined benefit plan to the optional retirement program and  
9 the actual date of transfer may, during his or her employment,  
10 elect to transfer to the optional retirement program a sum  
11 representing the present value of the accumulated benefit  
12 obligation under the defined benefit retirement program for  
13 such period of service credit. Upon such transfer, all such  
14 service credit previously earned under the defined benefit  
15 program of the Florida Retirement System during this period  
16 shall be nullified for purposes of entitlement to a future  
17 benefit under the defined benefit program of the Florida  
18 Retirement System.

19           Section 3. Paragraph (a) of subsection (2) and  
20 paragraphs (e) and (g) of subsection (3) of section 121.35,  
21 Florida Statutes, are amended, and paragraph (i) is added to  
22 subsection (3), to read:

23           121.35 Optional retirement program for the State  
24 University System.--

25           (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL  
26 PROGRAM.--

27           (a) Participation in the optional retirement program  
28 provided by this section shall be limited to persons who are  
29 otherwise eligible for membership or renewed membership in the  
30 Florida Retirement System and who are employed in one of the  
31 following State University System positions:

1           1. Positions classified as instructional and research  
2 faculty which are exempt from the career service under the  
3 provisions of s. 110.205(2)(d).

4           2. Positions classified as administrative and  
5 professional which are exempt from the career service under  
6 the provisions of s. 110.205(2)(d).

7           3. The Chancellor and the university presidents.

8           (3) ELECTION OF OPTIONAL PROGRAM.--

9           (e) The election by an eligible employee to  
10 participate in the optional retirement program shall be  
11 irrevocable for so long as the employee continues to meet the  
12 eligibility requirements specified in subsection (2), except  
13 as provided in paragraph (h) or paragraph (i). In the event  
14 that an employee participates in the optional retirement  
15 program for 90 days or more and is subsequently employed in an  
16 administrative or professional position which has been  
17 determined by the department, under subparagraph (2)(a)2., to  
18 be not otherwise eligible for participation in the optional  
19 retirement program, the employee shall continue participation  
20 in the optional program so long as the employee meets the  
21 other eligibility requirements for the program, except as  
22 provided in paragraph (h) or paragraph (i).

23           (g) An eligible employee who is a member of the  
24 Florida Retirement System at the time of election to  
25 participate in the optional retirement program shall retain  
26 all retirement service credit earned under the Florida  
27 Retirement System, at the rate earned. No additional service  
28 credit in the Florida Retirement System shall be earned while  
29 the employee participates in the optional program, nor shall  
30 the employee be eligible for disability retirement under the  
31 Florida Retirement System. An eligible employee may transfer

1 from the Florida Retirement System to his or her accounts  
2 under the State University System Optional Retirement Program  
3 a sum representing the present value of the employee's  
4 accumulated benefit obligation under the defined benefit  
5 program of the Florida Retirement System for any service  
6 credit accrued from the employee's first eligible transfer  
7 date to the optional retirement program through the actual  
8 date of such transfer, if such service credit was earned in  
9 the period from July 1, 1984, through December 31, 1992. The  
10 present value of the employee's accumulated benefit obligation  
11 shall be calculated as described in s. 121.4501(3)(c)2. Upon  
12 such transfer, all such service credit previously earned under  
13 the defined benefit program of the Florida Retirement System  
14 during this period shall be nullified for purposes of  
15 entitlement to a future benefit under the defined benefit  
16 program of the Florida Retirement System.

17 (i) Effective January 1, 2008, through December 31,  
18 2008, except for an employee who is a mandatory participant of  
19 the State University System Optional Retirement Program, an  
20 employee who has elected to participate in the State  
21 University System Optional Retirement Program shall have one  
22 opportunity, at the employee's discretion, to choose to  
23 transfer from this program to the defined benefit program of  
24 the Florida Retirement System or to the Public Employee  
25 Optional Retirement Program, subject to the terms of the  
26 applicable contracts of the State University System Optional  
27 Retirement Program.

28 1. If the employee chooses to move to the Public  
29 Employee Optional Retirement Program, any contributions,  
30 interest, and earnings creditable to the employee under the  
31 State University System Optional Retirement Program shall be

1 retained by the employee in the State University System  
2 Optional Retirement Program, and the applicable provisions of  
3 s. 121.4501(4) shall govern the election.

4 2. If the employee chooses to move to the defined  
5 benefit program of the Florida Retirement System, the employee  
6 shall receive service credit equal to his or her years of  
7 service under the State University System Optional Retirement  
8 Program.

9 a. The cost for such credit shall be an amount  
10 representing the actuarial accrued liability for the affected  
11 period of service. The cost shall be calculated using the  
12 discount rate and other relevant actuarial assumptions that  
13 were used to value the Florida Retirement System defined  
14 benefit plan liabilities in the most recent actuarial  
15 valuation. The calculation shall include any service already  
16 maintained under the defined benefit plan in addition to the  
17 years under the State University System Optional Retirement  
18 Program. The actuarial accrued liability of any service  
19 already maintained under the defined benefit plan shall be  
20 applied as a credit to total cost resulting from the  
21 calculation. The division shall ensure that the transfer sum  
22 is prepared using a formula and methodology certified by an  
23 enrolled actuary.

24 b. The employee must transfer from his or her State  
25 University System Optional Retirement Program account, and  
26 from other employee moneys as necessary, a sum representing  
27 the actuarial accrued liability immediately following the time  
28 of such movement, determined assuming that attained service  
29 equals the sum of service in the defined benefit program and  
30 service in the State University System Optional Retirement  
31 Program.

1           Section 4. Paragraph (f) of subsection (2) and  
2 paragraph (a) of subsection (4) of section 121.4501, Florida  
3 Statutes, are amended to read:

4           121.4501 Public Employee Optional Retirement  
5 Program.--

6           (2) DEFINITIONS.--As used in this part, the term:

7           (f) "Eligible employee" means an officer or employee,  
8 as defined in s. 121.021(11), who:

9           1. Is a member of, or is eligible for membership in,  
10 the Florida Retirement System, including any renewed member of  
11 the Florida Retirement System; or

12           2. Participates in, or is eligible to participate in,  
13 the Senior Management Service Optional Annuity Program as  
14 established under s. 121.055(6), ~~or~~ the State Community  
15 College Optional Retirement Program as established under s.  
16 121.051(2)(c), ~~or~~ or

17           ~~3. Is eligible to participate in, but does not~~  
18 ~~participate in,~~ the State University System Optional  
19 Retirement Program established under s. 121.35.

20  
21 The term does not include any member participating in the  
22 Deferred Retirement Option Program established under s.  
23 121.091(13) or a mandatory participant of the State University  
24 System Optional Retirement Program ~~or any employee~~  
25 ~~participating in an optional retirement program~~ established  
26 under s. 121.35.

27           (4) PARTICIPATION; ENROLLMENT.--

28           (a)1. With respect to an eligible employee who is  
29 employed in a regularly established position on June 1, 2002,  
30 by a state employer:

31

1           a. Any such employee may elect to participate in the  
2 Public Employee Optional Retirement Program in lieu of  
3 retaining his or her membership in the defined benefit program  
4 of the Florida Retirement System. The election must be made in  
5 writing or by electronic means and must be filed with the  
6 third-party administrator by August 31, 2002, or, in the case  
7 of an active employee who is on a leave of absence on April 1,  
8 2002, by the last business day of the 5th month following the  
9 month the leave of absence concludes. This election is  
10 irrevocable, except as provided in paragraph (e). Upon making  
11 such election, the employee shall be enrolled as a participant  
12 of the Public Employee Optional Retirement Program, the  
13 employee's membership in the Florida Retirement System shall  
14 be governed by the provisions of this part, and the employee's  
15 membership in the defined benefit program of the Florida  
16 Retirement System shall terminate. The employee's enrollment  
17 in the Public Employee Optional Retirement Program shall be  
18 effective the first day of the month for which a full month's  
19 employer contribution is made to the optional program.

20           b. Any such employee who fails to elect to participate  
21 in the Public Employee Optional Retirement Program within the  
22 prescribed time period is deemed to have elected to retain  
23 membership in the defined benefit program of the Florida  
24 Retirement System, and the employee's option to elect to  
25 participate in the optional program is forfeited.

26           2. With respect to employees who become eligible to  
27 participate in the Public Employee Optional Retirement Program  
28 by reason of employment in a regularly established position  
29 with a state employer commencing after April 1, 2002:

30           a. Any such employee shall, by default, be enrolled in  
31 the defined benefit retirement program of the Florida

1 Retirement System at the commencement of employment, and may,  
2 by the last business day of the 5th month following the  
3 employee's month of hire, elect to participate in the Public  
4 Employee Optional Retirement Program. The employee's election  
5 must be made in writing or by electronic means and must be  
6 filed with the third-party administrator. The election to  
7 participate in the optional program is irrevocable, except as  
8 provided in paragraph (e).

9         b. If the employee files such election within the  
10 prescribed time period, enrollment in the optional program  
11 shall be effective on the first day of employment. The  
12 employer retirement contributions paid through the month of  
13 the employee plan change shall be transferred to the optional  
14 program, and, effective the first day of the next month, the  
15 employer shall pay the applicable contributions based on the  
16 employee membership class in the optional program.

17         c. Any such employee who fails to elect to participate  
18 in the Public Employee Optional Retirement Program within the  
19 prescribed time period is deemed to have elected to retain  
20 membership in the defined benefit program of the Florida  
21 Retirement System, and the employee's option to elect to  
22 participate in the optional program is forfeited.

23         3. With respect to employees who become eligible to  
24 participate in the Public Employee Optional Retirement Program  
25 pursuant to s. 121.051(2)(c)3. or s. 121.35(3)(i), any such  
26 employee may elect to participate in the Public Employee  
27 Optional Retirement Program in lieu of retaining his or her  
28 participation in the State Community College Optional  
29 Retirement Program or the State University System Optional  
30 Retirement Program. The election must be made in writing or by  
31 electronic means and must be filed with the third-party

1 administrator. This election is irrevocable, except as  
2 provided in paragraph (e). Upon making such election, the  
3 employee shall be enrolled as a participant of the Public  
4 Employee Optional Retirement Program, the employee's  
5 membership in the Florida Retirement System shall be governed  
6 by the provisions of this part, and the employee's  
7 participation in the State Community College Optional  
8 Retirement Program or the State University System Optional  
9 Retirement Program shall terminate. The employee's enrollment  
10 in the Public Employee Optional Retirement Program shall be  
11 effective the first day of the month for which a full month's  
12 employer contribution is made to the optional program.

13 4. For purposes of this paragraph, "state employer"  
14 means any agency, board, branch, commission, community  
15 college, department, institution, institution of higher  
16 education, or water management district of the state, which  
17 participates in the Florida Retirement System for the benefit  
18 of certain employees.

19 Section 5. This act shall take effect July 1, 2007.  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31