

By Senator Jones

13-463A-07

1 A bill to be entitled
2 An act relating to the Florida Retirement
3 System; amending s. 121.091, F.S.; providing
4 for calculation of retirement benefits payable
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.

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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
15 may not be paid under this section unless the member has
16 terminated employment as provided in s. 121.021(39)(a) or
17 begun participation in the Deferred Retirement Option Program
18 as provided in subsection (13), and a proper application has
19 been filed in the manner prescribed by the department. The
20 department may cancel an application for retirement benefits
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
24 establishing procedures for application for retirement
25 benefits and for the cancellation of such application when the
26 required information or documents are not received.

27 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or
28 her normal retirement date, the member, upon application to
29 the administrator, shall receive a monthly benefit which shall
30 begin to accrue on the first day of the month of retirement
31 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. For creditable years of Regular Class service, A
8 is 1.80 ~~1.60~~ percent of the member's average final
9 compensation, ~~up to the member's normal retirement date. Upon~~
10 ~~completion of the first year after the normal retirement date,~~
11 ~~A is 1.63 percent of the member's average final compensation.~~
12 ~~Following the second year after the normal retirement date, A~~
13 ~~is 1.65 percent of the member's average final compensation.~~
14 ~~Following the third year after the normal retirement date, and~~
15 ~~for subsequent years, A is 1.68 percent of the member's~~
16 ~~average final compensation.~~

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

18 a. Two percent of the member's average final
19 compensation for all creditable years prior to October 1,
20 1974;

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;

24 c. Two percent of the member's average final
25 compensation for all creditable years after September 30,
26 1978, and before January 1, 1989;

27 d. Two and two-tenths percent of the member's final
28 monthly compensation for all creditable years after December
29 31, 1988, and before January 1, 1990;

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1 e. Two and four-tenths percent of the member's average
2 final compensation for all creditable years after December 31,
3 1989, and before January 1, 1991;

4 f. Two and six-tenths percent of the member's average
5 final compensation for all creditable years after December 31,
6 1990, and before January 1, 1992;

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

10 h. Three percent of the member's average final
11 compensation for all creditable years after December 31, 1992;
12 and

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

21 3. For creditable years of Senior Management Service
22 Class service after January 31, 1987, A is 2 percent.+

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

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

1 (c) C is the normal retirement benefit credit brought
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.

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

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

24 (1) For the 2007-2008 fiscal year, the lump sum to be
25 recognized shall be the lesser of:

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

28 (b) The amount needed to pay the annual cost
29 attributable to the increased benefit accrual rate for Regular
30 Class members. The annual cost shall consist of the increase
31 in normal cost for Regular Class members plus payment of the

1 30-year amortization amount of the increase in the actuarial
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 Class of the Florida Retirement System and repeals the
31 incremental increase in benefit when a member serves
beyond his or her normal retirement date.