

1 A bill to be entitled
 2 An act relating to the Florida Retirement System; amending
 3 s. 121.091, F.S.; revises calculation of retirement
 4 benefits payable to Regular Class members; providing for
 5 funding benefit increases for Regular Class members;
 6 providing a finding of important state interest; providing
 7 an effective date.

8
 9 Be It Enacted by the Legislature of the State of Florida:

10
 11 Section 1. Subsection (1) of section 121.091, Florida
 12 Statutes, is amended to read:

13 121.091 Benefits payable under the system.--Benefits may
 14 not be paid under this section unless the member has terminated
 15 employment as provided in s. 121.021(39) (a) or begun
 16 participation in the Deferred Retirement Option Program as
 17 provided in subsection (13), and a proper application has been
 18 filed in the manner prescribed by the department. The department
 19 may cancel an application for retirement benefits when the
 20 member or beneficiary fails to timely provide the information
 21 and documents required by this chapter and the department's
 22 rules. The department shall adopt rules establishing procedures
 23 for application for retirement benefits and for the cancellation
 24 of such application when the required information or documents
 25 are not received.

26 (1) NORMAL RETIREMENT BENEFIT.--Upon attaining his or her
 27 normal retirement date, the member, upon application to the
 28 administrator, shall receive a monthly benefit which shall begin

29 | to accrue on the first day of the month of retirement and be
 30 | payable on the last day of that month and each month thereafter
 31 | during his or her lifetime. The normal retirement benefit,
 32 | including any past or additional retirement credit, may not
 33 | exceed 100 percent of the average final compensation. The amount
 34 | of monthly benefit shall be calculated as the product of A and
 35 | B, subject to the adjustment of C, if applicable, as set forth
 36 | below:

37 | (a)1. For creditable years of Regular Class service, A is
 38 | 3.00 ~~1.60~~ percent of the member's average final compensation, ~~up~~
 39 | ~~to the member's normal retirement date. Upon completion of the~~
 40 | ~~first year after the normal retirement date, A is 1.63 percent~~
 41 | ~~of the member's average final compensation. Following the~~
 42 | ~~second year after the normal retirement date, A is 1.65 percent~~
 43 | ~~of the member's average final compensation. Following the third~~
 44 | ~~year after the normal retirement date, and for subsequent years,~~
 45 | ~~A is 1.68 percent of the member's average final compensation.~~

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

47 | a. Two percent of the member's average final compensation
 48 | for all creditable years prior to October 1, 1974;

49 | b. Three percent of the member's average final
 50 | compensation for all creditable years after September 30, 1974,
 51 | and before October 1, 1978;

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

55 | d. Two and two-tenths percent of the member's final
 56 | monthly compensation for all creditable years after December 31,

57 1988, and before January 1, 1990;

58 e. Two and four-tenths percent of the member's average
 59 final compensation for all creditable years after December 31,
 60 1989, and before January 1, 1991;

61 f. Two and six-tenths percent of the member's average
 62 final compensation for all creditable years after December 31,
 63 1990, and before January 1, 1992;

64 g. Two and eight-tenths percent of the member's average
 65 final compensation for all creditable years after December 31,
 66 1991, and before January 1, 1993;

67 h. Three percent of the member's average final
 68 compensation for all creditable years after December 31, 1992;
 69 and

70 i. Three percent of the member's average final
 71 compensation for all creditable years of service after September
 72 30, 1978, and before January 1, 1993, for any special risk
 73 member who retires after July 1, 2000, or any member of the
 74 Special Risk Administrative Support Class entitled to retain the
 75 special risk normal retirement date who was a member of the
 76 Special Risk Class during the time period and who retires after
 77 July 1, 2000.

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

80 4. For creditable years of Elected Officers' Class service
 81 as a Supreme Court Justice, district court of appeal judge,
 82 circuit judge, or county court judge, A is $31\frac{1}{3}$ percent of the
 83 member's average final compensation, and for all other
 84 creditable service in such class, A is 3 percent of average

85 final compensation.~~†~~

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

89 (c) C is the normal retirement benefit credit brought
90 forward as of November 30, 1970, by a former member of an
91 existing system. Such normal retirement benefit credit shall be
92 determined as the product of X and Y when X is the percentage of
93 average final compensation which the member would have been
94 eligible to receive if the member had attained his or her normal
95 retirement date as of November 30, 1970, all in accordance with
96 the existing system under which the member is covered on
97 November 30, 1970, and Y is average final compensation as
98 defined in s. 121.021(25). However, any member of an existing
99 retirement system who is eligible to retire and who does retire,
100 become disabled, or die prior to April 15, 1971, may have his or
101 her retirement benefits calculated on the basis of the best 5 of
102 the last 10 years of service.

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

106 Section 2. It is the intent of the Legislature that costs
107 attributable to benefit increases for Regular Class members of
108 the Florida Retirement System be funded by recognition of lump
109 sums from the excess actuarial assets of the Florida Retirement
110 System Trust Fund as follows:

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

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

115 (b) The amount needed to pay the annual cost attributable
116 to the increased benefit accrual rate for Regular Class members.
117 The annual cost shall consist of the increase in normal cost for
118 Regular Class members plus payment of the 30-year amortization
119 amount of the increase in the actuarial accrued liability
120 attributable to the increase, equal to 2.04 percent of the
121 Regular Class member payroll. If, after the recognition of
122 excess actuarial assets pursuant to this subsection, there
123 remains an unfunded cost, the contribution rate applicable to
124 Regular Class members shall be increased by the difference
125 between the annual cost and the amount provided by the excess
126 actuarial assets, unless the Legislature provides an alternate
127 funding mechanism.

128 (2) For fiscal years beginning with 2008-2009, the
129 Legislature shall, as provided in subsection (1), continue to
130 fund on an ongoing basis the annual cost attributable to the
131 formula improvements.

132 Section 3. The Legislature finds that a proper and
133 legitimate state purpose is served when employees and retirees
134 of the state and of its political subdivisions, and the
135 dependents, survivors, and beneficiaries of such employees and
136 retirees, are extended the basic protections afforded by
137 governmental systems that provide fair and adequate benefits
138 that are managed, administered, and funded in an actuarially
139 sound manner, as required by s. 14, Art. X of the State
140 Constitution and part VII of chapter 112, Florida Statutes.

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141 Therefore, the Legislature determines and declares that this act
142 fulfills an important state interest.

143 Section 4. This act shall take effect July 1, 2007.