

HB 685

2007

1 A bill to be entitled

2 An act relating to the Florida Retirement System; amending
3 s. 121.051, F.S.; revising criteria for participation in
4 the State Community College System Optional Retirement
5 Program by employees of public community colleges or
6 charter technical career centers sponsored by public
7 community colleges; amending s. 121.35, F.S.; authorizing
8 certain employees who are members of the Florida
9 Retirement System to elect membership in the State
10 University System Optional Retirement Program; authorizing
11 a one-time opportunity to transfer from the State
12 University System Optional Retirement Program to the
13 defined benefit program of the Florida Retirement System
14 or to the Public Employee Optional Retirement Program;
15 providing for transfer of retirement contributions,
16 interest, and earnings; providing employees with service
17 credit upon transferring into a new program; providing
18 requirements for the calculation of service credit;
19 requiring employees to transfer funds upon moving into a
20 new program; amending s. 121.4501, F.S.; revising the
21 definition of "eligible employee" for purposes of the
22 Public Employee Optional Retirement Program; authorizing
23 eligible employees to elect to participate in the Public
24 Employee Optional Retirement Program in lieu of retaining
25 their participation in the State University System
26 Optional Retirement Program; providing an effective date.

27
28 Be It Enacted by the Legislature of the State of Florida:

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

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30 Section 1. Paragraph (c) of subsection (2) of section
31 121.051, Florida Statutes, is amended to read:

32 121.051 Participation in the system.--

33 (2) OPTIONAL PARTICIPATION.--

34 (c) Employees of public community colleges or charter
35 technical career centers sponsored by public community colleges,
36 as designated in s. 1000.21(3), who are members of the Regular
37 Class of the Florida Retirement System and who comply with the
38 criteria set forth in this paragraph and in s. 1012.875 may
39 elect, in lieu of participating in the Florida Retirement
40 System, to withdraw from the Florida Retirement System
41 altogether and participate in an optional retirement program
42 provided by the employing agency under s. 1012.875, to be known
43 as the State Community College System Optional Retirement
44 Program. Pursuant thereto:

45 1. Through June 30, 2001, the cost to the employer for
46 such annuity shall equal the normal cost portion of the employer
47 retirement contribution which would be required if the employee
48 were a member of the Regular Class defined benefit program, plus
49 the portion of the contribution rate required by s. 112.363(8)
50 that would otherwise be assigned to the Retiree Health Insurance
51 Subsidy Trust Fund. Effective July 1, 2001, each employer shall
52 contribute on behalf of each participant in the optional program
53 an amount equal to 10.43 percent of the participant's gross
54 monthly compensation. The employer shall deduct an amount to
55 provide for the administration of the optional retirement
56 program. The employer providing the optional program shall

57 contribute an additional amount to the Florida Retirement System
58 Trust Fund equal to the unfunded actuarial accrued liability
59 portion of the Regular Class contribution rate.

60 2. The decision to participate in such an optional
61 retirement program shall be irrevocable for as long as the
62 employee holds a position eligible for participation, except as
63 provided in subparagraph 3. Any service creditable under the
64 Florida Retirement System shall be retained after the member
65 withdraws from the Florida Retirement System; however,
66 additional service credit in the Florida Retirement System shall
67 not be earned while a member of the optional retirement program.

68 3. An employee who has elected to participate in the
69 optional retirement program shall have one opportunity, at the
70 employee's discretion, to choose to transfer from the optional
71 retirement program to the defined benefit program of the Florida
72 Retirement System or to the Public Employee Optional Retirement
73 Program, subject to the terms of the applicable optional
74 retirement program contracts.

75 a. If the employee chooses to move to the Public Employee
76 Optional Retirement Program, any contributions, interest, and
77 earnings creditable to the employee under the State Community
78 College System Optional Retirement Program shall be retained by
79 the employee in the State Community College System Optional
80 Retirement Program, and the applicable provisions of s.
81 121.4501(4) shall govern the election.

82 b. If the employee chooses to move to the defined benefit
83 program of the Florida Retirement System, the employee shall

84 receive service credit equal to his or her years of service
85 under the State Community College Optional Retirement Program.

86 (I) The cost for such credit shall be an amount
87 representing the present value of that employee's accumulated
88 benefit obligation for the affected period of service. The cost
89 shall be calculated as if the benefit commencement occurs on the
90 first date the employee would become eligible for unreduced
91 benefits, using the discount rate and other relevant actuarial
92 assumptions that were used to value the Florida Retirement
93 System defined benefit plan liabilities in the most recent
94 actuarial valuation. The calculation shall include any service
95 already maintained under the defined benefit plan in addition to
96 the years under the State Community College Optional Retirement
97 Program. The present value of any service already maintained
98 under the defined benefit plan shall be applied as a credit to
99 total cost resulting from the calculation. The division shall
100 ensure that the transfer sum is prepared using a formula and
101 methodology certified by an enrolled actuary.

102 (II) The employee must transfer from his or her State
103 Community College System Optional Retirement Program account and
104 from other employee moneys as necessary, a sum representing the
105 present value of that employee's accumulated benefit obligation
106 immediately following the time of such movement, determined
107 assuming that attained service equals the sum of service in the
108 defined benefit program and service in the State Community
109 College System Optional Retirement Program.

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

113 a. The employee must be otherwise eligible for membership
114 or renewed membership in the Regular Class of the Florida
115 Retirement System, as provided in s. 121.021(11) and (12) or s.
116 121.122.

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

120 (I) Instructional; or

121 (II) Executive Management, Instructional Management, or
122 Institutional Management, if a community college determines that
123 recruiting to fill a vacancy in the position is to be conducted
124 in the national or regional market, and:

125 (A) The duties and responsibilities of the position
126 include either the formulation, interpretation, or
127 implementation of policies; or

128 (B) The duties and responsibilities of the position
129 include the performance of functions that are unique or
130 specialized within higher education and that frequently involve
131 the support of the mission of the community college.

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

135 5. Participants in the program are subject to the same
136 reemployment limitations, renewed membership provisions, and
137 forfeiture provisions as are applicable to regular members of

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138 the Florida Retirement System under ss. 121.091(9), 121.122, and
139 121.091(5), respectively.

140 6. Eligible community college employees shall be
141 compulsory members of the Florida Retirement System until,
142 pursuant to the procedures set forth in s. 1012.875, a written
143 election to withdraw from the Florida Retirement System and to
144 participate in the State Community College Optional Retirement
145 Program is filed with the program administrator and received by
146 the division.

147 a. Any community college employee whose program
148 eligibility results from initial employment shall be enrolled in
149 the State Community College Optional Retirement Program
150 retroactive to the first day of eligible employment. The
151 employer retirement contributions paid through the month of the
152 employee plan change shall be transferred to the community
153 college for the employee's optional program account, and,
154 effective the first day of the next month, the employer shall
155 pay the applicable contributions based upon subparagraph 1.

156 b. Any community college employee whose program
157 eligibility results from a change in status due to the
158 subsequent designation of the employee's position as one of
159 those specified in subparagraph 4. or due to the employee's
160 appointment, promotion, transfer, or reclassification to a
161 position specified in subparagraph 4. shall be enrolled in the
162 program upon the first day of the first full calendar month that
163 such change in status becomes effective. The employer retirement
164 contributions paid from the effective date through the month of
165 the employee plan change shall be transferred to the community

166 college for the employee's optional program account, and,
 167 effective the first day of the next month, the employer shall
 168 pay the applicable contributions based upon subparagraph 1.

169 7. Effective July 1, 2003, any participant of the State
 170 Community College Optional Retirement Program who has service
 171 credit in the defined benefit plan of the Florida Retirement
 172 System for the period between his or her first eligibility to
 173 transfer from the defined benefit plan to the optional
 174 retirement program and the actual date of transfer may, during
 175 his or her employment, elect to transfer to the optional
 176 retirement program a sum representing the present value of the
 177 accumulated benefit obligation under the defined benefit
 178 retirement program for such period of service credit. Upon such
 179 transfer, all such service credit previously earned under the
 180 defined benefit program of the Florida Retirement System during
 181 this period shall be nullified for purposes of entitlement to a
 182 future benefit under the defined benefit program of the Florida
 183 Retirement System.

184 Section 2. Paragraph (a) of subsection (2) and paragraphs
 185 (e) and (g) of subsection (3) of section 121.35, Florida
 186 Statutes, are amended, and paragraph (i) is added to subsection
 187 (3) of that section, to read:

188 121.35 Optional retirement program for the State
 189 University System.--

190 (2) ELIGIBILITY FOR PARTICIPATION IN OPTIONAL PROGRAM.--

191 (a) Participation in the optional retirement program
 192 provided by this section shall be limited to persons who are
 193 otherwise eligible for membership or renewed membership in the

194 Florida Retirement System and who are employed in one of the
 195 following State University System positions:

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

199 2. Positions classified as administrative and professional
 200 which are exempt from the career service under the provisions of
 201 s. 110.205(2)(d).

202 3. The Chancellor and the university presidents.

203 (3) ELECTION OF OPTIONAL PROGRAM.--

204 (e) The election by an eligible employee to participate in
 205 the optional retirement program shall be irrevocable for so long
 206 as the employee continues to meet the eligibility requirements
 207 specified in subsection (2), except as provided in paragraphs
 208 ~~paragraph~~ (h) and (i). In the event that an employee
 209 participates in the optional retirement program for 90 days or
 210 more and is subsequently employed in an administrative or
 211 professional position which has been determined by the
 212 department, under subparagraph (2)(a)2., to be not otherwise
 213 eligible for participation in the optional retirement program,
 214 the employee shall continue participation in the optional
 215 program so long as the employee meets the other eligibility
 216 requirements for the program, except as provided in paragraphs
 217 ~~paragraph~~ (h) and (i).

218 (g) An eligible employee who is a member of the Florida
 219 Retirement System at the time of election to participate in the
 220 optional retirement program shall retain all retirement service
 221 credit earned under the Florida Retirement System, at the rate

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222 earned. No additional service credit in the Florida Retirement
223 System shall be earned while the employee participates in the
224 optional program, nor shall the employee be eligible for
225 disability retirement under the Florida Retirement System. An
226 eligible employee may transfer from the Florida Retirement
227 System to his or her accounts under the optional retirement
228 program a sum representing the present value of the employee's
229 accumulated benefit obligation under the defined benefit program
230 of the Florida Retirement System for any service credit accrued
231 from the employee's first eligible transfer date to the optional
232 retirement program through the actual date of such transfer, if
233 such service credit was earned between July 1, 1984, and
234 December 31, 1992. Upon such transfer, all service credit
235 previously earned under the defined benefit program of the
236 Florida Retirement System during this period shall be nullified
237 for purposes of entitlement to a future benefit under the
238 defined benefit program of the Florida Retirement System, except
239 as provided in paragraph (i).

240 (i) An employee who has elected to participate in the
241 State University System Optional Retirement Program shall have
242 one opportunity, at the employee's discretion, to choose to
243 transfer from this program to the defined benefit program of the
244 Florida Retirement System or to the Public Employee Optional
245 Retirement Program, subject to the terms of the applicable State
246 University System Optional Retirement Program contracts.

247 1. If the employee chooses to transfer to the Public
248 Employee Optional Retirement Program, any contributions,
249 interest, and earnings creditable to the employee under the

250 State University System Optional Retirement Program shall be
251 retained by the employee in the State University System Optional
252 Retirement Program, and the applicable provisions of s.
253 121.4501(4) shall govern the election.

254 2. If the employee chooses to transfer to the defined
255 benefit program of the Florida Retirement System, the employee
256 shall receive service credit equal to his or her years of
257 service under the State University System Optional Retirement
258 Program.

259 a. The cost for the service credit shall be an amount
260 representing the actuarial accrued liability for the affected
261 period of service. The cost shall be calculated as if the
262 benefit commencement occurs on the first date the employee would
263 become eligible for unreduced benefits, using the discount rate
264 and other relevant actuarial assumptions that were used to value
265 the Florida Retirement System defined benefit plan liabilities
266 in the most recent actuarial valuation. The calculation shall
267 include any service already maintained under the defined benefit
268 plan in addition to the years under the State University System
269 Optional Retirement Program. The actuarial accrued liability of
270 any service already maintained under the defined benefit plan
271 shall be applied as a credit to the total cost resulting from
272 the calculation. The division shall ensure that the transfer sum
273 is prepared using a formula and methodology certified by an
274 enrolled actuary.

275 b. The employee must transfer from his or her State
276 University System Optional Retirement Program account, and from
277 other employee moneys as necessary, a sum representing the

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278 actuarial accrued liability immediately following the time of
 279 such movement, determined assuming that attained service equals
 280 the sum of service in the defined benefit program and service in
 281 the State University System Optional Retirement Program.

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

285 121.4501 Public Employee Optional Retirement Program.--

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

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

289 1. Is a member of, or is eligible for membership in, the
 290 Florida Retirement System, including any renewed member of the
 291 Florida Retirement System; or

292 2. Participates in, or is eligible to participate in, the
 293 Senior Management Service Optional Annuity Program as
 294 established under s. 121.055(6), ~~or~~ the State Community College
 295 Optional Retirement Program as established under s.
 296 121.051(2)(c), ~~or~~ or

297 ~~3. Is eligible to participate in, but does not participate~~
 298 ~~in,~~ the State University System Optional Retirement Program
 299 established under s. 121.35.

300

301 The term does not include any member participating in the
 302 Deferred Retirement Option Program established under s.

303 121.091(13) ~~or any employee participating in an optional~~
 304 ~~retirement program established under s. 121.35.~~

305 (4) PARTICIPATION; ENROLLMENT.--

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

309 a. Any such employee may elect to participate in the
310 Public Employee Optional Retirement Program in lieu of retaining
311 his or her membership in the defined benefit program of the
312 Florida Retirement System. The election must be made in writing
313 or by electronic means and must be filed with the third-party
314 administrator by August 31, 2002, or, in the case of an active
315 employee who is on a leave of absence on April 1, 2002, by the
316 last business day of the 5th month following the month the leave
317 of absence concludes. This election is irrevocable, except as
318 provided in paragraph (e). Upon making such election, the
319 employee shall be enrolled as a participant of the Public
320 Employee Optional Retirement Program, the employee's membership
321 in the Florida Retirement System shall be governed by the
322 provisions of this part, and the employee's membership in the
323 defined benefit program of the Florida Retirement System shall
324 terminate. The employee's enrollment in the Public Employee
325 Optional Retirement Program shall be effective the first day of
326 the month for which a full month's employer contribution is made
327 to the optional program.

328 b. Any such employee who fails to elect to participate in
329 the Public Employee Optional Retirement Program within the
330 prescribed time period is deemed to have elected to retain
331 membership in the defined benefit program of the Florida
332 Retirement System, and the employee's option to elect to
333 participate in the optional program is forfeited.

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

338 a. Any such employee shall, by default, be enrolled in the
339 defined benefit retirement program of the Florida Retirement
340 System at the commencement of employment, and may, by the last
341 business day of the 5th month following the employee's month of
342 hire, elect to participate in the Public Employee Optional
343 Retirement Program. The employee's election must be made in
344 writing or by electronic means and must be filed with the third-
345 party administrator. The election to participate in the optional
346 program is irrevocable, except as provided in paragraph (e).

347 b. If the employee files such election within the
348 prescribed time period, enrollment in the optional program shall
349 be effective on the first day of employment. The employer
350 retirement contributions paid through the month of the employee
351 plan change shall be transferred to the optional program, and,
352 effective the first day of the next month, the employer shall
353 pay the applicable contributions based on the employee
354 membership class in the optional program.

355 c. Any such employee who fails to elect to participate in
356 the Public Employee Optional Retirement Program within the
357 prescribed time period is deemed to have elected to retain
358 membership in the defined benefit program of the Florida
359 Retirement System, and the employee's option to elect to
360 participate in the optional program is forfeited.

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361 3. With respect to employees who become eligible to
362 participate in the Public Employee Optional Retirement Program
363 pursuant to s. 121.051(2)(c)3. or s. 121.35(3)(i), any such
364 employee may elect to participate in the Public Employee
365 Optional Retirement Program in lieu of retaining his or her
366 participation in the State Community College Optional Retirement
367 Program or the State University System Optional Retirement
368 Program. The election must be made in writing or by electronic
369 means and must be filed with the third-party administrator. This
370 election is irrevocable, except as provided in paragraph (e).
371 Upon making such election, the employee shall be enrolled as a
372 participant of the Public Employee Optional Retirement Program,
373 the employee's membership in the Florida Retirement System shall
374 be governed by the provisions of this part, and the employee's
375 participation in the State Community College Optional Retirement
376 Program or the State University System Optional Retirement
377 Program shall terminate. The employee's enrollment in the Public
378 Employee Optional Retirement Program shall be effective the
379 first day of the month for which a full month's employer
380 contribution is made to the optional program.

381 4. For purposes of this paragraph, "state employer" means
382 any agency, board, branch, commission, community college,
383 department, institution, institution of higher education, or
384 water management district of the state, which participates in
385 the Florida Retirement System for the benefit of certain
386 employees.

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