

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

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 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

HB 927

2007

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 1.80 ~~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 second~~  
42 ~~year after the normal retirement date, A is 1.65 percent of the~~  
43 ~~member's average final compensation. Following the third year~~  
44 ~~after the normal retirement date, and for subsequent years, A is~~  
45 ~~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;

HB 927

2007

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  $3\frac{1}{3}$  percent of the

HB 927

2007

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 shall be funded by recognition of  
109 lump sums from the excess actuarial assets of the Florida  
110 Retirement System Trust Fund as follows:

HB 927

2007

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

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.

122  
123 If, after the recognition of excess actuarial assets pursuant to  
124 this subsection, there remains an unfunded cost, the  
125 contribution rate applicable to Regular Class members shall be  
126 increased by the difference between the annual cost and the  
127 amount provided by the excess actuarial assets, unless the  
128 Legislature provides an alternate funding mechanism.

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

133 Section 3. The Legislature finds that a proper and  
134 legitimate state purpose is served when employees and retirees  
135 of the state and of its political subdivisions, and the  
136 dependents, survivors, and beneficiaries of such employees and  
137 retirees, are extended the basic protections afforded by  
138 governmental retirement systems that provide fair and adequate

HB 927

2007

139 benefits that are managed, administered, and funded in an  
140 actuarially sound manner, as required by s. 14, Art. X of the  
141 State Constitution and part VII of chapter 112, Florida  
142 Statutes. Therefore, the Legislature determines and declares  
143 that this act fulfills an important state interest.

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