

HB 1119

2008

1 A bill to be entitled
 2 An act relating to the Florida Retirement System; amending
 3 s. 121.091, F.S.; revising the formula for calculating
 4 retirement benefits payable to Regular Class members to
 5 increase the benefit; providing for funding the benefit
 6 increase; providing a finding of important state interest;
 7 providing 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 and filing an application, the member,
 28 ~~upon application to the administrator,~~ shall receive a monthly

HB 1119

2008

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

38 (a)1. For creditable years of Regular Class service, A is
39 1.80 ~~1.60~~ percent of the member's average final compensation, up
40 to the member's normal retirement date. ~~Upon completion of the~~
41 ~~first year after the normal retirement date, A is 1.63 percent~~
42 ~~of the member's average final compensation. Following the second~~
43 ~~year after the normal retirement date, A is 1.65 percent of the~~
44 ~~member's average final compensation. Following the third year~~
45 ~~after the normal retirement date, and for subsequent years, A is~~
46 ~~1.68 percent of the member's average final compensation.~~

47 2. For creditable years of Special Risk Class service, A
48 is:

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

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

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

57 d. Two and two-tenths percent of the member's final
 58 monthly compensation for all creditable years after December 31,
 59 1988, and before January 1, 1990;

60 e. Two and four-tenths percent of the member's average
 61 final compensation for all creditable years after December 31,
 62 1989, and before January 1, 1991;

63 f. Two and six-tenths percent of the member's average
 64 final compensation for all creditable years after December 31,
 65 1990, and before January 1, 1992;

66 g. Two and eight-tenths percent of the member's average
 67 final compensation for all creditable years after December 31,
 68 1991, and before January 1, 1993;

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

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

80 3. For creditable years of Senior Management Service Class
 81 service after January 31, 1987, A is 2 percent.~~†~~

82 4. For creditable years of Elected Officers' Class service
 83 as a Supreme Court Justice, district court of appeal judge,
 84 circuit judge, or county court judge, A is 3 1/3 percent of the

85 member's average final compensation, and for all other
 86 creditable service in such class, A is 3 percent of the member's
 87 average final compensation.

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

91 (c) C is the normal retirement benefit credit brought
 92 forward as of November 30, 1970, by a former member of an
 93 existing system. ~~The~~ ~~Such~~ normal retirement benefit credit is
 94 ~~shall be determined as~~ the product of X and Y where ~~when~~ X is
 95 the percentage of average final compensation which the member
 96 would have been eligible to receive if the member had attained
 97 his or her normal retirement date by ~~as of~~ November 30, 1970,
 98 all in accordance with the existing system under which the
 99 member is covered on November 30, 1970, and Y is the member's
 100 average final compensation ~~as defined in s. 121.021(25).~~

101 However, any member of an existing retirement system who is
 102 eligible to retire and who does retire, become disabled, or die
 103 prior to April 15, 1971, may have his or her retirement benefits
 104 calculated on the basis of the best 5 of the last 10 years of
 105 service.

106 (d) A member's average final compensation shall be
 107 determined by formula using ~~to obtain the coverage for~~ the 5
 108 highest fiscal years' salaries, calculated as provided by rule.

109 Section 2. It is the intent of the Legislature that costs
 110 attributable to benefit increases for Regular Class members of
 111 the Florida Retirement System be funded by the recognition of
 112 lump sums from the excess actuarial assets of the Florida

HB 1119

2008

113 Retirement System Trust Fund as follows:

114 (1) For the 2008-2009 fiscal year, the lump sum to be
115 recognized shall be the lesser of:

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

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

130 (2) For fiscal years beginning with 2009-2010, the
131 Legislature shall, as provided in subsection (1), continue to
132 fund on an ongoing basis the annual cost attributable to the
133 formula increase.

134 Section 3. The Legislature finds and declares that a
135 legitimate state purpose is served when employees and retirees
136 of the state and its political subdivisions, and the dependents,
137 survivors, and beneficiaries of such employees and retirees, are
138 provided fair and adequate benefits that are managed,
139 administered, and funded in an actuarially sound manner, as

HB 1119

2008

140 | required by s. 14, Art. X of the State Constitution and part VII
141 | of chapter 112, Florida Statutes.

142 | Section 4. This act shall take effect July 1, 2008.