

By Senator Jones

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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 member
20 or beneficiary fails to timely provide the information and
21 documents required by this chapter and the department's rules.
22 The department shall adopt rules establishing procedures for
23 application for retirement benefits and for the cancellation of
24 such application when the required information or documents are
25 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
29 benefit, which begins accruing ~~which shall begin to accrue~~ on the

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30 first day of the month of retirement and ~~is~~ be payable on the
31 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 set
37 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 of~~
42 ~~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 compensation
52 for all creditable years after September 30, 1974, and before
53 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;

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57 d. Two and two-tenths percent of the member's final monthly
58 compensation for all creditable years after December 31, 1988,
59 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 final
64 compensation for all creditable years after December 31, 1990,
65 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 compensation
70 for all creditable years after December 31, 1992; and

71 i. Three percent of the member's average final compensation
72 for all creditable years of service after September 30, 1978, and
73 before January 1, 1993, for any special risk member who retires
74 after July 1, 2000, or any member of the Special Risk
75 Administrative Support Class entitled to retain the special risk
76 normal retirement date who was a member of the Special Risk Class
77 during the time period and who retires after 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 1/3 percent of the
83 member's average final compensation, and for all other creditable
84 service in such class, A is 3 percent of the member's average
85 final compensation.~~†~~

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

103 (d) A member's average final compensation shall be
104 determined by formula using ~~to obtain the coverage for~~ the 5
105 highest 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 the recognition of
109 lump sums from the excess actuarial assets of the Florida
110 Retirement System Trust Fund as follows:

111 (1) For the 2008-2009 fiscal year, 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

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

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

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

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