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1 A bill to be entitled
2 An act relating to retirement; amending s. 121.71,
3 F.S.; revising the payroll contribution rates for the
4 membership classes of the Florida Retirement System
5 for the state fiscal years effective July 1, 2009, and
6 July 1, 2010; requiring the state actuary to consider
7 additional factors when conducting the annual
8 actuarial study of the State Retirement System;
9 specifying the factors to be considered; providing a
10 declaration of important state interest; providing an
11 effective date.

12
13 Be It Enacted by the Legislature of the State of Florida:

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15 Section 1. Section 121.71, Florida Statutes, is amended to
16 read:

17 121.71 Uniform rates; process; calculations; levy.—

18 (1) In conducting the system actuarial study required under
19 s. 121.031, the actuary shall follow all requirements specified
20 thereunder to determine, by Florida Retirement System employee
21 membership class, the dollar contribution amounts necessary for
22 the forthcoming fiscal year for the defined benefit program. In
23 addition, the actuary shall determine, by Florida Retirement
24 System membership class, based on an estimate for the
25 forthcoming fiscal year of the gross compensation of employees
26 participating in the optional retirement program, the dollar
27 contribution amounts necessary to make the allocations required
28 under ss. 121.72 and 121.73. For each employee membership class
29 and subclass, the actuarial study shall establish a uniform rate

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30 necessary to fund the benefit obligations under both Florida
 31 Retirement System retirement plans, by dividing the sum of total
 32 dollars required by the estimated gross compensation of members
 33 in both plans.

34 (2) Based on the uniform rates set forth in subsection (3),
 35 employers shall make monthly contributions to the Division of
 36 Retirement, which shall initially deposit the funds into the
 37 Florida Retirement System Contributions Clearing Trust Fund. A
 38 change in a contribution rate is effective the first day of the
 39 month for which a full month's employer contribution may be made
 40 on or after the beginning date of the change.

41 (3) Required employer retirement contribution rates for
 42 each membership class and subclass of the Florida Retirement
 43 System for both retirement plans are as follows:

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2009</u> 2008	Percentage of Gross Compensation, Effective July 1, <u>2010</u> 2009
44 Regular Class	8.69%	<u>9.63%</u> 9.60%
45 Special Risk Class	19.76%	<u>22.11%</u> 22.03%
46 Special Risk Administrative Support Class	11.39%	<u>12.10%</u> 11.98%
47 Elected Officers' Class -	13.32%	<u>15.20%</u> 14.56%

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48	Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders		
	Elected Officers' Class - Justices, Judges	18.40%	<u>20.65%</u> 20.37%
49			
	Elected Officers' Class - County Elected Officers	15.37%	<u>17.50%</u> 17.06%
50			
	Senior Management Class	11.96%	<u>13.43%</u> 13.36%
51			
	DROP	9.80%	<u>11.14%</u> 10.96%

52
53 (4) The state actuary shall recognize and use an
54 appropriate level of available excess assets of the Florida
55 Retirement System Trust Fund to offset the difference between
56 the normal costs of the Florida Retirement System and the
57 statutorily prescribed contribution rates.

58 Section 2. As part of the actuarial study required by s.
59 121.031(3), Florida Statutes, based on the results of June 30,
60 2009, the administrator of the Florida Retirement System shall
61 contract with the state actuary to conduct an actuarial study of
62 the Florida Retirement System which considers the following
63 methods of funding the Deferred Retirement Option Program:

64 (1) Through a separate contribution rate regardless of the
65 participant's membership class, which has been the method

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66 through the 2008 valuation;

67 (2) Treat participants as retirees such that the payroll
68 associated with the participants is not used to develop the
69 contribution rates for the respective membership class, and the
70 employer is not required to make contributions on such payroll
71 except for unfunded actuarial liability contributions; and

72 (3) Treat participants as active members such that the
73 payroll associated with the participants is used to develop the
74 contribution rates for the respective membership class, and the
75 employer is required to make contributions on the payroll at the
76 same contribution rate as the employer pays for an active member
77 of the applicable class.

78 Section 3. The Legislature finds that a proper and
79 legitimate state purpose is served when employees and retirees
80 of the state and its political subdivisions, and the dependents,
81 survivors, and beneficiaries of such employees and retirees, are
82 extended the basic protections afforded by governmental
83 retirement systems. These persons must be provided benefits that
84 are fair and adequate and that are managed, administered, and
85 funded in an actuarially sound manner, as required by s. 14,
86 Article X of the State Constitution and part VII of chapter 112,
87 Florida Statutes. Therefore, the Legislature determines and
88 declares that this act fulfills an important state interest.

89 Section 4. This act shall take effect July 1, 2009.