

HB 5607

2010

1 A bill to be entitled
2 An act relating to retirement; amending s. 121.71, F.S.;
3 revising the payroll contribution rates for the membership
4 classes of the Florida Retirement System for the state
5 fiscal years effective July 1, 2010, and July 1, 2011;
6 deleting a provision providing for recognition and usage
7 of current available excess assets of the Florida
8 Retirement System Trust Fund to offset employer
9 contribution rates for the Florida Retirement System;
10 requiring the state actuary to consider additional factors
11 when conducting the annual actuarial study of the Florida
12 Retirement System; specifying the factors to be
13 considered; providing a declaration of important state
14 interest; providing an effective date.

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16 Be It Enacted by the Legislature of the State of Florida:

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18 Section 1. Section 121.71, Florida Statutes, is amended to
19 read:

20 121.71 Uniform rates; process; calculations; levy.—

21 (1) In conducting the system actuarial study required
22 under s. 121.031, the actuary shall follow all requirements
23 specified thereunder to determine, by Florida Retirement System
24 employee membership class, the dollar contribution amounts
25 necessary for the forthcoming fiscal year for the defined
26 benefit program. In addition, the actuary shall determine, by
27 Florida Retirement System membership class, based on an estimate
28 for the forthcoming fiscal year of the gross compensation of

29 employees participating in the optional retirement program, the
 30 dollar contribution amounts necessary to make the allocations
 31 required under ss. 121.72 and 121.73. For each employee
 32 membership class and subclass, the actuarial study shall
 33 establish a uniform rate necessary to fund the benefit
 34 obligations under both Florida Retirement System retirement
 35 plans by dividing the sum of total dollars required by the
 36 estimated gross compensation of members in both plans.

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

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

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	Percentage of Gross Compensation, Effective July	Percentage of Gross Compensation, Effective July
Membership Class	1, <u>2010</u> 2009	1, <u>2011</u> 2010
Regular Class	<u>9.76%</u> 8.69%	<u>11.34%</u> 9.63%

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50	Special Risk Class	<u>22.15%</u>	19.76%	<u>28.12%</u>	22.11%
	Special Risk Administrative Support Class	<u>11.24%</u>	11.39%	<u>27.21%</u>	12.10%
51	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>14.38%</u>	13.32%	<u>31.43%</u>	15.20%
52	Elected Officers' Class— Justices, Judges	<u>19.39%</u>	18.40%	<u>30.39%</u>	20.65%
53	Elected Officers' Class— County Elected Officers	<u>16.62%</u>	15.37%	<u>36.37%</u>	17.50%
54	Senior Management Class	<u>11.70%</u>	11.96%	<u>20.97%</u>	13.43%
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DROP 14.23% ~~9.80%~~ 19.20% ~~11.14%~~

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

Section 2. As part of the actuarial study required by s. 121.031(3), Florida Statutes, based on the results of June 30, 2010, the administrator of the Florida Retirement System shall contract with the state actuary to conduct an actuarial study of the Florida Retirement System which considers the following methods of funding the Deferred Retirement Option Program:

(1) Through a separate contribution rate regardless of the participant's membership class, which had been the principle method through the 2009 valuation;

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

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

Section 3. The Legislature finds that a proper and

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

93 Section 4. This act shall take effect July 1, 2010.