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LEGISLATIVE ACTION

Senate

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House

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04/06/2011 05:57 PM

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Senator Latvala moved the following:

1 **Senate Substitute for Amendment (627362) (with ballot and**
2 **title amendments)**

3
4 Delete lines 1858 -1863

5 and insert:

6 (c) *Benefits payable under DROP.*—

7 1. Effective on the date of DROP participation, the
8 member's initial normal monthly benefit, including creditable
9 service, optional form of payment, and average final
10 compensation, and the effective date of retirement are fixed.
11 The beneficiary established under the Florida Retirement System
12 is the beneficiary eligible to receive any DROP benefits payable
13 if the DROP participant dies before completing the period of



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14 DROP participation. If a joint annuitant predeceases the member,
15 the member may name a beneficiary to receive accumulated DROP
16 benefits payable. The retirement benefit, the annual cost of
17 living adjustments provided in s. 121.101, and interest accrue
18 monthly in the Florida Retirement System Trust Fund.

19 a. For members initially enrolled in the system before July
20 1, 2011, the interest accrues at an effective annual rate of 6.5
21 percent compounded monthly, on the prior month's accumulated
22 ending balance, up to the month of termination or death, except
23 as provided in s. 121.053(7).

24 b. For members initially enrolled in the system on or after
25 July 1, 2011, the interest accrues at an effective annual rate
26 of 2 percent compounded monthly, on the prior month's
27 accumulated ending balance, up to the month of termination or
28 death, except as provided in s. 121.053(7).

29 2. Each employee who elects to participate in DROP may
30 elect to receive a lump-sum payment for accrued annual leave
31 earned in accordance with agency policy upon beginning
32 participation in DROP. The accumulated leave payment certified
33 to the division upon commencement of DROP shall be included in
34 the calculation of the member's average final compensation. The
35 employee electing the lump-sum payment is not eligible to
36 receive a second lump-sum payment upon termination, except to
37 the extent the employee has earned additional annual leave
38 which, combined with the original payment, does not exceed the
39 maximum lump-sum payment allowed by the employing agency's
40 policy or rules. An early lump-sum payment shall be based on the
41 hourly wage of the employee at the time he or she begins
42 participation in DROP. If the member elects to wait and receive



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43 a lump-sum payment upon termination of DROP and termination of
44 employment with the employer, any accumulated leave payment made
45 at that time may not be included in the member's retirement
46 benefit, which was determined and fixed by law when the employee
47 elected to participate in DROP.

48 3. The effective date of DROP participation and the
49 effective date of retirement of a DROP participant shall be the
50 first day of the month selected by the member to begin
51 participation in DROP, provided such date is properly
52 established, with the written confirmation of the employer, and
53 the approval of the division, on forms required by the division.

54 4. Normal retirement benefits and any interest ~~shall~~
55 continue to accrue in DROP until the established termination
56 date of DROP or until the member participant terminates
57 employment or dies before ~~prior to~~ such date, except as provided
58 in s. 121.053(7). Although individual DROP accounts may ~~shall~~
59 not be established, a separate accounting of each member's
60 ~~participant's~~ accrued benefits under DROP shall be calculated
61 and provided to the member participants.

62 5. At the conclusion of the member's participation in the
63 ~~participant's~~ DROP, the division shall distribute the member's
64 ~~participant's~~ total accumulated DROP benefits, subject to the
65 following:

66 a. The division shall receive verification by the member's
67 ~~participant's~~ employer or employers that the member participant
68 has terminated all employment relationships as provided in s.
69 121.021(39).

70 b. The terminated DROP participant or, if deceased, the
71 member's participant's named beneficiary, shall elect on forms



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72 provided by the division to receive payment of the DROP benefits
73 in accordance with one of the options listed below. If a member
74 ~~participant~~ or beneficiary fails to elect a method of payment
75 within 60 days after termination of DROP, the division shall pay
76 a lump sum as provided in sub-sub-subparagraph (I).

77 (I) Lump sum.—All accrued DROP benefits, plus interest,
78 less withholding taxes remitted to the Internal Revenue Service,
79 shall be paid to the DROP participant or surviving beneficiary.

80 (II) Direct rollover.—All accrued DROP benefits, plus
81 interest, shall be paid from DROP directly to the custodian of
82 an eligible retirement plan as defined in s. 402(c)(8)(B) of the
83 Internal Revenue Code. However, in the case of an eligible
84 rollover distribution to the surviving spouse of a deceased
85 member participant, an eligible retirement plan is an individual
86 retirement account or an individual retirement annuity as
87 described in s. 402(c)(9) of the Internal Revenue Code.

88 (III) Partial lump sum.—A portion of the accrued DROP
89 benefits shall be paid to DROP participant or surviving spouse,
90 less withholding taxes remitted to the Internal Revenue Service,
91 and the remaining DROP benefits must be transferred directly to
92 the custodian of an eligible retirement plan as defined in s.
93 402(c)(8)(B) of the Internal Revenue Code. However, in the case
94 of an eligible rollover distribution to the surviving spouse of
95 a deceased member participant, an eligible retirement plan is an
96 individual retirement account or an individual retirement
97 annuity as described in s. 402(c)(9) of the Internal Revenue
98 Code. The proportions must be specified by the DROP participant
99 or surviving beneficiary.

100 c. The form of payment selected by the DROP participant or



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101 surviving beneficiary must comply with the minimum distribution
102 requirements of the Internal Revenue Code.

103 d. A DROP participant who fails to terminate all employment
104 relationships as provided in s. 121.021(39) shall be deemed as
105 not retired, and the DROP election is null and void. Florida
106 Retirement System membership shall be reestablished
107 retroactively to the date of the commencement of DROP, and each
108 employer with whom the member ~~participant~~ continues employment
109 must pay to the Florida Retirement System Trust Fund the
110 difference between the DROP contributions paid in paragraph (i)
111 and the contributions required for the applicable Florida
112 Retirement System class of membership during the period the
113 member participated in DROP, plus 6.5 percent interest
114 compounded annually.

115 6. The retirement benefits of any DROP participant who
116 terminates all employment relationships as provided in s.
117 121.021(39) but is reemployed in violation of the reemployment
118 provisions of subsection (9) are ~~shall be~~ suspended during those
119 months in which the retiree is in violation. Any retiree in
120 violation of this subparagraph and any employer that employs or
121 appoints such person without notifying the division ~~of~~
122 ~~Retirement~~ to suspend retirement benefits are jointly and
123 severally liable for any benefits paid during the reemployment
124 limitation period. The employer must have a written statement
125 from the retiree that he or she is not retired from a state-
126 administered retirement system. Any retirement benefits received
127 by a retiree while employed in violation of the reemployment
128 limitations must be repaid to the Florida Retirement System
129 Trust Fund, and his or her retirement benefits shall remain



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130 suspended until payment is made. Benefits suspended beyond the
131 end of the reemployment limitation period apply toward repayment
132 of benefits received in violation of the reemployment
133 limitation.

134 7. The accrued benefits of any DROP participant, and any
135 contributions accumulated under the program, are not subject to
136 assignment, execution, attachment, or any legal process
137 ~~whatsoever~~, except for qualified domestic relations court orders
138 ~~by a court of competent jurisdiction~~, income deduction orders as
139 provided in s. 61.1301, and federal income tax levies.

140 8. DROP participants are not eligible for disability
141 retirement benefits as provided in subsection (4).
142
143

144 ===== B A L L O T S T A T E M E N T A M E N D M E N T =====
145 And the ballot statement is amended as follows:

146 Delete lines 1622 - 1625
147 and insert:

148 paragraph (d) of subsection (9), paragraphs (a) and (c) of
149 subsection (13), and paragraph (d) of subsection (14) of section
150 121.091, Florida Statutes, are amended to read:
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152

153 ===== T I T L E A M E N D M E N T
154 =====

155 And the title is amended as follows:
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158 ===== T I T L E A M E N D M E N T =====



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159 And the title is amended as follows:
160 Delete lines 59 - 60
161 and insert:
162 revising the interest rate accruing on DROP benefits after
163 a certain date; conforming
164