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LEGISLATIVE ACTION

Senate

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House

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Senator Alexander moved the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Paragraph (c) of subsection (2) of section  
121.051, Florida Statutes, is amended to read:

121.051 Participation in the system.—

(2) OPTIONAL PARTICIPATION.—

(c) Employees of public community colleges or charter  
technical career centers sponsored by public community colleges,  
designated in s. 1000.21(3), who are members of the Regular  
Class of the Florida Retirement System and who comply with the  
criteria set forth in this paragraph and s. 1012.875 may, in



174806

14 lieu of participating in the Florida Retirement System, elect to  
15 withdraw from the system altogether and participate in the State  
16 Community College System Optional Retirement Program provided by  
17 the employing agency under s. 1012.875.

18 1.a. Through June 30, 2001, the cost to the employer for  
19 benefits under the optional retirement program equals the normal  
20 cost portion of the employer retirement contribution which would  
21 be required if the employee were a member of the pension plan's  
22 Regular Class, plus the portion of the contribution rate  
23 required by s. 112.363(8) which would otherwise be assigned to  
24 the Retiree Health Insurance Subsidy Trust Fund.

25 b. Effective July 1, 2001, through June 30, 2011, each  
26 employer shall contribute on behalf of each member of the  
27 optional program an amount equal to 10.43 percent of the  
28 employee's gross monthly compensation. The employer shall deduct  
29 an amount for the administration of the program.

30 c. Effective July 1, 2011, through June 30, 2012, each  
31 member shall contribute an amount equal to the employee  
32 contribution required under s. 121.71(3). The employer shall  
33 contribute on behalf of each program member an amount equal to  
34 the difference between 10.43 percent of the employee's gross  
35 monthly compensation and the employee's required contribution  
36 based on the employee's gross monthly compensation.

37 d. Effective July 1, 2012, each member shall contribute an  
38 amount equal to the employee contribution required under s.  
39 121.71(3). The employer shall contribute on behalf of each  
40 program member an amount equal to the difference between 8.15  
41 percent of the employee's gross monthly compensation and the  
42 employee's required contribution based on the employee's gross



174806

43 monthly compensation.

44 ~~e.d.~~ The employer shall contribute an additional amount to  
45 the Florida Retirement System Trust Fund equal to the unfunded  
46 actuarial accrued liability portion of the Regular Class  
47 contribution rate.

48 2. The decision to participate in the optional retirement  
49 program is irrevocable as long as the employee holds a position  
50 eligible for participation, except as provided in subparagraph

51 3. Any service creditable under the Florida Retirement System is  
52 retained after the member withdraws from the system; however,  
53 additional service credit in the system may not be earned while  
54 a member of the optional retirement program.

55 3. An employee who has elected to participate in the  
56 optional retirement program shall have one opportunity, at the  
57 employee's discretion, to transfer from the optional retirement  
58 program to the pension plan of the Florida Retirement System or  
59 to the investment plan established under part II of this  
60 chapter, subject to the terms of the applicable optional  
61 retirement program contracts.

62 a. If the employee chooses to move to the investment plan,  
63 any contributions, interest, and earnings creditable to the  
64 employee under the optional retirement program are retained by  
65 the employee in the optional retirement program, and the  
66 applicable provisions of s. 121.4501(4) govern the election.

67 b. If the employee chooses to move to the pension plan of  
68 the Florida Retirement System, the employee shall receive  
69 service credit equal to his or her years of service under the  
70 optional retirement program.

71 (I) The cost for such credit is the amount representing the



174806

72 present value of the employee's accumulated benefit obligation  
73 for the affected period of service. The cost shall be calculated  
74 as if the benefit commencement occurs on the first date the  
75 employee becomes eligible for unreduced benefits, using the  
76 discount rate and other relevant actuarial assumptions that were  
77 used to value the Florida Retirement System Pension Plan  
78 liabilities in the most recent actuarial valuation. The  
79 calculation must include any service already maintained under  
80 the pension plan in addition to the years under the optional  
81 retirement program. The present value of any service already  
82 maintained must be applied as a credit to total cost resulting  
83 from the calculation. The division must ~~shall~~ ensure that the  
84 transfer sum is prepared using a formula and methodology  
85 certified by an enrolled actuary.

86 (II) The employee must transfer from his or her optional  
87 retirement program account and from other employee moneys as  
88 necessary, a sum representing the present value of the  
89 employee's accumulated benefit obligation immediately following  
90 the time of such movement, determined assuming that attained  
91 service equals the sum of service in the pension plan and  
92 service in the optional retirement program.

93 4. Participation in the optional retirement program is  
94 limited to employees who satisfy the following eligibility  
95 criteria:

96 a. The employee is otherwise eligible for membership or  
97 renewed membership in the Regular Class of the Florida  
98 Retirement System, as provided in s. 121.021(11) and (12) or s.  
99 121.122.

100 b. The employee is employed in a full-time position



174806

101 classified in the Accounting Manual for Florida's Public  
102 Community Colleges as:  
103 (I) Instructional; or  
104 (II) Executive Management, Instructional Management, or  
105 Institutional Management and the community college determines  
106 that recruiting to fill a vacancy in the position is to be  
107 conducted in the national or regional market, and the duties and  
108 responsibilities of the position include the formulation,  
109 interpretation, or implementation of policies, or the  
110 performance of functions that are unique or specialized within  
111 higher education and that frequently support the mission of the  
112 community college.

113 c. The employee is employed in a position not included in  
114 the Senior Management Service Class of the Florida Retirement  
115 System as described in s. 121.055.

116 5. Members of the program are subject to the same  
117 reemployment limitations, renewed membership provisions, and  
118 forfeiture provisions applicable to regular members of the  
119 Florida Retirement System under ss. 121.091(9), 121.122, and  
120 121.091(5), respectively. A member who receives a program  
121 distribution funded by employer and required employee  
122 contributions is deemed to be retired from a state-administered  
123 retirement system if the member is subsequently employed with an  
124 employer that participates in the Florida Retirement System.

125 6. Eligible community college employees are compulsory  
126 members of the Florida Retirement System until, pursuant to s.  
127 1012.875, a written election to withdraw from the system and  
128 participate in the optional retirement program is filed with the  
129 program administrator and received by the division.



174806

130           a. A community college employee whose program eligibility  
131 results from initial employment shall be enrolled in the  
132 optional retirement program retroactive to the first day of  
133 eligible employment. The employer and employee retirement  
134 contributions paid through the month of the employee plan change  
135 shall be transferred to the community college to the employee's  
136 optional program account, and, effective the first day of the  
137 next month, the employer shall pay the applicable contributions  
138 based upon subparagraph 1.

139           b. A community college employee whose program eligibility  
140 is due to the subsequent designation of the employee's position  
141 as one of those specified in subparagraph 4., or due to the  
142 employee's appointment, promotion, transfer, or reclassification  
143 to a position specified in subparagraph 4., must be enrolled in  
144 the program on the first day of the first full calendar month  
145 that such change in status becomes effective. The employer and  
146 employee retirement contributions paid from the effective date  
147 through the month of the employee plan change must be  
148 transferred to the community college to the employee's optional  
149 program account, and, effective the first day of the next month,  
150 the employer shall pay the applicable contributions based upon  
151 subparagraph 1.

152           7. Effective July 1, 2003, through December 31, 2008, any  
153 member of the optional retirement program who has service credit  
154 in the pension plan of the Florida Retirement System for the  
155 period between his or her first eligibility to transfer from the  
156 pension plan to the optional retirement program and the actual  
157 date of transfer may, during employment, transfer to the  
158 optional retirement program a sum representing the present value



174806

159 of the accumulated benefit obligation under the defined benefit  
160 retirement program for the period of service credit. Upon  
161 transfer, all service credit previously earned under the pension  
162 plan during this period is nullified for purposes of entitlement  
163 to a future benefit under the pension plan.

164 Section 2. Paragraph (d) of subsection (6) of section  
165 121.055, Florida Statutes, is amended to read:

166 121.055 Senior Management Service Class.—There is hereby  
167 established a separate class of membership within the Florida  
168 Retirement System to be known as the "Senior Management Service  
169 Class," which shall become effective February 1, 1987.

170 (6)

171 (d) *Contributions.*—

172 1.a. Through June 30, 2001, each employer shall contribute  
173 on behalf of each member of the Senior Management Service  
174 Optional Annuity Program an amount equal to the normal cost  
175 portion of the employer retirement contribution which would be  
176 required if the member were a Senior Management Service Class  
177 member of the Florida Retirement System Pension Plan, plus the  
178 portion of the contribution rate required in s. 112.363(8) that  
179 would otherwise be assigned to the Retiree Health Insurance  
180 Subsidy Trust Fund.

181 b. Effective July 1, 2001, through June 30, 2011, each  
182 employer shall contribute on behalf of each member of the  
183 optional annuity program an amount equal to 12.49 percent of the  
184 employee's gross monthly compensation.

185 c. Effective July 1, 2011, through June 30, 2012, each  
186 member of the optional annuity program shall contribute an  
187 amount equal to the employee contribution required under s.



174806

188 121.71(3). The employer shall contribute on behalf of such  
189 employee an amount equal to the difference between 12.49 percent  
190 of the employee's gross monthly compensation and the amount  
191 equal to the employee's required contribution based on the  
192 employee's gross monthly compensation.

193 d. Effective July 1, 2012, each member of the optional  
194 annuity program shall contribute an amount equal to the employee  
195 contribution required under s. 121.73. The employer shall  
196 contribute on behalf of such employee an amount equal to the  
197 difference between 9.27 percent of the employee's gross monthly  
198 compensation and the amount equal to the employee's required  
199 contribution based on the employee's gross monthly compensation.

200 ~~e.d.~~ The department shall deduct an amount approved by the  
201 Legislature to provide for the administration of this program.  
202 Payment of the contributions, including contributions made by  
203 the employee, shall be made by the employer to the department,  
204 which shall forward the contributions to the designated company  
205 or companies contracting for payment of benefits for the member  
206 under the program.

207 2. Each employer shall contribute on behalf of each member  
208 of the Senior Management Service Optional Annuity Program an  
209 amount equal to the unfunded actuarial accrued liability portion  
210 of the employer contribution which would be required for members  
211 of the Senior Management Service Class in the Florida Retirement  
212 System. This contribution shall be paid to the department for  
213 transfer to the Florida Retirement System Trust Fund.

214 3. An Optional Annuity Program Trust Fund shall be  
215 established in the State Treasury and administered by the  
216 department to make payments to provider companies on behalf of





174806

217 the optional annuity program members, and to transfer the  
218 unfunded liability portion of the state optional annuity program  
219 contributions to the Florida Retirement System Trust Fund.

220 4. Contributions required for social security by each  
221 employer and employee, in the amount required for social  
222 security coverage as now or hereafter may be provided by the  
223 federal Social Security Act shall be maintained for each member  
224 of the Senior Management Service retirement program and are in  
225 addition to the retirement contributions specified in this  
226 paragraph.

227 5. Each member of the ~~Senior Management Service~~ optional  
228 annuity program may contribute by way of salary reduction or  
229 deduction a percentage amount of the employee's gross  
230 compensation not to exceed the percentage amount contributed by  
231 the employer to the optional annuity program. Payment of the  
232 employee's contributions shall be made by the employer to the  
233 department, which shall forward the contributions to the  
234 designated company or companies contracting for payment of  
235 benefits for the member under the program.

236 Section 3. Paragraph (a) of subsection (4) of section  
237 121.35, Florida Statutes, is amended to read:

238 121.35 Optional retirement program for the State University  
239 System.—

240 (4) CONTRIBUTIONS.—

241 (a)1. Through June 30, 2001, each employer shall contribute  
242 on behalf of each member of the optional retirement program an  
243 amount equal to the normal cost portion of the employer  
244 retirement contribution which would be required if the employee  
245 were a regular member of the Florida Retirement System Pension



174806

246 Plan, plus the portion of the contribution rate required in s.  
247 112.363(8) that would otherwise be assigned to the Retiree  
248 Health Insurance Subsidy Trust Fund.

249 2. Effective July 1, 2001, through June 30, 2011, each  
250 employer shall contribute on behalf of each member of the  
251 optional retirement program an amount equal to 10.43 percent of  
252 the employee's gross monthly compensation.

253 3. Effective July 1, 2011, through June 30, 2012, each  
254 member of the optional retirement program shall contribute an  
255 amount equal to the employee contribution required in s.  
256 121.71(3). The employer shall contribute on behalf of each such  
257 member an amount equal to the difference between 10.43 percent  
258 of the employee's gross monthly compensation and the amount  
259 equal to the employee's required contribution based on the  
260 employee's gross monthly compensation.

261 4. Effective July 1, 2012, each member of the optional  
262 retirement program shall contribute an amount equal to the  
263 employee contribution required in s. 121.71(3). The employer  
264 shall contribute on behalf of each such member an amount equal  
265 to the difference between 8.15 percent of the employee's gross  
266 monthly compensation and the amount equal to the employee's  
267 required contribution based on the employee's gross monthly  
268 compensation.

269 5.4. The payment of the contributions, including  
270 contributions by the employee, shall be made by the employer to  
271 the department, which shall forward the contributions to the  
272 designated company or companies contracting for payment of  
273 benefits for members of the program. However, such contributions  
274 paid on behalf of an employee described in paragraph (3)(c) may



174806

275 not be forwarded to a company and do not begin to accrue  
276 interest until the employee has executed a contract and notified  
277 the department. The department shall deduct an amount from the  
278 contributions to provide for the administration of this program.

279 Section 4. Subsections (4) and (5) of section 121.71,  
280 Florida Statutes, are amended to read:

281 121.71 Uniform rates; process; calculations; levy.—

282 (4) Required employer retirement contribution rates for  
283 each membership class and subclass of the Florida Retirement  
284 System for both retirement plans are as follows:

285

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2012</u> <del>2011</del>	Percentage of Gross Compensation, Effective July 1, <u>2013</u> <del>2012</del>
Regular Class	<u>3.55%</u> <del>3.28%</del>	<u>3.55%</u> <del>3.28%</del>
Special Risk Class	<u>11.01%</u> <del>10.21%</del>	<u>11.01%</u> <del>10.21%</del>
Special Risk Administrative Support Class	<u>3.94%</u> <del>4.07%</del>	<u>3.94%</u> <del>4.07%</del>
Elected Officers' Class—	<u>6.51%</u> <del>7.02%</del>	<u>6.51%</u> <del>7.02%</del>

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174806

Legislators, Governor,  
 Lt. Governor,  
 Cabinet Officers,  
 State Attorneys,  
 Public Defenders

291	Elected Officers' Class- Justices, Judges	<u>10.02%</u> <del>9.78%</del>	<u>10.02%</u> <del>9.78%</del>
292	Elected Officers' Class- County Elected Officers	<u>8.36%</u> <del>9.27%</del>	<u>8.36%</u> <del>9.27%</del>
293	Senior Management Class	<u>4.84%</u> <del>4.81%</del>	<u>4.84%</u> <del>4.81%</del>
294	DROP	<u>4.33%</u> <del>3.31%</del>	<u>4.33%</u> <del>3.31%</del>

295  
 296 (5) In order to address unfunded actuarial liabilities of  
 297 the system, the required employer retirement contribution rates  
 298 for each membership class and subclass of the Florida Retirement  
 299 System for both retirement plans are as follows:

300	Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2012</u>	Percentage of Gross Compensation, Effective July 1, <u>2013</u>
301		<del>2011</del>	<del>2012</del>



174806

302	Regular Class	0.49%	<u>2.02%</u> <del>2.16%</del>
303	Special Risk Class	2.75%	<u>7.03%</u> <del>8.21%</del>
304	Special Risk Administrative Support Class	0.83%	<u>27.04%</u> <del>21.40%</del>
305	Elected Officers' Class-- Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.88%	<u>27.18%</u> <del>21.76%</del>
306	Elected Officers' Class-- Justices, Judges	0.77%	<u>16.38%</u> <del>12.86%</del>
307	Elected Officers' Class-- County Elected Officers	0.73%	<u>23.01%</u> <del>22.05%</del>
308	Senior Management Service Class	0.32%	<u>11.25%</u> <del>10.51%</del>
309	DROP	0.00%	<u>6.21%</u> <del>6.36%</del>

311 Section 5. Subsection (4) of section 121.72, Florida  
312 Statutes, is amended, and subsection (5) is added to that



174806

313 section, to read:  
314 121.72 Allocations to investment plan member accounts;  
315 percentage amounts.—

316 (4) Effective July 1, 2002, through June 30, 2012,  
317 allocations from the Florida Retirement System Contributions  
318 Clearing Trust Fund to investment plan member accounts are as  
319 follows:

Membership Class	Percentage of Gross Compensation
Regular Class	9.00%
Special Risk Class	20.00%
Special Risk Administrative Support Class	11.35%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	13.40%
Elected Officers' Class— Justices, Judges	18.90%
Elected Officers' Class—	16.20%



174806

County Elected Officers

Senior Management Service Class 10.95%

(5) Effective July 1, 2012, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

<u>Membership Class</u>	<u>Percentage of Gross Compensation</u>
<u>Regular Class</u>	<u>6.30%</u>
<u>Special Risk Class</u>	<u>14.00%</u>
<u>Special Risk Administrative Support Class</u>	<u>7.95%</u>
<u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>9.38%</u>
<u>Elected Officers' Class— Justices, Judges</u>	<u>13.23%</u>
<u>Elected Officers' Class—</u>	<u>11.34%</u>



174806

County Elected Officers

341

Senior Management Service Class

7.67%

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344 Section 6. Paragraph (a) of subsection (4) of section  
345 1012.875, Florida Statutes, is amended to read:

346 1012.875 State Community College System Optional Retirement  
347 Program.—Each Florida College System institution may implement  
348 an optional retirement program, if such program is established  
349 therefor pursuant to s. 1001.64(20), under which annuity or  
350 other contracts providing retirement and death benefits may be  
351 purchased by, and on behalf of, eligible employees who  
352 participate in the program, in accordance with s. 403(b) of the  
353 Internal Revenue Code. Except as otherwise provided herein, this  
354 retirement program, which shall be known as the State Community  
355 College System Optional Retirement Program, may be implemented  
356 and administered only by an individual Florida College System  
357 institution or by a consortium of Florida College System  
358 institutions.

359 (4) (a) 1. Through June 30, 2011, each college must  
360 contribute on behalf of each program member an amount equal to  
361 10.43 percent of the employee's gross monthly compensation.

362 2. Effective July 1, 2011, through June 30, 2012, each  
363 member shall contribute an amount equal to the employee  
364 contribution required under s. 121.71(3). The employer shall  
365 contribute on behalf of each program member an amount equal to  
366 the difference between 10.43 percent of the employee's gross





174806

367 monthly compensation and the employee's required contribution  
368 based on the employee's gross monthly compensation.

369 3. Effective July 1, 2012, each member shall contribute an  
370 amount equal to the employee contribution required under s.  
371 121.71(3). The employer shall contribute on behalf of each  
372 program member an amount equal to the difference between 8.15  
373 percent of the employee's gross monthly compensation and the  
374 employee's required contribution based on the employee's gross  
375 monthly compensation.

376 ~~4.3.~~ The college shall deduct an amount approved by the  
377 district board of trustees of the college to provide for the  
378 administration of the optional retirement program. Payment of  
379 this contribution must be made directly by the college or  
380 through the program administrator to the designated company  
381 contracting for payment of benefits to the program member.

382 Section 7. The Legislature finds that a proper and  
383 legitimate state purpose is served when employees and retirees  
384 of the state and its political subdivisions, and the dependents,  
385 survivors, and beneficiaries of such employees and retirees, are  
386 extended the basic protections afforded by governmental  
387 retirement systems. These persons must be provided benefits that  
388 are fair and adequate and that are managed, administered, and  
389 funded in an actuarially sound manner, as required by s. 14,  
390 Article X of the State Constitution and part VII of chapter 112,  
391 Florida Statutes. Therefore, the Legislature determines and  
392 declares that this act fulfills an important state interest.

393 Section 8. This act shall take effect July 1, 2012.

394  
395 ===== T I T L E A M E N D M E N T =====



174806

396 And the title is amended as follows:

397 Delete everything before the enacting clause  
398 and insert:

399 A bill to be entitled

400 An act relating to retirement; amending s. 121.051,  
401 F.S.; revising employer contributions for members of  
402 the Florida Retirement System who are employees of  
403 public community colleges or charter technical career  
404 centers sponsored by public community colleges on a  
405 certain date; amending s. 121.055, F.S.; revising  
406 employer contributions for members of the Senior  
407 Management Service Class of the Florida Retirement  
408 System on a certain date; amending s. 121.35, F.S.;  
409 revising employer contributions for members of the  
410 optional retirement program for the State University  
411 System on a certain date; amending s. 121.71, F.S.;  
412 revising the required employer retirement contribution  
413 rates for members of each membership class and  
414 subclass of the Florida Retirement System; amending s.  
415 121.72, F.S.; revising allocations from the Florida  
416 Retirement System Contributions Clearing Trust Fund to  
417 investment plan member accounts on a certain date;  
418 amending s. 1012.875, F.S.; revising employer  
419 contributions for members of the State Community  
420 College System Optional Retirement Program on a  
421 certain date; providing that the act fulfills an  
422 important state interest; providing an effective date.