

Amendment No.

CHAMBER ACTION

Senate

House

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1 The Conference Committee on HB 5005 offered the following:

2
3 **Conference Committee Amendment (with title amendment)**

4 Remove everything after the enacting clause and insert:

5 Section 1. Paragraph (c) of subsection (2) of section
6 121.051, Florida Statutes, is amended to read:

7 121.051 Participation in the system.—

8 (2) OPTIONAL PARTICIPATION.—

9 (c) Employees of public community colleges or charter
10 technical career centers sponsored by public community colleges,
11 designated in s. 1000.21(3), who are members of the Regular
12 Class of the Florida Retirement System and who comply with the
13 criteria set forth in this paragraph and s. 1012.875 may, in
14 lieu of participating in the Florida Retirement System, elect to
15 withdraw from the system altogether and participate in the State

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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
43 monthly compensation.

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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.

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71 (I) The cost for such credit is the amount representing
72 the present value of the employee's accumulated benefit
73 obligation for the affected period of service. The cost shall be
74 calculated as if the benefit commencement occurs on the first
75 date the employee becomes eligible for unreduced benefits, using
76 the discount rate and other relevant actuarial assumptions that
77 were 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

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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
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.

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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.

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.

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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
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

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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.
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.

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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
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

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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
239 University System.—

240 (4) CONTRIBUTIONS.—

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

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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
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 | Percentage of Gross |
|------------------|------------------------|------------------------|
|------------------|------------------------|------------------------|

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HOUSE AMENDMENT
Bill No. HB 5005 (2012)

Amendment No.

| Compensation, Effective July 1, <u>2012</u> 2011 | Compensation, Effective July 1, <u>2013</u> 2012 |
|--|--|
|--|--|

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293

| | | |
|--|---------------------------------|---------------------------------|
| Regular Class | <u>3.55%</u> 3.28% | <u>3.55%</u> 3.28% |
| Special Risk Class | <u>11.01%</u> 10.21% | <u>11.01%</u> 10.21% |
| Special Risk Administrative Support Class | <u>3.94%</u> 4.07% | <u>3.94%</u> 4.07% |
| Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders | <u>6.51%</u> 7.02% | <u>6.51%</u> 7.02% |
| Elected Officers' Class— Justices, Judges | <u>10.02%</u> 9.78% | <u>10.02%</u> 9.78% |
| Elected Officers' Class— County Elected Officers | <u>8.36%</u> 9.27% | <u>8.36%</u> 9.27% |

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| | | | |
|-----|-------------------------|-------------------------------|-------------------------------|
| 294 | Senior Management Class | <u>4.84%</u> 4.81% | <u>4.84%</u> 4.81% |
| 295 | DROP | <u>4.33%</u> 3.31% | <u>4.33%</u> 3.31% |

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:

| | Membership Class | Percentage of Gross Compensation, Effective July 1, <u>2012</u> 2011 | Percentage of Gross Compensation, Effective July 1, <u>2013</u> 2012 |
|-----|---|--|--|
| 301 | | | |
| 302 | Regular Class | 0.49% | <u>2.02%</u> 2.16% |
| 303 | Special Risk Class | 2.75% | <u>7.03%</u> 8.21% |
| 304 | Special Risk Administrative Support Class | 0.83% | <u>27.04%</u> 21.40% |
| 305 | Elected Officers' Class- | 0.88% | <u>27.18%</u> 21.76% |

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

306 Elected Officers' Class- 0.77% 16.38% ~~12.86%~~
Justices, Judges

307 Elected Officers' Class- 0.73% 23.01% ~~22.05%~~
County Elected Officers

308 Senior Management Service 0.32% 11.25% ~~10.51%~~
Class

309 DROP 0.00% 6.21% ~~6.36%~~

310
311 Section 5. Subsection (4) of section 121.72, Florida
312 Statutes, is amended, and subsection (5) is added to that
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:

320

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Membership Class

Percentage of Gross
Compensation

321

322

Regular Class

9.00%

323

Special Risk Class

20.00%

324

Special Risk Administrative Support
Class

11.35%

325

Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet Officers,
State Attorneys, Public Defenders

13.40%

326

Elected Officers' Class—
Justices, Judges

18.90%

327

Elected Officers' Class—
County Elected Officers

16.20%

328

Senior Management Service Class

10.95%

329

330

(5) Effective July 1, 2012, allocations from the Florida

331

Retirement System Contributions Clearing Trust Fund to

332

investment plan member accounts are as follows:

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| <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— County Elected Officers</u> | <u>11.34%</u> |
| <u>Senior Management Service Class</u> | <u>7.67%</u> |

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

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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

396

397 Remove the entire title and insert:

398

A bill to be entitled

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