

1 A bill to be entitled
 2 An act relating to retirement; amending s. 121.051,
 3 F.S.; revising employer contributions for members of
 4 the Florida Retirement System who are employees of
 5 public community colleges or charter technical career
 6 centers sponsored by public community colleges on a
 7 certain date; amending s. 121.055, F.S.; revising
 8 employer contributions for members of the Senior
 9 Management Service Class of the Florida Retirement
 10 System on a certain date; amending s. 121.35, F.S.;
 11 revising employer contributions for members of the
 12 optional retirement program for the State University
 13 System on a certain date; amending s. 121.71, F.S.;
 14 revising the required employer retirement contribution
 15 rates for members of each membership class and
 16 subclass of the Florida Retirement System; amending s.
 17 121.72, F.S.; revising allocations from the Florida
 18 Retirement System Contributions Clearing Trust Fund to
 19 investment plan member accounts on a certain date;
 20 amending s. 1012.875, F.S.; revising employer
 21 contributions for members of the State Community
 22 College System Optional Retirement Program on a
 23 certain date; providing that the act fulfills an
 24 important state interest; providing an effective date.

25
 26 Be It Enacted by the Legislature of the State of Florida:

27
 28 Section 1. Paragraph (c) of subsection (2) of section

29 | 121.051, Florida Statutes, is amended to read:

30 | 121.051 Participation in the system.—

31 | (2) OPTIONAL PARTICIPATION.—

32 | (c) Employees of public community colleges or charter
 33 | technical career centers sponsored by public community colleges,
 34 | designated in s. 1000.21(3), who are members of the Regular
 35 | Class of the Florida Retirement System and who comply with the
 36 | criteria set forth in this paragraph and s. 1012.875 may, in
 37 | lieu of participating in the Florida Retirement System, elect to
 38 | withdraw from the system altogether and participate in the State
 39 | Community College System Optional Retirement Program provided by
 40 | the employing agency under s. 1012.875.

41 | 1.a. Through June 30, 2001, the cost to the employer for
 42 | benefits under the optional retirement program equals the normal
 43 | cost portion of the employer retirement contribution which would
 44 | be required if the employee were a member of the pension plan's
 45 | Regular Class, plus the portion of the contribution rate
 46 | required by s. 112.363(8) which would otherwise be assigned to
 47 | the Retiree Health Insurance Subsidy Trust Fund.

48 | b. Effective July 1, 2001, through June 30, 2011, each
 49 | employer shall contribute on behalf of each member of the
 50 | optional program an amount equal to 10.43 percent of the
 51 | employee's gross monthly compensation. The employer shall deduct
 52 | an amount for the administration of the program.

53 | c. Effective July 1, 2011, through June 30, 2012, each
 54 | member shall contribute an amount equal to the employee
 55 | contribution required under s. 121.71(3). The employer shall
 56 | contribute on behalf of each program member an amount equal to

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57 | the difference between 10.43 percent of the employee's gross
58 | monthly compensation and the employee's required contribution
59 | based on the employee's gross monthly compensation.

60 | d. Effective July 1, 2012, each member shall contribute an
61 | amount equal to the employee contribution required under s.
62 | 121.71(3). The employer shall contribute on behalf of each
63 | program member an amount equal to the difference between 8.40
64 | percent of the employee's gross monthly compensation and the
65 | employee's required contribution based on the employee's gross
66 | monthly compensation.

67 | ~~e.d.~~ The employer shall contribute an additional amount to
68 | the Florida Retirement System Trust Fund equal to the unfunded
69 | actuarial accrued liability portion of the Regular Class
70 | contribution rate.

71 | 2. The decision to participate in the optional retirement
72 | program is irrevocable as long as the employee holds a position
73 | eligible for participation, except as provided in subparagraph
74 | 3. Any service creditable under the Florida Retirement System is
75 | retained after the member withdraws from the system; however,
76 | additional service credit in the system may not be earned while
77 | a member of the optional retirement program.

78 | 3. An employee who has elected to participate in the
79 | optional retirement program shall have one opportunity, at the
80 | employee's discretion, to transfer from the optional retirement
81 | program to the pension plan of the Florida Retirement System or
82 | to the investment plan established under part II of this
83 | chapter, subject to the terms of the applicable optional
84 | retirement program contracts.

85 a. If the employee chooses to move to the investment plan,
86 any contributions, interest, and earnings creditable to the
87 employee under the optional retirement program are retained by
88 the employee in the optional retirement program, and the
89 applicable provisions of s. 121.4501(4) govern the election.

90 b. If the employee chooses to move to the pension plan of
91 the Florida Retirement System, the employee shall receive
92 service credit equal to his or her years of service under the
93 optional retirement program.

94 (I) The cost for such credit is the amount representing
95 the present value of the employee's accumulated benefit
96 obligation for the affected period of service. The cost shall be
97 calculated as if the benefit commencement occurs on the first
98 date the employee becomes eligible for unreduced benefits, using
99 the discount rate and other relevant actuarial assumptions that
100 were used to value the Florida Retirement System Pension Plan
101 liabilities in the most recent actuarial valuation. The
102 calculation must include any service already maintained under
103 the pension plan in addition to the years under the optional
104 retirement program. The present value of any service already
105 maintained must be applied as a credit to total cost resulting
106 from the calculation. The division shall ensure that the
107 transfer sum is prepared using a formula and methodology
108 certified by an enrolled actuary.

109 (II) The employee must transfer from his or her optional
110 retirement program account and from other employee moneys as
111 necessary, a sum representing the present value of the
112 employee's accumulated benefit obligation immediately following

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113 the time of such movement, determined assuming that attained
114 service equals the sum of service in the pension plan and
115 service in the optional retirement program.

116 4. Participation in the optional retirement program is
117 limited to employees who satisfy the following eligibility
118 criteria:

119 a. The employee is otherwise eligible for membership or
120 renewed membership in the Regular Class of the Florida
121 Retirement System, as provided in s. 121.021(11) and (12) or s.
122 121.122.

123 b. The employee is employed in a full-time position
124 classified in the Accounting Manual for Florida's Public
125 Community Colleges as:

126 (I) Instructional; or

127 (II) Executive Management, Instructional Management, or
128 Institutional Management and the community college determines
129 that recruiting to fill a vacancy in the position is to be
130 conducted in the national or regional market, and the duties and
131 responsibilities of the position include the formulation,
132 interpretation, or implementation of policies, or the
133 performance of functions that are unique or specialized within
134 higher education and that frequently support the mission of the
135 community college.

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

139 5. Members of the program are subject to the same
140 reemployment limitations, renewed membership provisions, and

141 forfeiture provisions applicable to regular members of the
142 Florida Retirement System under ss. 121.091(9), 121.122, and
143 121.091(5), respectively. A member who receives a program
144 distribution funded by employer and required employee
145 contributions is deemed to be retired from a state-administered
146 retirement system if the member is subsequently employed with an
147 employer that participates in the Florida Retirement System.

148 6. Eligible community college employees are compulsory
149 members of the Florida Retirement System until, pursuant to s.
150 1012.875, a written election to withdraw from the system and
151 participate in the optional retirement program is filed with the
152 program administrator and received by the division.

153 a. A community college employee whose program eligibility
154 results from initial employment shall be enrolled in the
155 optional retirement program retroactive to the first day of
156 eligible employment. The employer and employee retirement
157 contributions paid through the month of the employee plan change
158 shall be transferred to the community college to the employee's
159 optional program account, and, effective the first day of the
160 next month, the employer shall pay the applicable contributions
161 based upon subparagraph 1.

162 b. A community college employee whose program eligibility
163 is due to the subsequent designation of the employee's position
164 as one of those specified in subparagraph 4., or due to the
165 employee's appointment, promotion, transfer, or reclassification
166 to a position specified in subparagraph 4., must be enrolled in
167 the program on the first day of the first full calendar month
168 that such change in status becomes effective. The employer and

169 employee retirement contributions paid from the effective date
 170 through the month of the employee plan change must be
 171 transferred to the community college to the employee's optional
 172 program account, and, effective the first day of the next month,
 173 the employer shall pay the applicable contributions based upon
 174 subparagraph 1.

175 7. Effective July 1, 2003, through December 31, 2008, any
 176 member of the optional retirement program who has service credit
 177 in the pension plan of the Florida Retirement System for the
 178 period between his or her first eligibility to transfer from the
 179 pension plan to the optional retirement program and the actual
 180 date of transfer may, during employment, transfer to the
 181 optional retirement program a sum representing the present value
 182 of the accumulated benefit obligation under the defined benefit
 183 retirement program for the period of service credit. Upon
 184 transfer, all service credit previously earned under the pension
 185 plan during this period is nullified for purposes of entitlement
 186 to a future benefit under the pension plan.

187 Section 2. Paragraph (d) of subsection (6) of section
 188 121.055, Florida Statutes, is amended to read:

189 121.055 Senior Management Service Class.—There is hereby
 190 established a separate class of membership within the Florida
 191 Retirement System to be known as the "Senior Management Service
 192 Class," which shall become effective February 1, 1987.

193 (6)

194 (d) Contributions.—

195 1.a. Through June 30, 2001, each employer shall contribute
 196 on behalf of each member of the Senior Management Service

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197 Optional Annuity Program an amount equal to the normal cost
198 portion of the employer retirement contribution which would be
199 required if the member were a Senior Management Service Class
200 member of the Florida Retirement System Pension Plan, plus the
201 portion of the contribution rate required in s. 112.363(8) that
202 would otherwise be assigned to the Retiree Health Insurance
203 Subsidy Trust Fund.

204 b. Effective July 1, 2001, through June 30, 2011, each
205 employer shall contribute on behalf of each member of the
206 optional program an amount equal to 12.49 percent of the
207 employee's gross monthly compensation.

208 c. Effective July 1, 2011, through June 30, 2012, each
209 member of the optional annuity program shall contribute an
210 amount equal to the employee contribution required under s.
211 121.71(3). The employer shall contribute on behalf of such
212 employee an amount equal to the difference between 12.49 percent
213 of the employee's gross monthly compensation and the amount
214 equal to the employee's required contribution based on the
215 employee's gross monthly compensation.

216 d. Effective July 1, 2012, each member of the optional
217 annuity program shall contribute an amount equal to the employee
218 contribution required under s. 121.73. The employer shall
219 contribute on behalf of such employee an amount equal to the
220 difference between 9.93 percent of the employee's gross monthly
221 compensation and the amount equal to the employee's required
222 contribution based on the employee's gross monthly compensation.

223 ~~e.d.~~ The department shall deduct an amount approved by the
224 Legislature to provide for the administration of this program.

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225 Payment of the contributions, including contributions made by
226 the employee, shall be made by the employer to the department,
227 which shall forward the contributions to the designated company
228 or companies contracting for payment of benefits for the member
229 under the program.

230 2. Each employer shall contribute on behalf of each member
231 of the Senior Management Service Optional Annuity Program an
232 amount equal to the unfunded actuarial accrued liability portion
233 of the employer contribution which would be required for members
234 of the Senior Management Service Class in the Florida Retirement
235 System. This contribution shall be paid to the department for
236 transfer to the Florida Retirement System Trust Fund.

237 3. An Optional Annuity Program Trust Fund shall be
238 established in the State Treasury and administered by the
239 department to make payments to provider companies on behalf of
240 the optional annuity program members, and to transfer the
241 unfunded liability portion of the state optional annuity program
242 contributions to the Florida Retirement System Trust Fund.

243 4. Contributions required for social security by each
244 employer and employee, in the amount required for social
245 security coverage as now or hereafter may be provided by the
246 federal Social Security Act shall be maintained for each member
247 of the Senior Management Service retirement program and are in
248 addition to the retirement contributions specified in this
249 paragraph.

250 5. Each member of the Senior Management Service Optional
251 Annuity Program may contribute by way of salary reduction or
252 deduction a percentage amount of the employee's gross

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253 compensation not to exceed the percentage amount contributed by
254 the employer to the optional annuity program. Payment of the
255 employee's contributions shall be made by the employer to the
256 department, which shall forward the contributions to the
257 designated company or companies contracting for payment of
258 benefits for the member under the program.

259 Section 3. Paragraph (a) of subsection (4) of section
260 121.35, Florida Statutes, is amended to read:

261 121.35 Optional retirement program for the State
262 University System.—

263 (4) CONTRIBUTIONS.—

264 (a)1. Through June 30, 2001, each employer shall
265 contribute on behalf of each member of the optional retirement
266 program an amount equal to the normal cost portion of the
267 employer retirement contribution which would be required if the
268 employee were a regular member of the Florida Retirement System
269 Pension Plan, plus the portion of the contribution rate required
270 in s. 112.363(8) that would otherwise be assigned to the Retiree
271 Health Insurance Subsidy Trust Fund.

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

276 3. Effective July 1, 2011, through June 30, 2012, each
277 member of the optional retirement program shall contribute an
278 amount equal to the employee contribution required in s.
279 121.71(3). The employer shall contribute on behalf of each such
280 member an amount equal to the difference between 10.43 percent

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281 of the employee's gross monthly compensation and the amount
282 equal to the employee's required contribution based on the
283 employee's gross monthly compensation.

284 4. Effective July 1, 2012, each member of the optional
285 retirement program shall contribute an amount equal to the
286 employee contribution required in s. 121.71(3). The employer
287 shall contribute on behalf of each such member an amount equal
288 to the difference between 8.40 percent of the employee's gross
289 monthly compensation and the amount equal to the employee's
290 required contribution based on the employee's gross monthly
291 compensation.

292 ~~5.4.~~ The payment of the contributions, including
293 contributions by the employee, shall be made by the employer to
294 the department, which shall forward the contributions to the
295 designated company or companies contracting for payment of
296 benefits for members of the program. However, such contributions
297 paid on behalf of an employee described in paragraph (3)(c) may
298 not be forwarded to a company and do not begin to accrue
299 interest until the employee has executed a contract and notified
300 the department. The department shall deduct an amount from the
301 contributions to provide for the administration of this program.

302 Section 4. Subsection (4) and (5) of section 121.71,
303 Florida Statutes, are amended to read:

304 121.71 Uniform rates; process; calculations; levy.—

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

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	Percentage of Gross Compensation, Effective July 1, <u>2012</u>	Percentage of Gross Compensation, Effective July 1, <u>2013</u>
309 Membership Class	2011	2012
310		
311 Regular Class	<u>3.65%</u> 3.28%	<u>3.65%</u> 3.28%
312 Special Risk Class	<u>11.05%</u> 10.21%	<u>11.05%</u> 10.21%
313 Special Risk Administrative Support Class	<u>3.78%</u> 4.07%	<u>3.78%</u> 4.07%
314 Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>6.68%</u> 7.02%	<u>6.68%</u> 7.02%
315 Elected Officers' Class— Justices, Judges	<u>10.06%</u> 9.78%	<u>10.06%</u> 9.78%

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Elected Officers' Class—

County Elected Officers	<u>8.59%</u> 9.27%	<u>8.59%</u> 9.27%
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Senior Management Class	<u>5.01%</u> 4.81%	<u>5.01%</u> 4.81%
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DROP	<u>4.33%</u> 3.31%	<u>4.33%</u> 3.31%
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319 (5) In order to address unfunded actuarial liabilities of
 320 the system, the required employer retirement contribution rates
 321 for each membership class and subclass of the Florida Retirement
 322 System for both retirement plans are as follows:

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	Percentage of Gross Compensation, Effective July 1, <u>2012</u>	Percentage of Gross Compensation, Effective July 1, <u>2013</u>
Membership Class	2011	2012
Regular Class	0.49%	<u>2.02%</u> 2.16%
Special Risk Class	2.75%	<u>7.03%</u> 8.21%
Special Risk Administrative	0.83%	<u>27.04%</u> 21.40%

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328	Support Class			
	Elected Officers' Class—			
	Legislators, Governor,			
	Lt. Governor,			
	Cabinet Officers,			
	State Attorneys,			
	Public Defenders	0.88%	<u>27.18%</u>	21.76%
329	Elected Officers' Class—			
	Justices, Judges	0.77%	<u>16.38%</u>	12.86%
330	Elected Officers' Class—			
	County Elected Officers	0.73%	<u>23.01%</u>	22.05%
331	Senior Management Service			
	Class	0.32%	<u>11.25%</u>	10.51%
332	DROP	0.00%	<u>6.21%</u>	6.36%

334 Section 5. Subsection (4) of section 121.72, Florida
 335 Statutes, is amended, and subsection (5) is added to that
 336 section to read:

337 121.72 Allocations to investment plan member accounts;
 338 percentage amounts.—

339 (4) Effective July 1, 2002, through June 30, 2012,
 340 allocations from the Florida Retirement System Contributions
 341 Clearing Trust Fund to investment plan member accounts are as

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342 follows:

343 Membership Class Percentage of
Gross
344 Compensation

345 Regular Class 9.00%

346 Special Risk Class 20.00%

347 Special Risk Administrative Support Class 11.35%

348 Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet Officers,
State Attorneys, Public Defenders 13.40%

349 Elected Officers' Class—
Justices, Judges 18.90%

350 Elected Officers' Class—
County Elected Officers 16.20%

351 Senior Management Service Class 10.95%

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

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354 Retirement System Contributions Clearing Trust Fund to
 355 investment plan member accounts are as follows:
 356

<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
<u>Regular Class</u>	<u>6.97%</u>
<u>Special Risk Class</u>	<u>14.31%</u>
<u>Special Risk Administrative Support Class</u>	<u>7.32%</u>
<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>10.08%</u>
<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>13.88%</u>
<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>12.14%</u>

Senior Management Service Class 8.39%

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

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

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

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

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392 monthly compensation and the employee's required contribution
393 based on the employee's gross monthly compensation.

394 3. Effective July 1, 2012, each member shall contribute an
395 amount equal to the employee contribution required under s.
396 121.71(3). The employer shall contribute on behalf of each
397 program member an amount equal to the difference between 8.40
398 percent of the employee's gross monthly compensation and the
399 employee's required contribution based on the employee's gross
400 monthly compensation.

401 ~~4.3.~~ The college shall deduct an amount approved by the
402 district board of trustees of the college to provide for the
403 administration of the optional retirement program. Payment of
404 this contribution must be made directly by the college or
405 through the program administrator to the designated company
406 contracting for payment of benefits to the program member.

407 Section 7. The Legislature finds that a proper and
408 legitimate state purpose is served when employees and retirees
409 of the state and its political subdivisions, and the dependents,
410 survivors, and beneficiaries of such employees and retirees, are
411 extended the basic protections afforded by governmental
412 retirement systems. These persons must be provided benefits that
413 are fair and adequate and that are managed, administered, and
414 funded in an actuarially sound manner, as required by s. 14,
415 Article X of the State Constitution and part VII of chapter 112,
416 Florida Statutes. Therefore, the Legislature determines and
417 declares that this act fulfills an important state interest.

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