

1 A bill to be entitled
2 An act relating to state retirement; amending s.
3 121.021, F.S.; revising definitions of the terms
4 "normal retirement date" and "vested" or "vesting";
5 amending s. 121.055, F.S.; clarifying provisions
6 related to the prohibition of hardship loans or
7 payments; clarifying that a retiree who is reemployed
8 in a regularly established position after a certain
9 date may not be enrolled as a renewed member;
10 authorizing certain distributions to a member who is
11 terminated from employment for 1 calendar month if the
12 member has reached the normal retirement date;
13 providing rulemaking authority to the Department of
14 Management Services; amending s. 121.091, F.S.;
15 revising provisions related to the early retirement
16 benefit calculation to conform to changes made by the
17 act; revising provisions related to the disability
18 retirement benefit calculation to conform to changes
19 made by the act; amending s. 121.35, F.S.; providing
20 that a benefit for the purposes of the optional
21 retirement program for the State University System
22 includes a certain distribution; clarifying provisions
23 related to the prohibition of hardship loans or
24 payments; clarifying when voluntary contributions may
25 be paid out; authorizing certain distributions to a
26 member who is terminated from employment for 1
27 calendar month if the member has reached the normal
28 retirement date; providing rulemaking authority to the

CS/HB 525

2012

29 Department of Management Services; amending s.
30 121.4501, F.S.; revising the definition of the term
31 "member" or "employee"; requiring new employees to, by
32 default, be enrolled in the investment plan;
33 authorizing new employees to elect to participate in
34 the pension plan or the investment plan within a
35 specified time; revising the benefit commencement age
36 and years of service to conform to changes made by the
37 act; conforming cross-references; amending s. 121.591,
38 F.S.; revising provisions related to the disability
39 retirement benefit calculation to conform to changes
40 made by the act; amending s. 1012.875, F.S.;
41 clarifying provisions related to the prohibition of
42 hardship loans or payments; authorizing certain
43 distributions to a member who is terminated from
44 employment for 1 calendar month if the member has
45 reached the normal retirement date; providing
46 rulemaking authority to the boards of trustees for
47 colleges; providing for contribution rate adjustments
48 to fund benefit changes provided in this act;
49 directing the Division of Statutory Revision to adjust
50 contribution rates set forth in s. 121.71, F.S.;
51 providing a declaration of important state interest;
52 providing an effective date.

53
54 Be It Enacted by the Legislature of the State of Florida:

55
56 Section 1. Subsection (29) and paragraph (b) of subsection

57 (45) of section 121.021, Florida Statutes, are amended, and
 58 paragraph (c) is added to subsection (45) of that section, to
 59 read:

60 121.021 Definitions.—The following words and phrases as
 61 used in this chapter have the respective meanings set forth
 62 unless a different meaning is plainly required by the context:

63 (29) "Normal retirement date" means the date a member
 64 attains normal retirement age and is vested, which is determined
 65 as follows:

66 (a)~~1.~~ If a Regular Class member, a Senior Management
 67 Service Class member, or an Elected Officers' Class member
 68 initially enrolled:

69 1. Before July 1, 2011:

70 a. The first day of the month the member attains age 62;
 71 or

72 b. The first day of the month following the date the
 73 member completes 30 years of creditable service, regardless of
 74 age.

75 ~~2. If a Regular Class member, a Senior Management Service~~
 76 ~~Class member, or an Elected Officers' Class member initially~~
 77 ~~enrolled~~ On or after July 1, 2011:

78 a. The first day of the month the member attains age 65;
 79 or

80 b. The first day of the month following the date the
 81 member completes 33 years of creditable service, regardless of
 82 age.

83 (b)~~1.~~ If a Special Risk Class member initially enrolled:

84 1. Before July 1, 2011:

85 a. The first day of the month the member attains age 55
 86 and completes the years of creditable service in the Special
 87 Risk Class equal to or greater than the years of service
 88 required for vesting;

89 b. The first day of the month following the date the
 90 member completes 25 years of creditable service in the Special
 91 Risk Class, regardless of age; or

92 c. The first day of the month following the date the
 93 member completes 25 years of creditable service and attains age
 94 52, which service may include a maximum of 4 years of military
 95 service credit if such credit is not claimed under any other
 96 system and the remaining years are in the Special Risk Class.

97 2. ~~If a Special Risk Class member initially enrolled~~ On or
 98 after July 1, 2011:

99 a. The first day of the month the member attains age 55 ~~60~~
 100 and completes the years of creditable service in the Special
 101 Risk Class equal to or greater than the years of service
 102 required for vesting;

103 b. The first day of the month the member attains age 50
 104 and following the date the member completes 25 ~~30~~ years of
 105 creditable service in the Special Risk Class, ~~regardless of age;~~
 106 or

107 c. The first day of the month following the date the
 108 member completes 25 ~~30~~ years of creditable service and attains
 109 age 52 ~~57~~, which service may include a maximum of 4 years of
 110 military service credit if such credit is not claimed under any
 111 other system and the remaining years are in the Special Risk
 112 Class.

113
 114 For pension plan members, "normal retirement age" is attained on
 115 the "normal retirement date." For investment plan members,
 116 normal retirement age is the date a member attains his or her
 117 normal retirement date as provided in this section, or the date
 118 a member is vested under the investment plan as provided in s.
 119 121.4501(6), whichever is later.

120 (45) "Vested" or "vesting" means the guarantee that a
 121 member is eligible to receive a future retirement benefit upon
 122 completion of the required years of creditable service for the
 123 employee's class of membership, even though the member may have
 124 terminated covered employment before reaching normal or early
 125 retirement date. Being vested does not entitle a member to a
 126 disability benefit. Provisions governing entitlement to
 127 disability benefits are set forth under s. 121.091(4).

128 (b) Any member initially enrolled in the Florida
 129 Retirement System on or after July 1, 2011, but before July 1,
 130 2012, shall be vested in the pension plan upon completion of 8
 131 years of creditable service.

132 (c) Any member initially enrolled in the Florida
 133 Retirement System on or after July 1, 2012, shall be vested in
 134 the pension plan upon completion of 11 years of creditable
 135 service.

136 Section 2. Paragraph (f) of subsection (1) and paragraph
 137 (e) of subsection (6) of section 121.055, Florida Statutes, are
 138 amended to read:

139 121.055 Senior Management Service Class.—There is hereby
 140 established a separate class of membership within the Florida

141 Retirement System to be known as the "Senior Management Service
 142 Class," which shall become effective February 1, 1987.

143 (1)

144 (f) Effective July 1, 1997:

145 1. Except as provided in subparagraph 3., an elected state
 146 officer eligible for membership in the Elected Officers' Class
 147 under s. 121.052(2)(a), (b), or (c) who elects membership in the
 148 Senior Management Service Class under s. 121.052(3)(c) may,
 149 within 6 months after assuming office or within 6 months after
 150 this act becomes a law for serving elected state officers, elect
 151 to participate in the Senior Management Service Optional Annuity
 152 Program, as provided in subsection (6), in lieu of membership in
 153 the Senior Management Service Class.

154 2. Except as provided in subparagraph 3., an elected
 155 officer of a local agency employer eligible for membership in
 156 the Elected Officers' Class under s. 121.052(2)(d) who elects
 157 membership in the Senior Management Service Class under s.
 158 121.052(3)(c) may, within 6 months after assuming office, or
 159 within 6 months after this act becomes a law for serving elected
 160 officers of a local agency employer, elect to withdraw from the
 161 Florida Retirement System, as provided in subparagraph (b)2., in
 162 lieu of membership in the Senior Management Service Class.

163 3. A retiree of a state-administered retirement system who
 164 is initially reemployed in a regularly established position on
 165 or after July 1, 2010, as an elected official eligible for the
 166 Elected Officers' Class may not be enrolled in renewed ~~renew~~
 167 membership in the Senior Management Service Class or in the
 168 Senior Management Service Optional Annuity Program as provided

CS/HB 525

2012

169 in subsection (6), and may not withdraw from the Florida
170 Retirement System as a renewed member as provided in
171 subparagraph (b)2., as applicable, in lieu of membership in the
172 Senior Management Service Class.

173 (6)

174 (e) Benefits.—

175 1. Benefits under the Senior Management Service Optional
176 Annuity Program are payable only to members of the program, or
177 their beneficiaries as designated by the member in the contract
178 with the provider company, and must be paid by the designated
179 company in accordance with the terms of the annuity contract
180 applicable to the member. A member must be terminated from all
181 employment relationships with Florida Retirement System
182 employers for 3 calendar months to begin receiving the employer-
183 funded and employee-funded benefit. The department may authorize
184 a distribution of up to 10 percent of the member's account after
185 being terminated from employment with participating employers
186 for 1 calendar month if the member has reached the normal
187 retirement date as defined in s. 121.021. The department may
188 adopt rules to implement this subparagraph. The member must meet
189 the definition of termination in s. 121.021(39) beginning the
190 month after receiving a benefit, including a distribution.
191 Benefits funded by employer and employee contributions are
192 payable under the terms of the contract to the member, his or
193 her beneficiary, or his or her estate, in addition to:

194 a. A lump-sum payment to the beneficiary upon the death of
195 the member;

196 b. A cash-out of a de minimis account upon the request of

197 a former member who has been terminated for a minimum of 6
 198 calendar months from the employment that entitled him or her to
 199 optional annuity program participation. Such cash-out must be a
 200 complete liquidation of the account balance with that company
 201 and is subject to the Internal Revenue Code;

202 c. A mandatory distribution of a de minimis account of a
 203 former member who has been terminated for a minimum of 6
 204 calendar months from the employment that entitled him or her to
 205 optional annuity program participation as authorized by the
 206 department; or

207 d. A lump-sum direct rollover distribution whereby all
 208 accrued benefits, plus interest and investment earnings, are
 209 paid from the member's account directly to the custodian of an
 210 eligible retirement plan, as defined in s. 402(c)(8)(B) of the
 211 Internal Revenue Code, on behalf of the member.

212 2. Under the Senior Management Service Optional Annuity
 213 Program, benefits, including employee contributions, are not
 214 payable for employee hardships, unforeseeable emergencies,
 215 loans, medical expenses, educational expenses, purchase of a
 216 principal residence, payments necessary to prevent eviction or
 217 foreclosure on an employee's principal residence, or any other
 218 reason except a requested distribution for retirement, a
 219 mandatory de minimis distribution authorized by the
 220 administrator, or a required minimum distribution provided
 221 pursuant to the Internal Revenue Code ~~before termination from~~
 222 ~~all employment relationships with participating employers for 3~~
 223 ~~calendar months.~~

224 3. The benefits payable to any person under the Senior

225 Management Service Optional Annuity Program, and any
 226 contribution accumulated under such program, are not subject to
 227 assignment, execution, or attachment or to any legal process
 228 whatsoever.

229 4. Except as provided in subparagraph 5., a member who
 230 terminates employment and receives a distribution, including a
 231 rollover or trustee-to-trustee transfer, funded by employer and
 232 required employee contributions is a retiree of ~~deemed to be~~
 233 ~~retired from~~ a state-administered retirement system. A retiree
 234 of a state-administered retirement system who is initially
 235 reemployed in a regularly established position on or after July
 236 1, 2010, is not eligible to be enrolled in renewed membership ~~if~~
 237 ~~the member is subsequently employed with an employer that~~
 238 ~~participates in the Florida Retirement System.~~

239 5. A member who receives optional annuity program benefits
 240 funded by employer and employee contributions as a mandatory
 241 distribution of a de minimis account authorized by the
 242 department is not considered a retiree.

243
 244 As used in this paragraph, a "de minimis account" means an
 245 account with a provider company containing employer and employee
 246 contributions and accumulated earnings of not more than \$5,000
 247 made under this chapter.

248 Section 3. Paragraph (a) of subsection (3) and paragraph
 249 (a) of subsection (4) of section 121.091, Florida Statutes, are
 250 amended to read:

251 121.091 Benefits payable under the system.—Benefits may
 252 not be paid under this section unless the member has terminated

253 employment as provided in s. 121.021(39) (a) or begun
254 participation in the Deferred Retirement Option Program as
255 provided in subsection (13), and a proper application has been
256 filed in the manner prescribed by the department. The department
257 may cancel an application for retirement benefits when the
258 member or beneficiary fails to timely provide the information
259 and documents required by this chapter and the department's
260 rules. The department shall adopt rules establishing procedures
261 for application for retirement benefits and for the cancellation
262 of such application when the required information or documents
263 are not received.

264 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
265 her early retirement date, the member shall receive an immediate
266 monthly benefit that shall begin to accrue on the first day of
267 the month of the retirement date and be payable on the last day
268 of that month and each month thereafter during his or her
269 lifetime. Such benefit shall be calculated as follows:

270 (a) For a member initially enrolled:

271 1. Before July 1, 2011, the amount of each monthly payment
272 shall be computed in the same manner as for a normal retirement
273 benefit, in accordance with subsection (1), but shall be based
274 on the member's average monthly compensation and creditable
275 service as of the member's early retirement date. The benefit so
276 computed shall be reduced by five-twelfths of 1 percent for each
277 complete month by which the early retirement date precedes the
278 normal retirement date of age 62 for a member of the Regular
279 Class, Senior Management Service Class, or the Elected Officers'
280 Class, and age 55 for a member of the Special Risk Class, or age

281 52 if a Special Risk member has completed 25 years of creditable
 282 service in accordance with s. 121.021(29)(b)1.c.

283 2. On or after July 1, 2011, the amount of each monthly
 284 payment shall be computed in the same manner as for a normal
 285 retirement benefit, in accordance with subsection (1), but shall
 286 be based on the member's average monthly compensation and
 287 creditable service as of the member's early retirement date. The
 288 benefit so computed shall be reduced by five-twelfths of 1
 289 percent for each complete month by which the early retirement
 290 date precedes the normal retirement date of age 65 for a member
 291 of the Regular Class, Senior Management Service Class, or the
 292 Elected Officers' Class, and age 55 ~~60~~ for a member of the
 293 Special Risk Class, or age 50 ~~57~~ if a Special Risk member has
 294 completed 25 ~~30~~ years of creditable service in accordance with
 295 s. 121.021(29)(b)2.b. ~~s. 121.021(29)(b)2.c.~~

296 (4) DISABILITY RETIREMENT BENEFIT.—

297 (a) Disability retirement; entitlement and effective
 298 date.—

299 1.a. A member who becomes totally and permanently
 300 disabled, as defined in paragraph (b), after completing 5 years
 301 of creditable service, or a member who becomes totally and
 302 permanently disabled in the line of duty regardless of service,
 303 is entitled to a monthly disability benefit; except that any
 304 member with less than 5 years of creditable service on July 1,
 305 1980, or any person who becomes a member of the Florida
 306 Retirement System on or after such date must have completed 10
 307 years of creditable service before becoming totally and
 308 permanently disabled in order to receive disability retirement

309 benefits for any disability which occurs other than in the line
310 of duty. However, if a member employed on July 1, 1980, who has
311 less than 5 years of creditable service as of that date becomes
312 totally and permanently disabled after completing 5 years of
313 creditable service and is found not to have attained fully
314 insured status for benefits under the federal Social Security
315 Act, such member is entitled to a monthly disability benefit.

316 b. Effective July 1, 2001, for a member initially enrolled
317 before July 1, 2012, a member of the pension plan who becomes
318 totally and permanently disabled, as defined in paragraph (b),
319 after completing 8 years of creditable service, or a member who
320 becomes totally and permanently disabled in the line of duty
321 regardless of service, is entitled to a monthly disability
322 benefit.

323 c. For a member of the pension plan who is initially
324 enrolled on or after July 1, 2012, and becomes totally and
325 permanently disabled, as described in paragraph (b), after
326 completing the years of service for vesting provided in s.
327 121.021, or a member who becomes totally and permanently
328 disabled in the line of duty regardless of service, is entitled
329 to a monthly disability benefit.

330 2. If the division has received from the employer the
331 required documentation of the member's termination of
332 employment, the effective retirement date for a member who
333 applies and is approved for disability retirement shall be
334 established by rule of the division.

335 3. For a member who is receiving Workers' Compensation
336 payments, the effective disability retirement date may not

337 precede the date the member reaches Maximum Medical Improvement
 338 (MMI), unless the member terminates employment before reaching
 339 MMI.

340 Section 4. Paragraphs (a), (b), and (g) of subsection (5)
 341 of section 121.35, Florida Statutes, are amended to read:

342 121.35 Optional retirement program for the State
 343 University System.—

344 (5) BENEFITS.—

345 (a) Benefits are payable under the optional retirement
 346 program only to vested members participating in the program, or
 347 their beneficiaries as designated by the member in the contract
 348 with a provider company, and such benefits shall be paid only by
 349 the designated company in accordance with s. 403(b) of the
 350 Internal Revenue Code and the terms of the annuity contract or
 351 investment contracts applicable to the member. A benefit under
 352 the optional retirement program is a distribution requested by
 353 the member or surviving beneficiary funded in part or in whole
 354 by employer or required employee contributions, plus earnings,
 355 and includes rolling a distribution over to another qualified
 356 plan. Benefits accrue in individual accounts that are member-
 357 directed, portable, and funded by employer and employee
 358 contributions and the earnings thereon. The member must be
 359 terminated for 3 calendar months from all employment
 360 relationships with all Florida Retirement System employers to
 361 begin receiving the benefit. The department may authorize a
 362 distribution of up to 10 percent of the member's account after
 363 being terminated from employment with participating employers
 364 for 1 calendar month if the member has reached the normal

365 retirement date as defined in s. 121.021. The department may
 366 adopt rules to implement this paragraph. Benefits funded by
 367 employer and required employee contributions are payable in
 368 accordance with the following terms and conditions:

369 1. Benefits shall be paid only to a participating member,
 370 to his or her beneficiaries, or to his or her estate, as
 371 designated by the member.

372 2. Benefits shall be paid by the provider company or
 373 companies in accordance with the law, the provisions of the
 374 contract, and any applicable department rule or policy.

375 3. In the event of a member's death, moneys accumulated
 376 by, or on behalf of, the member, less withholding taxes remitted
 377 to the Internal Revenue Service, if any, shall be distributed to
 378 the member's designated beneficiary or beneficiaries, or to the
 379 member's estate, as if the member retired on the date of death,
 380 as provided in paragraph (d). No other death benefits are
 381 available to survivors of members under the optional retirement
 382 program except for such benefits, or coverage for such benefits,
 383 as are separately afforded by the employer, at the employer's
 384 discretion.

385 (b) Benefits, including employee contributions, are not
 386 payable for employee hardships, unforeseeable emergencies,
 387 loans, medical expenses, educational expenses, purchase of a
 388 principal residence, payments necessary to prevent eviction or
 389 foreclosure on an employee's principal residence, or any other
 390 reason except a requested distribution for retirement, a
 391 mandatory de minimis distribution authorized by the
 392 administrator, or a required minimum distribution provided

CS/HB 525

2012

393 pursuant to the Internal Revenue Code ~~before termination from~~
394 ~~all employment relationships with participating employers for 3~~
395 ~~calendar months.~~

396 (g) Benefits funded by the participating member's
397 voluntary personal contributions may be paid out after
398 termination from employment with all participating employers for
399 3 calendar months ~~at any time~~ and in any form within the limits
400 provided in the contract between the member and the provider
401 company. The member shall notify the provider company regarding
402 the date and provisions under which he or she wants to receive
403 the employee-funded portion of the plan.

404 Section 5. Paragraph (i) of subsection (2), paragraph (b)
405 of subsection (3), subsection (4), and paragraph (c) of
406 subsection (5) of section 121.4501, Florida Statutes, are
407 amended to read:

408 121.4501 Florida Retirement System Investment Plan.—

409 (2) DEFINITIONS.—As used in this part, the term:

410 (i) "Member" or "employee" means an eligible employee who
411 enrolls in or is defaulted into the investment plan as provided
412 in subsection (4), a terminated Deferred Retirement Option
413 Program member as described in subsection (21), or a beneficiary
414 or alternate payee of a member or employee.

415 (3) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.—

416 (b) Notwithstanding paragraph (a), an eligible employee
417 who elects to participate in or is defaulted into the investment
418 plan and establishes one or more individual member accounts may
419 elect to transfer to the investment plan a sum representing the
420 present value of the employee's accumulated benefit obligation

421 under the pension plan, except as provided in paragraph (4)(d).
422 Upon transfer, all service credit earned under the pension plan
423 is nullified for purposes of entitlement to a future benefit
424 under the pension plan. A member may not transfer the
425 accumulated benefit obligation balance from the pension plan
426 after the time period for enrolling ~~in the investment plan~~ has
427 expired.

428 1. For purposes of this subsection, the present value of
429 the member's accumulated benefit obligation is based upon the
430 member's estimated creditable service and estimated average
431 final compensation under the pension plan, subject to
432 recomputation under subparagraph 2. For state employees, initial
433 estimates shall be based upon creditable service and average
434 final compensation as of midnight on June 30, 2002; for district
435 school board employees, initial estimates shall be based upon
436 creditable service and average final compensation as of midnight
437 on September 30, 2002; and for local government employees,
438 initial estimates shall be based upon creditable service and
439 average final compensation as of midnight on December 31, 2002.
440 The dates specified are the "estimate date" for these employees.
441 The actuarial present value of the employee's accumulated
442 benefit obligation shall be based on the following:

443 a. The discount rate and other relevant actuarial
444 assumptions used to value the Florida Retirement System Trust
445 Fund at the time the amount to be transferred is determined,
446 consistent with the factors provided in sub-subparagraphs b. and
447 c.

448 b. A benefit commencement age, based on the member's

449 | estimated creditable service as of the estimate date.

450 | c. Except as provided under sub-subparagraph d., for a
451 | member initially enrolled:

452 | (I) Before July 1, 2011, the benefit commencement age is
453 | the younger of the following, but may not be younger than the
454 | member's age as of the estimate date:

455 | (A) Age 62; or

456 | (B) The age the member would attain if the member
457 | completed 30 years of service with an employer, assuming the
458 | member worked continuously from the estimate date, and
459 | disregarding any vesting requirement that would otherwise apply
460 | under the pension plan.

461 | (II) On or after July 1, 2011, the benefit commencement
462 | age is the younger of the following, but may not be younger than
463 | the member's age as of the estimate date:

464 | (A) Age 65; or

465 | (B) The age the member would attain if the member
466 | completed 33 years of service with an employer, assuming the
467 | member worked continuously from the estimate date, and
468 | disregarding any vesting requirement that would otherwise apply
469 | under the pension plan.

470 | d. For members of the Special Risk Class and for members
471 | of the Special Risk Administrative Support Class entitled to
472 | retain the special risk normal retirement date:

473 | (I) Initially enrolled before July 1, 2011, the benefit
474 | commencement age is the younger of the following, but may not be
475 | younger than the member's age as of the estimate date:

476 | (A) Age 55; or

477 (B) The age the member would attain if the member
 478 completed 25 years of service with an employer, assuming the
 479 member worked continuously from the estimate date, and
 480 disregarding any vesting requirement that would otherwise apply
 481 under the pension plan.

482 (II) Initially enrolled on or after July 1, 2011, the
 483 benefit commencement age is the younger of the following, but
 484 may not be younger than the member's age as of the estimate
 485 date:

486 (A) Age 55 ~~60~~; or

487 (B) ~~The~~ Age 50 ~~the member would attain~~ if the member
 488 completed 25 ~~30~~ years of service with an employer, assuming the
 489 member worked continuously from the estimate date, and
 490 disregarding any vesting requirement that would otherwise apply
 491 under the pension plan.

492 e. The calculation must disregard vesting requirements and
 493 early retirement reduction factors that would otherwise apply
 494 under the pension plan.

495 2. For each member who elects to transfer moneys from the
 496 pension plan to his or her account in the investment plan, the
 497 division shall recompute the amount transferred under
 498 subparagraph 1. within 60 days after the actual transfer of
 499 funds based upon the member's actual creditable service and
 500 actual final average compensation as of the initial date of
 501 participation in the investment plan. If the recomputed amount
 502 differs from the amount transferred by \$10 or more, the division
 503 shall:

504 a. Transfer, or cause to be transferred, from the Florida

505 Retirement System Trust Fund to the member's account the excess,
506 if any, of the recomputed amount over the previously transferred
507 amount together with interest from the initial date of transfer
508 to the date of transfer under this subparagraph, based upon the
509 effective annual interest equal to the assumed return on the
510 actuarial investment which was used in the most recent actuarial
511 valuation of the system, compounded annually.

512 b. Transfer, or cause to be transferred, from the member's
513 account to the Florida Retirement System Trust Fund the excess,
514 if any, of the previously transferred amount over the recomputed
515 amount, together with interest from the initial date of transfer
516 to the date of transfer under this subparagraph, based upon 6
517 percent effective annual interest, compounded annually, pro rata
518 based on the member's allocation plan.

519 3. If contribution adjustments are made as a result of
520 employer errors or corrections, including plan corrections,
521 following recomputation of the amount transferred under
522 subparagraph 1., the member is entitled to the additional
523 contributions or is responsible for returning any excess
524 contributions resulting from the correction. However, any return
525 of such erroneous excess pretax contribution by the plan must be
526 made within the period allowed by the Internal Revenue Service.
527 The present value of the member's accumulated benefit obligation
528 shall not be recalculated.

529 4. As directed by the member, the state board shall
530 transfer or cause to be transferred the appropriate amounts to
531 the designated accounts within 30 days after the effective date
532 of the member's participation in the investment plan unless the

533 major financial markets for securities available for a transfer
534 are seriously disrupted by an unforeseen event that causes the
535 suspension of trading on any national securities exchange in the
536 country where the securities were issued. In that event, the 30-
537 day period may be extended by a resolution of the state board.
538 Transfers are not commissionable or subject to other fees and
539 may be in the form of securities or cash, as determined by the
540 state board. Such securities are valued as of the date of
541 receipt in the member's account.

542 5. If the state board or the division receives
543 notification from the United States Internal Revenue Service
544 that this paragraph or any portion of this paragraph will cause
545 the retirement system, or a portion thereof, to be disqualified
546 for tax purposes under the Internal Revenue Code, the portion
547 that will cause the disqualification does not apply. Upon such
548 notice, the state board and the division shall notify the
549 presiding officers of the Legislature.

550 (4) PARTICIPATION; ENROLLMENT.—

551 (a)1. With respect to an eligible employee who is employed
552 in a regularly established position on June 1, 2002, by a state
553 employer:

554 a. Any such employee may elect to participate in the
555 investment plan in lieu of retaining his or her membership in
556 the pension plan. The election must be made in writing or by
557 electronic means and must be filed with the third-party
558 administrator by August 31, 2002, or, in the case of an active
559 employee who is on a leave of absence on April 1, 2002, by the
560 last business day of the 5th month following the month the leave

561 of absence concludes. This election is irrevocable, except as
562 provided in paragraph (h) ~~(g)~~. Upon making such election, the
563 employee shall be enrolled as a member of the investment plan,
564 the employee's membership in the Florida Retirement System is
565 governed by the provisions of this part, and the employee's
566 membership in the pension plan terminates. The employee's
567 enrollment in the investment plan is effective the first day of
568 the month for which a full month's employer contribution is made
569 to the investment plan.

570 b. Any such employee who fails to elect to participate in
571 the investment plan within the prescribed time period is deemed
572 to have elected to retain membership in the pension plan, and
573 the employee's option to elect to participate in the investment
574 plan is forfeited.

575 2. With respect to employees who become eligible to
576 participate in the investment plan by reason of employment in a
577 regularly established position with a state employer commencing
578 after April 1, 2002, through June 30, 2012:

579 a. Any such employee shall, by default, be enrolled in the
580 pension plan at the commencement of employment, and may, by the
581 last business day of the 5th month following the employee's
582 month of hire, elect to participate in the investment plan. The
583 employee's election must be made in writing or by electronic
584 means and must be filed with the third-party administrator. The
585 election to participate in the investment plan is irrevocable,
586 except as provided in paragraph (h) ~~(g)~~.

587 b. If the employee files such election within the
588 prescribed time period, enrollment in the investment plan is

CS/HB 525

2012

589 | effective on the first day of employment. The retirement
590 | contributions paid through the month of the employee plan change
591 | shall be transferred to the investment program, and, effective
592 | the first day of the next month, the employer and employee must
593 | pay the applicable contributions based on the employee
594 | membership class in the program.

595 | c. Any such ~~An~~ employee who fails to elect to participate
596 | in the investment plan within the prescribed time period is
597 | deemed to have elected to retain membership in the pension plan,
598 | and the employee's option to elect to participate in the
599 | investment plan is forfeited.

600 | 3. With respect to employees who become eligible to
601 | participate in the investment plan pursuant to s.
602 | 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
603 | participate in the investment plan in lieu of retaining his or
604 | her membership in the State Community College System Optional
605 | Retirement Program or the State University System Optional
606 | Retirement Program. The election must be made in writing or by
607 | electronic means and must be filed with the third-party
608 | administrator. This election is irrevocable, except as provided
609 | in paragraph (h) ~~(g)~~. Upon making such election, the employee
610 | shall be enrolled as a member in the investment plan, the
611 | employee's membership in the Florida Retirement System is
612 | governed by the provisions of this part, and the employee's
613 | participation in the State Community College System Optional
614 | Retirement Program or the State University System Optional
615 | Retirement Program terminates. The employee's enrollment in the
616 | investment plan is effective on the first day of the month for

CS/HB 525

2012

617 | which a full month's employer and employee contribution is made
618 | to the investment plan.

619 | 4. For purposes of this paragraph, "state employer" means
620 | any agency, board, branch, commission, community college,
621 | department, institution, institution of higher education, or
622 | water management district of the state, which participates in
623 | the Florida Retirement System for the benefit of certain
624 | employees.

625 | (b)1. With respect to an eligible employee who is employed
626 | in a regularly established position on September 1, 2002, by a
627 | district school board employer:

628 | a. Any such employee may elect to participate in the
629 | investment plan in lieu of retaining his or her membership in
630 | the pension plan. The election must be made in writing or by
631 | electronic means and must be filed with the third-party
632 | administrator by November 30, or, in the case of an active
633 | employee who is on a leave of absence on July 1, 2002, by the
634 | last business day of the 5th month following the month the leave
635 | of absence concludes. This election is irrevocable, except as
636 | provided in paragraph (h) ~~(g)~~. Upon making such election, the
637 | employee shall be enrolled as a member of the investment plan,
638 | the employee's membership in the Florida Retirement System is
639 | governed by the provisions of this part, and the employee's
640 | membership in the pension plan terminates. The employee's
641 | enrollment in the investment plan is effective the first day of
642 | the month for which a full month's employer contribution is made
643 | to the investment program.

644 | b. Any such employee who fails to elect to participate in

645 the investment plan within the prescribed time period is deemed
646 to have elected to retain membership in the pension plan, and
647 the employee's option to elect to participate in the investment
648 plan is forfeited.

649 2. With respect to employees who become eligible to
650 participate in the investment plan by reason of employment in a
651 regularly established position with a district school board
652 employer commencing after July 1, 2002, through June 30, 2012:

653 a. Any such employee shall, by default, be enrolled in the
654 pension plan at the commencement of employment, and may, by the
655 last business day of the 5th month following the employee's
656 month of hire, elect to participate in the investment plan. The
657 employee's election must be made in writing or by electronic
658 means and must be filed with the third-party administrator. The
659 election to participate in the investment plan is irrevocable,
660 except as provided in paragraph (h) ~~(g)~~.

661 b. If the employee files such election within the
662 prescribed time period, enrollment in the investment plan is
663 effective on the first day of employment. The employer
664 retirement contributions paid through the month of the employee
665 plan change shall be transferred to the investment plan, and,
666 effective the first day of the next month, the employer shall
667 pay the applicable contributions based on the employee
668 membership class in the investment plan.

669 c. Any such employee who fails to elect to participate in
670 the investment plan within the prescribed time period is deemed
671 to have elected to retain membership in the pension plan, and
672 the employee's option to elect to participate in the investment

673 plan is forfeited.

674 3. For purposes of this paragraph, "district school board
675 employer" means any district school board that participates in
676 the Florida Retirement System for the benefit of certain
677 employees, or a charter school or charter technical career
678 center that participates in the Florida Retirement System as
679 provided in s. 121.051(2)(d).

680 (c)1. With respect to an eligible employee who is employed
681 in a regularly established position on December 1, 2002, by a
682 local employer:

683 a. Any such employee may elect to participate in the
684 investment plan in lieu of retaining his or her membership in
685 the pension plan. The election must be made in writing or by
686 electronic means and must be filed with the third-party
687 administrator by February 28, 2003, or, in the case of an active
688 employee who is on a leave of absence on October 1, 2002, by the
689 last business day of the 5th month following the month the leave
690 of absence concludes. This election is irrevocable, except as
691 provided in paragraph (h) ~~(g)~~. Upon making such election, the
692 employee shall be enrolled as a participant of the investment
693 plan, the employee's membership in the Florida Retirement System
694 is governed by the provisions of this part, and the employee's
695 membership in the pension plan terminates. The employee's
696 enrollment in the investment plan is effective the first day of
697 the month for which a full month's employer contribution is made
698 to the investment plan.

699 b. Any such employee who fails to elect to participate in
700 the investment plan within the prescribed time period is deemed

CS/HB 525

2012

701 to have elected to retain membership in the pension plan, and
702 the employee's option to elect to participate in the investment
703 plan is forfeited.

704 2. With respect to employees who become eligible to
705 participate in the investment plan by reason of employment in a
706 regularly established position with a local employer commencing
707 after October 1, 2002, through June 30, 2012:

708 a. Any such employee shall, by default, be enrolled in the
709 pension plan at the commencement of employment, and may, by the
710 last business day of the 5th month following the employee's
711 month of hire, elect to participate in the investment plan. The
712 employee's election must be made in writing or by electronic
713 means and must be filed with the third-party administrator. The
714 election to participate in the investment plan is irrevocable,
715 except as provided in paragraph (h) ~~(g)~~.

716 b. If the employee files such election within the
717 prescribed time period, enrollment in the investment plan is
718 effective on the first day of employment. The employer
719 retirement contributions paid through the month of the employee
720 plan change shall be transferred to the investment plan, and,
721 effective the first day of the next month, the employer shall
722 pay the applicable contributions based on the employee
723 membership class in the investment plan.

724 c. Any such employee who fails to elect to participate in
725 the investment plan within the prescribed time period is deemed
726 to have elected to retain membership in the pension plan, and
727 the employee's option to elect to participate in the investment
728 plan is forfeited.

CS/HB 525

2012

729 3. For purposes of this paragraph, "local employer" means
730 any employer not included in paragraph (a) or paragraph (b).

731 (d)1. With respect to employees who become eligible to
732 participate in the investment plan by reason of employment in a
733 regularly established position commencing on or after July 1,
734 2012, any such employee shall be enrolled in the pension plan at
735 the commencement of employment, and may, by the last business
736 day of the 5th month following the employee's month of hire,
737 elect to participate in the pension plan or the investment plan.
738 Eligible employees may make a plan election only if they are
739 earning service credit in an employer-employee relationship
740 consistent with s. 121.021(17) (b), excluding leaves of absence
741 without pay.

742 2. The employee's election must be made in writing or by
743 electronic means and must be filed with the third-party
744 administrator. The election to participate in the pension plan
745 or investment plan is irrevocable, except as provided in
746 paragraph (h).

747 3. If the employee fails to make an election to either the
748 pension plan or investment plan during the 5 months following
749 the month of hire, the employee is deemed to have elected the
750 investment plan, and will be defaulted to the investment plan
751 retroactively to the employee's date of employment. The
752 employee's option to participate in the pension plan is
753 forfeited, except as provided in paragraph (h).

754 4. The amount of the employee and employer contributions
755 paid prior to the default to the investment plan shall be
756 transferred to the investment plan along with any accumulated

757 benefit obligation from previous pension plan service and placed
758 in a default fund as designated by the State Board of
759 Administration. The employee may move the contributions once an
760 account is activated in the investment plan.

761 5. Effective the first day of the month after an eligible
762 employee makes a plan election to the pension plan or investment
763 plan, or after the month of default to the investment plan, the
764 employee and employer shall pay the applicable contributions
765 based on the employee membership class in the pension plan or
766 investment plan.

767 (e) ~~(d)~~ Contributions available for self-direction by a
768 member who has not selected one or more specific investment
769 products shall be allocated as prescribed by the state board.
770 The third-party administrator shall notify the member at least
771 quarterly that the member should take an affirmative action to
772 make an asset allocation among the investment products.

773 (f) ~~(e)~~ On or after July 1, 2011, a member of the pension
774 plan who obtains a refund of employee contributions retains his
775 or her prior plan choice upon return to employment in a
776 regularly established position with a participating employer.

777 (g) ~~(f)~~ A member of the investment plan who takes a
778 distribution of any contributions from his or her investment
779 plan account is considered a retiree. A retiree who is initially
780 reemployed on or after July 1, 2010, is not eligible for renewed
781 membership.

782 (h) ~~(g)~~ After the period during which an eligible employee
783 had the choice to elect the pension plan or the investment plan,
784 or the month following the receipt of the eligible employee's

785 plan election, if sooner, the employee shall have one
786 opportunity, at the employee's discretion, to choose to move
787 from the pension plan to the investment plan or from the
788 investment plan to the pension plan. Eligible employees may
789 elect to move between plans only if they are earning service
790 credit in an employer-employee relationship consistent with s.
791 121.021(17)(b), excluding leaves of absence without pay.
792 Effective July 1, 2005, such elections are effective on the
793 first day of the month following the receipt of the election by
794 the third-party administrator and are not subject to the
795 requirements regarding an employer-employee relationship or
796 receipt of contributions for the eligible employee in the
797 effective month, except when the election is received by the
798 third-party administrator. This paragraph is contingent upon
799 approval by the Internal Revenue Service.

800 1. If the employee chooses to move to the investment plan,
801 the provisions of subsection (3) govern the transfer.

802 2. If the employee chooses to move to the pension plan,
803 the employee must transfer from his or her investment plan
804 account, and from other employee moneys as necessary, a sum
805 representing the present value of that employee's accumulated
806 benefit obligation immediately following the time of such
807 movement, determined assuming that attained service equals the
808 sum of service in the pension plan and service in the investment
809 plan. Benefit commencement occurs on the first date the employee
810 is eligible for unreduced benefits, using the discount rate and
811 other relevant actuarial assumptions that were used to value the
812 pension plan liabilities in the most recent actuarial valuation.

813 For any employee who, at the time of the second election,
814 already maintains an accrued benefit amount in the pension plan,
815 the then-present value of the accrued benefit is deemed part of
816 the required transfer amount. The division must ensure that the
817 transfer sum is prepared using a formula and methodology
818 certified by an enrolled actuary. A refund of any employee
819 contributions or additional member payments made which exceed
820 the employee contributions that would have accrued had the
821 member remained in the pension plan and not transferred to the
822 investment plan is not permitted.

823 3. Notwithstanding subparagraph 2., an employee who
824 chooses to move to the pension plan and who became eligible to
825 participate in the investment plan by reason of employment in a
826 regularly established position with a state employer after June
827 1, 2002; a district school board employer after September 1,
828 2002; or a local employer after December 1, 2002, must transfer
829 from his or her investment plan account, and from other employee
830 moneys as necessary, a sum representing the employee's actuarial
831 accrued liability. A refund of any employee contributions or
832 additional participant payments made which exceed the employee
833 contributions that would have accrued had the member remained in
834 the pension plan and not transferred to the investment plan is
835 not permitted.

836 4. An employee's ability to transfer from the pension plan
837 to the investment plan pursuant to paragraphs (a)-(g) ~~(a)-(d)~~,
838 and the ability of a current employee to have an option to later
839 transfer back into the pension plan under subparagraph 2., shall
840 be deemed a significant system amendment. Pursuant to s.

CS/HB 525

2012

841 121.031(4), any resulting unfunded liability arising from actual
842 original transfers from the pension plan to the investment plan
843 must be amortized within 30 plan years as a separate unfunded
844 actuarial base independent of the reserve stabilization
845 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
846 direct amortization payment may not be calculated for this base.
847 During this 25-year period, the separate base shall be used to
848 offset the impact of employees exercising their second program
849 election under this paragraph. The actuarial funded status of
850 the pension plan will not be affected by such second program
851 elections in any significant manner, after due recognition of
852 the separate unfunded actuarial base. Following the initial 25-
853 year period, any remaining balance of the original separate base
854 shall be amortized over the remaining 5 years of the required
855 30-year amortization period.

856 5. If the employee chooses to transfer from the investment
857 plan to the pension plan and retains an excess account balance
858 in the investment plan after satisfying the buy-in requirements
859 under this paragraph, the excess may not be distributed until
860 the member retires from the pension plan. The excess account
861 balance may be rolled over to the pension plan and used to
862 purchase service credit or upgrade creditable service in the
863 pension plan.

864 (5) CONTRIBUTIONS.—

865 (c) The state board, acting as plan fiduciary, must ensure
866 that all plan assets are held in a trust, pursuant to s. 401 of
867 the Internal Revenue Code. The fiduciary must ensure that such
868 contributions are allocated as follows:

CS/HB 525

2012

869 1. The employer and employee contribution portion
870 earmarked for member accounts shall be used to purchase
871 interests in the appropriate investment vehicles as specified by
872 the member, or in accordance with paragraph (4) (e) ~~(4) (d)~~.

873 2. The employer contribution portion earmarked for
874 administrative and educational expenses shall be transferred to
875 the Florida Retirement System Investment Plan Trust Fund.

876 3. The employer contribution portion earmarked for
877 disability benefits shall be transferred to the Florida
878 Retirement System Trust Fund.

879 Section 6. Paragraph (b) of subsection (2) of section
880 121.591, Florida Statutes, is amended to read:

881 121.591 Payment of benefits.—Benefits may not be paid
882 under the Florida Retirement System Investment Plan unless the
883 member has terminated employment as provided in s.
884 121.021(39) (a) or is deceased and a proper application has been
885 filed as prescribed by the state board or the department. Before
886 termination of employment, benefits, including employee
887 contributions, are not payable under the investment plan for
888 employee hardships, unforeseeable emergencies, loans, medical
889 expenses, educational expenses, purchase of a principal
890 residence, payments necessary to prevent eviction or foreclosure
891 on an employee's principal residence, or any other reason prior
892 to termination from all employment relationships with
893 participating employers. The state board or department, as
894 appropriate, may cancel an application for retirement benefits
895 if the member or beneficiary fails to timely provide the
896 information and documents required by this chapter and the rules

897 | of the state board and department. In accordance with their
898 | respective responsibilities, the state board and the department
899 | shall adopt rules establishing procedures for application for
900 | retirement benefits and for the cancellation of such application
901 | if the required information or documents are not received. The
902 | state board and the department, as appropriate, are authorized
903 | to cash out a de minimis account of a member who has been
904 | terminated from Florida Retirement System covered employment for
905 | a minimum of 6 calendar months. A de minimis account is an
906 | account containing employer and employee contributions and
907 | accumulated earnings of not more than \$5,000 made under the
908 | provisions of this chapter. Such cash-out must be a complete
909 | lump-sum liquidation of the account balance, subject to the
910 | provisions of the Internal Revenue Code, or a lump-sum direct
911 | rollover distribution paid directly to the custodian of an
912 | eligible retirement plan, as defined by the Internal Revenue
913 | Code, on behalf of the member. Any nonvested accumulations and
914 | associated service credit, including amounts transferred to the
915 | suspense account of the Florida Retirement System Investment
916 | Plan Trust Fund authorized under s. 121.4501(6), shall be
917 | forfeited upon payment of any vested benefit to a member or
918 | beneficiary, except for de minimis distributions or minimum
919 | required distributions as provided under this section. If any
920 | financial instrument issued for the payment of retirement
921 | benefits under this section is not presented for payment within
922 | 180 days after the last day of the month in which it was
923 | originally issued, the third-party administrator or other duly
924 | authorized agent of the state board shall cancel the instrument

CS/HB 525

2012

925 and credit the amount of the instrument to the suspense account
926 of the Florida Retirement System Investment Plan Trust Fund
927 authorized under s. 121.4501(6). Any amounts transferred to the
928 suspense account are payable upon a proper application, not to
929 include earnings thereon, as provided in this section, within 10
930 years after the last day of the month in which the instrument
931 was originally issued, after which time such amounts and any
932 earnings attributable to employer contributions shall be
933 forfeited. Any forfeited amounts are assets of the trust fund
934 and are not subject to chapter 717.

935 (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided
936 under this subsection are payable in lieu of the benefits that
937 would otherwise be payable under the provisions of subsection
938 (1). Such benefits must be funded from employer contributions
939 made under s. 121.571, transferred employee contributions and
940 funds accumulated pursuant to paragraph (a), and interest and
941 earnings thereon.

942 (b) Disability retirement; entitlement.—

943 1.a. For a member of the investment plan who is initially
944 enrolled before July 1, 2012, and becomes totally and
945 permanently disabled, as defined in paragraph (d), after
946 completing 8 years of creditable service, or a member who
947 becomes totally and permanently disabled in the line of duty
948 regardless of length of service, is entitled to a monthly
949 disability benefit.

950 b. For a member of the investment plan who is initially
951 enrolled on or after July 1, 2012, and becomes totally and
952 permanently disabled, as defined in paragraph (d), after

CS/HB 525

2012

953 completing the years of service required for vesting provided in
954 s. 121.021, or a member who becomes totally and permanently
955 disabled in the line of duty regardless of length of service, is
956 entitled to a monthly disability benefit.

957 2. In order for service to apply toward the 8 years of
958 creditable service required for regular disability benefits, or
959 toward the creditable service used in calculating a service-
960 based benefit as provided under paragraph (g), the service must
961 be creditable service as described below:

962 a. The member's period of service under the investment
963 plan shall be considered creditable service, except as provided
964 in subparagraph d.

965 b. If the member has elected to retain credit for service
966 under the pension plan as provided under s. 121.4501(3), all
967 such service shall be considered creditable service.

968 c. If the member elects to transfer to his or her member
969 accounts a sum representing the present value of his or her
970 retirement credit under the pension plan as provided under s.
971 121.4501(3), the period of service under the pension plan
972 represented in the present value amounts transferred shall be
973 considered creditable service, except as provided in
974 subparagraph d.

975 d. If a member has terminated employment and has taken
976 distribution of his or her funds as provided in subsection (1),
977 all creditable service represented by such distributed funds is
978 forfeited for purposes of this subsection.

979 Section 7. Paragraph (b) of subsection (5) and subsection
980 (7) of section 1012.875, Florida Statutes, are amended to read:

981 1012.875 State Community College System Optional
 982 Retirement Program.—Each Florida College System institution may
 983 implement an optional retirement program, if such program is
 984 established therefor pursuant to s. 1001.64(20), under which
 985 annuity or other contracts providing retirement and death
 986 benefits may be purchased by, and on behalf of, eligible
 987 employees who participate in the program, in accordance with s.
 988 403(b) of the Internal Revenue Code. Except as otherwise
 989 provided herein, this retirement program, which shall be known
 990 as the State Community College System Optional Retirement
 991 Program, may be implemented and administered only by an
 992 individual Florida College System institution or by a consortium
 993 of Florida College System institutions.

994 (5)

995 (b) Benefits are payable under the optional retirement
 996 program to program participants or their beneficiaries and paid
 997 only by the designated company in accordance with the terms of
 998 the contracts applicable to the program participant. Benefits
 999 shall accrue in individual accounts that are participant-
 1000 directed, portable, and funded by employer and employee
 1001 contributions and the earnings thereon. Benefit payments may not
 1002 be made until the member has been terminated for 3 calendar
 1003 months, except the college may authorize a distribution of up to
 1004 10 percent of the member's account after the member is
 1005 terminated from employment with a Florida Retirement System
 1006 participating employer for 1 calendar month if the member has
 1007 reached the normal retirement date as defined in s. 121.021. The
 1008 board of trustees for the college may adopt rules to implement

CS/HB 525

2012

1009 this paragraph. Benefits funded by employer and employee
1010 contributions are payable in accordance with the following terms
1011 and conditions:

1012 1. Benefits shall be payable only to a participant, to his
1013 or her beneficiaries, or to his or her estate, as designated by
1014 the participant.

1015 2. Benefits shall be paid by the provider company or
1016 companies in accordance with the law, the provisions of the
1017 contract, and any applicable employer rule or policy.

1018 3. In the event of a participant's death, moneys
1019 accumulated by, or on behalf of, the participant, less
1020 withholding taxes remitted to the Internal Revenue Service, if
1021 any, shall be distributed to the participant's designated
1022 beneficiary or beneficiaries, or to the participant's estate, as
1023 if the participant retired on the date of death as provided in
1024 paragraph (d). No other death benefits are available for
1025 survivors of participants under the optional retirement program
1026 except for such benefits, or coverage for such benefits, as are
1027 separately afforded by the employer at the employer's
1028 discretion.

1029 (7) Benefits, including employee contributions, are not
1030 payable for employee hardships, unforeseeable emergencies,
1031 loans, medical expenses, educational expenses, purchase of a
1032 principal residence, payments necessary to prevent eviction or
1033 foreclosure on an employee's principal residence, or any other
1034 reason except a requested distribution for retirement, a
1035 mandatory de minimis distribution authorized by the
1036 administrator, or a required minimum distribution provided

1037 pursuant to the Internal Revenue Code ~~before termination from~~
 1038 ~~all employment relationships with participating employers for 3~~
 1039 ~~calendar months.~~

1040 Section 8. (1) Effective July 1, 2012, in order to fund
 1041 the benefit changes provided in this act, the required
 1042 contribution rates of the Florida Retirement System Pension Plan
 1043 shall be adjusted as follows:

1044 (a) Regular Class shall be decreased by 0.05 percentage
 1045 points.

1046 (b) Special Risk Class shall be increased by 1.19
 1047 percentage points.

1048 (c) Special Risk Administrative Support Class shall be
 1049 increased by 0.65 percentage points.

1050 (d) Elected Officers' Class for Legislators, Governor, Lt.
 1051 Governor, Cabinet Officers, State Attorneys, and Public
 1052 Defenders shall be decreased by 0.58 percentage points.

1053 (e) Elected Officers' Class for Justices and Judges shall
 1054 be decreased by 0.17 percentage points.

1055 (f) Elected Officers' Class for County Elected Officers
 1056 shall be decreased by 0.59 percentage points.

1057 (g) Senior Management Service Class shall be decreased by
 1058 0.11 percentage points.

1059 (h) Deferred Retirement Option Program shall be increased
 1060 by 0.33 percentage points.

1061 (2) Effective July 1, 2012, in order to fund the benefit
 1062 changes provided in this act, the required employer contribution
 1063 rates for the unfunded actuarial liability of the Florida
 1064 Retirement System Pension Plan shall be adjusted as follows:

1065 (a) Regular Class shall be decreased by 0.02 percentage
 1066 points.

1067 (b) Special Risk Class shall be decreased by 0.51
 1068 percentage points.

1069 (c) Special Risk Administrative Support Class shall be
 1070 decreased by 0.27 percentage points.

1071 (d) Elected Officers' Class for Legislators, Governor, Lt.
 1072 Governor, Cabinet Officers, State Attorneys, and Public
 1073 Defenders shall be decreased by 0.06 percentage points.

1074 (e) Elected Officers' Class for Justices and Judges shall
 1075 be decreased by 0.06 percentage points.

1076 (f) Elected Officers' Class for County Elected Officers
 1077 shall be increased by 0.32 percentage points.

1078 (g) Senior Management Service Class shall be decreased by
 1079 0.01 percentage points.

1080 (3) The adjustments provided in subsections (1) and (2)
 1081 shall be in addition to all other changes to such contribution
 1082 rates which may be enacted into law to take effect on July 1,
 1083 2012. The Division of Statutory Revision is directed to adjust
 1084 accordingly the contribution rates provided in s. 121.71,
 1085 Florida Statutes.

1086 Section 9. The Legislature finds that a proper and
 1087 legitimate state purpose is served when employees and retirees
 1088 of the state and its political subdivisions, and the dependents,
 1089 survivors, and beneficiaries of such employees and retirees, are
 1090 extended the basic protections afforded by governmental
 1091 retirement systems that provide fair and adequate benefits and
 1092 that are managed, administered, and funded in an actuarially

CS/HB 525

2012

1093 sound manner as required by s. 14, Art. X of the State
1094 Constitution and part VII of chapter 112, Florida Statutes.
1095 Therefore, the Legislature determines and declares that this act
1096 fulfills an important state interest.
1097 Section 10. This act shall take effect July 1, 2012.