

By Senator Smith

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1 A bill to be entitled

2 An act relating to death benefits for state employees;
3 amending ss. 112.363, 121.052, 121.091, and 121.40,
4 F.S.; providing that a designated beneficiary of a
5 member of the State Retirement System is eligible to
6 receive the same death benefits as a joint annuitant
7 of the member; providing that the act fulfills an
8 important state interest; providing an effective date.

9
10 Be It Enacted by the Legislature of the State of Florida:

11
12 Section 1. Paragraph (a) of subsection (2) and subsection
13 (3) of section 112.363, Florida Statutes, are amended to read:

14 112.363 Retiree health insurance subsidy.—

15 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE SUBSIDY.—

16 (a) A person who is retired under a state-administered
17 retirement system, or a beneficiary as designated under s.
18 121.091(8) or s. 121.4501(20) as applicable, who is ~~a spouse or~~
19 ~~financial dependent~~ entitled to receive benefits under a state-
20 administered retirement system, is eligible for health insurance
21 subsidy payments ~~provided~~ under this section; except that
22 pension recipients under ss. 121.40, 238.07(18) (a), and 250.22,
23 recipients of health insurance coverage under s. 110.1232, or
24 any other special pension or relief act are ~~shall not be~~
25 eligible for such payments.

26 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.—

27 (a) Beginning January 1, 1988, each eligible retiree or a
28 beneficiary ~~who is a spouse or financial dependent thereof~~ shall
29 receive a monthly retiree health insurance subsidy payment equal

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30 to the number of years of creditable service, as defined in s.
31 121.021~~(17)~~, completed at the time of retirement multiplied by
32 \$1; however, a ~~no~~ retiree or beneficiary may not receive a
33 subsidy payment of more than \$30 or less than \$10.

34 (b) Beginning January 1, 1989, each eligible retiree or ~~a~~
35 beneficiary ~~who is a spouse or financial dependent~~ shall receive
36 a monthly retiree health insurance subsidy payment equal to the
37 number of years of creditable service, as defined in s.
38 121.021~~(17)~~, completed at the time of retirement multiplied by
39 \$2; however, a ~~no~~ retiree or beneficiary may not receive a
40 subsidy payment of more than \$60 or less than \$20.

41 (c) Beginning January 1, 1991, each eligible retiree or a
42 beneficiary ~~who is a spouse or financial dependent~~ shall receive
43 a monthly retiree health insurance subsidy payment equal to the
44 number of years of creditable service, as defined in s.
45 121.021~~(17)~~, completed at the time of retirement multiplied by
46 \$3; however, a ~~no~~ retiree or beneficiary may not receive a
47 subsidy payment of more than \$90 or less than \$30.

48 (d) Beginning January 1, 1999, each eligible retiree or
49 beneficiary, or if the retiree is deceased, his or her
50 beneficiary who is receiving a monthly benefit from such
51 retiree's account ~~and who is a spouse, or a person who meets the~~
52 ~~definition of joint annuitant in s. 121.021(28)~~, shall receive a
53 monthly retiree health insurance subsidy payment equal to the
54 number of years of creditable service, as defined in s.
55 121.021~~(17)~~, completed at the time of retirement multiplied by
56 \$5; however, a ~~no-eligible~~ retiree or ~~such~~ beneficiary may not
57 receive a subsidy payment of more than \$150 or less than \$50. If
58 there are multiple beneficiaries, the total payment must not be

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59 greater than the payment to which the retiree was entitled.

60 (e)1. Beginning July 1, 2001, each eligible retiree of the
61 pension plan of the Florida Retirement System, or, if the
62 retiree is deceased, his or her beneficiary who is receiving a
63 monthly benefit from such retiree's account ~~and who is a spouse,~~
64 ~~or a person who meets the definition of joint annuitant in s.~~
65 ~~121.021,~~ shall receive a monthly retiree health insurance
66 subsidy payment equal to the number of years of creditable
67 service, as defined in s. 121.021, completed at the time of
68 retirement multiplied by \$5; however, a no-eligible retiree or
69 beneficiary may not receive a subsidy payment of more than \$150
70 or less than \$30. If there are multiple beneficiaries, the total
71 payment may not be greater than the payment to which the retiree
72 was entitled. The health insurance subsidy amount payable to any
73 person receiving the retiree health insurance subsidy payment on
74 July 1, 2001, may not be reduced solely by operation of this
75 subparagraph.

76 2. Beginning July 1, 2002, each eligible member of the
77 investment plan of the Florida Retirement System who has met the
78 requirements of this section, or, if the member is deceased, his
79 or her ~~spouse who is the member's designated~~ beneficiary, shall
80 receive a monthly retiree health insurance subsidy payment equal
81 to the number of years of creditable service, as provided in
82 this subparagraph, completed at the time of retirement,
83 multiplied by \$5; however, an eligible retiree or beneficiary
84 may not receive a subsidy payment of more than \$150 or less than
85 \$30. For purposes of determining a member's creditable service
86 used to calculate the health insurance subsidy, a member's years
87 of service credit or fraction thereof shall be based on the

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88 member's work year as defined in s. 121.021(54). Credit must be
89 awarded for a full work year if health insurance subsidy
90 contributions have been made for each month in the member's work
91 year. In addition, all years of creditable service retained
92 under the Florida Retirement System Pension Plan must be
93 included as creditable service for purposes of this section.
94 ~~Notwithstanding any other provision in this section, the spouse~~
95 ~~at the time of death is the member's beneficiary unless such~~
96 ~~member has designated a different beneficiary subsequent to the~~
97 ~~member's most recent marriage.~~

98 Section 2. Paragraph (c) of subsection (12) of section
99 121.052, Florida Statutes, is amended to read:

100 121.052 Membership class of elected officers.—

101 (12) BENEFITS.—

102 (c) The benefit provisions of s. 121.091(7), relating to
103 death benefits, ~~shall~~ apply to members of the Elected Officers'
104 Class and shall be construed ~~in such manner as~~ to make them
105 compatible with the provisions of this section, except that:

106 1. If an ~~any~~ elected official dies in office who would have
107 been vested under the Elected Officers' Class, any other class
108 of the Florida Retirement System, or any other state-
109 administered retirement system, if the official had lived to
110 complete his or her term of office, the official's beneficiary
111 ~~spouse~~ may elect to leave the official's retirement
112 contributions in the retirement trust fund and pay into the said
113 fund any required contributions that ~~which~~ would have been paid
114 by the officer or the employer had the officer lived to complete
115 the term of office.

116 2. If a deceased member's beneficiary ~~surviving spouse~~ as

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117 described in subparagraph 1. previously received a refund of the
118 member's contributions made to the retirement trust fund, the
119 beneficiary ~~surviving spouse~~ may pay into the retirement trust
120 fund an amount equal to the deceased member's contributions
121 previously refunded, together with interest at 4 percent
122 compounded annually on the amount of such refunded contributions
123 from the date of refund until July 1, 1975, and at 6.5 percent
124 compounded annually thereafter to the date of payment, plus such
125 additional contributions as may be required under subparagraph
126 1., in order to become vested, as applicable.

127
128 Upon conclusion of the term of office to which the deceased
129 officer was elected, a beneficiary ~~spouse~~ who pays into the
130 retirement trust fund such additional or refunded contributions,
131 plus interest, is ~~shall be~~ eligible to receive a monthly benefit
132 in the same manner as a beneficiary ~~the surviving spouse~~ of a
133 member who dies after accumulating the required number of years
134 of creditable service as described herein.

135 Section 3. Subsections (6), (7), (8), (11), and (12), and
136 paragraphs (c) and (d) of subsection (13) of section 121.091,
137 Florida Statutes, are amended to read:

138 121.091 Benefits payable under the system.—Benefits may not
139 be paid under this section unless the member has terminated
140 employment as provided in s. 121.021(39) (a) or begun
141 participation in the Deferred Retirement Option Program as
142 provided in subsection (13), and a proper application has been
143 filed in the manner prescribed by the department. The department
144 may cancel an application for retirement benefits when the
145 member or beneficiary fails to timely provide the information

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146 and documents required by this chapter and the department's
147 rules. The department shall adopt rules establishing procedures
148 for application for retirement benefits and for the cancellation
149 of such application when the required information or documents
150 are not received.

151 (6) OPTIONAL FORMS OF RETIREMENT BENEFITS AND DISABILITY
152 RETIREMENT BENEFITS.—

153 (a) Prior to the receipt of the first monthly retirement
154 payment, a member shall elect to receive the retirement benefits
155 to which he or she is entitled under subsection (1), subsection
156 (2), subsection (3), or subsection (4) in accordance with one of
157 the following options:

158 1. The maximum retirement benefit payable to the member
159 during his or her lifetime.

160 2. A decreased retirement benefit payable to the member
161 during his or her lifetime and, in the event of his or her death
162 within a period of 10 years after retirement, the same monthly
163 amount payable for the balance of such 10-year period to his or
164 her beneficiary as provided under ~~or, in case the beneficiary is~~
165 ~~deceased, in accordance with~~ subsection (8) ~~as though no~~
166 ~~beneficiary had been named.~~

167 3. A decreased retirement benefit payable during the joint
168 lifetime of both the member and beneficiary ~~his or her joint~~
169 ~~annuitant~~ and which, after the death of either, continues ~~shall~~
170 ~~continue~~ during the lifetime of the survivor in the same amount,
171 subject to ~~the provisions of~~ subsection (12).

172 4. A decreased retirement benefit payable during the joint
173 lifetime of the member and his or her beneficiary ~~joint~~
174 ~~annuitant~~ and which, after the death of either, continues ~~shall~~

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175 ~~continue~~ during the lifetime of the survivor in an amount equal
176 to 66 2/3 percent of the amount that was payable during the
177 joint lifetime of the member and his or her beneficiary ~~joint~~
178 ~~annuitant~~, subject to ~~the provisions of~~ subsection (12).

179
180 The beneficiary ~~spouse~~ of a ~~any~~ member who elects to receive the
181 benefit provided under subparagraph 1. or subparagraph 2. must
182 ~~shall~~ be notified of and ~~shall~~ acknowledge ~~any~~ such election.
183 The division shall establish by rule a method for selecting the
184 appropriate actuarial factor for optional forms of benefits
185 selected under subparagraphs 3. and 4., based on the age of the
186 member and the beneficiary ~~joint annuitant~~.

187 (b) The benefit payable under any option under paragraph
188 (a) ~~is stated above shall be~~ the actuarial equivalent, based on
189 tables adopted by the administrator for this purpose, of the
190 amount to which the member was otherwise entitled.

191 (c) A member who elects the option in subparagraph (a)2.
192 shall, in accordance with subsection (8), designate one or more
193 beneficiaries ~~persons~~ to receive the benefits payable in the
194 event of his or her death. ~~Such persons shall be the~~
195 ~~beneficiaries of the member~~. The member may also designate one
196 or more contingent beneficiaries to receive any benefits
197 remaining upon the death of the primary beneficiary.

198 (d) A member who elects the option in subparagraph (a)3. or
199 subparagraph (a)4. shall, on a form provided for that purpose,
200 designate a beneficiary ~~joint annuitant~~ to receive the benefits
201 that ~~which~~ continue to be payable upon the death of the member.
202 After benefits have commenced under ~~the option in~~ subparagraph
203 (a)3. or subparagraph (a)4., the following applies ~~shall apply~~:

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204 1. A retired member may change his or her designation of a
205 beneficiary joint annuitant only twice. If ~~the~~ ~~such a retired~~
206 member desires to change his or her designation ~~of a joint~~
207 ~~annuitant~~, he or she shall file with the division a notarized
208 "change of beneficiary joint annuitant" form and ~~shall~~ notify
209 the former beneficiary joint annuitant in writing of such
210 change. Effective the first day of the next month following
211 receipt ~~by the division~~ of a completed change of ~~joint annuitant~~
212 form, the division shall adjust the member's monthly benefit by
213 the application of actuarial tables and calculations developed
214 to ensure that the benefit paid is the actuarial equivalent of
215 the present value of the member's current benefit. The consent
216 of a retired member's first designated beneficiary joint
217 ~~annuitant~~ to ~~any~~ such change is ~~shall~~ not be required. However,
218 if ~~either~~ the member or beneficiary ~~the joint annuitant~~ dies
219 before the effective date of the request for change ~~of joint~~
220 ~~annuitant~~, the requested change is ~~shall be~~ void, and survivor
221 benefits, if any, shall be paid as if no request had been made.

222 2. In the event of the dissolution of marriage of a retired
223 member and a spouse who is the designated beneficiary joint
224 ~~annuitant~~, such member may make an election to nullify the ~~joint~~
225 ~~annuitant~~ designation of the former spouse, unless there is an
226 existing qualified domestic relations order preventing such
227 action. The member shall file with the division a written,
228 notarized nullification that is ~~which shall be~~ effective on the
229 first day of the next month following receipt ~~by the division~~.
230 Benefits shall be paid as if the former spouse predeceased the
231 member. A member who makes such ~~an~~ election may not reverse the
232 nullification but may designate a new beneficiary joint

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233 ~~annuitant~~ in accordance with subparagraph 1.

234 (e) The election of an option is ~~shall be~~ null and void if
235 the member dies before the effective date of retirement.

236 (f) A member who elects to receive benefits under ~~the~~
237 ~~option in~~ subparagraph (a)3. may designate one or more
238 beneficiaries ~~qualified persons, either a spouse or other~~
239 ~~dependent, as his or her joint annuitant~~ to receive the benefits
240 after the member's death in whatever proportion he or she so
241 assigns to each person named ~~as joint annuitant~~. The division
242 shall adopt appropriate actuarial tables and calculations
243 necessary to ensure that the benefit paid is the actuarial
244 equivalent of the benefit to which the member is otherwise
245 entitled under ~~the option in~~ subparagraph (a)1.

246 (g) Upon the death of a retired member or beneficiary
247 receiving monthly benefits under this chapter, the monthly
248 benefits shall be paid through the last day of the month of
249 death and ~~shall~~ terminate, or be adjusted, if applicable, as of
250 that date in accordance with the optional form of benefit
251 selected at the time of retirement.

252 (h) The option selected or determined for payment of
253 benefits as provided in this subsection is ~~section shall be~~
254 final and irrevocable at the time a benefit payment is cashed or
255 deposited or credited to the Deferred Retirement Option Program
256 as provided in subsection (13).

257 (7) DEATH BENEFITS.—

258 (a) If the employment of a member is terminated by reason
259 of his or her death before ~~prior to~~ being vested, except as
260 provided in paragraph (f), ~~there shall be payable to his or her~~
261 ~~designated beneficiary~~ the member's accumulated contributions

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262 shall be paid to his or her beneficiary.

263 (b) If the employment of an active member, who may or may
264 not have applied for retirement, is terminated by reason of his
265 or her death subsequent to becoming vested and before ~~prior to~~
266 his or her effective date of retirement, if established, ~~it~~
267 ~~shall be assumed that~~ the member shall be deemed to have retired
268 as of the date of death in accordance with subsection (1) if
269 eligible for normal retirement benefits, subsection (2) if
270 eligible for benefits payable for dual normal retirement, or
271 subsection (3) if eligible for early retirement benefits.
272 Benefits payable to the designated beneficiary shall be ~~as~~
273 ~~follows:~~

274 ~~1. For a beneficiary who qualifies as a joint annuitant,~~
275 ~~The optional form of payment provided in accordance with~~
276 ~~subparagraph (6) (a) 3. shall be paid for the joint annuitant's~~
277 ~~lifetime.~~

278 ~~2. For a beneficiary who does not qualify as a joint~~
279 ~~annuitant, no continuing monthly benefit shall be paid and the~~
280 ~~beneficiary shall be entitled only to the return of the member's~~
281 ~~personal contributions.~~ If there is no monetary interest in the
282 member's retirement account for which such beneficiary is
283 eligible, the beneficiary shall be the next named beneficiary
284 or, if no other beneficiary is named, the beneficiary shall be
285 the next eligible beneficiary according to subsection (8).

286 (c) If a retiring member dies on or after the effective
287 date of retirement, but before ~~prior to~~ a benefit payment is
288 ~~being~~ being cashed, ~~or~~ deposited, or credited to the Deferred
289 Retirement Option Program, benefits shall be paid to the
290 designated beneficiary as follows:

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291 ~~1. For a designated beneficiary who qualifies as a joint~~
292 ~~annuitant, benefits shall be paid in the optional form of~~
293 ~~payment provided in subparagraph (6) (a)3. for the joint~~
294 ~~annuitant's lifetime or, if the member chose the optional form~~
295 ~~of payment provided in subparagraph (6) (a)2., the joint~~
296 ~~annuitant may select the form provided in either subparagraph~~
297 ~~(6) (a)2. or subparagraph (6) (a)3.~~

298 ~~2. For a designated beneficiary who does not qualify as a~~
299 ~~joint annuitant, Any benefits payable shall be paid as provided~~
300 ~~in the option selected by the member; or if the member has not~~
301 ~~selected an option, benefits shall be paid in the optional form~~
302 ~~of payment provided in subparagraph (6) (a)3. (6) (a)1.~~

303 (d) Notwithstanding any other provision in this chapter to
304 the contrary, with the exception of the Deferred Retirement
305 Option Program, as provided in subsection (13), if the member is
306 killed in the line of duty:

307 ~~1. The surviving spouse of any member killed in the line of~~
308 ~~duty may receive A monthly pension equal to one-half of the~~
309 ~~monthly salary being received by the member at the time of death~~
310 ~~for the rest of the surviving spouse's lifetime or, if the~~
311 ~~member was vested, such surviving spouse may elect to receive a~~
312 ~~benefit as provided in paragraph (b). Benefits provided by this~~
313 ~~paragraph shall supersede any other distribution that may have~~
314 ~~been provided by the member's designation of beneficiary.~~

315 ~~2. If the surviving spouse of a member killed in the line~~
316 ~~of duty dies, the monthly payments which would have been payable~~
317 ~~to such surviving spouse had such surviving spouse lived shall~~
318 ~~be paid for the use and benefit of such member's child or~~
319 ~~children under 18 years of age and unmarried until the 18th~~

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320 ~~birthday of the member's youngest child.~~

321 ~~3. If a member killed in the line of duty leaves no~~
322 ~~surviving spouse but is survived by a child or children under 18~~
323 ~~years of age, the benefits provided by subparagraph 1., normally~~
324 ~~payable to a surviving spouse, shall be paid for the use and~~
325 ~~benefit of such member's child or children under 18 years of age~~
326 ~~and unmarried until the 18th birthday of the member's youngest~~
327 ~~child. Benefits provided by this paragraph supersede any other~~
328 ~~distribution that may have been provided by the member's~~
329 ~~designation of a beneficiary.~~

330 2. Upon the majority of the member's youngest child, or if
331 the member has no minor children, the member's accumulated
332 contributions, if any, shall be paid to the member's designated
333 beneficiary as provided in paragraph (b) or paragraph (c), as
334 applicable.

335 ~~3.4.~~ The surviving spouse of a member whose benefit
336 terminated because of remarriage shall have the benefit
337 reinstated beginning July 1, 1993, at an amount that would have
338 been payable had the benefit not been terminated. This
339 subparagraph does not apply to a surviving spouse whose benefit
340 terminates due to remarriage on or after July 1, 2012.

341 (e) The surviving beneficiary ~~spouse or other dependent~~ of
342 any member, except a member who participated in the Deferred
343 Retirement Option Program, whose employment is terminated by
344 death shall, upon application to the administrator, be permitted
345 to pay the required contributions for any service performed by
346 the member which could have been claimed by the member at the
347 time of his or her death. Such service shall be added to the
348 creditable service of the member and ~~shall be~~ used in the

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349 calculation of any benefits that ~~which~~ may be payable to the
350 beneficiary surviving spouse or other surviving dependent.

351 (f) Notwithstanding any other provisions in this chapter ~~to~~
352 ~~the contrary~~ and upon application to the administrator, an
353 eligible beneficiary joint annuitant, of a member whose
354 employment is terminated by death within 1 year after ~~of~~ such
355 member satisfies ~~satisfying~~ the service requirements for vesting
356 and retirement eligibility may, ~~shall be permitted to~~ purchase
357 only the additional service credit necessary to vest and qualify
358 for retirement benefits, not to exceed a total of 1 year of
359 credit, by one or a combination of the following methods:

360 1. The beneficiary ~~Such eligible joint annuitant~~ may use
361 the deceased member's accumulated hours of annual, sick, and
362 compensatory leave to purchase additional creditable service, on
363 an hour by hour basis if the, ~~provided that such~~ deceased
364 member's accumulated leave is sufficient to cover the additional
365 months required. For each month of service credit needed before
366 ~~prior to~~ the final month, credit for the total number of work
367 hours in that month must be purchased, using an equal number of
368 the deceased member's accumulated leave hours. Service credit
369 required for the final month in which the deceased member would
370 have become vested shall be awarded upon the purchase of 1 hour
371 of credit. The beneficiary must ~~Such eligible joint annuitant~~
372 ~~shall~~ pay the contribution rate in effect for the period of time
373 being claimed for the deceased member's class of membership,
374 multiplied by the ~~such~~ member's monthly salary at the time of
375 death, plus 6.5 percent interest compounded annually. The
376 accumulated leave payment used in the average final compensation
377 may ~~shall~~ not include that portion of the payment that

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378 represents any leave hours used in the purchase of such
379 creditable service.

380 2. The beneficiary ~~Such eligible joint annuitant~~ may
381 purchase additional months of creditable service for any periods
382 of out-of-state service as provided in s. 121.1115, and in-state
383 service as provided in s. 121.1122, which ~~that~~ the deceased
384 member would have been eligible to purchase before ~~prior to~~ his
385 or her death.

386
387 Service purchased under this paragraph shall be added to the
388 creditable service of the member and used to vest for retirement
389 eligibility, and ~~shall be~~ used in the calculation of any
390 benefits that ~~which~~ may be payable to the beneficiary ~~eligible~~
391 ~~joint annuitant~~. Any benefits paid in accordance with this
392 paragraph shall ~~only~~ be made only prospectively.

393 (g) Notwithstanding any other provisions in this chapter ~~to~~
394 ~~the contrary~~, if a ~~any~~ member who is vested dies and the
395 beneficiary ~~surviving spouse~~ receives a refund of the
396 accumulated contributions made to the retirement trust fund, the
397 beneficiary ~~such spouse~~ may pay ~~to~~ the division ~~of Retirement~~ an
398 amount equal to the sum of the amount of the deceased member's
399 accumulated contributions previously refunded plus interest at 4
400 percent compounded annually each June 30 from the date of refund
401 until July 1, 1975, and 6.5 percent interest compounded annually
402 thereafter, until full payment is made, and receive the monthly
403 retirement benefit as provided in paragraph (b).

404 (h) The designated beneficiary who is the surviving spouse
405 or other dependent of a member whose employment is terminated by
406 death subsequent to becoming vested, but before ~~prior to~~ actual

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407 retirement, may elect to receive a deferred monthly benefit as
408 if the member had lived and had elected a deferred monthly
409 benefit, as provided in paragraph (5) (b), calculated on the
410 basis of the average final compensation and creditable service
411 of the member at his or her death and the age the member would
412 have attained on the commencement date of the deferred benefit
413 elected by the beneficiary, paid in accordance with subparagraph
414 (6) (a) 3. ~~option 3 of paragraph (6) (a).~~

415 (8) DESIGNATION OF BENEFICIARIES.—

416 (a) Each member may, on a form provided for that purpose,
417 signed and filed with the division, designate a choice of one or
418 more persons, named sequentially or jointly, as his or her
419 beneficiary who shall receive any ~~the~~ benefits that, ~~if any,~~
420 ~~which~~ may be payable under this chapter in the event of the
421 member's death ~~pursuant to the provisions of this chapter~~. If no
422 beneficiary is named in the manner provided above, or if no
423 beneficiary designated by the member survives the member, the
424 beneficiary shall be the spouse of the deceased, if living. If
425 the member's spouse is not alive at his or her death, the
426 beneficiary shall be the living children of the member. If no
427 children survive, the beneficiary shall be the member's father
428 or mother, if living; otherwise, the beneficiary shall be the
429 member's estate. The beneficiary most recently designated by a
430 member on a form or letter filed with the division shall be the
431 beneficiary entitled to any benefits payable at the time of the
432 member's death, except that benefits shall be paid as provided
433 in paragraph (7) (d) if ~~when~~ death occurs in the line of duty.
434 Notwithstanding any other provisions in this subsection ~~to the~~
435 ~~contrary~~, for a member who dies before ~~prior to~~ his or her

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436 effective date of retirement on or after January 1, 1999, the
437 spouse at the time of death shall be the member's beneficiary
438 unless such member designates a different beneficiary as
439 provided herein ~~subsequent to the member's most recent marriage.~~

440 (b) A designated beneficiary of a retirement account for
441 whom there is a monetary interest may disclaim his or her
442 monetary interest as provided in chapter 739 and in accordance
443 with division rules governing such disclaimers. Such disclaimer
444 must be filed within 24 months after the event that created the
445 interest, that is, the death of the member or primary
446 beneficiary annuitant.

447 (c) Notwithstanding the member's designation of benefits to
448 be paid through a trust to a beneficiary that is a natural
449 person ~~as provided in s. 121.021(46)~~, and notwithstanding the
450 provisions of the trust, benefits shall be paid directly to the
451 beneficiary if the person is no longer a minor or an
452 incapacitated person as defined in s. 744.102.

453 (11) A member who becomes eligible to retire and has
454 accumulated the maximum benefit of 100 percent of average final
455 compensation may continue in active service, and, if upon the
456 member's retirement the member elects to receive a retirement
457 compensation pursuant to subsection (2), subsection (6), or
458 subsection (7), the actuarial equivalent percentage factor
459 applicable to the age of such member at the time the member
460 reached the maximum benefit and to the age, at that time, of the
461 member's beneficiary spouse shall determine the amount of
462 benefits to be paid.

463 (12) SPECIAL PROVISIONS FOR PAYMENT OF CERTAIN SURVIVOR
464 BENEFITS.—Notwithstanding any other provision of this chapter ~~to~~

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465 ~~the contrary~~, for members with an effective date of retirement,
466 or date of death if prior to retirement, on or after January 1,
467 1996, a beneficiary who is a ~~the named~~ joint annuitant, as
468 defined in s. 121.021(28)(b), who is eligible to receive
469 benefits under subparagraph (6)(a)3. or subparagraph (6)(a)4.,
470 shall receive the maximum monthly retirement benefit that would
471 have been payable to the member under subparagraph (6)(a)1.;
472 however, payment of such benefit shall cease the month the joint
473 annuitant attains age 25 unless such joint annuitant is disabled
474 and incapable of self-support, in which case, benefits shall
475 cease when the joint annuitant is no longer disabled. The
476 administrator may require proof of disability or continued
477 disability in the same manner as is provided for a member
478 seeking or receiving a disability retirement benefit under
479 subsection (4).

480 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
481 subject to this section, the Deferred Retirement Option Program,
482 hereinafter referred to as DROP, is a program under which an
483 eligible member of the Florida Retirement System may elect to
484 participate, deferring receipt of retirement benefits while
485 continuing employment with his or her Florida Retirement System
486 employer. The deferred monthly benefits shall accrue in the
487 Florida Retirement System on behalf of the member, plus interest
488 compounded monthly, for the specified period of the DROP
489 participation, as provided in paragraph (c). Upon termination of
490 employment, the member shall receive the total DROP benefits and
491 begin to receive the previously determined normal retirement
492 benefits. Participation in the DROP does not guarantee
493 employment for the specified period of DROP. Participation in

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494 DROP by an eligible member beyond the initial 60-month period as
495 authorized in this subsection shall be on an annual contractual
496 basis for all participants.

497 (c) *Benefits payable under DROP.*—

498 1. Effective on the date of DROP participation, the
499 member's initial normal monthly benefit, including creditable
500 service, optional form of payment, ~~and~~ average final
501 compensation, and the effective date of retirement are fixed.
502 The beneficiary established under the Florida Retirement System
503 is the beneficiary eligible to receive any DROP benefits payable
504 if the DROP participant dies before completing the period of
505 DROP participation. If a beneficiary ~~joint annuitant~~ predeceases
506 the member, the member may name a beneficiary to receive
507 accumulated DROP benefits payable. The retirement benefit, the
508 annual cost of living adjustments provided in s. 121.101, and
509 interest accrue monthly in the Florida Retirement System Trust
510 Fund. For members whose DROP participation begins:

511 a. Before July 1, 2011, the interest accrues at an
512 effective annual rate of 6.5 percent compounded monthly, on the
513 prior month's accumulated ending balance, up to the month of
514 termination or death, except as provided in s. 121.053(7).

515 b. On or after July 1, 2011, the interest accrues at an
516 effective annual rate of 1.3 percent, compounded monthly, on the
517 prior month's accumulated ending balance, up to the month of
518 termination or death, except as provided in s. 121.053(7).

519 2. Each employee who elects to participate in DROP may
520 elect to receive a lump-sum payment for accrued annual leave
521 earned in accordance with agency policy upon beginning
522 participation in DROP. The accumulated leave payment certified

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523 to the division upon commencement of DROP must ~~shall~~ be included
524 in the calculation of the member's average final compensation.
525 The employee electing the lump-sum payment is not eligible to
526 receive a second lump-sum payment upon termination, except to
527 the extent the employee has earned additional annual leave that
528 ~~which~~, combined with the original payment, does not exceed the
529 maximum lump-sum payment allowed by the employing agency's
530 policy or rules. An early lump-sum payment must ~~shall~~ be based
531 on the hourly wage of the employee at the time he or she begins
532 participation in DROP. If the member elects to wait and receive
533 a lump-sum payment upon termination of DROP and termination of
534 employment with the employer, any accumulated leave payment made
535 at that time may not be included in the member's retirement
536 benefit, which was determined and fixed by law when the employee
537 elected to participate in DROP.

538 3. The effective date of DROP participation and the
539 effective date of retirement of a DROP participant is ~~shall be~~
540 the first day of the month selected by the member to begin
541 participation in DROP, if ~~provided~~ such date is properly
542 established, with the written confirmation of the employer, and
543 the approval of the division, on forms required by the division.

544 4. Normal retirement benefits and any interest continue to
545 accrue in DROP until the established termination date of DROP or
546 until the member terminates employment or dies before such date,
547 except as provided in s. 121.053(7). Although individual DROP
548 accounts may not be established, a separate accounting of each
549 member's accrued benefits under DROP shall be calculated and
550 provided to the member.

551 5. At the conclusion of the member's participation in DROP,

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552 the division shall distribute the member's total accumulated
553 DROP benefits, subject to the following:

554 a. The division receives ~~shall receive~~ verification from ~~by~~
555 the member's employer or employers that the member has
556 terminated all employment relationships as provided in s.
557 121.021(39).

558 b. The terminated DROP participant or, if deceased, the
559 member's ~~named~~ beneficiary, elects ~~shall elect~~ on forms provided
560 by the division to receive payment of the DROP benefits in
561 accordance with one of the options listed below. If a member or
562 beneficiary fails to elect a method of payment within 60 days
563 after termination of DROP, the division shall pay a lump sum as
564 provided in sub-sub-subparagraph (I).

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

568 (II) Direct rollover.—All accrued DROP benefits, plus
569 interest, shall be paid from DROP directly to the custodian of
570 an eligible retirement plan as defined in s. 402(c)(8)(B) of the
571 Internal Revenue Code. However, in the case of an eligible
572 rollover distribution to the surviving spouse of a deceased
573 member, an eligible retirement plan is an individual retirement
574 account or an individual retirement annuity as described in s.
575 402(c)(9) of the Internal Revenue Code.

576 (III) Partial lump sum.—A portion of the accrued DROP
577 benefits shall be paid to the DROP participant or surviving
578 beneficiary ~~spouse~~, less withholding taxes remitted to the
579 Internal Revenue Service, and the remaining DROP benefits must
580 be transferred directly to the custodian of an eligible

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581 retirement plan as defined in s. 402(c)(8)(B) of the Internal
582 Revenue Code. However, in the case of an eligible rollover
583 distribution to the surviving spouse of a deceased member, an
584 eligible retirement plan is an individual retirement account or
585 an individual retirement annuity as described in s. 402(c)(9) of
586 the Internal Revenue Code. The proportions must be specified by
587 the DROP participant or surviving beneficiary.

588 c. The form of payment selected by the DROP participant or
589 surviving beneficiary must comply with the minimum distribution
590 requirements of the Internal Revenue Code.

591 d. A DROP participant who fails to terminate all employment
592 relationships as provided in s. 121.021(39) shall be deemed as
593 not retired, and the DROP election is null and void. Florida
594 Retirement System membership shall be reestablished
595 retroactively to the date of the commencement of DROP, and each
596 employer with whom the member continues employment must pay to
597 the Florida Retirement System Trust Fund the difference between
598 the DROP contributions paid in paragraph (i) and the
599 contributions required for the applicable Florida Retirement
600 System class of membership during the period the member
601 participated in DROP, plus 6.5 percent interest compounded
602 annually.

603 6. The retirement benefits of a ~~any~~ DROP participant who
604 terminates all employment relationships as provided in s.
605 121.021(39) but is reemployed in violation of the reemployment
606 provisions of subsection (9) are suspended during those months
607 in which the retiree is in violation. Any retiree in violation
608 of this subparagraph and any employer that employs or appoints
609 such person without notifying the division to suspend retirement

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610 benefits are jointly and severally liable for any benefits paid
611 during the reemployment limitation period. The employer must
612 have a written statement from the retiree that he or she is not
613 retired from a state-administered retirement system. Any
614 retirement benefits received by a retiree while employed in
615 violation of the reemployment limitations must be repaid to the
616 Florida Retirement System Trust Fund, and his or her retirement
617 benefits shall remain suspended until payment is made. Benefits
618 suspended beyond the end of the reemployment limitation period
619 apply toward repayment of benefits received in violation of the
620 reemployment limitation.

621 7. The accrued benefits of any DROP participant, and any
622 contributions accumulated under the program, are not subject to
623 assignment, execution, attachment, or any legal process except
624 for qualified domestic relations court orders, income deduction
625 orders as provided in s. 61.1301, and federal income tax levies.

626 8. DROP participants are not eligible for disability
627 retirement benefits as provided in subsection (4).

628 (d) *Death benefits under DROP.*—

629 1. Upon the death of a DROP participant, the named
630 beneficiary is entitled to apply for and receive the accrued
631 benefits in DROP as provided in sub-subparagraph (c)5.b.

632 2. The normal retirement benefit accrued to DROP during the
633 month of a participant's death is the final monthly benefit
634 credited for such DROP participant.

635 3. Eligibility to participate in DROP terminates upon the
636 death of the participant. If the participant dies on or after
637 the effective date of enrollment in DROP, but before the first
638 monthly benefit is credited to DROP, Florida Retirement System

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639 benefits are paid in accordance with paragraph (7) (c)
640 ~~subparagraph (7) (c) 1. or subparagraph 2.~~

641 4. A DROP participant's survivors are not eligible to
642 receive Florida Retirement System death benefits as provided in
643 paragraph (7) (d).

644 Section 4. Subsection (8) of section 121.40, Florida
645 Statutes, is amended to read:

646 121.40 Cooperative extension personnel at the Institute of
647 Food and Agricultural Sciences; supplemental retirement
648 benefits.—

649 (8) DEATH BENEFITS.—

650 (a) If the employment of a participant of this program is
651 terminated by reason of his or her death subsequent to the
652 completion of 10 years of creditable service with the institute
653 but before ~~prior to his or her~~ actual retirement, such 10-year
654 period having commenced on or after December 1, 1970, ~~it shall~~
655 ~~be assumed that~~ the participant shall be deemed to have had met
656 all of the eligibility requirements under this section and ~~had~~
657 retired from the federal Civil Service Retirement System and
658 under this section as of the date of death, having elected, in
659 accordance with subsection (7), the optional form of
660 supplemental payment most favorable to his or her beneficiary,
661 as determined by the administrator. The monthly supplemental
662 benefit provided in this paragraph shall be paid to the
663 participant's beneficiary ~~(spouse or other financial dependent)~~
664 upon such beneficiary's attaining the age of 62 and ~~shall be~~
665 ~~paid thereafter~~ for the beneficiary's lifetime.

666 (b) If a participant of this program dies subsequent to his
667 or her actual retirement under the federal Civil Service

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668 Retirement System but before ~~prior to~~ attaining age 62, and such
669 participant was otherwise eligible for supplemental benefits
670 under this section, ~~it shall be assumed that~~ the participant
671 shall be deemed to have had met all of the eligibility
672 requirements under this section and ~~had~~ retired as of the date
673 of death, having elected, in accordance with subsection (7), the
674 optional form of supplemental payment most favorable to his or
675 her beneficiary, as determined by the administrator. The monthly
676 supplemental benefit provided in this paragraph shall be paid to
677 the participant's beneficiary ~~(spouse or other financial~~
678 ~~dependent)~~ upon such beneficiary's attaining the age of 62 and
679 ~~shall be paid thereafter~~ for the beneficiary's lifetime.

680 Section 5. The Legislature finds that a proper and
681 legitimate state purpose is served when employees and retirees
682 of the state and its political subdivisions, and the dependents,
683 survivors, and beneficiaries of such employees and retirees, are
684 extended the basic protections afforded by governmental
685 retirement systems. These persons must be provided benefits that
686 are fair and adequate and that are managed, administered, and
687 funded in an actuarially sound manner, as required by s. 14,
688 Article X of the State Constitution and part VII of chapter 112,
689 Florida Statutes. Therefore, the Legislature determines and
690 declares that this act fulfills an important state interest.

691 Section 6. This act shall take effect July 1, 2012.