

1 A bill to be entitled
 2 An act relating to the Florida Retirement System;
 3 amending ss. 121.051, 121.052, 121.055, 121.071,
 4 121.35, 121.71, and 1012.875, F.S.; providing that
 5 employee contributions to the retirement system must
 6 only be made by employees who were hired on or after
 7 July 1, 2011; providing an effective date.

8
 9 Be It Enacted by the Legislature of the State of Florida:

10
 11 Section 1. Paragraph (c) of subsection (2) of section
 12 121.051, Florida Statutes, is amended to read:

13 121.051 Participation in the system.—

14 (2) OPTIONAL PARTICIPATION.—

15 (c) Employees of public community colleges or charter
 16 technical career centers sponsored by public community colleges,
 17 designated in s. 1000.21(3), who are members of the Regular
 18 Class of the Florida Retirement System and who comply with the
 19 criteria set forth in this paragraph and s. 1012.875 may, in
 20 lieu of participating in the Florida Retirement System, elect to
 21 withdraw from the system altogether and participate in the State
 22 Community College System Optional Retirement Program provided by
 23 the employing agency under s. 1012.875.

24 1.a. Effective July 1, 2013, each member who was hired on
 25 or after July 1, 2011, shall contribute an amount equal to the
 26 employee contribution required under s. 121.71(3). The employer
 27 shall contribute on behalf of each program member an amount
 28 equal to the difference between 8.15 percent of the employee's

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29 gross monthly compensation and the employee's required
30 contribution based on the employee's gross monthly compensation.

31 ~~Through June 30, 2001, the cost to the employer for benefits~~
32 ~~under the optional retirement program equals the normal cost~~
33 ~~portion of the employer retirement contribution which would be~~
34 ~~required if the employee were a member of the pension plan's~~
35 ~~Regular Class, plus the portion of the contribution rate~~
36 ~~required by s. 112.363(8) which would otherwise be assigned to~~
37 ~~the Retiree Health Insurance Subsidy Trust Fund.~~

38 ~~b. Effective July 1, 2001, through June 30, 2011, each~~
39 ~~employer shall contribute on behalf of each member of the~~
40 ~~optional program an amount equal to 10.43 percent of the~~
41 ~~employee's gross monthly compensation. The employer shall deduct~~
42 ~~an amount for the administration of the program.~~

43 ~~e. Effective July 1, 2011, through June 30, 2012, each~~
44 ~~member shall contribute an amount equal to the employee~~
45 ~~contribution required under s. 121.71(3). The employer shall~~
46 ~~contribute on behalf of each program member an amount equal to~~
47 ~~the difference between 10.43 percent of the employee's gross~~
48 ~~monthly compensation and the employee's required contribution~~
49 ~~based on the employee's gross monthly compensation.~~

50 ~~d. Effective July 1, 2012, each member shall contribute an~~
51 ~~amount equal to the employee contribution required under s.~~
52 ~~121.71(3). The employer shall contribute on behalf of each~~
53 ~~program member an amount equal to the difference between 8.15~~
54 ~~percent of the employee's gross monthly compensation and the~~
55 ~~employee's required contribution based on the employee's gross~~
56 ~~monthly compensation.~~

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57 | ~~b.e.~~ The employer shall contribute an additional amount to
58 | the Florida Retirement System Trust Fund equal to the unfunded
59 | actuarial accrued liability portion of the Regular Class
60 | contribution rate.

61 | 2. The decision to participate in the optional retirement
62 | program is irrevocable as long as the employee holds a position
63 | eligible for participation, except as provided in subparagraph

64 | 3. Any service creditable under the Florida Retirement System is
65 | retained after the member withdraws from the system; however,
66 | additional service credit in the system may not be earned while
67 | a member of the optional retirement program.

68 | 3. An employee who has elected to participate in the
69 | optional retirement program shall have one opportunity, at the
70 | employee's discretion, to transfer from the optional retirement
71 | program to the pension plan of the Florida Retirement System or
72 | to the investment plan established under part II of this
73 | chapter, subject to the terms of the applicable optional
74 | retirement program contracts.

75 | a. If the employee chooses to move to the investment plan,
76 | any contributions, interest, and earnings creditable to the
77 | employee under the optional retirement program are retained by
78 | the employee in the optional retirement program, and the
79 | applicable provisions of s. 121.4501(4) govern the election.

80 | b. If the employee chooses to move to the pension plan of
81 | the Florida Retirement System, the employee shall receive
82 | service credit equal to his or her years of service under the
83 | optional retirement program.

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

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85 the present value of the employee's accumulated benefit
86 obligation for the affected period of service. The cost shall be
87 calculated as if the benefit commencement occurs on the first
88 date the employee becomes eligible for unreduced benefits, using
89 the discount rate and other relevant actuarial assumptions that
90 were used to value the Florida Retirement System Pension Plan
91 liabilities in the most recent actuarial valuation. The
92 calculation must include any service already maintained under
93 the pension plan in addition to the years under the optional
94 retirement program. The present value of any service already
95 maintained must be applied as a credit to total cost resulting
96 from the calculation. The division must ensure that the transfer
97 sum is prepared using a formula and methodology certified by an
98 enrolled actuary.

99 (II) The employee must transfer from his or her optional
100 retirement program account and from other employee moneys as
101 necessary, a sum representing the present value of the
102 employee's accumulated benefit obligation immediately following
103 the time of such movement, determined assuming that attained
104 service equals the sum of service in the pension plan and
105 service in the optional retirement program.

106 4. Participation in the optional retirement program is
107 limited to employees who satisfy the following eligibility
108 criteria:

109 a. The employee is otherwise eligible for membership or
110 renewed membership in the Regular Class of the Florida
111 Retirement System, as provided in s. 121.021(11) and (12) or s.
112 121.122.

113 b. The employee is employed in a full-time position
 114 classified in the Accounting Manual for Florida's Public
 115 Community Colleges as:
 116 (I) Instructional; or
 117 (II) Executive Management, Instructional Management, or
 118 Institutional Management and the community college determines
 119 that recruiting to fill a vacancy in the position is to be
 120 conducted in the national or regional market, and the duties and
 121 responsibilities of the position include the formulation,
 122 interpretation, or implementation of policies, or the
 123 performance of functions that are unique or specialized within
 124 higher education and that frequently support the mission of the
 125 community college.

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

129 5. Members of the program are subject to the same
 130 reemployment limitations, renewed membership provisions, and
 131 forfeiture provisions applicable to regular members of the
 132 Florida Retirement System under ss. 121.091(9), 121.122, and
 133 121.091(5), respectively. A member who receives a program
 134 distribution funded by employer and required employee
 135 contributions is deemed to be retired from a state-administered
 136 retirement system if the member is subsequently employed with an
 137 employer that participates in the Florida Retirement System.

138 6. Eligible community college employees are compulsory
 139 members of the Florida Retirement System until, pursuant to s.
 140 1012.875, a written election to withdraw from the system and

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141 participate in the optional retirement program is filed with the
142 program administrator and received by the division.

143 a. A community college employee whose program eligibility
144 results from initial employment shall be enrolled in the
145 optional retirement program retroactive to the first day of
146 eligible employment. The employer and employee retirement
147 contributions paid through the month of the employee plan change
148 shall be transferred to the community college to the employee's
149 optional program account, and, effective the first day of the
150 next month, the employer shall pay the applicable contributions
151 based upon subparagraph 1.

152 b. A community college employee whose program eligibility
153 is due to the subsequent designation of the employee's position
154 as one of those specified in subparagraph 4., or due to the
155 employee's appointment, promotion, transfer, or reclassification
156 to a position specified in subparagraph 4., must be enrolled in
157 the program on the first day of the first full calendar month
158 that such change in status becomes effective. The employer and
159 employee retirement contributions paid from the effective date
160 through the month of the employee plan change must be
161 transferred to the community college to the employee's optional
162 program account, and, effective the first day of the next month,
163 the employer shall pay the applicable contributions based upon
164 subparagraph 1.

165 7. Effective July 1, 2003, through December 31, 2008, any
166 member of the optional retirement program who has service credit
167 in the pension plan of the Florida Retirement System for the
168 period between his or her first eligibility to transfer from the

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169 pension plan to the optional retirement program and the actual
170 date of transfer may, during employment, transfer to the
171 optional retirement program a sum representing the present value
172 of the accumulated benefit obligation under the defined benefit
173 retirement program for the period of service credit. Upon
174 transfer, all service credit previously earned under the pension
175 plan during this period is nullified for purposes of entitlement
176 to a future benefit under the pension plan.

177 Section 2. Paragraph (b) of subsection (7) of section
178 121.052, Florida Statutes, is amended to read:

179 121.052 Membership class of elected officers.—

180 (7) CONTRIBUTIONS.—

181 (b) The employer paying the salary of a member of the
182 Elected Officers' Class shall contribute an amount as specified
183 in this subsection or s. 121.71, as appropriate, which shall
184 constitute the employer retirement contribution with respect to
185 such member. The employer shall also withhold one-half of the
186 entire contribution of the member required for social security
187 coverage. Effective July 1, 2013 ~~2011~~, each member of the
188 Elected Officers' Class who was hired on or after July 1, 2011,
189 shall pay employee contributions as specified in s. 121.71.

190 Section 3. Paragraph (b) of subsection (3) and paragraph
191 (d) of subsection (6) of section 121.055, Florida Statutes, are
192 amended to read:

193 121.055 Senior Management Service Class.—There is hereby
194 established a separate class of membership within the Florida
195 Retirement System to be known as the "Senior Management Service
196 Class," which shall become effective February 1, 1987.

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197 (3)

198 (b) The employer paying the salary of a member of the
199 Senior Management Service Class shall contribute an amount as
200 specified in this section or s. 121.71, as appropriate, which
201 shall constitute the entire employer retirement contribution
202 with respect to such member. The employer shall also withhold
203 one-half of the entire contribution of the member required for
204 social security coverage. Effective July 1, 2013 ~~2011~~, each
205 member who was hired on or after July 1, 2011, shall pay
206 employee contributions as specified in s. 121.71.

207 (6)

208 (d) Contributions.—

209 1.a. Effective July 1, 2013, each member of the optional
210 annuity program who was hired on or after July 1, 2011, shall
211 contribute an amount equal to the employee contribution required
212 under s. 121.73. The employer shall contribute on behalf of such
213 employee an amount equal to the difference between 9.27 percent
214 of the employee's gross monthly compensation and the amount
215 equal to the employee's required contribution based on the
216 employee's gross monthly compensation. ~~Through June 30, 2001,~~
217 ~~each employer shall contribute on behalf of each member of the~~
218 ~~Senior Management Service Optional Annuity Program an amount~~
219 ~~equal to the normal cost portion of the employer retirement~~
220 ~~contribution which would be required if the member were a Senior~~
221 ~~Management Service Class member of the Florida Retirement System~~
222 ~~Pension Plan, plus the portion of the contribution rate required~~
223 ~~in s. 112.363(8) that would otherwise be assigned to the Retiree~~
224 ~~Health Insurance Subsidy Trust Fund.~~

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225 ~~b. Effective July 1, 2001, through June 30, 2011, each~~
226 ~~employer shall contribute on behalf of each member of the~~
227 ~~optional annuity program an amount equal to 12.49 percent of the~~
228 ~~employee's gross monthly compensation.~~

229 ~~e. Effective July 1, 2011, through June 30, 2012, each~~
230 ~~member of the optional annuity program shall contribute an~~
231 ~~amount equal to the employee contribution required under s.~~
232 ~~121.71(3). The employer shall contribute on behalf of such~~
233 ~~employee an amount equal to the difference between 12.49 percent~~
234 ~~of the employee's gross monthly compensation and the amount~~
235 ~~equal to the employee's required contribution based on the~~
236 ~~employee's gross monthly compensation.~~

237 ~~d. Effective July 1, 2012, each member of the optional~~
238 ~~annuity program shall contribute an amount equal to the employee~~
239 ~~contribution required under s. 121.73. The employer shall~~
240 ~~contribute on behalf of such employee an amount equal to the~~
241 ~~difference between 9.27 percent of the employee's gross monthly~~
242 ~~compensation and the amount equal to the employee's required~~
243 ~~contribution based on the employee's gross monthly compensation.~~

244 b.e. The department shall deduct an amount approved by the
245 Legislature to provide for the administration of this program.
246 Payment of the contributions, including contributions made by
247 the employee, shall be made by the employer to the department,
248 which shall forward the contributions to the designated company
249 or companies contracting for payment of benefits for the member
250 under the program.

251 2. Each employer shall contribute on behalf of each member
252 of the Senior Management Service Optional Annuity Program an

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253 amount equal to the unfunded actuarial accrued liability portion
254 of the employer contribution which would be required for members
255 of the Senior Management Service Class in the Florida Retirement
256 System. This contribution shall be paid to the department for
257 transfer to the Florida Retirement System Trust Fund.

258 3. An Optional Annuity Program Trust Fund shall be
259 established in the State Treasury and administered by the
260 department to make payments to provider companies on behalf of
261 the optional annuity program members, and to transfer the
262 unfunded liability portion of the state optional annuity program
263 contributions to the Florida Retirement System Trust Fund.

264 4. Contributions required for social security by each
265 employer and employee, in the amount required for social
266 security coverage as now or hereafter may be provided by the
267 federal Social Security Act shall be maintained for each member
268 of the Senior Management Service retirement program and are in
269 addition to the retirement contributions specified in this
270 paragraph.

271 5. Each member of the optional annuity program may
272 contribute by way of salary reduction or deduction a percentage
273 amount of the employee's gross compensation not to exceed the
274 percentage amount contributed by the employer to the optional
275 annuity program. Payment of the employee's contributions shall
276 be made by the employer to the department, which shall forward
277 the contributions to the designated company or companies
278 contracting for payment of benefits for the member under the
279 program.

280 Section 4. Paragraph (a) of subsection (2) of section

281 121.071, Florida Statutes, is amended to read:

282 121.071 Contributions.—Contributions to the system shall
 283 be made as follows:

284 (2) (a) Effective January 1, 1975, or October 1, 1975, as
 285 applicable, and through June 30, 2011, each employer shall make
 286 the contribution required by subsection (1) by a procedure in
 287 which no employee's gross salary is reduced. Effective July 1,
 288 2013 ~~2011~~, each employer and employee who was hired on or after
 289 July 1, 2011, shall pay retirement contributions as specified in
 290 s. 121.71.

291 Section 5. Paragraph (a) of subsection (4) of section
 292 121.35, Florida Statutes, is amended to read:

293 121.35 Optional retirement program for the State
 294 University System.—

295 (4) CONTRIBUTIONS.—

296 (a)1. Effective July 1, 2013, each member of the optional
 297 retirement program who was hired on or after July 1, 2011, shall
 298 contribute an amount equal to the employee contribution required
 299 in s. 121.71(3). The employer shall contribute on behalf of each
 300 such member an amount equal to the difference between 8.15
 301 percent of the employee's gross monthly compensation and the
 302 amount equal to the employee's required contribution based on
 303 the employee's gross monthly compensation. ~~Through June 30,~~
 304 ~~2001, each employer shall contribute on behalf of each member of~~
 305 ~~the optional retirement program an amount equal to the normal~~
 306 ~~cost portion of the employer retirement contribution which would~~
 307 ~~be required if the employee were a regular member of the Florida~~
 308 ~~Retirement System Pension Plan, plus the portion of the~~

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309 ~~contribution rate required in s. 112.363(8) that would otherwise~~
310 ~~be assigned to the Retiree Health Insurance Subsidy Trust Fund.~~

311 ~~2. Effective July 1, 2001, through June 30, 2011, each~~
312 ~~employer shall contribute on behalf of each member of the~~
313 ~~optional retirement program an amount equal to 10.43 percent of~~
314 ~~the employee's gross monthly compensation.~~

315 ~~3. Effective July 1, 2011, through June 30, 2012, each~~
316 ~~member of the optional retirement program shall contribute an~~
317 ~~amount equal to the employee contribution required in s.~~
318 ~~121.71(3). The employer shall contribute on behalf of each such~~
319 ~~member an amount equal to the difference between 10.43 percent~~
320 ~~of the employee's gross monthly compensation and the amount~~
321 ~~equal to the employee's required contribution based on the~~
322 ~~employee's gross monthly compensation.~~

323 ~~4. Effective July 1, 2012, each member of the optional~~
324 ~~retirement program shall contribute an amount equal to the~~
325 ~~employee contribution required in s. 121.71(3). The employer~~
326 ~~shall contribute on behalf of each such member an amount equal~~
327 ~~to the difference between 8.15 percent of the employee's gross~~
328 ~~monthly compensation and the amount equal to the employee's~~
329 ~~required contribution based on the employee's gross monthly~~
330 ~~compensation.~~

331 2.5. The payment of the contributions, including
332 contributions by the employee, shall be made by the employer to
333 the department, which shall forward the contributions to the
334 designated company or companies contracting for payment of
335 benefits for members of the program. However, such contributions
336 paid on behalf of an employee described in paragraph (3)(c) may

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337 | not be forwarded to a company and do not begin to accrue
338 | interest until the employee has executed a contract and notified
339 | the department. The department shall deduct an amount from the
340 | contributions to provide for the administration of this program.

341 | Section 6. Subsection (2) of section 121.71, Florida
342 | Statutes, is amended to read:

343 | 121.71 Uniform rates; process; calculations; levy.—

344 | (2) Based on the uniform rates set forth in subsections
345 | (3), (4), and (5), employees who were hired on or after July 1,
346 | 2011, and employers shall make monthly contributions to the
347 | Division of Retirement as required in s. 121.061(1), which shall
348 | initially deposit the funds into the Florida Retirement System
349 | Contributions Clearing Trust Fund. A change in a contribution
350 | rate is effective the first day of the month for which a full
351 | month's employer and employee contribution may be made on or
352 | after the beginning date of the change. Beginning July 1, 2013
353 | 2011, each employee who was hired on or after July 1, 2011,
354 | shall contribute the contributions required in subsection (3).
355 | The employer shall deduct the contribution from the employee's
356 | monthly salary, and the contribution shall be submitted to the
357 | division. These contributions shall be reported as employer-paid
358 | employee contributions, and credited to the account of the
359 | employee. The contributions shall be deducted from the
360 | employee's salary before the computation of applicable federal
361 | taxes and treated as employer contributions under 26 U.S.C. s.
362 | 414(h) (2). The employer specifies that the contributions,
363 | although designated as employee contributions, are being paid by
364 | the employer in lieu of contributions by the employee. The

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365 employee does not have the option of choosing to receive the
366 contributed amounts directly instead of having them paid by the
367 employer to the plan. Such contributions are mandatory, and each
368 employee is considered to have consented to payroll deductions.
369 Payment of an employee's salary or wages, less the contribution,
370 is a full and complete discharge and satisfaction of all claims
371 and demands for the service rendered by employees during the
372 period covered by the payment, except their claims to the
373 benefits to which they may be entitled under this chapter.

374 Section 7. Paragraph (a) of subsection (4) of section
375 1012.875, Florida Statutes, is amended to read:

376 1012.875 State Community College System Optional
377 Retirement Program.—Each Florida College System institution may
378 implement an optional retirement program, if such program is
379 established therefor pursuant to s. 1001.64(20), under which
380 annuity or other contracts providing retirement and death
381 benefits may be purchased by, and on behalf of, eligible
382 employees who participate in the program, in accordance with s.
383 403(b) of the Internal Revenue Code. Except as otherwise
384 provided herein, this retirement program, which shall be known
385 as the State Community College System Optional Retirement
386 Program, may be implemented and administered only by an
387 individual Florida College System institution or by a consortium
388 of Florida College System institutions.

389 (4) (a) 1. Effective July 1, 2013, each member who was hired
390 on or after July 1, 2011, shall contribute an amount equal to
391 the employee contribution required under s. 121.71(3). The
392 employer shall contribute on behalf of each program member an

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393 amount equal to the difference between 8.15 percent of the
394 employee's gross monthly compensation and the employee's
395 required contribution based on the employee's gross monthly
396 compensation. ~~Through June 30, 2011, each college must~~
397 ~~contribute on behalf of each program member an amount equal to~~
398 ~~10.43 percent of the employee's gross monthly compensation.~~

399 ~~2. Effective July 1, 2011, through June 30, 2012, each~~
400 ~~member shall contribute an amount equal to the employee~~
401 ~~contribution required under s. 121.71(3). The employer shall~~
402 ~~contribute on behalf of each program member an amount equal to~~
403 ~~the difference between 10.43 percent of the employee's gross~~
404 ~~monthly compensation and the employee's required contribution~~
405 ~~based on the employee's gross monthly compensation.~~

406 ~~3. Effective July 1, 2012, each member shall contribute an~~
407 ~~amount equal to the employee contribution required under s.~~
408 ~~121.71(3). The employer shall contribute on behalf of each~~
409 ~~program member an amount equal to the difference between 8.15~~
410 ~~percent of the employee's gross monthly compensation and the~~
411 ~~employee's required contribution based on the employee's gross~~
412 ~~monthly compensation.~~

413 2.4. The college shall deduct an amount approved by the
414 district board of trustees of the college to provide for the
415 administration of the optional retirement program. Payment of
416 this contribution must be made directly by the college or
417 through the program administrator to the designated company
418 contracting for payment of benefits to the program member.

419 Section 8. This act shall take effect July 1, 2013.