

By the Committee on Governmental Oversight and Accountability

585-02856-13

20131810__

1 A bill to be entitled

2 An act relating to the Florida Retirement System;
3 amending ss. 112.363, 121.052, 121.055, and 121.071,
4 F.S.; revising the employer contribution rates for the
5 retiree health insurance subsidy; amending s. 121.71,
6 F.S.; revising the required employer retirement
7 contribution rates for members of each membership
8 class and subclass of the Florida Retirement System;
9 providing findings of an important state interest;
10 providing an effective date.

11
12 Be It Enacted by the Legislature of the State of Florida:

13
14 Section 1. Subsection (8) of section 112.363, Florida
15 Statutes, is amended to read:

16 112.363 Retiree health insurance subsidy.—

17 (8) CONTRIBUTIONS.—For purposes of funding the insurance
18 subsidy provided by this section:

19 (a) Beginning October 1, 1987, the employer of each member
20 of a state-administered retirement plan shall contribute 0.24
21 percent of gross compensation each pay period.

22 (b) Beginning January 1, 1989, the employer of each member
23 of a state-administered retirement plan shall contribute 0.48
24 percent of gross compensation each pay period.

25 (c) Beginning January 1, 1994, the employer of each member
26 of a state-administered retirement plan shall contribute 0.56
27 percent of gross compensation each pay period.

28 (d) Beginning January 1, 1995, the employer of each member
29 of a state-administered retirement plan shall contribute 0.66

585-02856-13

20131810__

30 percent of gross compensation each pay period.

31 (e) Beginning July 1, 1998, the employer of each member of
32 a state-administered retirement plan shall contribute 0.94
33 percent of gross compensation each pay period.

34 (f) Beginning July 1, 2001, the employer of each member of
35 a state-administered plan shall contribute 1.11 percent of gross
36 compensation each pay period.

37 (g) Beginning July 1, 2013, the employer of each member of
38 a state-administered plan shall contribute 1.25 percent of gross
39 compensation each pay period.

40
41 Such contributions shall be submitted to the Department of
42 Management Services and deposited in the Retiree Health
43 Insurance Subsidy Trust Fund.

44 Section 2. Subsection (7) of section 121.052, Florida
45 Statutes, is amended to read:

46 121.052 Membership class of elected officers.—

47 (7) CONTRIBUTIONS.—

48 (a) The following table states the required retirement
49 contribution rates for members of the Elected Officers' Class
50 and their employers in terms of a percentage of the member's
51 gross compensation. A change in a contribution rate is effective
52 with the first salary paid on or after the beginning date of the
53 change. Contributions shall be made or deducted as may be
54 appropriate for each pay period and are in addition to the
55 contributions required for social security and the Retiree
56 Health Insurance Subsidy Trust Fund.

57 1.
58

585-02856-13 20131810__

Dates of Contribution

Rate Changes

Members Employers

59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78

July 1, 2001, through June 30, 2002

Legislators	0%	15.14%
Governor, Lt. Governor, Cabinet Officers	0%	15.14%
State Attorneys, Public Defenders	0%	15.14%
Justices, Judges	0%	20.61%
County Elected Officers	0%	17.61%

2. Effective July 1, 2002, the required retirement contribution rates shall be specified in s. 121.71.

(b) The employer paying the salary of a member of the Elected Officers' Class shall contribute an amount as specified in this subsection or s. 121.71, as appropriate, which shall constitute the employer retirement contribution with respect to such member. The employer shall also withhold one-half of the entire contribution of the member required for social security coverage. Effective July 1, 2011, each member of the Elected Officers' Class shall pay employee contributions as specified in s. 121.71.

585-02856-13

20131810__

79 (c) If a member of the Elected Officers' Class ceases to
80 fill an office covered by this class for 3 calendar months for
81 any reason other than retirement and has not been employed in
82 any capacity with any participating employer for 3 calendar
83 months, the member may receive a refund of all contributions he
84 or she has made to the pension plan, subject to the restrictions
85 otherwise provided in this chapter. Partial refunds are not
86 permitted. The refund shall not include any interest earnings on
87 the contributions for a member of the pension plan. Employer
88 contributions made on behalf of the member are not refundable. A
89 member may not receive a refund of employee contributions if a
90 pending or an approved qualified domestic relations order is
91 filed against the member's retirement account. By obtaining a
92 refund of contributions, a member waives all rights under the
93 Florida Retirement System and the health insurance subsidy
94 provided under s. 112.363 to the service credit represented by
95 the refunded contributions, except the right to purchase his or
96 her prior service credit in accordance with s. 121.081(2).

97 (d) The following table states the required employer
98 contribution on behalf of each member of the Elected Officers'
99 Class in terms of a percentage of the member's gross
100 compensation. Such contribution constitutes the entire health
101 insurance subsidy contribution with respect to each such member.
102 A change in the contribution rate is effective with the first
103 salary paid on or after the beginning date of the change. The
104 retiree health insurance subsidy contribution rate is as
105 follows:
106

	585-02856-13	20131810__
	Dates of Contribution	Contribution
	Rate Changes	Rate
107		
	October 1, 1987, through December 31, 1988	0.24%
108		
	January 1, 1989, through December 31, 1993	0.48%
109		
	January 1, 1994, through December 31, 1994	0.56%
110		
	January 1, 1995, through June 30, 1998	0.66%
111		
	July 1, 1998, through June 30, 2001	0.94%
112		
	Effective <u>July 1, 2001, through June 30, 2013</u>	1.11%
113		
	<u>Effective July 1, 2013</u>	<u>1.25%</u>
114		
115		

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 3. Subsection (3) of section 121.055, Florida Statutes, is amended to read:

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

585-02856-13

20131810__

127 (3) (a) The following table states the required retirement
 128 contribution rates for members of the Senior Management Service
 129 Class and their employers in terms of a percentage of the
 130 member's gross compensation. A change in the contribution rate
 131 is effective with the first salary paid on or after the
 132 beginning date of the change. Contributions shall be made for
 133 each pay period and are in addition to the contributions
 134 required for social security and the Retiree Health Insurance
 135 Subsidy Trust Fund.

136 1.

Dates of Contribution	Members	Employers
Rate Changes		
July 1, 2001, through June 30, 2002	0%	11.73%

141 2. Effective July 1, 2002, the required retirement
 142 contribution rate shall be as specified in s. 121.71.

143 (b) The employer paying the salary of a member of the
 144 Senior Management Service Class shall contribute an amount as
 145 specified in this section or s. 121.71, as appropriate, which
 146 shall constitute the entire employer retirement contribution
 147 with respect to such member. The employer shall also withhold
 148 one-half of the entire contribution of the member required for
 149 social security coverage. Effective July 1, 2011, each member
 150 shall pay employee contributions as specified in s. 121.71.

151 (c) Upon termination of employment from all participating

585-02856-13

20131810__

152 employers for 3 calendar months for any reason other than
 153 retirement pursuant to s. 121.021(39)(c), a member may receive a
 154 refund of all contributions he or she has made to the pension
 155 plan, subject to the restrictions otherwise provided in this
 156 chapter. Partial refunds are not permitted. The refund shall not
 157 include any interest earnings on the contributions for a member
 158 of the pension plan. Employer contributions made on behalf of
 159 the member are not refundable. A member may not receive a refund
 160 of employee contributions if a pending or an approved qualified
 161 domestic relations order is filed against the member's
 162 retirement account. By obtaining a refund of contributions, a
 163 member waives all rights under the Florida Retirement System and
 164 the health insurance subsidy provided under s. 112.363 to the
 165 service credit represented by the refunded contributions, except
 166 the right to purchase his or her prior service credit in
 167 accordance with s. 121.081(2).

168 (d) The following table states the required employer
 169 contribution on behalf of each member of the Senior Management
 170 Service Class in terms of a percentage of the member's gross
 171 compensation. Such contribution constitutes the entire health
 172 insurance subsidy contribution with respect to each such member.
 173 A change in the contribution rate is effective with the first
 174 salary paid on or after the beginning date of the change. The
 175 retiree health insurance subsidy contribution rate is as
 176 follows:

Dates of Contribution	Contribution
Rate Changes	Rate

178

	585-02856-13	20131810__
179	October 1, 1987, through December 31, 1988	0.24%
180	January 1, 1989, through December 31, 1993	0.48%
181	January 1, 1994, through December 31, 1994	0.56%
182	January 1, 1995, through June 30, 1998	0.66%
183	July 1, 1998, through June 30, 2001	0.94%
184	Effective July 1, 2001, through June 30, 2013	1.11%
185	<u>Effective July 1, 2013</u>	<u>1.25%</u>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 4. Subsection (4) of section 121.071, Florida Statutes, is amended to read:

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

(4) The following table states the required employer contribution on behalf of each member of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class

585-02856-13

20131810__

200 in terms of a percentage of the member's gross compensation.
 201 Such contribution constitutes the entire health insurance
 202 subsidy contribution with respect to each such member. A change
 203 in the contribution rate is effective with the first salary paid
 204 on or after the beginning date of the change. The retiree health
 205 insurance subsidy contribution rate is as follows:
 206

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
Effective <u>July 1, 2001, through June 30, 2013</u>	1.11%
<u>Effective July 1, 2013</u>	<u>1.25%</u>

214
 215
 216 Such contributions shall be deposited by the administrator in
 217 the Retiree Health Insurance Subsidy Trust Fund.

218 Section 5. Subsections (4) and (5) of section 121.71,
 219 Florida Statutes, are amended to read:

585-02856-13

20131810__

220 121.71 Uniform rates; process; calculations; levy.—

221 (4) Required employer retirement contribution rates for
 222 each membership class and subclass of the Florida Retirement
 223 System for both retirement plans are as follows:
 224

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2013</u> 2012	Percentage of Gross Compensation, Effective July 1, <u>2014</u> 2013
225 Regular Class	<u>3.53%</u> 3.55%	<u>3.53%</u> 3.55%
226 Special Risk Class	<u>11.00%</u> 11.01%	<u>11.00%</u> 11.01%
227 Special Risk Administrative Support Class	<u>4.17%</u> 3.94%	<u>4.17%</u> 3.94%
228 Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>6.52%</u> 6.51%	<u>6.52%</u> 6.51%

230

	585-02856-13		20131810
	Elected Officers' Class-		
	Justices, Judges	<u>10.05%</u> 10.02%	<u>10.05%</u> 10.02%
231			
	Elected Officers' Class-		
	County Elected Officers	<u>8.44%</u> 8.36%	<u>8.44%</u> 8.36%
232			
	Senior Management Class	<u>4.81%</u> 4.84%	<u>4.81%</u> 4.84%
233			
	DROP	<u>4.63%</u> 4.33%	<u>4.63%</u> 4.33%
234			

235 (5) In order to address unfunded actuarial liabilities of
 236 the system, the required employer retirement contribution rates
 237 for each membership class and subclass of the Florida Retirement
 238 System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective July 1, <u>2013</u>	Percentage of Gross Compensation, Effective July 1, <u>2014</u>
241 Membership Class	<u>2012</u>	<u>2013</u>
242		
243 Regular Class	<u>2.19%</u> 0.49%	<u>2.19%</u> 2.02%
244 Special Risk Class	<u>6.83%</u> 2.75%	<u>6.83%</u> 7.03%

	585-02856-13		20131810__
	Special Risk		
	Administrative		
245	Support Class	<u>30.56%</u> 0.83%	<u>30.56%</u> 27.04%
	Elected Officers' Class-		
	Legislators, Governor,		
	Lt. Governor,		
	Cabinet Officers,		
	State Attorneys,		
246	Public Defenders	<u>24.85%</u> 0.88%	<u>24.85%</u> 27.18%
	Elected Officers' Class-		
247	Justices, Judges	<u>17.00%</u> 0.77%	<u>17.00%</u> 16.38%
	Elected Officers' Class-		
248	County Elected Officers	<u>23.36%</u> 0.73%	<u>23.36%</u> 23.01%
249	Senior Management Service Class	<u>12.27%</u> 0.32%	<u>12.27%</u> 11.25%
250	DROP	<u>7.01%</u> 0.00%	<u>7.01%</u> 6.21%

251 Section 6. The Legislature finds that a proper and
 252 legitimate state purpose is served when employees, officers, and
 253 retirees of the state and its political subdivisions, and the
 254 dependents, survivors, and beneficiaries of such employees,
 255 officers, and retirees, are extended the basic protections
 256 afforded by governmental retirement systems. These persons must
 257 be provided benefits that are fair and adequate and that are
 258 managed, administered, and funded in an actuarially sound

585-02856-13

20131810__

259 manner, as required by s. 14, Article X of the State
260 Constitution and part VII of chapter 112, Florida Statutes.
261 Therefore, the Legislature determines and declares that this act
262 fulfills an important state interest.

263 Section 7. The Legislature finds that a proper and
264 legitimate state purpose is served when employees, officers, and
265 retirees of the state and of its political subdivisions, and the
266 dependents, survivors, and beneficiaries of such employees,
267 officers, and retirees, are extended the basic protections
268 afforded governmental retirement systems that provide fair and
269 adequate benefits, including health insurance subsidies, and
270 that are managed, administered, and funded in a reasonable
271 manner. Therefore, the Legislature hereby determines and
272 declares that this act fulfills an important state interest.

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