

20131810e1

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. Paragraph (g) is added to subsection (8) of
15 section 112.363, Florida Statutes, 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 (g) Beginning July 1, 2013, the employer of each member of
20 a state-administered plan shall contribute 1.20 percent of gross
21 compensation each pay period.

22
23 Such contributions shall be submitted to the Department of
24 Management Services and deposited in the Retiree Health
25 Insurance Subsidy Trust Fund.

26 Section 2. Paragraph (d) of subsection (7) of section
27 121.052, Florida Statutes, is amended to read:

28 121.052 Membership class of elected officers.—

29 (7) CONTRIBUTIONS.—

20131810e1

30 (d) The following table states the required employer
 31 contribution on behalf of each member of the Elected Officers'
 32 Class in terms of a percentage of the member's gross
 33 compensation. Such contribution constitutes the entire health
 34 insurance subsidy contribution with respect to each such member.
 35 A change in the contribution rate is effective with the first
 36 salary paid on or after the beginning date of the change. The
 37 retiree health insurance subsidy contribution rate is as
 38 follows:

| 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>1.20%</u> |

46
 47 Such contributions and accompanying payroll data are due and
 48 payable no later than the 5th working day of the month
 49 immediately following the month during which the payroll period

20131810e1

50 ended and shall be deposited by the administrator in the Retiree
51 Health Insurance Subsidy Trust Fund.

52 Section 3. Paragraph (d) of subsection (3) of section
53 121.055, Florida Statutes, is amended to read:

54 121.055 Senior Management Service Class.—There is hereby
55 established a separate class of membership within the Florida
56 Retirement System to be known as the "Senior Management Service
57 Class," which shall become effective February 1, 1987.

58 (3)

59 (d) The following table states the required employer
60 contribution on behalf of each member of the Senior Management
61 Service Class in terms of a percentage of the member's gross
62 compensation. Such contribution constitutes the entire health
63 insurance subsidy contribution with respect to each such member.
64 A change in the contribution rate is effective with the first
65 salary paid on or after the beginning date of the change. The
66 retiree health insurance subsidy contribution rate is as
67 follows:

| 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% |

20131810e1

| | | |
|----|--|--------------|
| 73 | July 1, 1998, through June 30, 2001 | 0.94% |
| 74 | Effective July 1, 2001, through June 30, 2013 | 1.11% |
| 75 | <u>Effective July 1, 2013</u> | <u>1.20%</u> |

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

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

83 121.071 Contributions.—Contributions to the system shall be
 84 made as follows:

85 (4) The following table states the required employer
 86 contribution on behalf of each member of the Regular Class,
 87 Special Risk Class, or Special Risk Administrative Support Class
 88 in terms of a percentage of the member's gross compensation.
 89 Such contribution constitutes the entire health insurance
 90 subsidy contribution with respect to each such member. A change
 91 in the contribution rate is effective with the first salary paid
 92 on or after the beginning date of the change. The retiree health
 93 insurance subsidy contribution rate is as follows:

| Dates of Contribution | Contribution |
|--|--------------|
| Rate Changes | Rate |
| 94 October 1, 1987, through December 31, 1988 | 0.24% |

95

20131810e1

| | | |
|-----|---|--------------|
| 96 | January 1, 1989, through December 31, 1993 | 0.48% |
| 97 | January 1, 1994, through December 31, 1994 | 0.56% |
| 98 | January 1, 1995, through June 30, 1998 | 0.66% |
| 99 | July 1, 1998, through June 30, 2001 | 0.94% |
| 100 | Effective July 1, 2001, <u>through June 30, 2013</u> | 1.11% |
| 101 | <u>Effective July 1, 2013</u> | <u>1.20%</u> |

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

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

121.71 Uniform rates; process; calculations; levy.—

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

| Membership Class | Percentage of Gross Compensation, Effective July 1, 2012 | Percentage of Gross Compensation, Effective July 1, 2013 |
|--------------------|---|--|
| Regular Class | 3.55% | <u>3.53%</u> 3.55% |
| Special Risk Class | 11.01% | <u>11.00%</u> 11.01% |

20131810e1

| | | | | |
|-----|--|-------------------|---------------|-------------------|
| 112 | Special Risk Administrative Support Class | 3.94% | <u>4.17%</u> | 3.94% |
| 113 | Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders | 6.51% | <u>6.52%</u> | 6.51% |
| 114 | Elected Officers' Class— Justices, Judges | 10.02% | <u>10.05%</u> | 10.02% |
| 115 | Elected Officers' Class— County Elected Officers | 8.36% | <u>8.44%</u> | 8.36% |
| 116 | Senior Management Class | 4.84% | <u>4.81%</u> | 4.84% |
| 117 | DROP | 4.33% | <u>4.63%</u> | 4.33% |

118
119 (5) In order to address unfunded actuarial liabilities of
120 the system, the required employer retirement contribution rates
121 for each membership class and subclass of the Florida Retirement
122 System for both retirement plans are as follows:

| | | |
|------------------|--|---|
| Membership Class | Percentage of Gross Compensation, | Percentage of Gross Compensation, |
|------------------|--|---|

20131810e1

| | Effective July 1, 2012 | Effective July 1, 2013 |
|--|---|---------------------------------|
| 123 Regular Class | 0.49% | <u>2.19%</u> 2.02% |
| 124 Special Risk Class | 2.75% | <u>6.83%</u> 7.03% |
| 125 Special Risk Administrative Support Class | 0.83% | <u>30.56%</u> 27.04% |
| 126 Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders | 0.88% | <u>24.85%</u> 27.18% |
| 127 Elected Officers' Class— Justices, Judges | 0.77% | <u>17.00%</u> 16.38% |
| 128 Elected Officers' Class— County Elected Officers | 0.73% | <u>23.36%</u> 23.01% |
| 129 Senior Management Service Class | 0.32% | <u>12.27%</u> 11.25% |
| 130 DROP | 0.00% | <u>7.01%</u> 6.21% |
| 131 | | |
| 132 Section 6. <u>The Legislature finds that a proper and</u> | | |

20131810e1

133 legitimate state purpose is served when employees, officers, and
134 retirees of the state and its political subdivisions, and the
135 dependents, survivors, and beneficiaries of such employees,
136 officers, and retirees, are extended the basic protections
137 afforded by governmental retirement systems. These persons must
138 be provided benefits that are fair and adequate and that are
139 managed, administered, and funded in an actuarially sound
140 manner, as required by s. 14, Article X of the State
141 Constitution and part VII of chapter 112, Florida Statutes.
142 Therefore, the Legislature determines and declares that this act
143 fulfills an important state interest.

144 Section 7. The Legislature finds that a proper and
145 legitimate state purpose is served when employees, officers, and
146 retirees of the state and of its political subdivisions, and the
147 dependents, survivors, and beneficiaries of such employees,
148 officers, and retirees, are extended the basic protections
149 afforded by governmental retirement systems that provide fair
150 and adequate benefits, including health insurance subsidies, and
151 that are managed, administered, and funded in a reasonable
152 manner. Therefore, the Legislature determines and declares that
153 this act fulfills an important state interest.

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