



773000

LEGISLATIVE ACTION

Senate

House

.
. .
. .
. .
. .

Floor: WD

04/29/2013 06:14 PM

Senator Simpson moved the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (45) of section 121.021, Florida
Statutes, is amended to read:

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

(45) "Vested" or "vesting" means the guarantee that a
member is eligible to receive a future retirement benefit upon
completion of the required years of creditable service for the
employee's class of membership, even though the member may have



773000

14 terminated covered employment before reaching normal or early
15 retirement date. Being vested does not entitle a member to a
16 disability benefit. Provisions governing entitlement to
17 disability benefits are set forth under s. 121.091(4).

18 (a) Effective July 1, 2001, through June 30, 2011, a 6-year
19 vesting requirement shall be implemented for the Florida
20 Retirement System Pension Plan:

21 1. Any member employed in a regularly established position
22 on July 1, 2001, who completes or has completed a total of 6
23 years of creditable service is considered vested.

24 2. Any member initially enrolled in the Florida Retirement
25 System before July 1, 2001, but not employed in a regularly
26 established position on July 1, 2001, shall be deemed vested
27 upon completion of 6 years of creditable service if such member
28 is employed in a covered position for at least 1 work year after
29 July 1, 2001. However, a member is not required to complete more
30 years of creditable service than would have been required for
31 that member to vest under retirement laws in effect before July
32 1, 2001.

33 3. Any member initially enrolled in the Florida Retirement
34 System on July 1, 2001, through June 30, 2011, shall be deemed
35 vested upon completion of 6 years of creditable service.

36 (b) Any member initially enrolled in the Florida Retirement
37 System on ~~or after~~ July 1, 2011, through June 30, 2014, shall be
38 vested in the pension plan upon completion of 8 years of
39 creditable service.

40 (c) Any member initially enrolled in the Florida Retirement
41 System on or after July 1, 2014, shall be vested in the pension
42 plan upon completion of 10 years of creditable service.



773000

43 Section 2. Present subsections (3) through (9) of section
44 121.051, Florida Statutes, are renumbered as subsections (4)
45 through (10), respectively, and a new subsection (3) is added to
46 that section, to read:

47 121.051 Participation in the system.—

48 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.—

49 (a) Employees initially enrolled on or after July 1, 2014,
50 in positions covered by the Elected Officers' Class or the
51 Senior Management Service Class are compulsory members of the
52 investment plan, except those eligible to withdraw from the
53 system under s. 121.052(3)(d) or s. 121.055(1)(b)2., or those
54 eligible for optional retirement programs under paragraph
55 (1)(a), paragraph (2)(c), or s. 121.35. Investment plan
56 membership continues if there is subsequent employment in a
57 position covered by another membership class. Membership in the
58 pension plan is not permitted except as provided in s.
59 121.591(2). Employees initially enrolled in the Florida
60 Retirement System prior to July 1, 2014, may retain their
61 membership in the pension plan or investment plan and are
62 eligible to use the election opportunity specified in s.
63 121.4501(4)(f). Employees initially enrolled on or after July 1,
64 2014, are not eligible to use the election opportunity specified
65 in s. 121.4501(4)(f).

66 (b) Employees eligible to withdraw from the system under s.
67 121.052(3)(d) or s. 121.055(1)(b)2. may choose to withdraw from
68 the system or to participate in the investment plan as provided
69 in these sections. Employees eligible for optional retirement
70 programs under paragraph (2)(c) or s. 121.35 may choose to
71 participate in the optional retirement program or the investment



773000

72 plan as provided in this paragraph or this section. Eligible
73 employees required to participate pursuant to (1)(a) in the
74 optional retirement program as provided under s. 121.35 must
75 participate in the investment plan when employed in a position
76 not eligible for the optional retirement program.

77 Section 3. Paragraph (c) of subsection (3) of section
78 121.052, Florida Statutes, is amended to read:

79 121.052 Membership class of elected officers.—

80 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective July
81 1, 1990, participation in the Elected Officers' Class shall be
82 compulsory for elected officers listed in paragraphs (2)(a)-(d)
83 and (f) assuming office on or after said date, unless the
84 elected officer elects membership in another class or withdraws
85 from the Florida Retirement System as provided in paragraphs
86 (3)(a)-(d):

87 (c) Before July 1, 2014, any elected officer may, within 6
88 months after assuming office, or within 6 months after this act
89 becomes a law for serving elected officers, elect membership in
90 the Senior Management Service Class as provided in s. 121.055 in
91 lieu of membership in the Elected Officers' Class. Any such
92 election made by a county elected officer shall have no effect
93 upon the statutory limit on the number of nonelective full-time
94 positions that may be designated by a local agency employer for
95 inclusion in the Senior Management Service Class under s.
96 121.055(1)(b)1.

97 Section 4. Paragraph (f) of subsection (1) and paragraph
98 (c) of subsection (6) of section 121.055, Florida Statutes, are
99 amended to read:

100 121.055 Senior Management Service Class.—There is hereby



773000

101 established a separate class of membership within the Florida
102 Retirement System to be known as the "Senior Management Service
103 Class," which shall become effective February 1, 1987.

104 (1)

105 (f) Effective July 1, 1997, through June 30, 2014:

106 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and
107 4., an elected state officer eligible for membership in the
108 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
109 elects membership in the Senior Management Service Class under
110 s. 121.052(3)(c) may, within 6 months after assuming office or
111 within 6 months after this act becomes a law for serving elected
112 state officers, elect to participate in the Senior Management
113 Service Optional Annuity Program, as provided in subsection (6),
114 in lieu of membership in the Senior Management Service Class.

115 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
116 4., an elected officer of a local agency employer eligible for
117 membership in the Elected Officers' Class under s. 121.052(2)(d)
118 who elects membership in the Senior Management Service Class
119 under s. 121.052(3)(c) may, within 6 months after assuming
120 office, or within 6 months after this act becomes a law for
121 serving elected officers of a local agency employer, elect to
122 withdraw from the Florida Retirement System, as provided in
123 subparagraph (b)2., in lieu of membership in the Senior
124 Management Service Class.

125 3. A retiree of a state-administered retirement system who
126 is initially reemployed in a regularly established position on
127 or after July 1, 2010, as an elected official eligible for the
128 Elected Officers' Class may not be enrolled in renewed
129 membership in the Senior Management Service Class or in the



130 Senior Management Service Optional Annuity Program as provided
131 in subsection (6), and may not withdraw from the Florida
132 Retirement System as a renewed member as provided in
133 subparagraph (b)2., as applicable, in lieu of membership in the
134 Senior Management Service Class.

135 4. On or after July 1, 2014, an elected officer eligible
136 for membership in the Elected Officers' Class may not be
137 enrolled in the Senior Management Service Class or in the Senior
138 Management Service Optional Annuity Program as provided in
139 subsection (6).

140 (6)

141 (c) *Participation.*—

142 1. An eligible employee who is employed on or before
143 February 1, 1987, may elect to participate in the optional
144 annuity program in lieu of participating in the Senior
145 Management Service Class. Such election must be made in writing
146 and filed with the department and the personnel officer of the
147 employer on or before May 1, 1987. An eligible employee who is
148 employed on or before February 1, 1987, and who fails to make an
149 election to participate in the optional annuity program by May
150 1, 1987, shall be deemed to have elected membership in the
151 Senior Management Service Class.

152 2. Except as provided in subparagraph 6., an employee who
153 becomes eligible to participate in the optional annuity program
154 by reason of initial employment commencing after February 1,
155 1987, may, within 90 days after the date of commencing
156 employment, elect to participate in the optional annuity
157 program. Such election must be made in writing and filed with
158 the personnel officer of the employer. An eligible employee who



773000

159 does not within 90 days after commencing employment elect to
160 participate in the optional annuity program shall be deemed to
161 have elected membership in the Senior Management Service Class.

162 3. A person who is appointed to a position in the Senior
163 Management Service Class and who is a member of an existing
164 retirement system or the Special Risk or Special Risk
165 Administrative Support Classes of the Florida Retirement System
166 may elect to remain in such system or class in lieu of
167 participating in the Senior Management Service Class or optional
168 annuity program. Such election must be made in writing and filed
169 with the department and the personnel officer of the employer
170 within 90 days after such appointment. An eligible employee who
171 fails to make an election to participate in the existing system,
172 the Special Risk Class of the Florida Retirement System, the
173 Special Risk Administrative Support Class of the Florida
174 Retirement System, or the optional annuity program shall be
175 deemed to have elected membership in the Senior Management
176 Service Class.

177 4. Except as provided in subparagraph 5., an employee's
178 election to participate in the optional annuity program is
179 irrevocable if the employee continues to be employed in an
180 eligible position and continues to meet the eligibility
181 requirements set forth in this paragraph.

182 5. Effective from July 1, 2002, through September 30, 2002,
183 an active employee in a regularly established position who has
184 elected to participate in the Senior Management Service Optional
185 Annuity Program has one opportunity to choose to move from the
186 Senior Management Service Optional Annuity Program to the
187 Florida Retirement System Pension Plan.



773000

188 a. The election must be made in writing and must be filed
189 with the department and the personnel officer of the employer
190 before October 1, 2002, or, in the case of an active employee
191 who is on a leave of absence on July 1, 2002, within 90 days
192 after the conclusion of the leave of absence. This election is
193 irrevocable.

194 b. The employee shall receive service credit under the
195 pension plan equal to his or her years of service under the
196 Senior Management Service Optional Annuity Program. The cost for
197 such credit is the amount representing the present value of that
198 employee's accumulated benefit obligation for the affected
199 period of service.

200 c. The employee must transfer the total accumulated
201 employer contributions and earnings on deposit in his or her
202 Senior Management Service Optional Annuity Program account. If
203 the transferred amount is not sufficient to pay the amount due,
204 the employee must pay a sum representing the remainder of the
205 amount due. The employee may not retain any employer
206 contributions or earnings from the Senior Management Service
207 Optional Annuity Program account.

208 6. A retiree of a state-administered retirement system who
209 is initially reemployed on or after July 1, 2010, may not renew
210 membership in the Senior Management Service Optional Annuity
211 Program.

212 7. Effective July 1, 2014, the Senior Management Service
213 Optional Annuity Program is closed to new members. Members
214 enrolled in the Senior Management Service Optional Annuity
215 Program before July 1, 2014, may retain their membership in the
216 annuity program.



773000

217 Section 5. Paragraph (a) of subsection (4) of section
218 121.091, Florida Statutes, is amended to read:

219 121.091 Benefits payable under the system.—Benefits may not
220 be paid under this section unless the member has terminated
221 employment as provided in s. 121.021(39) (a) or begun
222 participation in the Deferred Retirement Option Program as
223 provided in subsection (13), and a proper application has been
224 filed in the manner prescribed by the department. The department
225 may cancel an application for retirement benefits when the
226 member or beneficiary fails to timely provide the information
227 and documents required by this chapter and the department's
228 rules. The department shall adopt rules establishing procedures
229 for application for retirement benefits and for the cancellation
230 of such application when the required information or documents
231 are not received.

232 (4) DISABILITY RETIREMENT BENEFIT.—

233 (a) *Disability retirement; entitlement and effective date.*—

234 1.a. A member who becomes totally and permanently disabled,
235 as defined in paragraph (b), after completing 5 years of
236 creditable service, or a member who becomes totally and
237 permanently disabled in the line of duty regardless of service,
238 is entitled to a monthly disability benefit; except that any
239 member with less than 5 years of creditable service on July 1,
240 1980, or any person who becomes a member of the Florida
241 Retirement System on or after such date must have completed 10
242 years of creditable service before becoming totally and
243 permanently disabled in order to receive disability retirement
244 benefits for any disability which occurs other than in the line
245 of duty. However, if a member employed on July 1, 1980, who has



773000

246 less than 5 years of creditable service as of that date becomes
247 totally and permanently disabled after completing 5 years of
248 creditable service and is found not to have attained fully
249 insured status for benefits under the federal Social Security
250 Act, such member is entitled to a monthly disability benefit.

251 b. Effective July 1, 2001, a member of the pension plan
252 initially enrolled before July 1, 2014, who becomes totally and
253 permanently disabled, as defined in paragraph (b), after
254 completing 8 years of creditable service, or a member who
255 becomes totally and permanently disabled in the line of duty
256 regardless of service, is entitled to a monthly disability
257 benefit.

258 c. Effective July 1, 2014, a member of the pension plan
259 initially enrolled on or after July 1, 2014, who becomes totally
260 and permanently disabled, as defined in paragraph (b), after
261 completing 10 years of creditable service, or a member who
262 becomes totally and permanently disabled in the line of duty
263 regardless of service, is entitled to a monthly disability
264 benefit.

265 2. If the division has received from the employer the
266 required documentation of the member's termination of
267 employment, the effective retirement date for a member who
268 applies and is approved for disability retirement shall be
269 established by rule of the division.

270 3. For a member who is receiving Workers' Compensation
271 payments, the effective disability retirement date may not
272 precede the date the member reaches Maximum Medical Improvement
273 (MMI), unless the member terminates employment before reaching
274 MMI.



773000

275 Section 6. Subsection (1), paragraph (i) of subsection (2),
276 paragraph (b) of subsection (3), subsection (4), paragraph (c)
277 of subsection (5), subsection (8), and paragraphs (a), (b), (c),
278 and (h) of subsection (10) of section 121.4501, Florida
279 Statutes, are amended to read:

280 121.4501 Florida Retirement System Investment Plan.—

281 (1) The Trustees of the State Board of Administration shall
282 establish a defined contribution program called the "Florida
283 Retirement System Investment Plan" or "investment plan" for
284 members of the Florida Retirement System under which retirement
285 benefits will be provided for eligible employees who elect to
286 participate in the program and for employees initially enrolled
287 on or after July 1, 2014, in positions covered by the Elected
288 Officers' Class or the Senior Management Service Class and are
289 compulsory members of the investment plan unless otherwise
290 eligible to withdraw from the system under s. 121.052(3)(d) or
291 s. 121.055(1)(b)2., or to participate in an optional retirement
292 program under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35.
293 Investment plan membership continues if there is subsequent
294 employment in a position covered by another membership class.

295 The retirement benefits shall be provided through member-
296 directed investments, in accordance with s. 401(a) of the
297 Internal Revenue Code and related regulations. The employer and
298 employee shall make contributions, as provided in this section
299 and ss. 121.571 and 121.71, to the Florida Retirement System
300 Investment Plan Trust Fund toward the funding of benefits.

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

302 (i) "Member" or "employee" means an eligible employee who
303 enrolls in or is defaulted into the investment plan as provided



773000

304 in subsection (4), a terminated Deferred Retirement Option
305 Program member as described in subsection (21), or a beneficiary
306 or alternate payee of a member or employee.

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

308 (b) Notwithstanding paragraph (a), an eligible employee who
309 elects to participate in or is defaulted into the investment
310 plan and establishes one or more individual member accounts may
311 elect to transfer to the investment plan a sum representing the
312 present value of the employee's accumulated benefit obligation
313 under the pension plan, except as provided in paragraph (4)(b).
314 Upon transfer, all service credit earned under the pension plan
315 is nullified for purposes of entitlement to a future benefit
316 under the pension plan. A member may not transfer the
317 accumulated benefit obligation balance from the pension plan
318 after the time period for enrolling in the investment plan has
319 expired.

320 1. For purposes of this subsection, the present value of
321 the member's accumulated benefit obligation is based upon the
322 member's estimated creditable service and estimated average
323 final compensation under the pension plan, subject to
324 recomputation under subparagraph 2. For state employees, initial
325 estimates shall be based upon creditable service and average
326 final compensation as of midnight on June 30, 2002; for district
327 school board employees, initial estimates shall be based upon
328 creditable service and average final compensation as of midnight
329 on September 30, 2002; and for local government employees,
330 initial estimates shall be based upon creditable service and
331 average final compensation as of midnight on December 31, 2002.
332 The dates specified are the "estimate date" for these employees.



333 The actuarial present value of the employee's accumulated
334 benefit obligation shall be based on the following:

335 a. The discount rate and other relevant actuarial
336 assumptions used to value the Florida Retirement System Trust
337 Fund at the time the amount to be transferred is determined,
338 consistent with the factors provided in sub-subparagraphs b. and
339 c.

340 b. A benefit commencement age, based on the member's
341 estimated creditable service as of the estimate date.

342 c. Except as provided under sub-subparagraph d., for a
343 member initially enrolled:

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

347 (A) Age 62; or

348 (B) The age the member would attain if the member completed
349 30 years of service with an employer, assuming the member worked
350 continuously from the estimate date, and disregarding any
351 vesting requirement that would otherwise apply under the pension
352 plan.

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

356 (A) Age 65; or

357 (B) The age the member would attain if the member completed
358 33 years of service with an employer, assuming the member worked
359 continuously from the estimate date, and disregarding any
360 vesting requirement that would otherwise apply under the pension
361 plan.



773000

362 d. For members of the Special Risk Class and for members of
363 the Special Risk Administrative Support Class entitled to retain
364 the special risk normal retirement date:

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

368 (A) Age 55; or

369 (B) The age the member would attain if the member completed
370 25 years of service with an employer, assuming the member worked
371 continuously from the estimate date, and disregarding any
372 vesting requirement that would otherwise apply under the pension
373 plan.

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

378 (A) Age 60; or

379 (B) The age the member would attain if the member completed
380 30 years of service with an employer, assuming the member worked
381 continuously from the estimate date, and disregarding any
382 vesting requirement that would otherwise apply under the pension
383 plan.

384 e. The calculation must disregard vesting requirements and
385 early retirement reduction factors that would otherwise apply
386 under the pension plan.

387 2. For each member who elects to transfer moneys from the
388 pension plan to his or her account in the investment plan, the
389 division shall recompute the amount transferred under
390 subparagraph 1. within 60 days after the actual transfer of



773000

391 funds based upon the member's actual creditable service and
392 actual final average compensation as of the initial date of
393 participation in the investment plan. If the recomputed amount
394 differs from the amount transferred by \$10 or more, the division
395 shall:

396 a. Transfer, or cause to be transferred, from the Florida
397 Retirement System Trust Fund to the member's account the excess,
398 if any, of the recomputed amount over the previously transferred
399 amount together with interest from the initial date of transfer
400 to the date of transfer under this subparagraph, based upon the
401 effective annual interest equal to the assumed return on the
402 actuarial investment which was used in the most recent actuarial
403 valuation of the system, compounded annually.

404 b. Transfer, or cause to be transferred, from the member's
405 account to the Florida Retirement System Trust Fund the excess,
406 if any, of the previously transferred amount over the recomputed
407 amount, together with interest from the initial date of transfer
408 to the date of transfer under this subparagraph, based upon 6
409 percent effective annual interest, compounded annually, pro rata
410 based on the member's allocation plan.

411 3. If contribution adjustments are made as a result of
412 employer errors or corrections, including plan corrections,
413 following recomputation of the amount transferred under
414 subparagraph 1., the member is entitled to the additional
415 contributions or is responsible for returning any excess
416 contributions resulting from the correction. However, any return
417 of such erroneous excess pretax contribution by the plan must be
418 made within the period allowed by the Internal Revenue Service.
419 The present value of the member's accumulated benefit obligation



773000

420 shall not be recalculated.

421 4. As directed by the member, the state board shall
422 transfer or cause to be transferred the appropriate amounts to
423 the designated accounts within 30 days after the effective date
424 of the member's participation in the investment plan unless the
425 major financial markets for securities available for a transfer
426 are seriously disrupted by an unforeseen event that causes the
427 suspension of trading on any national securities exchange in the
428 country where the securities were issued. In that event, the 30-
429 day period may be extended by a resolution of the state board.
430 Transfers are not commissionable or subject to other fees and
431 may be in the form of securities or cash, as determined by the
432 state board. Such securities are valued as of the date of
433 receipt in the member's account.

434 5. If the state board or the division receives notification
435 from the United States Internal Revenue Service that this
436 paragraph or any portion of this paragraph will cause the
437 retirement system, or a portion thereof, to be disqualified for
438 tax purposes under the Internal Revenue Code, the portion that
439 will cause the disqualification does not apply. Upon such
440 notice, the state board and the division shall notify the
441 presiding officers of the Legislature.

442 (4) PARTICIPATION; ENROLLMENT.—

443 (a)1. Effective June 1, 2002, through February 28, 2003, a
444 90-day election period was provided to each eligible employee
445 participating in the Florida Retirement System, preceded by a
446 90-day education period, permitting each eligible employee to
447 elect membership in the investment plan, and an employee who
448 failed to elect the investment plan during the election period



773000

449 remained in the pension plan. An eligible employee who was
450 employed in a regularly established position during the election
451 period was granted the option to make one subsequent election,
452 as provided in paragraph (f). With respect to an eligible
453 employee who did not participate in the initial election period
454 or who are initially ~~employee who is~~ employed in a regularly
455 established position after the close of the initial election
456 period but before July 1, 2014, ~~on June 1, 2002,~~ by a state
457 employer:

458 ~~a. Any such employee may elect to participate in the~~
459 ~~investment plan in lieu of retaining his or her membership in~~
460 ~~the pension plan. The election must be made in writing or by~~
461 ~~electronic means and must be filed with the third party~~
462 ~~administrator by August 31, 2002, or, in the case of an active~~
463 ~~employee who is on a leave of absence on April 1, 2002, by the~~
464 ~~last business day of the 5th month following the month the leave~~
465 ~~of absence concludes. This election is irrevocable, except as~~
466 ~~provided in paragraph (g). Upon making such election, the~~
467 ~~employee shall be enrolled as a member of the investment plan,~~
468 ~~the employee's membership in the Florida Retirement System is~~
469 ~~governed by the provisions of this part, and the employee's~~
470 ~~membership in the pension plan terminates. The employee's~~
471 ~~enrollment in the investment plan is effective the first day of~~
472 ~~the month for which a full month's employer contribution is made~~
473 ~~to the investment plan.~~

474 ~~b. Any such employee who fails to elect to participate in~~
475 ~~the investment plan within the prescribed time period is deemed~~
476 ~~to have elected to retain membership in the pension plan, and~~
477 ~~the employee's option to elect to participate in the investment~~



773000

478 ~~plan is forfeited.~~

479 ~~2. With respect to employees who become eligible to~~
480 ~~participate in the investment plan by reason of employment in a~~
481 ~~regularly established position with a state employer commencing~~
482 ~~after April 1, 2002:~~

483 ~~a. Any~~ such employee shall, by default, be enrolled in the
484 pension plan at the commencement of employment, and may, by the
485 last business day of the 5th month following the employee's
486 month of hire, elect to participate in the investment plan. The
487 employee's election must be made in writing or by electronic
488 means and must be filed with the third-party administrator. The
489 election to participate in the investment plan is irrevocable,
490 except as provided in paragraph (f) ~~(g)~~.

491 ~~a.b.~~ If the employee files such election within the
492 prescribed time period, enrollment in the investment plan is
493 effective on the first day of employment. The retirement
494 contributions paid through the month of the employee plan change
495 shall be transferred to the investment program, and, effective
496 the first day of the next month, the employer and employee must
497 pay the applicable contributions based on the employee
498 membership class in the program.

499 ~~b.e.~~ An employee who fails to elect to participate in the
500 investment plan within the prescribed time period is deemed to
501 have elected to retain membership in the pension plan, and the
502 employee's option to elect to participate in the investment plan
503 is forfeited.

504 ~~2.3.~~ With respect to employees who become eligible to
505 participate in the investment plan pursuant to s.
506 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to



773000

507 participate in the investment plan in lieu of retaining his or
508 her membership in the State Community College System Optional
509 Retirement Program or the State University System Optional
510 Retirement Program. The election must be made in writing or by
511 electronic means and must be filed with the third-party
512 administrator. This election is irrevocable, except as provided
513 in paragraph (f) ~~(g)~~. Upon making such election, the employee
514 shall be enrolled as a member in the investment plan, the
515 employee's membership in the Florida Retirement System is
516 governed by the provisions of this part, and the employee's
517 participation in the State Community College System Optional
518 Retirement Program or the State University System Optional
519 Retirement Program terminates. The employee's enrollment in the
520 investment plan is effective on the first day of the month for
521 which a full month's employer and employee contribution is made
522 to the investment plan.

523 (b) With respect to employees who become eligible to
524 participate in the investment plan, except as provided in
525 paragraph (g), by reason of employment in a regularly
526 established position commencing on or after July 1, 2014, any
527 such employee shall be enrolled in the pension plan at the
528 commencement of employment and may, by the last business day of
529 the 7th month following the employee's month of hire, elect to
530 participate in the pension plan or the investment plan. Eligible
531 employees may make a plan election only if they are earning
532 service credit in an employer-employee relationship consistent
533 with s. 121.021(17)(b), excluding leaves of absence without pay.

534 1. The employee's election must be made in writing or by
535 electronic means and must be filed with the third-party



773000

536 administrator. The election to participate in the pension plan
537 or investment plan is irrevocable, except as provided in
538 paragraph (f).

539 2. If the employee fails to make an election of the pension
540 plan or investment plan within 7 months following the month of
541 hire, the employee is deemed to have elected the investment plan
542 and will be defaulted into the investment plan retroactively to
543 the employee's date of employment. The employee's option to
544 participate in the pension plan is forfeited, except as provided
545 in paragraph (f).

546 3. The amount of the employee and employer contributions
547 paid before the default to the investment plan shall be
548 transferred to the investment plan and shall be placed in a
549 default fund as designated by the State Board of Administration.
550 The employee may move the contributions once an account is
551 activated in the investment plan.

552 4. Effective the first day of the month after an eligible
553 employee makes a plan election of the pension plan or investment
554 plan, or after the month of default to the investment plan, the
555 employee and employer shall pay the applicable contributions
556 based on the employee membership class in the pension plan or
557 investment plan.

558 ~~4. For purposes of this paragraph, "state employer" means~~
559 ~~any agency, board, branch, commission, community college,~~
560 ~~department, institution, institution of higher education, or~~
561 ~~water management district of the state, which participates in~~
562 ~~the Florida Retirement System for the benefit of certain~~
563 ~~employees.~~

564 ~~(b)1. With respect to an eligible employee who is employed~~



773000

565 ~~in a regularly established position on September 1, 2002, by a~~
566 ~~district school board employer:~~

567 ~~a. Any such employee may elect to participate in the~~
568 ~~investment plan in lieu of retaining his or her membership in~~
569 ~~the pension plan. The election must be made in writing or by~~
570 ~~electronic means and must be filed with the third-party~~
571 ~~administrator by November 30, or, in the case of an active~~
572 ~~employee who is on a leave of absence on July 1, 2002, by the~~
573 ~~last business day of the 5th month following the month the leave~~
574 ~~of absence concludes. This election is irrevocable, except as~~
575 ~~provided in paragraph (g). Upon making such election, the~~
576 ~~employee shall be enrolled as a member of the investment plan,~~
577 ~~the employee's membership in the Florida Retirement System is~~
578 ~~governed by the provisions of this part, and the employee's~~
579 ~~membership in the pension plan terminates. The employee's~~
580 ~~enrollment in the investment plan is effective the first day of~~
581 ~~the month for which a full month's employer contribution is made~~
582 ~~to the investment program.~~

583 ~~b. Any such employee who fails to elect to participate in~~
584 ~~the investment plan within the prescribed time period is deemed~~
585 ~~to have elected to retain membership in the pension plan, and~~
586 ~~the employee's option to elect to participate in the investment~~
587 ~~plan is forfeited.~~

588 ~~2. With respect to employees who become eligible to~~
589 ~~participate in the investment plan by reason of employment in a~~
590 ~~regularly established position with a district school board~~
591 ~~employer commencing after July 1, 2002:~~

592 ~~a. Any such employee shall, by default, be enrolled in the~~
593 ~~pension plan at the commencement of employment, and may, by the~~



773000

594 ~~last business day of the 5th month following the employee's~~
595 ~~month of hire, elect to participate in the investment plan. The~~
596 ~~employee's election must be made in writing or by electronic~~
597 ~~means and must be filed with the third party administrator. The~~
598 ~~election to participate in the investment plan is irrevocable,~~
599 ~~except as provided in paragraph (g).~~

600 ~~b. If the employee files such election within the~~
601 ~~prescribed time period, enrollment in the investment plan is~~
602 ~~effective on the first day of employment. The employer~~
603 ~~retirement contributions paid through the month of the employee~~
604 ~~plan change shall be transferred to the investment plan, and,~~
605 ~~effective the first day of the next month, the employer shall~~
606 ~~pay the applicable contributions based on the employee~~
607 ~~membership class in the investment plan.~~

608 ~~e. Any such employee who fails to elect to participate in~~
609 ~~the investment plan within the prescribed time period is deemed~~
610 ~~to have elected to retain membership in the pension plan, and~~
611 ~~the employee's option to elect to participate in the investment~~
612 ~~plan is forfeited.~~

613 ~~3. For purposes of this paragraph, "district school board~~
614 ~~employer" means any district school board that participates in~~
615 ~~the Florida Retirement System for the benefit of certain~~
616 ~~employees, or a charter school or charter technical career~~
617 ~~center that participates in the Florida Retirement System as~~
618 ~~provided in s. 121.051(2)(d).~~

619 ~~(c)1. With respect to an eligible employee who is employed~~
620 ~~in a regularly established position on December 1, 2002, by a~~
621 ~~local employer:~~

622 ~~a. Any such employee may elect to participate in the~~



623 ~~investment plan in lieu of retaining his or her membership in~~
624 ~~the pension plan. The election must be made in writing or by~~
625 ~~electronic means and must be filed with the third party~~
626 ~~administrator by February 28, 2003, or, in the case of an active~~
627 ~~employee who is on a leave of absence on October 1, 2002, by the~~
628 ~~last business day of the 5th month following the month the leave~~
629 ~~of absence concludes. This election is irrevocable, except as~~
630 ~~provided in paragraph (g). Upon making such election, the~~
631 ~~employee shall be enrolled as a participant of the investment~~
632 ~~plan, the employee's membership in the Florida Retirement System~~
633 ~~is governed by the provisions of this part, and the employee's~~
634 ~~membership in the pension plan terminates. The employee's~~
635 ~~enrollment in the investment plan is effective the first day of~~
636 ~~the month for which a full month's employer contribution is made~~
637 ~~to the investment plan.~~

638 ~~b. Any such employee who fails to elect to participate in~~
639 ~~the investment plan within the prescribed time period is deemed~~
640 ~~to have elected to retain membership in the pension plan, and~~
641 ~~the employee's option to elect to participate in the investment~~
642 ~~plan is forfeited.~~

643 ~~2. With respect to employees who become eligible to~~
644 ~~participate in the investment plan by reason of employment in a~~
645 ~~regularly established position with a local employer commencing~~
646 ~~after October 1, 2002:~~

647 ~~a. Any such employee shall, by default, be enrolled in the~~
648 ~~pension plan at the commencement of employment, and may, by the~~
649 ~~last business day of the 5th month following the employee's~~
650 ~~month of hire, elect to participate in the investment plan. The~~
651 ~~employee's election must be made in writing or by electronic~~



773000

652 ~~means and must be filed with the third party administrator. The~~
653 ~~election to participate in the investment plan is irrevocable,~~
654 ~~except as provided in paragraph (g).~~

655 ~~b. If the employee files such election within the~~
656 ~~prescribed time period, enrollment in the investment plan is~~
657 ~~effective on the first day of employment. The employer~~
658 ~~retirement contributions paid through the month of the employee~~
659 ~~plan change shall be transferred to the investment plan, and,~~
660 ~~effective the first day of the next month, the employer shall~~
661 ~~pay the applicable contributions based on the employee~~
662 ~~membership class in the investment plan.~~

663 ~~e. Any such employee who fails to elect to participate in~~
664 ~~the investment plan within the prescribed time period is deemed~~
665 ~~to have elected to retain membership in the pension plan, and~~
666 ~~the employee's option to elect to participate in the investment~~
667 ~~plan is forfeited.~~

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

670 ~~(c)~~ (d) Contributions available for self-direction by a
671 member who has not selected one or more specific investment
672 products shall be allocated as prescribed by the state board.
673 The third-party administrator shall notify the member at least
674 quarterly that the member should take an affirmative action to
675 make an asset allocation among the investment products.

676 ~~(d)~~ (e) On or after July 1, 2011, a member of the pension
677 plan who obtains a refund of employee contributions retains his
678 or her prior plan choice upon return to employment in a
679 regularly established position with a participating employer.

680 ~~(e)~~ (f) A member of the investment plan who takes a



773000

681 distribution of any contributions from his or her investment
682 plan account is considered a retiree. A retiree who is initially
683 reemployed in a regularly established position on or after July
684 1, 2010, is not eligible to be enrolled in renewed membership.

685 ~~(f)(g)~~ After the period during which an eligible employee
686 had the choice to elect the pension plan or the investment plan,
687 or the month following the receipt of the eligible employee's
688 plan election, if sooner, the employee shall have one
689 opportunity, at the employee's discretion, to choose to move
690 from the pension plan to the investment plan or from the
691 investment plan to the pension plan. Eligible employees may
692 elect to move between plans only if they are earning service
693 credit in an employer-employee relationship consistent with s.
694 121.021(17)(b), excluding leaves of absence without pay.
695 Effective July 1, 2005, such elections are effective on the
696 first day of the month following the receipt of the election by
697 the third-party administrator and are not subject to the
698 requirements regarding an employer-employee relationship or
699 receipt of contributions for the eligible employee in the
700 effective month, except when the election is received by the
701 third-party administrator. This paragraph is contingent upon
702 approval by the Internal Revenue Service. This paragraph does
703 not apply to compulsory investment plan members under paragraph
704 (g).

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

707 2. If the employee chooses to move to the pension plan, the
708 employee must transfer from his or her investment plan account,
709 and from other employee moneys as necessary, a sum representing



773000

710 the present value of that employee's accumulated benefit
711 obligation immediately following the time of such movement,
712 determined assuming that attained service equals the sum of
713 service in the pension plan and service in the investment plan.
714 Benefit commencement occurs on the first date the employee is
715 eligible for unreduced benefits, using the discount rate and
716 other relevant actuarial assumptions that were used to value the
717 pension plan liabilities in the most recent actuarial valuation.
718 For any employee who, at the time of the second election,
719 already maintains an accrued benefit amount in the pension plan,
720 the then-present value of the accrued benefit is deemed part of
721 the required transfer amount. The division must ensure that the
722 transfer sum is prepared using a formula and methodology
723 certified by an enrolled actuary. A refund of any employee
724 contributions or additional member payments made which exceed
725 the employee contributions that would have accrued had the
726 member remained in the pension plan and not transferred to the
727 investment plan is not permitted.

728 3. Notwithstanding subparagraph 2., an employee who chooses
729 to move to the pension plan and who became eligible to
730 participate in the investment plan by reason of employment in a
731 regularly established position with a state employer after June
732 1, 2002; a district school board employer after September 1,
733 2002; or a local employer after December 1, 2002, must transfer
734 from his or her investment plan account, and from other employee
735 moneys as necessary, a sum representing the employee's actuarial
736 accrued liability. A refund of any employee contributions or
737 additional member ~~participant~~ payments made which exceed the
738 employee contributions that would have accrued had the member



739 remained in the pension plan and not transferred to the
740 investment plan is not permitted.

741 4. An employee's ability to transfer from the pension plan
742 to the investment plan pursuant to paragraphs (a) and (b)
743 ~~paragraphs (a) - (d)~~, and the ability of a current employee to
744 have an option to later transfer back into the pension plan
745 under subparagraph 2., shall be deemed a significant system
746 amendment. Pursuant to s. 121.031(4), any resulting unfunded
747 liability arising from actual original transfers from the
748 pension plan to the investment plan must be amortized within 30
749 plan years as a separate unfunded actuarial base independent of
750 the reserve stabilization mechanism defined in s. 121.031(3)(f).
751 For the first 25 years, a direct amortization payment may not be
752 calculated for this base. During this 25-year period, the
753 separate base shall be used to offset the impact of employees
754 exercising their second program election under this paragraph.
755 The actuarial funded status of the pension plan will not be
756 affected by such second program elections in any significant
757 manner, after due recognition of the separate unfunded actuarial
758 base. Following the initial 25-year period, any remaining
759 balance of the original separate base shall be amortized over
760 the remaining 5 years of the required 30-year amortization
761 period.

762 5. If the employee chooses to transfer from the investment
763 plan to the pension plan and retains an excess account balance
764 in the investment plan after satisfying the buy-in requirements
765 under this paragraph, the excess may not be distributed until
766 the member retires from the pension plan. The excess account
767 balance may be rolled over to the pension plan and used to



773000

768 purchase service credit or upgrade creditable service in the
769 pension plan.

770 (g) All employees initially enrolled on or after July 1,
771 2014, in positions covered by the Elected Officers' Class or the
772 Senior Management Service Class are compulsory members of the
773 investment plan, except those eligible to withdraw from the
774 system under s. 121.052(3)(d) or s. 121.055(1)(b)2., or those
775 eligible for optional retirement programs under s.
776 121.051(1)(a), s. 121.051(2)(c), or s. 121.35. Employees
777 eligible to withdraw from the system under s. 121.052(3)(d) or
778 s. 121.055(1)(b)2., may choose to withdraw from the system or to
779 participate in the investment plan as provided in those
780 sections. Employees eligible for optional retirement programs
781 under s. 121.051(2)(c) or s. 121.35, except as provided in s.
782 121.051(1)(a), may choose to participate in the optional
783 retirement program or the investment plan as provided in those
784 sections. Investment plan membership continues if there is
785 subsequent employment in a position covered by another
786 membership class. Membership in the pension plan is not
787 permitted except as provided in s. 121.591(2). Employees
788 initially enrolled in the Florida Retirement System prior to
789 July 1, 2014, may retain their membership in the pension plan or
790 investment plan and are eligible to use the election opportunity
791 specified in s. 121.4501(4)(f).

792 1. Officers and employees initially enrolled on or after
793 July 1, 2014, who are in positions within the Elected Officers'
794 Class or the Senior Management Service Class are not permitted
795 to use the election opportunity specified in paragraph (f).

796 2. The amount of retirement contributions paid by the



773000

797 employee and employer, as required under s. 121.72, shall be
798 placed in a default fund as designated by the state board, until
799 an account is activated in the investment plan, at which time
800 the member may move the contributions from the default fund to
801 other funds provided in the investment plan.

802 (5) CONTRIBUTIONS.—

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

807 1. The employer and employee contribution portion earmarked
808 for member accounts shall be used to purchase interests in the
809 appropriate investment vehicles as specified by the member, or
810 in accordance with paragraph (4) (c) ~~(4) (d)~~.

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

814 3. The employer contribution portion earmarked for
815 disability benefits shall be transferred to the Florida
816 Retirement System Trust Fund.

817 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
818 shall be administered by the state board and affected employers.
819 The state board may require oaths, by affidavit or otherwise,
820 and acknowledgments from persons in connection with the
821 administration of its statutory duties and responsibilities for
822 the investment plan. An oath, by affidavit or otherwise, may not
823 be required of a member at the time of enrollment.

824 Acknowledgment of an employee's election to participate in the
825 program shall be no greater than necessary to confirm the



826 employee's election except for members initially enrolled on or
827 after July 1, 2014, as provided in paragraph (4)(g). The state
828 board shall adopt rules to carry out its statutory duties with
829 respect to administering the investment plan, including
830 establishing the roles and responsibilities of affected state,
831 local government, and education-related employers, the state
832 board, the department, and third-party contractors. The
833 department shall adopt rules necessary to administer the
834 investment plan in coordination with the pension plan and the
835 disability benefits available under the investment plan.

836 (a)1. The state board shall select and contract with a
837 third-party administrator to provide administrative services if
838 those services cannot be competitively and contractually
839 provided by the division. With the approval of the state board,
840 the third-party administrator may subcontract to provide
841 components of the administrative services. As a cost of
842 administration, the state board may compensate any such
843 contractor for its services, in accordance with the terms of the
844 contract, as is deemed necessary or proper by the board. The
845 third-party administrator may not be an approved provider or be
846 affiliated with an approved provider.

847 2. These administrative services may include, but are not
848 limited to, enrollment of eligible employees, collection of
849 employer and employee contributions, disbursement of
850 contributions to approved providers in accordance with the
851 allocation directions of members; services relating to
852 consolidated billing; individual and collective recordkeeping
853 and accounting; asset purchase, control, and safekeeping; and
854 direct disbursement of funds to and from the third-party



855 administrator, the division, the state board, employers,
856 members, approved providers, and beneficiaries. This section
857 does not prevent or prohibit a bundled provider from providing
858 any administrative or customer service, including accounting and
859 administration of individual member benefits and contributions;
860 individual member recordkeeping; asset purchase, control, and
861 safekeeping; direct execution of the member's instructions as to
862 asset and contribution allocation; calculation of daily net
863 asset values; direct access to member account information; or
864 periodic reporting to members, at least quarterly, on account
865 balances and transactions, if these services are authorized by
866 the state board as part of the contract.

867 (b)1. The state board shall select and contract with one or
868 more organizations to provide educational services. With
869 approval of the state board, the organizations may subcontract
870 to provide components of the educational services. As a cost of
871 administration, the state board may compensate any such
872 contractor for its services in accordance with the terms of the
873 contract, as is deemed necessary or proper by the board. The
874 education organization may not be an approved provider or be
875 affiliated with an approved provider.

876 2. Educational services shall be designed by the state
877 board and department to assist employers, eligible employees,
878 members, and beneficiaries in order to maintain compliance with
879 United States Department of Labor regulations under s. 404(c) of
880 the Employee Retirement Income Security Act of 1974 and to
881 assist employees in their choice of pension plan or investment
882 plan retirement alternatives. Educational services include, but
883 are not limited to, disseminating educational materials;



773000

884 providing retirement planning education; explaining the pension
885 plan and the investment plan; and offering financial planning
886 guidance on matters such as investment diversification,
887 investment risks, investment costs, and asset allocation. An
888 approved provider may also provide educational information,
889 including retirement planning and investment allocation
890 information concerning its products and services.

891 (c)1. In evaluating and selecting a third-party
892 administrator, the state board shall establish criteria for
893 evaluating the relative capabilities and qualifications of each
894 proposed administrator. In developing such criteria, the state
895 board shall consider:

896 a. The administrator's demonstrated experience in providing
897 administrative services to public or private sector retirement
898 systems.

899 b. The administrator's demonstrated experience in providing
900 daily valued recordkeeping to defined contribution programs.

901 c. The administrator's ability and willingness to
902 coordinate its activities with employers, the state board, and
903 the division, and to supply to such employers, the board, and
904 the division the information and data they require, including,
905 but not limited to, monthly management reports, quarterly member
906 reports, and ad hoc reports requested by the department or state
907 board.

908 d. The cost-effectiveness and levels of the administrative
909 services provided.

910 e. The administrator's ability to interact with the
911 members, the employers, the state board, the division, and the
912 providers; the means by which members may access account



773000

913 information, direct investment of contributions, make changes to
914 their accounts, transfer moneys between available investment
915 vehicles, and transfer moneys between investment products; and
916 any fees that apply to such activities.

917 f. Any other factor deemed necessary by the state board.

918 2. In evaluating and selecting an educational provider, the
919 state board shall establish criteria under which it shall
920 consider the relative capabilities and qualifications of each
921 proposed educational provider. In developing such criteria, the
922 state board shall consider:

923 a. Demonstrated experience in providing educational
924 services to public or private sector retirement systems.

925 b. Ability and willingness to coordinate its activities
926 with the employers, the state board, and the division, and to
927 supply to such employers, the board, and the division the
928 information and data they require, including, but not limited
929 to, reports on educational contacts.

930 c. The cost-effectiveness and levels of the educational
931 services provided.

932 d. Ability to provide educational services via different
933 media, including, but not limited to, the Internet, personal
934 contact, seminars, brochures, and newsletters.

935 e. Any other factor deemed necessary by the state board.

936 3. The establishment of the criteria shall be solely within
937 the discretion of the state board.

938 (d) The state board shall develop the form and content of
939 any contracts to be offered under the investment plan. In
940 developing the contracts, the board shall consider:

941 1. The nature and extent of the rights and benefits to be



942 afforded in relation to the contributions required under the
943 plan.

944 2. The suitability of the rights and benefits provided and
945 the interests of employers in the recruitment and retention of
946 eligible employees.

947 (e)1. The state board may contract for professional
948 services, including legal, consulting, accounting, and actuarial
949 services, deemed necessary to implement and administer the
950 investment plan. The state board may enter into a contract with
951 one or more vendors to provide low-cost investment advice to
952 members, supplemental to education provided by the third-party
953 administrator. All fees under any such contract shall be paid by
954 those members who choose to use the services of the vendor.

955 2. The department may contract for professional services,
956 including legal, consulting, accounting, and actuarial services,
957 deemed necessary to implement and administer the investment plan
958 in coordination with the pension plan. The department, in
959 coordination with the state board, may enter into a contract
960 with the third-party administrator in order to coordinate
961 services common to the various programs within the Florida
962 Retirement System.

963 (f) The third-party administrator may not receive direct or
964 indirect compensation from an approved provider, except as
965 specifically provided for in the contract with the state board.

966 (g) The state board shall receive and resolve member
967 complaints against the program, the third-party administrator,
968 or any program vendor or provider; shall resolve any conflict
969 between the third-party administrator and an approved provider
970 if such conflict threatens the implementation or administration



773000

971 of the program or the quality of services to employees; and may
972 resolve any other conflicts. The third-party administrator shall
973 retain all member records for at least 5 years for use in
974 resolving any member conflicts. The state board, the third-party
975 administrator, or a provider is not required to produce
976 documentation or an audio recording to justify action taken with
977 regard to a member if the action occurred 5 or more years before
978 the complaint is submitted to the state board. It is presumed
979 that all action taken 5 or more years before the complaint is
980 submitted was taken at the request of the member and with the
981 member's full knowledge and consent. To overcome this
982 presumption, the member must present documentary evidence or an
983 audio recording demonstrating otherwise.

984 (10) EDUCATION COMPONENT.—

985 (a) The state board, in coordination with the department,
986 shall provide for an education component for eligible employees
987 ~~system members~~ in a manner consistent with the provisions of
988 this subsection ~~section~~. ~~The education component must be~~
989 ~~available to eligible employees at least 90 days prior to the~~
990 ~~beginning date of the election period for the employees of the~~
991 ~~respective types of employers.~~

992 (b) The education component must provide system members
993 with impartial and balanced information about plan choices
994 except for members initially enrolled on or after July 1, 2014,
995 as provided in paragraph (4) (g). The education component must
996 involve multimedia formats. Program comparisons must, to the
997 greatest extent possible, be based upon the retirement income
998 that different retirement programs may provide to the member.
999 The state board shall monitor the performance of the contract to



773000

1000 ensure that the program is conducted in accordance with the
1001 contract, applicable law, and the rules of the state board.

1002 (c) The state board, in coordination with the department,
1003 shall provide for an initial and ongoing transfer education
1004 component to provide system members except for those members
1005 initially enrolled on or after July 1, 2014, as provided in
1006 paragraph (4) (g), with information necessary to make informed
1007 plan choice decisions. The transfer education component must
1008 include, but is not limited to, information on:

1009 1. The amount of money available to a member to transfer to
1010 the defined contribution program.

1011 2. The features of and differences between the pension plan
1012 and the defined contribution program, both generally and
1013 specifically, as those differences may affect the member.

1014 3. The expected benefit available if the member were to
1015 retire under each of the retirement programs, based on
1016 appropriate alternative sets of assumptions.

1017 4. The rate of return from investments in the defined
1018 contribution program and the period of time over which such rate
1019 of return must be achieved to equal or exceed the expected
1020 monthly benefit payable to the member under the pension plan.

1021 5. The historical rates of return for the investment
1022 alternatives available in the defined contribution programs.

1023 6. The benefits and historical rates of return on
1024 investments available in a typical deferred compensation plan or
1025 a typical plan under s. 403(b) of the Internal Revenue Code for
1026 which the employee may be eligible.

1027 7. The program choices available to employees of the State
1028 University System and the comparative benefits of each available



773000

1029 program, if applicable.

1030 8. Payout options available in each of the retirement
1031 programs.

1032 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
1033 ~~System employers have an obligation to regularly communicate the~~
1034 ~~existence of the two Florida Retirement System plans and the~~
1035 ~~plan choice in the natural course of administering their~~
1036 ~~personnel functions, using the educational materials supplied by~~
1037 ~~the state board and the Department of Management Services.~~

1038 Section 7. Paragraph (b) of subsection (2) of section
1039 121.591, Florida Statutes, is amended to read:

1040 121.591 Payment of benefits.—Benefits may not be paid under
1041 the Florida Retirement System Investment Plan unless the member
1042 has terminated employment as provided in s. 121.021(39)(a) or is
1043 deceased and a proper application has been filed as prescribed
1044 by the state board or the department. Benefits, including
1045 employee contributions, are not payable under the investment
1046 plan for employee hardships, unforeseeable emergencies, loans,
1047 medical expenses, educational expenses, purchase of a principal
1048 residence, payments necessary to prevent eviction or foreclosure
1049 on an employee's principal residence, or any other reason except
1050 a requested distribution for retirement, a mandatory de minimis
1051 distribution authorized by the administrator, or a required
1052 minimum distribution provided pursuant to the Internal Revenue
1053 Code. The state board or department, as appropriate, may cancel
1054 an application for retirement benefits if the member or
1055 beneficiary fails to timely provide the information and
1056 documents required by this chapter and the rules of the state
1057 board and department. In accordance with their respective



1058 responsibilities, the state board and the department shall adopt
1059 rules establishing procedures for application for retirement
1060 benefits and for the cancellation of such application if the
1061 required information or documents are not received. The state
1062 board and the department, as appropriate, are authorized to cash
1063 out a de minimis account of a member who has been terminated
1064 from Florida Retirement System covered employment for a minimum
1065 of 6 calendar months. A de minimis account is an account
1066 containing employer and employee contributions and accumulated
1067 earnings of not more than \$5,000 made under the provisions of
1068 this chapter. Such cash-out must be a complete lump-sum
1069 liquidation of the account balance, subject to the provisions of
1070 the Internal Revenue Code, or a lump-sum direct rollover
1071 distribution paid directly to the custodian of an eligible
1072 retirement plan, as defined by the Internal Revenue Code, on
1073 behalf of the member. Any nonvested accumulations and associated
1074 service credit, including amounts transferred to the suspense
1075 account of the Florida Retirement System Investment Plan Trust
1076 Fund authorized under s. 121.4501(6), shall be forfeited upon
1077 payment of any vested benefit to a member or beneficiary, except
1078 for de minimis distributions or minimum required distributions
1079 as provided under this section. If any financial instrument
1080 issued for the payment of retirement benefits under this section
1081 is not presented for payment within 180 days after the last day
1082 of the month in which it was originally issued, the third-party
1083 administrator or other duly authorized agent of the state board
1084 shall cancel the instrument and credit the amount of the
1085 instrument to the suspense account of the Florida Retirement
1086 System Investment Plan Trust Fund authorized under s.



773000

1087 121.4501(6). Any amounts transferred to the suspense account are
1088 payable upon a proper application, not to include earnings
1089 thereon, as provided in this section, within 10 years after the
1090 last day of the month in which the instrument was originally
1091 issued, after which time such amounts and any earnings
1092 attributable to employer contributions shall be forfeited. Any
1093 forfeited amounts are assets of the trust fund and are not
1094 subject to chapter 717.

1095 (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided under
1096 this subsection are payable in lieu of the benefits that would
1097 otherwise be payable under the provisions of subsection (1).
1098 Such benefits must be funded from employer contributions made
1099 under s. 121.571, transferred employee contributions and funds
1100 accumulated pursuant to paragraph (a), and interest and earnings
1101 thereon.

1102 (b) *Disability retirement; entitlement.*—

1103 1.a. A member of the investment plan initially enrolled
1104 before July 1, 2014, who becomes totally and permanently
1105 disabled, as defined in paragraph (d), after completing 8 years
1106 of creditable service, or a member who becomes totally and
1107 permanently disabled in the line of duty regardless of length of
1108 service, is entitled to a monthly disability benefit.

1109 b. A member of the investment plan initially enrolled on or
1110 after July 1, 2014, who becomes totally and permanently
1111 disabled, as defined in paragraph (d), after completing 10 years
1112 of creditable service, or a member who becomes totally and
1113 permanently disabled in the line of duty regardless of service,
1114 is entitled to a monthly disability benefit.

1115 2. In order for service to apply toward the 8 years of



1116 creditable service required for regular disability benefits, or
1117 toward the creditable service used in calculating a service-
1118 based benefit as provided under paragraph (g), the service must
1119 be creditable service as described below:

1120 a. The member's period of service under the investment plan
1121 shall be considered creditable service, except as provided in
1122 subparagraph d.

1123 b. If the member has elected to retain credit for service
1124 under the pension plan as provided under s. 121.4501(3), all
1125 such service shall be considered creditable service.

1126 c. If the member elects to transfer to his or her member
1127 accounts a sum representing the present value of his or her
1128 retirement credit under the pension plan as provided under s.
1129 121.4501(3), the period of service under the pension plan
1130 represented in the present value amounts transferred shall be
1131 considered creditable service, except as provided in
1132 subparagraph d.

1133 d. If a member has terminated employment and has taken
1134 distribution of his or her funds as provided in subsection (1),
1135 all creditable service represented by such distributed funds is
1136 forfeited for purposes of this subsection.

1137 Section 8. Section 238.072, Florida Statutes, is amended to
1138 read:

1139 238.072 Special service provisions for extension
1140 personnel.—All state and county cooperative extension personnel
1141 holding appointments by the United States Department of
1142 Agriculture for extension work in agriculture and home economics
1143 in this state who are joint representatives of the University of
1144 Florida and the United States Department of Agriculture, as



1145 provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
1146 Teachers' Retirement System, chapter 238, and who are prohibited
1147 from transferring to and participating in the Florida Retirement
1148 System, chapter 121, may retire with full benefits upon
1149 completion of 30 years of creditable service and shall be
1150 considered to have attained normal retirement age under this
1151 chapter, any law to the contrary notwithstanding. In order to
1152 comply with the provisions of s. 14, Art. X of the State
1153 Constitution, any liability accruing to the Florida Retirement
1154 System Trust Fund as a result of the provisions of this section
1155 shall be paid on an annual basis from the General Revenue Fund.

1156 Section 9. Subsection (11) of section 413.051, Florida
1157 Statutes, is amended to read:

1158 413.051 Eligible blind persons; operation of vending
1159 stands.—

1160 (11) Effective July 1, 1996, blind licensees who remain
1161 members of the Florida Retirement System pursuant to s.
1162 121.051(7)(b)1., ~~121.051(6)(b)1.~~ shall pay any unappropriated
1163 retirement costs from their net profits or from program income.
1164 Within 30 days after the effective date of this act, each blind
1165 licensee who is eligible to maintain membership in the Florida
1166 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but
1167 who elects to withdraw from the system as provided in s.
1168 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,
1169 1996, notify the Division of Blind Services and the Department
1170 of Management Services in writing of his or her election to
1171 withdraw. Failure to timely notify the divisions shall be deemed
1172 a decision to remain a compulsory member of the Florida
1173 Retirement System. However, if, at any time after July 1, 1996,



773000

1174 sufficient funds are not paid by a blind licensee to cover the
1175 required contribution to the Florida Retirement System, that
1176 blind licensee shall become ineligible to participate in the
1177 Florida Retirement System on the last day of the first month for
1178 which no contribution is made or the amount contributed is
1179 insufficient to cover the required contribution. For any blind
1180 licensee who becomes ineligible to participate in the Florida
1181 Retirement System as described in this subsection, no creditable
1182 service shall be earned under the Florida Retirement System for
1183 any period following the month that retirement contributions
1184 ceased to be reported. However, any such person may participate
1185 in the Florida Retirement System in the future if employed by a
1186 participating employer in a covered position.

1187 Section 10. Effective upon July 1, 2013, the Pension Reform
1188 Study Committee is created for the purpose of reviewing,
1189 analyzing, and evaluating the sustainability of the Florida
1190 Retirement System and to recommend reforms to maintain and
1191 enhance the long-term viability and sustainability of the
1192 system.

1193 (1) The study committee shall be composed of six members:

1194 (a) Three members of the Senate appointed by the President
1195 of the Senate.

1196 (b) Three members of the House of Representatives appointed
1197 by the Speaker of the House of Representatives.

1198 (2) Members of the study committee must be appointed by
1199 July 31, 2013. By August 31, 2013, the study committee shall
1200 meet to establish procedures for the conduct of its business and
1201 to elect a chair and vice chair. The study committee shall meet
1202 at the call of the chair. A majority of the members constitutes



773000

1203 a quorum, and a quorum is necessary for the purpose of voting on
1204 any action or recommendation of the study committee. All
1205 meetings shall be held in Tallahassee, unless otherwise decided
1206 by the study committee; however, no more than two such meetings
1207 may be held in other locations for the purpose of taking public
1208 testimony.

1209 (3) The President of the Senate and the Speaker of the
1210 House of Representatives shall designate legislative staff
1211 knowledgeable in public pensions and the Florida Retirement
1212 System to assist the study committee and provide all necessary
1213 data collection, analysis, research, and support services.

1214 (4) Study committee members shall serve without
1215 compensation but are entitled to be reimbursed for per diem and
1216 travel expenses as provided under s. 112.061, Florida Statutes.

1217 (5) In reviewing, analyzing, and evaluating the
1218 sustainability of the Florida Retirement System, and
1219 recommending reforms to maintain and enhance the long-term
1220 viability and sustainability of the system, the study committee
1221 shall, at a minimum, consider the funding structure of the
1222 system, system funding levels, benefits provided, and the
1223 benefits of reforming the system structure, which must include
1224 the benefits of providing a hybrid or cash-balance option in
1225 lieu of or in addition to the current plan choices.

1226 (6) The study committee shall submit a final report of its
1227 recommendations to the President of the Senate and the Speaker
1228 of the House of Representatives by January 1, 2014.

1229 Section 11. The Legislature finds that a proper and
1230 legitimate state purpose is served when employees and retirees
1231 of the state and its political subdivisions, and the dependents,



1232 survivors, and beneficiaries of such employees and retirees, are
1233 extended the basic protections afforded by governmental
1234 retirement systems. These persons must be provided benefits that
1235 are fair and adequate and that are managed, administered, and
1236 funded in an actuarially sound manner, as required by s. 14,
1237 Article X of the State Constitution and part VII of chapter 112,
1238 Florida Statutes. Therefore, the Legislature determines and
1239 declares that this act fulfills an important state interest.

1240 Section 12. Except as otherwise expressly provided in this
1241 act and except for this section, which shall take effect July 1,
1242 2013, this act shall take effect July 1, 2014.

1243
1244 ===== T I T L E A M E N D M E N T =====

1245 And the title is amended as follows:

1246 Delete everything before the enacting clause
1247 and insert:

1248 A bill to be entitled
1249 An act relating to retirement; amending s. 121.021,
1250 F.S.; revising the definition of "vested" or
1251 "vesting"; providing that a member initially enrolled
1252 in the Florida Retirement System after a certain date
1253 is vested in the pension plan after 10 years of
1254 creditable service; amending s. 121.051, F.S.;
1255 providing for compulsory membership in the Florida
1256 Retirement System Investment Plan for employees in the
1257 Elected Officers' Class or the Senior Management
1258 Service Class initially enrolled after a specified
1259 date; amending s. 121.052, F.S.; prohibiting members
1260 of the Elected Officers' Class from joining the Senior



1261 Management Service Class after a specified date;
1262 amending s. 121.055, F.S.; prohibiting an elected
1263 official eligible for membership in the Elected
1264 Officers' Class from enrolling in the Senior
1265 Management Service Class or in the Senior Management
1266 Service Optional Annuity Program; closing the Senior
1267 Management Optional Annuity Program to new members
1268 after a specified date; amending s. 121.091, F.S.;
1269 providing that certain members are entitled to a
1270 monthly disability benefit; revising provisions to
1271 conform to changes made by the act; amending s.
1272 121.4501, F.S.; requiring certain employees initially
1273 enrolled in the Florida Retirement System on or after
1274 a specified date to be compulsory members of the
1275 investment plan; revising the definition of "member"
1276 or "employee"; revising a provision relating to
1277 acknowledgement of an employee's election to
1278 participate in the investment plan; placing certain
1279 employees in the pension plan from their date of hire
1280 until they are automatically enrolled in the
1281 investment plan or timely elect enrollment in the
1282 pension plan; authorizing certain employees to elect
1283 to participate in the pension plan, rather than the
1284 default investment plan, within a specified time;
1285 providing for the transfer of certain contributions;
1286 revising the education component; deleting the
1287 obligation of system employers to communicate the
1288 existence of both retirement plans; conforming
1289 provisions and cross-references to changes made by the



773000

1290 act; amending s. 121.591, F.S.; revising provisions
1291 relating to disability retirement benefits; amending
1292 ss. 238.072 and 413.051, F.S.; conforming cross-
1293 references; creating a Pension Reform Study Committee
1294 to evaluate and provide recommendations relating to
1295 the Florida Retirement System; providing for
1296 membership; requiring a report to the Legislature;
1297 providing for termination; providing that the act
1298 fulfills an important state interest; providing
1299 effective dates.