

1 A bill to be entitled
2 An act relating to the Florida Retirement System;
3 amending s. 121.051, F.S.; limiting the ability of
4 members of an optional retirement program to transfer
5 to the Florida Retirement System; providing for
6 compulsory membership in the Florida Retirement System
7 Investment Plan for employees initially enrolled after
8 a specified date; authorizing certain employees to
9 participate in the investment plan; amending s.
10 121.052, F.S.; prohibiting members of the Elected
11 Officers' Class from joining the Senior Management
12 Service Class after a specified date; amending s.
13 121.055, F.S.; closing the Senior Management Service
14 Optional Annuity Program to new members after a
15 specified date; prohibiting an elected official
16 eligible for membership in the Elected Officers' Class
17 from enrolling in the Senior Management Service Class
18 or in the Senior Management Service Optional Annuity
19 Program; closing the Senior Management Service
20 Optional Annuity Program to new members after a
21 specified date; amending s. 121.35, F.S.; providing
22 that certain participants in the optional retirement
23 program for the State University System have a choice
24 between the optional retirement program and the
25 Florida Retirement System Investment Plan; providing
26 for compulsory membership in the investment plan for
27 certain employees; amending s. 121.4501, F.S.;
28 requiring certain employees initially enrolled in the

29 Florida Retirement System on or after a specified date
30 to be compulsory members of the investment plan;
31 providing for the transfer of certain contributions;
32 revising a provision relating to acknowledgment of an
33 employee's election to participate in the investment
34 plan; requiring the State Board of Administration to
35 develop investment products to be offered in the
36 investment plan; requiring the State Board of
37 Administration to provide a self-directed brokerage
38 account as an investment option; requiring the state
39 board to contract with a provider to provide a self-
40 directed brokerage account investment option;
41 providing self-directed brokerage account
42 requirements; revising the education component;
43 deleting the obligation of system employers to
44 communicate the existence of both retirement plans;
45 providing the state board and the provider of the
46 self-directed brokerage account investment option with
47 certain responsibilities; providing that the state
48 board is not required to deliver certain information
49 regarding the self-directed brokerage account; making
50 conforming changes; removing unnecessary language;
51 providing that certain investment plan members are not
52 entitled to disability benefits; amending s. 121.591,
53 F.S.; limiting disability benefits to eligible
54 members; amending ss. 238.072 and 413.051, F.S.;

55 conforming cross-references; adjusting the required
56 employer contribution rates for the unfunded actuarial

57 liability of the Florida Retirement System for select
 58 classes; providing a directive to the Division of Law
 59 Revision and Information; providing that the act
 60 fulfills an important state interest; requiring the
 61 State Board of Administration and the Department of
 62 Management Services to request a determination letter
 63 from the Internal Revenue Service; providing effective
 64 dates.

65

66 Be It Enacted by the Legislature of the State of Florida:

67

68 Section 1. Paragraph (c) of subsection (2) of section
 69 121.051, Florida Statutes, is amended, subsections (3) through
 70 (9) of that section are renumbered as subsections (4) through
 71 (10), respectively, and a new subsection (3) is added to that
 72 section, to read:

73 121.051 Participation in the system.—

74 (2) OPTIONAL PARTICIPATION.—

75 (c) Employees of public community colleges or charter
 76 technical career centers sponsored by public community colleges,
 77 designated in s. 1000.21(3), who are members of the Regular
 78 Class of the Florida Retirement System and who comply with the
 79 criteria set forth in this paragraph and s. 1012.875 may, in
 80 lieu of participating in the Florida Retirement System, elect to
 81 withdraw from the system altogether and participate in the State
 82 Community College System Optional Retirement Program provided by
 83 the employing agency under s. 1012.875.

84 1.a. Through June 30, 2001, the cost to the employer for

85 | benefits under the optional retirement program equals the normal
86 | cost portion of the employer retirement contribution which would
87 | be required if the employee were a member of the pension plan's
88 | Regular Class, plus the portion of the contribution rate
89 | required by s. 112.363(8) which would otherwise be assigned to
90 | the Retiree Health Insurance Subsidy Trust Fund.

91 | b. Effective July 1, 2001, through June 30, 2011, each
92 | employer shall contribute on behalf of each member of the
93 | optional program an amount equal to 10.43 percent of the
94 | employee's gross monthly compensation. The employer shall deduct
95 | an amount for the administration of the program.

96 | c. Effective July 1, 2011, through June 30, 2012, each
97 | member shall contribute an amount equal to the employee
98 | contribution required under s. 121.71(3). The employer shall
99 | contribute on behalf of each program member an amount equal to
100 | the difference between 10.43 percent of the employee's gross
101 | monthly compensation and the employee's required contribution
102 | based on the employee's gross monthly compensation.

103 | d. Effective July 1, 2012, each member shall contribute an
104 | amount equal to the employee contribution required under s.
105 | 121.71(3). The employer shall contribute on behalf of each
106 | program member an amount equal to the difference between 8.15
107 | percent of the employee's gross monthly compensation and the
108 | employee's required contribution based on the employee's gross
109 | monthly compensation.

110 | e. The employer shall contribute an additional amount to
111 | the Florida Retirement System Trust Fund equal to the unfunded
112 | actuarial accrued liability portion of the Regular Class

113 contribution rate.

114 2. The decision to participate in the optional retirement
115 program is irrevocable as long as the employee holds a position
116 eligible for participation, except as provided in subparagraph

117 3. Any service creditable under the Florida Retirement System is
118 retained after the member withdraws from the system; however,
119 additional service credit in the system may not be earned while
120 a member of the optional retirement program.

121 3. Effective July 1, 2003, through December 31, 2013, an
122 employee who has elected to participate in the optional
123 retirement program shall have one opportunity, at the employee's
124 discretion, to transfer from the optional retirement program to
125 the pension plan of the Florida Retirement System or to the
126 investment plan established under part II of this chapter,
127 subject to the terms of the applicable optional retirement
128 program contracts. Except as provided in subsection (3), an
129 employee participating in the optional retirement program on or
130 after January 1, 2014, is not eligible to transfer to the
131 Florida Retirement System.

132 a. If the employee chooses to move to the investment plan,
133 any contributions, interest, and earnings creditable to the
134 employee under the optional retirement program are retained by
135 the employee in the optional retirement program, and the
136 applicable provisions of s. 121.4501(4) govern the election.

137 b. If the employee chooses to move to the pension plan of
138 the Florida Retirement System, the employee shall receive
139 service credit equal to his or her years of service under the
140 optional retirement program.

141 (I) The cost for such credit is the amount representing
142 the present value of the employee's accumulated benefit
143 obligation for the affected period of service. The cost shall be
144 calculated as if the benefit commencement occurs on the first
145 date the employee becomes eligible for unreduced benefits, using
146 the discount rate and other relevant actuarial assumptions that
147 were used to value the Florida Retirement System Pension Plan
148 liabilities in the most recent actuarial valuation. The
149 calculation must include any service already maintained under
150 the pension plan in addition to the years under the optional
151 retirement program. The present value of any service already
152 maintained must be applied as a credit to total cost resulting
153 from the calculation. The division must ensure that the transfer
154 sum is prepared using a formula and methodology certified by an
155 enrolled actuary.

156 (II) The employee must transfer from his or her optional
157 retirement program account and from other employee moneys as
158 necessary, a sum representing the present value of the
159 employee's accumulated benefit obligation immediately following
160 the time of such movement, determined assuming that attained
161 service equals the sum of service in the pension plan and
162 service in the optional retirement program.

163 4. Participation in the optional retirement program is
164 limited to employees who satisfy the following eligibility
165 criteria:

166 a. The employee is otherwise eligible for membership or
167 renewed membership in the Regular Class of the Florida
168 Retirement System, as provided in s. 121.021(11) and (12) or s.

169 | 121.122.

170 | b. The employee is employed in a full-time position
 171 | classified in the Accounting Manual for Florida's Public
 172 | Community Colleges as:

173 | (I) Instructional; or

174 | (II) Executive Management, Instructional Management, or
 175 | Institutional Management and the community college determines
 176 | that recruiting to fill a vacancy in the position is to be
 177 | conducted in the national or regional market, and the duties and
 178 | responsibilities of the position include the formulation,
 179 | interpretation, or implementation of policies, or the
 180 | performance of functions that are unique or specialized within
 181 | higher education and that frequently support the mission of the
 182 | community college.

183 | c. The employee is employed in a position not included in
 184 | the Senior Management Service Class of the Florida Retirement
 185 | System as described in s. 121.055.

186 | 5. Members of the program are subject to the same
 187 | reemployment limitations, renewed membership provisions, and
 188 | forfeiture provisions applicable to regular members of the
 189 | Florida Retirement System under ss. 121.091(9), 121.122, and
 190 | 121.091(5), respectively. A member who receives a program
 191 | distribution funded by employer and required employee
 192 | contributions is deemed to be retired from a state-administered
 193 | retirement system if the member is subsequently employed with an
 194 | employer that participates in the Florida Retirement System.

195 | 6. Eligible community college employees are compulsory
 196 | members of the Florida Retirement System until, pursuant to s.

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197 1012.875, a written election to withdraw from the system and
198 participate in the optional retirement program is filed with the
199 program administrator and received by the division.

200 a. A community college employee whose program eligibility
201 results from initial employment shall be enrolled in the
202 optional retirement program retroactive to the first day of
203 eligible employment. The employer and employee retirement
204 contributions paid through the month of the employee plan change
205 shall be transferred to the community college to the employee's
206 optional program account, and, effective the first day of the
207 next month, the employer shall pay the applicable contributions
208 based upon subparagraph 1.

209 b. A community college employee whose program eligibility
210 is due to the subsequent designation of the employee's position
211 as one of those specified in subparagraph 4., or due to the
212 employee's appointment, promotion, transfer, or reclassification
213 to a position specified in subparagraph 4., must be enrolled in
214 the program on the first day of the first full calendar month
215 that such change in status becomes effective. The employer and
216 employee retirement contributions paid from the effective date
217 through the month of the employee plan change must be
218 transferred to the community college to the employee's optional
219 program account, and, effective the first day of the next month,
220 the employer shall pay the applicable contributions based upon
221 subparagraph 1.

222 7. Effective July 1, 2003, through December 31, 2008, any
223 member of the optional retirement program who has service credit
224 in the pension plan of the Florida Retirement System for the

225 | period between his or her first eligibility to transfer from the
226 | pension plan to the optional retirement program and the actual
227 | date of transfer may, during employment, transfer to the
228 | optional retirement program a sum representing the present value
229 | of the accumulated benefit obligation under the defined benefit
230 | retirement program for the period of service credit. Upon
231 | transfer, all service credit previously earned under the pension
232 | plan during this period is nullified for purposes of entitlement
233 | to a future benefit under the pension plan.

234 | (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.-

235 | (a) All eligible employees, except those eligible to
236 | withdraw from the system under s. 121.052(3)(d) or s.
237 | 121.055(1)(b)2., or those eligible for optional retirement
238 | programs under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35,
239 | initially enrolled on or after January 1, 2014, are compulsory
240 | members of the investment plan, and membership in the pension
241 | plan is not permitted. Employees initially enrolled on or after
242 | January 1, 2014, are not eligible to use the election
243 | opportunity specified in s. 121.4501(4)(e).

244 | (b) Employees eligible to withdraw from the system under
245 | s. 121.052(3)(d) or s. 121.055(1)(b)2., may choose to withdraw
246 | from the system or to participate in the investment plan as
247 | provided in those sections. Employees eligible for optional
248 | retirement programs under s. 121.051(2)(c) or s. 121.35, may
249 | choose to participate in the optional retirement program or the
250 | investment plan as provided in those sections. Eligible
251 | employees required to participate in the optional retirement
252 | program under s. 121.35, pursuant to s. 121.051(1)(a), must

253 participate in the investment plan when employed in a position
254 not eligible for the optional retirement program.

255 Section 2. Paragraph (c) of subsection (3) of section
256 121.052, Florida Statutes, is amended to read:

257 121.052 Membership class of elected officers.—

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

265 (c) Before January 1, 2014, any elected officer may,
266 within 6 months after assuming office, or within 6 months after
267 this act becomes a law for serving elected officers, elect
268 membership in the Senior Management Service Class as provided in
269 s. 121.055 in lieu of membership in the Elected Officers' Class.
270 Any such election made by a county elected officer shall have no
271 effect upon the statutory limit on the number of nonelective
272 full-time positions that may be designated by a local agency
273 employer for inclusion in the Senior Management Service Class
274 under s. 121.055(1)(b)1.

275 Section 3. Paragraph (f) of subsection (1) and paragraph
276 (c) of subsection (6) of section 121.055, Florida Statutes, are
277 amended to read:

278 121.055 Senior Management Service Class.—There is hereby
279 established a separate class of membership within the Florida
280 Retirement System to be known as the "Senior Management Service

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281 Class," which shall become effective February 1, 1987.

282 (1)

283 (f) Effective July 1, 1997, through December 31, 2013:

284 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and
285 4., an elected state officer eligible for membership in the
286 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
287 elects membership in the Senior Management Service Class under
288 s. 121.052(3)(c) may, within 6 months after assuming office or
289 within 6 months after this act becomes a law for serving elected
290 state officers, elect to participate in the Senior Management
291 Service Optional Annuity Program, as provided in subsection (6),
292 in lieu of membership in the Senior Management Service Class.

293 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
294 4., an elected officer of a local agency employer eligible for
295 membership in the Elected Officers' Class under s. 121.052(2)(d)
296 who elects membership in the Senior Management Service Class
297 under s. 121.052(3)(c) may, within 6 months after assuming
298 office, or within 6 months after this act becomes a law for
299 serving elected officers of a local agency employer, elect to
300 withdraw from the Florida Retirement System, as provided in
301 subparagraph (b)2., in lieu of membership in the Senior
302 Management Service Class.

303 3. A retiree of a state-administered retirement system who
304 is initially reemployed in a regularly established position on
305 or after July 1, 2010, as an elected official eligible for the
306 Elected Officers' Class may not be enrolled in renewed
307 membership in the Senior Management Service Class or in the
308 Senior Management Service Optional Annuity Program as provided

309 | in subsection (6), and may not withdraw from the Florida
310 | Retirement System as a renewed member as provided in
311 | subparagraph (b)2., as applicable, in lieu of membership in the
312 | Senior Management Service Class.

313 | 4. On or after January 1, 2014, an elected official
314 | eligible for membership in the Elected Officers' Class may not
315 | be enrolled in the Senior Management Service Class or in the
316 | Senior Management Service Optional Annuity Program as provided
317 | in subsection (6).

318 | (6)

319 | (c) Participation.—

320 | 1. An eligible employee who is employed on or before
321 | February 1, 1987, may elect to participate in the optional
322 | annuity program in lieu of participating in the Senior
323 | Management Service Class. Such election must be made in writing
324 | and filed with the department and the personnel officer of the
325 | employer on or before May 1, 1987. An eligible employee who is
326 | employed on or before February 1, 1987, and who fails to make an
327 | election to participate in the optional annuity program by May
328 | 1, 1987, shall be deemed to have elected membership in the
329 | Senior Management Service Class.

330 | 2. Except as provided in subparagraph 6., an employee who
331 | becomes eligible to participate in the optional annuity program
332 | by reason of initial employment commencing after February 1,
333 | 1987, may, within 90 days after the date of commencing
334 | employment, elect to participate in the optional annuity
335 | program. Such election must be made in writing and filed with
336 | the personnel officer of the employer. An eligible employee who

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

340 3. A person who is appointed to a position in the Senior
341 Management Service Class and who is a member of an existing
342 retirement system or the Special Risk or Special Risk
343 Administrative Support Classes of the Florida Retirement System
344 may elect to remain in such system or class in lieu of
345 participating in the Senior Management Service Class or optional
346 annuity program. Such election must be made in writing and filed
347 with the department and the personnel officer of the employer
348 within 90 days after such appointment. An eligible employee who
349 fails to make an election to participate in the existing system,
350 the Special Risk Class of the Florida Retirement System, the
351 Special Risk Administrative Support Class of the Florida
352 Retirement System, or the optional annuity program shall be
353 deemed to have elected membership in the Senior Management
354 Service Class.

355 4. Except as provided in subparagraph 5., an employee's
356 election to participate in the optional annuity program is
357 irrevocable if the employee continues to be employed in an
358 eligible position and continues to meet the eligibility
359 requirements set forth in this paragraph.

360 5. Effective from July 1, 2002, through September 30,
361 2002, an active employee in a regularly established position who
362 has elected to participate in the Senior Management Service
363 Optional Annuity Program has one opportunity to choose to move
364 from the Senior Management Service Optional Annuity Program to

365 the Florida Retirement System Pension Plan.

366 a. The election must be made in writing and must be filed
367 with the department and the personnel officer of the employer
368 before October 1, 2002, or, in the case of an active employee
369 who is on a leave of absence on July 1, 2002, within 90 days
370 after the conclusion of the leave of absence. This election is
371 irrevocable.

372 b. The employee shall receive service credit under the
373 pension plan equal to his or her years of service under the
374 Senior Management Service Optional Annuity Program. The cost for
375 such credit is the amount representing the present value of that
376 employee's accumulated benefit obligation for the affected
377 period of service.

378 c. The employee must transfer the total accumulated
379 employer contributions and earnings on deposit in his or her
380 Senior Management Service Optional Annuity Program account. If
381 the transferred amount is not sufficient to pay the amount due,
382 the employee must pay a sum representing the remainder of the
383 amount due. The employee may not retain any employer
384 contributions or earnings from the Senior Management Service
385 Optional Annuity Program account.

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

390 7. Effective January 1, 2014, the Senior Management
391 Service Optional Annuity Program is closed to new members.
392 Members enrolled in the Senior Management Service Optional

393 Annuity Program before January 1, 2014, may retain their
394 membership in the annuity program.

395 Section 4. Paragraph (c) of subsection (3) of section
396 121.35, Florida Statutes, is amended to read:

397 121.35 Optional retirement program for the State
398 University System.—

399 (3) ELECTION OF OPTIONAL PROGRAM.—

400 (c) Any employee who becomes eligible to participate in
401 the optional retirement program on or after January 1, 1993,
402 shall be a compulsory participant of the program unless such
403 employee elects membership in the Florida Retirement System.
404 Such election shall be made in writing and filed with the
405 personnel officer of the employer. Any eligible employee who
406 fails to make such election within the prescribed time period
407 shall be deemed to have elected to participate in the optional
408 retirement program.

409 1. Any employee whose optional retirement program
410 eligibility results from initial employment shall be enrolled in
411 the program at the commencement of employment. If, within 90
412 days after commencement of employment, the employee elects
413 membership in the Florida Retirement System, such membership
414 shall be effective retroactive to the date of commencement of
415 employment as provided in s. 121.4501(4).

416 2. Any employee whose optional retirement program
417 eligibility results from a change in status due to the
418 subsequent designation of the employee's position as one of
419 those specified in paragraph (2)(a) or due to the employee's
420 appointment, promotion, transfer, or reclassification to a

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421 position specified in paragraph (2) (a) shall be enrolled in the
422 optional retirement program upon such change in status and shall
423 be notified by the employer of such action. If, within 90 days
424 after the date of such notification, the employee elects to
425 retain membership in the Florida Retirement System, such
426 continuation of membership shall be retroactive to the date of
427 the change in status.

428 3. Notwithstanding subparagraphs 1. and 2. ~~the provisions~~
429 ~~of this paragraph~~, effective July 1, 1997, any employee who is
430 eligible to participate in the Optional Retirement Program and
431 who fails to execute a contract with one of the approved
432 companies and to notify the department in writing as provided in
433 subsection (4) within 90 days after the date of eligibility
434 shall be deemed to have elected membership in the Florida
435 Retirement System, except as provided in s. 121.051(1) (a). This
436 provision shall also apply to any employee who terminates
437 employment in an eligible position before executing the required
438 investment annuity contract and notifying the department. Such
439 membership shall be retroactive to the date of eligibility, and
440 all appropriate contributions shall be transferred to the
441 Florida Retirement System Trust Fund and the Health Insurance
442 Subsidy Trust Fund. If a member is initially enrolled on or
443 after January 1, 2014, the member is deemed to have elected
444 membership in the Florida Retirement System Investment Plan and
445 such membership shall be retroactive to the date of eligibility.
446 All contributions required under s. 121.72, shall be transferred
447 to a default fund in the investment plan as provided in s.
448 121.4501(4) (f), and the Health Insurance Subsidy Trust Fund.

449 Section 5. Subsections (1) and (4), paragraph (c) of
450 subsection (5), subsection (8), paragraph (a) of subsection (9),
451 paragraphs (a), (b), (c), and (h) of subsection (10), paragraphs
452 (a) and (c) of subsection (15), and subsection (16) of section
453 121.4501, Florida Statutes, are amended, and paragraph (h) is
454 added to subsection (9) of that section, to read:

455 121.4501 Florida Retirement System Investment Plan.—

456 (1) The Trustees of the State Board of Administration
457 shall establish a defined contribution program called the
458 "Florida Retirement System Investment Plan" or "investment plan"
459 for members of the Florida Retirement System under which
460 retirement benefits will be provided for eligible employees
461 initially enrolled before January 1, 2014, who elect to
462 participate in the program, and for all eligible employees
463 initially enrolled on or after January 1, 2014, who shall be
464 compulsory members unless otherwise eligible to withdraw from
465 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2., or to
466 participate in an optional retirement program under s.
467 121.051(1)(a), s. 121.051(2)(c), or s. 121.35. The retirement
468 benefits shall be provided through member-directed investments,
469 in accordance with s. 401(a) of the Internal Revenue Code and
470 related regulations. The employer and employee shall make
471 contributions, as provided in this section and ss. 121.571 and
472 121.71, to the Florida Retirement System Investment Plan Trust
473 Fund toward the funding of benefits.

474 (4) PARTICIPATION; ENROLLMENT.—

475 (a)1. Effective June 1, 2002, through February 28, 2003, a
476 90-day election period is provided to each eligible employee

477 participating in the Florida Retirement System, preceded by a
478 90-day education period, permitting each eligible employee to
479 elect membership in the investment plan, and an employee who
480 fails to elect the investment plan during the election period
481 remains in the pension plan. An eligible employee employed in a
482 regularly established position during the election period is
483 granted the option to make one subsequent election, as provided
484 in paragraph (e). With respect to an eligible employee who does
485 not participate in the initial election period or who is
486 initially employed in a regularly established position after the
487 close of the initial election period but before January 1, 2014,
488 on June 1, 2002, by a state employer:

489 ~~a. Any such employee may elect to participate in the~~
490 ~~investment plan in lieu of retaining his or her membership in~~
491 ~~the pension plan. The election must be made in writing or by~~
492 ~~electronic means and must be filed with the third party~~
493 ~~administrator by August 31, 2002, or, in the case of an active~~
494 ~~employee who is on a leave of absence on April 1, 2002, by the~~
495 ~~last business day of the 5th month following the month the leave~~
496 ~~of absence concludes. This election is irrevocable, except as~~
497 ~~provided in paragraph (g). Upon making such election, the~~
498 ~~employee shall be enrolled as a member of the investment plan,~~
499 ~~the employee's membership in the Florida Retirement System is~~
500 ~~governed by the provisions of this part, and the employee's~~
501 ~~membership in the pension plan terminates. The employee's~~
502 ~~enrollment in the investment plan is effective the first day of~~
503 ~~the month for which a full month's employer contribution is made~~
504 ~~to the investment plan.~~

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505 ~~b. Any such employee who fails to elect to participate in~~
506 ~~the investment plan within the prescribed time period is deemed~~
507 ~~to have elected to retain membership in the pension plan, and~~
508 ~~the employee's option to elect to participate in the investment~~
509 ~~plan is forfeited.~~

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

514 ~~a. Any such employee shall, by default, be enrolled in the~~
515 ~~pension plan at the commencement of employment, and may, by the~~
516 ~~last business day of the 5th month following the employee's~~
517 ~~month of hire, elect to participate in the investment plan. The~~
518 ~~employee's election must be made in writing or by electronic~~
519 ~~means and must be filed with the third-party administrator. The~~
520 ~~election to participate in the investment plan is irrevocable,~~
521 ~~except as provided in paragraph (e) ~~(g)~~.~~

522 ~~a.b.~~ If the employee files such election within the
523 prescribed time period, enrollment in the investment plan is
524 effective on the first day of employment. The retirement
525 contributions paid through the month of the employee plan change
526 shall be transferred to the investment program, and, effective
527 the first day of the next month, the employer and employee must
528 pay the applicable contributions based on the employee
529 membership class in the program.

530 ~~b.e.~~ An employee who fails to elect to participate in the
531 investment plan within the prescribed time period is deemed to
532 have elected to retain membership in the pension plan, and the

533 employee's option to elect to participate in the investment plan
534 is forfeited.

535 ~~2.3.~~ With respect to employees who become eligible to
536 participate in the investment plan pursuant to s.
537 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
538 participate in the investment plan in lieu of retaining his or
539 her membership in the State Community College System Optional
540 Retirement Program or the State University System Optional
541 Retirement Program. The election must be made in writing or by
542 electronic means and must be filed with the third-party
543 administrator. This election is irrevocable, except as provided
544 in paragraph (e) ~~(g)~~. Upon making such election, the employee
545 shall be enrolled as a member in the investment plan, the
546 employee's membership in the Florida Retirement System is
547 governed by the provisions of this part, and the employee's
548 participation in the State Community College System Optional
549 Retirement Program or the State University System Optional
550 Retirement Program terminates. The employee's enrollment in the
551 investment plan is effective on the first day of the month for
552 which a full month's employer and employee contribution is made
553 to the investment plan.

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

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

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

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

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

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

588 ~~a. Any such employee shall, by default, be enrolled in the~~

589 ~~pension plan at the commencement of employment, and may, by the~~
590 ~~last business day of the 5th month following the employee's~~
591 ~~month of hire, elect to participate in the investment plan. The~~
592 ~~employee's election must be made in writing or by electronic~~
593 ~~means and must be filed with the third-party administrator. The~~
594 ~~election to participate in the investment plan is irrevocable,~~
595 ~~except as provided in paragraph (g).~~

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

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

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

615 ~~(c)1. With respect to an eligible employee who is employed~~
616 ~~in a regularly established position on December 1, 2002, by a~~

617 ~~local employer:~~

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

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

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

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

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645 ~~last business day of the 5th month following the employee's~~
646 ~~month of hire, elect to participate in the investment plan. The~~
647 ~~employee's election must be made in writing or by electronic~~
648 ~~means and must be filed with the third-party administrator. The~~
649 ~~election to participate in the investment plan is irrevocable,~~
650 ~~except as provided in paragraph (g).~~

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

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

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

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

672 ~~(c)(e)~~ On or after July 1, 2011, a member of the pension

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673 plan who obtains a refund of employee contributions retains his
674 or her prior plan choice upon return to employment in a
675 regularly established position with a participating employer.

676 (d)~~(f)~~ A member of the investment plan who takes a
677 distribution of any contributions from his or her investment
678 plan account is considered a retiree. A retiree who is initially
679 reemployed in a regularly established position on or after July
680 1, 2010, is not eligible to be enrolled in renewed membership.

681 (e)~~(g)~~ After the period during which an eligible employee
682 initially enrolled before January 1, 2014, had the choice to
683 elect the pension plan or the investment plan, or the month
684 following the receipt of the eligible employee's plan election,
685 if sooner, the employee shall have one opportunity, at the
686 employee's discretion, to choose to move from the pension plan
687 to the investment plan or from the investment plan to the
688 pension plan. Eligible employees may elect to move between plans
689 only if they are earning service credit in an employer-employee
690 relationship consistent with s. 121.021(17)(b), excluding leaves
691 of absence without pay. Effective July 1, 2005, such elections
692 are effective on the first day of the month following the
693 receipt of the election by the third-party administrator and are
694 not subject to the requirements regarding an employer-employee
695 relationship or receipt of contributions for the eligible
696 employee in the effective month, except when the election is
697 received by the third-party administrator. This paragraph is
698 contingent upon approval by the Internal Revenue Service.

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

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

722 3. Notwithstanding subparagraph 2., an employee who
723 chooses to move to the pension plan and who became eligible to
724 participate in the investment plan by reason of employment in a
725 regularly established position with a state employer after June
726 1, 2002; a district school board employer after September 1,
727 2002; or a local employer after December 1, 2002, must transfer
728 from his or her investment plan account, and from other employee

729 moneys as necessary, a sum representing the employee's actuarial
730 accrued liability. A refund of any employee contributions or
731 additional member ~~participant~~ payments made which exceed the
732 employee contributions that would have accrued had the member
733 remained in the pension plan and not transferred to the
734 investment plan is not permitted.

735 4. An employee's ability to transfer from the pension plan
736 to the investment plan pursuant to paragraph (a) ~~paragraphs (a)-~~
737 ~~(d)~~, and the ability of a current employee to have an option to
738 later transfer back into the pension plan under subparagraph 2.,
739 shall be deemed a significant system amendment. Pursuant to s.
740 121.031(4), any resulting unfunded liability arising from actual
741 original transfers from the pension plan to the investment plan
742 must be amortized within 30 plan years as a separate unfunded
743 actuarial base independent of the reserve stabilization
744 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
745 direct amortization payment may not be calculated for this base.
746 During this 25-year period, the separate base shall be used to
747 offset the impact of employees exercising their second program
748 election under this paragraph. The actuarial funded status of
749 the pension plan will not be affected by such second program
750 elections in any significant manner, after due recognition of
751 the separate unfunded actuarial base. Following the initial 25-
752 year period, any remaining balance of the original separate base
753 shall be amortized over the remaining 5 years of the required
754 30-year amortization period.

755 5. If the employee chooses to transfer from the investment
756 plan to the pension plan and retains an excess account balance

757 in the investment plan after satisfying the buy-in requirements
758 under this paragraph, the excess may not be distributed until
759 the member retires from the pension plan. The excess account
760 balance may be rolled over to the pension plan and used to
761 purchase service credit or upgrade creditable service in the
762 pension plan.

763 (f)1. All eligible employees, except those eligible to
764 withdraw from the system under s. 121.052(3)(d) or s.
765 121.055(1)(b)2., or those eligible for optional retirement
766 programs under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35,
767 initially enrolled on or after January 1, 2014, are compulsory
768 members of the investment plan. Employees eligible to withdraw
769 from the system under s. 121.052(3)(d) or s. 121.055(1)(b)2.,
770 may choose to withdraw from the system or to participate in the
771 investment plan as provided in those sections. Employees
772 eligible for optional retirement programs under s. 121.051(2)(c)
773 or s. 121.35, except as provided in s. 121.051(1)(a), may choose
774 to participate in the optional retirement program or the
775 investment plan as provided in those sections. Membership in the
776 pension plan is not permitted except as provided in s.
777 121.591(2).

778 2. Employees initially enrolled on or after January 1,
779 2014, are not permitted to use the election opportunity
780 specified in paragraph (e).

781 3. The amount of retirement contributions paid by the
782 employee and employer, as required under s. 121.72, shall be
783 placed in a default fund as designated by the state board, until
784 an account is activated in the investment plan, at which time

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785 the member may move the contributions from the default fund to
786 other funds provided in the investment plan.

787 (5) CONTRIBUTIONS.—

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

792 1. The employer and employee contribution portion
793 earmarked for member accounts shall be used to purchase
794 interests in the appropriate investment vehicles as specified by
795 the member, or in accordance with paragraph (4) (b) ~~(d)~~.

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

799 3. The employer contribution portion earmarked for
800 disability benefits, for members initially enrolled before
801 January 1, 2014, shall be transferred to the Florida Retirement
802 System Trust Fund.

803 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
804 shall be administered by the state board and affected employers.
805 The state board may require oaths, by affidavit or otherwise,
806 and acknowledgments from persons in connection with the
807 administration of its statutory duties and responsibilities for
808 the investment plan. An oath, by affidavit or otherwise, may not
809 be required of a member at the time of enrollment. For members
810 initially enrolled before January 1, 2014, acknowledgment of an
811 employee's election to participate in the program shall be no
812 greater than necessary to confirm the employee's election. The

813 state board shall adopt rules to carry out its statutory duties
814 with respect to administering the investment plan, including
815 establishing the roles and responsibilities of affected state,
816 local government, and education-related employers, the state
817 board, the department, and third-party contractors. The
818 department shall adopt rules necessary to administer the
819 investment plan in coordination with the pension plan and the
820 disability benefits available under the investment plan.

821 (a)1. The state board shall select and contract with a
822 third-party administrator to provide administrative services if
823 those services cannot be competitively and contractually
824 provided by the division. With the approval of the state board,
825 the third-party administrator may subcontract to provide
826 components of the administrative services. As a cost of
827 administration, the state board may compensate any such
828 contractor for its services, in accordance with the terms of the
829 contract, as is deemed necessary or proper by the board. The
830 third-party administrator may not be an approved provider or be
831 affiliated with an approved provider.

832 2. These administrative services may include, but are not
833 limited to, enrollment of eligible employees, collection of
834 employer and employee contributions, disbursement of
835 contributions to approved providers in accordance with the
836 allocation directions of members; services relating to
837 consolidated billing; individual and collective recordkeeping
838 and accounting; asset purchase, control, and safekeeping; and
839 direct disbursement of funds to and from the third-party
840 administrator, the division, the state board, employers,

841 members, approved providers, and beneficiaries. This section
842 does not prevent or prohibit a bundled provider from providing
843 any administrative or customer service, including accounting and
844 administration of individual member benefits and contributions;
845 individual member recordkeeping; asset purchase, control, and
846 safekeeping; direct execution of the member's instructions as to
847 asset and contribution allocation; calculation of daily net
848 asset values; direct access to member account information; or
849 periodic reporting to members, at least quarterly, on account
850 balances and transactions, if these services are authorized by
851 the state board as part of the contract.

852 (b)1. The state board shall select and contract with one
853 or more organizations to provide educational services. With
854 approval of the state board, the organizations may subcontract
855 to provide components of the educational services. As a cost of
856 administration, the state board may compensate any such
857 contractor for its services in accordance with the terms of the
858 contract, as is deemed necessary or proper by the board. The
859 education organization may not be an approved provider or be
860 affiliated with an approved provider.

861 2. Educational services shall be designed by the state
862 board and department to assist employers, eligible employees,
863 members, and beneficiaries in order to maintain compliance with
864 United States Department of Labor regulations under s. 404(c) of
865 the Employee Retirement Income Security Act of 1974 and to
866 assist employees in their choice of pension plan or investment
867 plan retirement alternatives. Educational services include, but
868 are not limited to, disseminating educational materials;

869 providing retirement planning education; explaining the pension
870 plan and the investment plan; and offering financial planning
871 guidance on matters such as investment diversification,
872 investment risks, investment costs, and asset allocation. An
873 approved provider may also provide educational information,
874 including retirement planning and investment allocation
875 information concerning its products and services.

876 (c)1. In evaluating and selecting a third-party
877 administrator, the state board shall establish criteria for
878 evaluating the relative capabilities and qualifications of each
879 proposed administrator. In developing such criteria, the state
880 board shall consider:

881 a. The administrator's demonstrated experience in
882 providing administrative services to public or private sector
883 retirement systems.

884 b. The administrator's demonstrated experience in
885 providing daily valued recordkeeping to defined contribution
886 programs.

887 c. The administrator's ability and willingness to
888 coordinate its activities with employers, the state board, and
889 the division, and to supply to such employers, the board, and
890 the division the information and data they require, including,
891 but not limited to, monthly management reports, quarterly member
892 reports, and ad hoc reports requested by the department or state
893 board.

894 d. The cost-effectiveness and levels of the administrative
895 services provided.

896 e. The administrator's ability to interact with the

897 members, the employers, the state board, the division, and the
898 providers; the means by which members may access account
899 information, direct investment of contributions, make changes to
900 their accounts, transfer moneys between available investment
901 vehicles, and transfer moneys between investment products; and
902 any fees that apply to such activities.

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

904 2. In evaluating and selecting an educational provider,
905 the state board shall establish criteria under which it shall
906 consider the relative capabilities and qualifications of each
907 proposed educational provider. In developing such criteria, the
908 state board shall consider:

909 a. Demonstrated experience in providing educational
910 services to public or private sector retirement systems.

911 b. Ability and willingness to coordinate its activities
912 with the employers, the state board, and the division, and to
913 supply to such employers, the board, and the division the
914 information and data they require, including, but not limited
915 to, reports on educational contacts.

916 c. The cost-effectiveness and levels of the educational
917 services provided.

918 d. Ability to provide educational services via different
919 media, including, but not limited to, the Internet, personal
920 contact, seminars, brochures, and newsletters.

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

922 3. The establishment of the criteria shall be solely
923 within the discretion of the state board.

924 (d) The state board shall develop the form and content of

925 any contracts to be offered under the investment plan. In
926 developing the contracts, the board shall consider:

927 1. The nature and extent of the rights and benefits to be
928 afforded in relation to the contributions required under the
929 plan.

930 2. The suitability of the rights and benefits provided and
931 the interests of employers in the recruitment and retention of
932 eligible employees.

933 (e)1. The state board may contract for professional
934 services, including legal, consulting, accounting, and actuarial
935 services, deemed necessary to implement and administer the
936 investment plan. The state board may enter into a contract with
937 one or more vendors to provide low-cost investment advice to
938 members, supplemental to education provided by the third-party
939 administrator. All fees under any such contract shall be paid by
940 those members who choose to use the services of the vendor.

941 2. The department may contract for professional services,
942 including legal, consulting, accounting, and actuarial services,
943 deemed necessary to implement and administer the investment plan
944 in coordination with the pension plan. The department, in
945 coordination with the state board, may enter into a contract
946 with the third-party administrator in order to coordinate
947 services common to the various programs within the Florida
948 Retirement System.

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

952 (g) The state board shall receive and resolve member

953 | complaints against the program, the third-party administrator,
954 | or any program vendor or provider; shall resolve any conflict
955 | between the third-party administrator and an approved provider
956 | if such conflict threatens the implementation or administration
957 | of the program or the quality of services to employees; and may
958 | resolve any other conflicts. The third-party administrator shall
959 | retain all member records for at least 5 years for use in
960 | resolving any member conflicts. The state board, the third-party
961 | administrator, or a provider is not required to produce
962 | documentation or an audio recording to justify action taken with
963 | regard to a member if the action occurred 5 or more years before
964 | the complaint is submitted to the state board. It is presumed
965 | that all action taken 5 or more years before the complaint is
966 | submitted was taken at the request of the member and with the
967 | member's full knowledge and consent. To overcome this
968 | presumption, the member must present documentary evidence or an
969 | audio recording demonstrating otherwise.

970 | (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE REVIEW.—

971 | (a) The state board shall develop policy and procedures
972 | for selecting, evaluating, and monitoring the performance of
973 | approved providers and investment products under the investment
974 | plan. In accordance with such policy and procedures, the state
975 | board shall designate and contract for a number of investment
976 | products as determined by the board. The board shall also select
977 | one or more bundled providers, each of which may offer multiple
978 | investment options and related services, if such approach is
979 | determined by the board to provide value to the members
980 | otherwise not available through individual investment products.

981 Each approved bundled provider may offer investment options that
 982 provide members with the opportunity to invest in each of the
 983 following asset classes, to be composed of individual options
 984 that represent a single asset class or a combination thereof:
 985 money markets, United States fixed income, United States
 986 equities, and foreign stock. The state board shall review and
 987 manage all educational materials, contract terms, fee schedules,
 988 and other aspects of the approved provider relationships to
 989 ensure that no provider is unduly favored or penalized by virtue
 990 of its status within the investment plan. Additionally, the
 991 state board, consistent with its fiduciary responsibilities,
 992 shall develop one or more investment products to be offered in
 993 the investment plan.

994 (h) A self-directed brokerage account shall be offered as
 995 a service to investment plan members.

996 1. Notwithstanding any other provision of this section,
 997 the state board shall select a provider to offer investment plan
 998 members additional investment alternatives by providing a self-
 999 directed brokerage account.

1000 2. The state board shall contract with a provider to offer
 1001 a self-directed brokerage account. In selecting the provider,
 1002 the state board shall consider the following:

1003 a. Financial strength and stability as evidenced by the
 1004 highest ratings assigned by nationally recognized rating
 1005 services when comparing proposed providers that are so rated.

1006 b. Reasonableness of fees compared to other providers
 1007 taking into consideration the quantity and quality of services
 1008 being offered.

- 1009 c. Compliance with the Internal Revenue Code and all
1010 applicable federal and state securities laws.
- 1011 d. Available methods for members to interact with the
1012 provider and the means by which members may access account
1013 information, direct investment of funds, transfer funds, and
1014 receive funds prospectuses and related investment materials as
1015 required by state and federal regulations.
- 1016 e. The ability to provide prompt, efficient, and accurate
1017 responses to member directions, as well as providing
1018 confirmations and quarterly account statements in a timely
1019 fashion.
- 1020 f. The process by which assets are invested, as well as
1021 any waiting periods when monies are transferred.
- 1022 g. Organizational factors, including, but not limited to,
1023 financial solvency, organizational depth, and experience in
1024 providing self-directed brokerage account services to public
1025 defined contribution plans.
- 1026 3. The provider of the self-directed brokerage account
1027 shall:
- 1028 a. Make the self-directed brokerage account available
1029 under the most beneficial terms available to any customer.
- 1030 b. Agree not to sell or distribute member lists generated
1031 through services rendered to the investment plan.
- 1032 c. Not be a bundled provider.
- 1033 d. Provide for an education component that is available in
1034 multimedia formats and that provides impartial and balanced
1035 information about investment options and fees associated with
1036 participation in the self-directed brokerage account.

1037 4. The provider, as well as any of its related entities,
 1038 may not offer any proprietary products as investment
 1039 alternatives in the self-directed brokerage account.

1040 5. The state board shall monitor the selected provider to
 1041 ensure continued compliance with established selection criteria,
 1042 board policy and procedures, state and federal regulations, and
 1043 any contractual provisions.

1044 6. The provider shall ensure that a member opening a self-
 1045 directed brokerage account is provided a quarterly statement
 1046 that details member investments in the self-directed brokerage
 1047 account. The statement shall be in lieu of, and satisfy the
 1048 requirements of, subsection (11) with respect to the member
 1049 investments in the self-directed brokerage account. The provider
 1050 shall include in the statement the following details:

- 1051 a. Account investment options.
- 1052 b. The market value of the account at the close of the
 1053 current quarter and the previous quarter.
- 1054 c. Account gains and losses.
- 1055 d. Transfers into and out of the account.
- 1056 e. Any fees, charges, penalties, and deductions that apply
 1057 to the account.

1058 7. The self-directed brokerage account may include the
 1059 following securities as investment alternatives:

- 1060 a. Stocks listed on a Securities and Exchange Commission
 1061 regulated national exchange.
- 1062 b. Exchange traded funds.
- 1063 c. Mutual funds.

1064 8. The self-directed brokerage account may not include the

- 1065 following as investment alternatives:
- 1066 a. Illiquid investments.
- 1067 b. Over-the-Counter Bulletin Board securities.
- 1068 c. Pink Sheet securities.
- 1069 d. Leveraged exchange traded funds.
- 1070 e. Direct ownership of foreign securities.
- 1071 f. Derivatives, including, but not limited to, futures and
- 1072 options contracts on securities, market indexes, and
- 1073 commodities.
- 1074 g. Buying or trading on margin.
- 1075 h. Investment plan products.
- 1076 i. Any investment that would jeopardize the investment
- 1077 plan's tax qualified status.
- 1078 9. A member may participate in the self-directed
- 1079 brokerage account if the member:
- 1080 a. Maintains a minimum balance of \$5,000 in the products
- 1081 offered under the investment plan.
- 1082 b. Makes a minimum initial transfer of funds into the
- 1083 self-directed brokerage account of \$1,000.
- 1084 c. Makes subsequent transfers of funds into the self-
- 1085 directed brokerage account in amounts of \$1,000 or greater.
- 1086 d. Pays all trading fees, commissions, administrative
- 1087 fees, and any other expenses associated with participating in
- 1088 the self-directed brokerage account from the funds in the self-
- 1089 directed brokerage account.
- 1090 e. Does not violate any trading restrictions established
- 1091 by the provider, the investment plan, or state or federal law.
- 1092 10. Employer and employee contributions shall be initially

1093 deposited into investment plan products and may be transferred
1094 to the self-directed brokerage account.

1095 11. Distributions are not permissible directly from assets
1096 in the self-directed brokerage account. Assets must first be
1097 transferred to investment plan products. A distribution may be
1098 requested after the transfer is completed and all investment
1099 plan distribution requirements are met.

1100 12. The state board must notify members that:

1101 a. The state board is not responsible for managing the
1102 self-directed brokerage account beyond administrative
1103 requirements as established between the state board and the
1104 provider of the self-directed brokerage account.

1105 b. Investment alternatives available through the self-
1106 directed brokerage account have not been subjected to any
1107 selection process, are not monitored by the state board, require
1108 investment expertise to prudently buy, manage, or dispose of,
1109 and have a risk of substantial loss.

1110 c. The member is responsible for all administrative,
1111 investment, and trading fees associated with participating in
1112 the self-directed brokerage account.

1113 (10) EDUCATION COMPONENT.—

1114 (a) The state board, in coordination with the department,
1115 shall provide for an education component for eligible employees
1116 ~~system members~~ in a manner consistent with the provisions of
1117 this subsection ~~section~~. ~~The education component must be~~
1118 ~~available to eligible employees at least 90 days prior to the~~
1119 ~~beginning date of the election period for the employees of the~~
1120 ~~respective types of employers.~~

1121 (b) The education component must provide system members
1122 with impartial and balanced information about plan choices for
1123 members initially enrolled before January 1, 2014. The education
1124 component must involve multimedia formats. Program comparisons
1125 must, to the greatest extent possible, be based upon the
1126 retirement income that different retirement programs may provide
1127 to the member. The state board shall monitor the performance of
1128 the contract to ensure that the program is conducted in
1129 accordance with the contract, applicable law, and the rules of
1130 the state board.

1131 (c) The state board, in coordination with the department,
1132 shall provide for an initial and ongoing transfer education
1133 component to provide system members initially enrolled before
1134 January 1, 2014, with information necessary to make informed
1135 plan choice decisions. The transfer education component must
1136 include, but is not limited to, information on:

1137 1. The amount of money available to a member to transfer
1138 to the defined contribution program.

1139 2. The features of and differences between the pension
1140 plan and the defined contribution program, both generally and
1141 specifically, as those differences may affect the member.

1142 3. The expected benefit available if the member were to
1143 retire under each of the retirement programs, based on
1144 appropriate alternative sets of assumptions.

1145 4. The rate of return from investments in the defined
1146 contribution program and the period of time over which such rate
1147 of return must be achieved to equal or exceed the expected
1148 monthly benefit payable to the member under the pension plan.

1149 5. The historical rates of return for the investment
 1150 alternatives available in the defined contribution programs.

1151 6. The benefits and historical rates of return on
 1152 investments available in a typical deferred compensation plan or
 1153 a typical plan under s. 403(b) of the Internal Revenue Code for
 1154 which the employee may be eligible.

1155 7. The program choices available to employees of the State
 1156 University System and the comparative benefits of each available
 1157 program, if applicable.

1158 8. Payout options available in each of the retirement
 1159 programs.

1160 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
 1161 ~~System employers have an obligation to regularly communicate the~~
 1162 ~~existence of the two Florida Retirement System plans and the~~
 1163 ~~plan choice in the natural course of administering their~~
 1164 ~~personnel functions, using the educational materials supplied by~~
 1165 ~~the state board and the Department of Management Services.~~

1166 (15) STATEMENT OF FIDUCIARY STANDARDS AND
 1167 RESPONSIBILITIES.—

1168 (a) Investment of investment ~~defined contribution~~ plan
 1169 assets shall be made for the sole interest and exclusive purpose
 1170 of providing benefits to members and beneficiaries and defraying
 1171 reasonable expenses of administering the plan. The program's
 1172 assets shall be invested on behalf of the program members with
 1173 the care, skill, and diligence that a prudent person acting in a
 1174 like manner would undertake. The performance of the investment
 1175 duties set forth in this paragraph shall comply with the
 1176 fiduciary standards set forth in the Employee Retirement Income

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1177 Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C). In case
1178 of conflict with other provisions of law authorizing
1179 investments, the investment and fiduciary standards set forth in
1180 this subsection shall prevail.

1181 (c) Subparagraph (8)(b)2. and paragraph (b) incorporate
1182 the federal law concept of participant control, established by
1183 regulations of the United States Department of Labor under s.
1184 404(c) of the Employee Retirement Income Security Act of 1974
1185 (ERISA). The purpose of this paragraph is to assist employers
1186 and the state board in maintaining compliance with s. 404(c),
1187 while avoiding unnecessary costs and eroding member benefits
1188 under the investment plan. Pursuant to 29 C.F.R. s. 2550.404a-
1189 5(d)(4) ~~2550.404e-1(b)(2)(i)(B)(1)(viii)~~, the state board or its
1190 designated agents shall deliver to members of the investment
1191 plan a copy of the prospectus most recently provided to the
1192 plan, and, pursuant to ~~29 C.F.R. s. 2550.404e-~~
1193 ~~1(b)(2)(i)(B)(2)(ii)~~, shall provide such members an opportunity
1194 to obtain this information, except that:

1195 1. The requirement to deliver a prospectus shall be
1196 satisfied by delivery of a fund profile or summary profile that
1197 contains the information that would be included in a summary
1198 prospectus as described by Rule 498 under the Securities Act of
1199 1933, 17 C.F.R. s. 230.498. If the transaction fees, expense
1200 information or other information provided by a mutual fund in
1201 the prospectus does not reflect terms negotiated by the state
1202 board or its designated agents, the requirement is satisfied by
1203 delivery of a separate document described by Rule 498
1204 substituting accurate information; and

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1205 2. Delivery shall be effected if delivery is through
1206 electronic means and the following standards are satisfied:

1207 a. Electronically-delivered documents are prepared and
1208 provided consistent with style, format, and content requirements
1209 applicable to printed documents;

1210 b. Each member is provided timely and adequate notice of
1211 the documents that are to be delivered, and their significance,
1212 and of the member's right to obtain a paper copy of such
1213 documents free of charge;

1214 c. Members have adequate access to the electronic
1215 documents, at locations such as their worksites or public
1216 facilities, and have the ability to convert the documents to
1217 paper free of charge by the state board, and the board or its
1218 designated agents take appropriate and reasonable measures to
1219 ensure that the system for furnishing electronic documents
1220 results in actual receipt. Members have provided consent to
1221 receive information in electronic format, which consent may be
1222 revoked; and

1223 d. The state board, or its designated agent, actually
1224 provides paper copies of the documents free of charge, upon
1225 request.

1226 3. The state board is not required to deliver a prospectus
1227 or other information for the underlying investments available
1228 through the self-directed brokerage account authorized by
1229 paragraph (9) (h).

1230 (16) DISABILITY BENEFITS.—For any member of the investment
1231 plan initially enrolled in the Florida Retirement System before
1232 January 1, 2014, who becomes totally and permanently disabled,

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1233 benefits must be paid in accordance with the provisions of s.
1234 121.591. Investment plan members initially enrolled in the
1235 Florida Retirement System on or after January 1, 2014, are not
1236 entitled to disability benefits as provided by this chapter.

1237 Section 6. Subsection (2) of section 121.591, Florida
1238 Statutes, is amended to read:

1239 121.591 Payment of benefits.—Benefits may not be paid
1240 under the Florida Retirement System Investment Plan unless the
1241 member has terminated employment as provided in s.
1242 121.021(39)(a) or is deceased and a proper application has been
1243 filed as prescribed by the state board or the department.
1244 Benefits, including employee contributions, are not payable
1245 under the investment plan for employee hardships, unforeseeable
1246 emergencies, loans, medical expenses, educational expenses,
1247 purchase of a principal residence, payments necessary to prevent
1248 eviction or foreclosure on an employee's principal residence, or
1249 any other reason except a requested distribution for retirement,
1250 a mandatory de minimis distribution authorized by the
1251 administrator, or a required minimum distribution provided
1252 pursuant to the Internal Revenue Code. The state board or
1253 department, as appropriate, may cancel an application for
1254 retirement benefits if the member or beneficiary fails to timely
1255 provide the information and documents required by this chapter
1256 and the rules of the state board and department. In accordance
1257 with their respective responsibilities, the state board and the
1258 department shall adopt rules establishing procedures for
1259 application for retirement benefits and for the cancellation of
1260 such application if the required information or documents are

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1261 not received. The state board and the department, as
1262 appropriate, are authorized to cash out a de minimis account of
1263 a member who has been terminated from Florida Retirement System
1264 covered employment for a minimum of 6 calendar months. A de
1265 minimis account is an account containing employer and employee
1266 contributions and accumulated earnings of not more than \$5,000
1267 made under the provisions of this chapter. Such cash-out must be
1268 a complete lump-sum liquidation of the account balance, subject
1269 to the provisions of the Internal Revenue Code, or a lump-sum
1270 direct rollover distribution paid directly to the custodian of
1271 an eligible retirement plan, as defined by the Internal Revenue
1272 Code, on behalf of the member. Any nonvested accumulations and
1273 associated service credit, including amounts transferred to the
1274 suspense account of the Florida Retirement System Investment
1275 Plan Trust Fund authorized under s. 121.4501(6), shall be
1276 forfeited upon payment of any vested benefit to a member or
1277 beneficiary, except for de minimis distributions or minimum
1278 required distributions as provided under this section. If any
1279 financial instrument issued for the payment of retirement
1280 benefits under this section is not presented for payment within
1281 180 days after the last day of the month in which it was
1282 originally issued, the third-party administrator or other duly
1283 authorized agent of the state board shall cancel the instrument
1284 and credit the amount of the instrument to the suspense account
1285 of the Florida Retirement System Investment Plan Trust Fund
1286 authorized under s. 121.4501(6). Any amounts transferred to the
1287 suspense account are payable upon a proper application, not to
1288 include earnings thereon, as provided in this section, within 10

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1289 | years after the last day of the month in which the instrument
1290 | was originally issued, after which time such amounts and any
1291 | earnings attributable to employer contributions shall be
1292 | forfeited. Any forfeited amounts are assets of the trust fund
1293 | and are not subject to chapter 717.

1294 | (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided
1295 | under this subsection are payable in lieu of the benefits that
1296 | would otherwise be payable under the provisions of subsection
1297 | (1) for investment plan members initially enrolled in the
1298 | Florida Retirement System before January 1, 2014. Such benefits
1299 | for eligible members must be funded from employer contributions
1300 | made under s. 121.571, transferred employee contributions and
1301 | funds accumulated pursuant to paragraph (a), and interest and
1302 | earnings thereon. Investment plan members initially enrolled in
1303 | the Florida Retirement System on or after January 1, 2014, are
1304 | not eligible for disability benefits as provided by this
1305 | section.

1306 | (a) Transfer of funds.—To qualify to receive monthly
1307 | disability benefits under this subsection:

1308 | 1. All moneys accumulated in the member's account,
1309 | including vested and nonvested accumulations as described in s.
1310 | 121.4501(6), must be transferred from such individual accounts
1311 | to the division for deposit in the disability account of the
1312 | Florida Retirement System Trust Fund. Such moneys must be
1313 | accounted for separately. Earnings must be credited on an annual
1314 | basis for amounts held in the disability accounts of the Florida
1315 | Retirement System Trust Fund based on actual earnings of the
1316 | trust fund.

1317 2. If the member has retained retirement credit earned
1318 under the pension plan as provided in s. 121.4501(3), a sum
1319 representing the actuarial present value of such credit within
1320 the Florida Retirement System Trust Fund shall be reassigned by
1321 the division from the pension plan to the disability program as
1322 implemented under this subsection and shall be deposited in the
1323 disability account of the trust fund. Such moneys must be
1324 accounted for separately.

1325 (b) Disability retirement; entitlement.—

1326 1. An eligible ~~A~~ member of the investment plan who becomes
1327 totally and permanently disabled, as defined in paragraph (d),
1328 after completing 8 years of creditable service, or an eligible ~~a~~
1329 member who becomes totally and permanently disabled in the line
1330 of duty regardless of length of service, is entitled to a
1331 monthly disability benefit.

1332 2. In order for service to apply toward the 8 years of
1333 creditable service required for regular disability benefits, or
1334 toward the creditable service used in calculating a service-
1335 based benefit as provided under paragraph (g), the service must
1336 be creditable service as described below:

1337 a. The member's period of service under the investment
1338 plan shall be considered creditable service, except as provided
1339 in subparagraph d.

1340 b. If the member has elected to retain credit for service
1341 under the pension plan as provided under s. 121.4501(3), all
1342 such service shall be considered creditable service.

1343 c. If the member elects to transfer to his or her member
1344 accounts a sum representing the present value of his or her

1345 retirement credit under the pension plan as provided under s.
1346 121.4501(3), the period of service under the pension plan
1347 represented in the present value amounts transferred shall be
1348 considered creditable service, except as provided in
1349 subparagraph d.

1350 d. If a member has terminated employment and has taken
1351 distribution of his or her funds as provided in subsection (1),
1352 all creditable service represented by such distributed funds is
1353 forfeited for purposes of this subsection.

1354 (c) Disability retirement effective date.—The effective
1355 retirement date for an eligible ~~a~~ member who applies and is
1356 approved for disability retirement shall be established as
1357 provided under s. 121.091(4) (a)2. and 3.

1358 (d) Total and permanent disability.—An eligible ~~A~~ member
1359 shall be considered totally and permanently disabled if, in the
1360 opinion of the division, he or she is prevented, by reason of a
1361 medically determinable physical or mental impairment, from
1362 rendering useful and efficient service as an officer or
1363 employee.

1364 (e) Proof of disability.— Before approving payment of any
1365 disability retirement benefit, the division shall require proof
1366 that the member is totally and permanently disabled as provided
1367 under s. 121.091(4) (c).

1368 (f) Disability retirement benefit.—Upon the disability
1369 retirement of a member under this subsection, the member shall
1370 receive a monthly benefit that begins accruing on the first day
1371 of the month of disability retirement, as approved by the
1372 division, and is payable on the last day of that month and each

1373 month thereafter during his or her lifetime and continued
1374 disability. All disability benefits must be paid out of the
1375 disability account of the Florida Retirement System Trust Fund
1376 established under this subsection.

1377 (g) Computation of disability retirement benefit.—The
1378 amount of each monthly payment must be calculated as provided
1379 under s. 121.091(4)(f). Creditable service under both the
1380 pension plan and the investment plan shall be applicable as
1381 provided under paragraph (b).

1382 (h) Reapplication.—A member whose initial application for
1383 disability retirement is denied may reapply for disability
1384 benefits as provided in s. 121.091(4)(g).

1385 (i) Membership.—Upon approval of a member's application
1386 for disability benefits, the member shall be transferred to the
1387 pension plan, effective upon his or her disability retirement
1388 effective date.

1389 (j) Option to cancel.—A member whose application for
1390 disability benefits is approved may cancel the application if
1391 the cancellation request is received by the division before a
1392 disability retirement warrant has been deposited, cashed, or
1393 received by direct deposit. Upon cancellation:

1394 1. The member's transfer to the pension plan under
1395 paragraph (i) shall be nullified;

1396 2. The member shall be retroactively reinstated in the
1397 investment plan without hiatus;

1398 3. All funds transferred to the Florida Retirement System
1399 Trust Fund under paragraph (a) must be returned to the member
1400 accounts from which the funds were drawn; and

1401 4. The member may elect to receive the benefit payable
 1402 under subsection (1) in lieu of disability benefits.

1403 (k) Recovery from disability.—

1404 1. The division may require periodic reexaminations at the
 1405 expense of the disability program account of the Florida
 1406 Retirement System Trust Fund. Except as provided in subparagraph
 1407 2., all other matters relating to recovery from disability shall
 1408 be as provided under s. 121.091(4)(h).

1409 2. Upon recovery from disability, the recipient of
 1410 disability retirement benefits under this subsection shall be a
 1411 compulsory member of the investment plan. The net difference
 1412 between the recipient's original account balance transferred to
 1413 the Florida Retirement System Trust Fund, including earnings and
 1414 total disability benefits paid to such recipient, if any, shall
 1415 be determined as provided in sub-subparagraph a.

1416 a. An amount equal to the total benefits paid shall be
 1417 subtracted from that portion of the transferred account balance
 1418 consisting of vested accumulations as described under s.
 1419 121.4501(6), if any, and an amount equal to the remainder of
 1420 benefit amounts paid, if any, shall be subtracted from any
 1421 remaining nonvested accumulations.

1422 b. Amounts subtracted under sub-subparagraph a. must be
 1423 retained within the disability account of the Florida Retirement
 1424 System Trust Fund. Any remaining account balance shall be
 1425 transferred to the third-party administrator for disposition as
 1426 provided under sub-subparagraph c. or sub-subparagraph d., as
 1427 appropriate.

1428 c. If the recipient returns to covered employment,

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1429 transferred amounts must be deposited in individual accounts
1430 under the investment plan, as directed by the member. Vested and
1431 nonvested amounts shall be accounted for separately as provided
1432 in s. 121.4501(6).

1433 d. If the recipient fails to return to covered employment
1434 upon recovery from disability:

1435 (I) Any remaining vested amount must be deposited in
1436 individual accounts under the investment plan, as directed by
1437 the member, and is payable as provided in subsection (1).

1438 (II) Any remaining nonvested amount must be held in a
1439 suspense account and is forfeitable after 5 years as provided in
1440 s. 121.4501(6).

1441 3. If present value was reassigned from the pension plan
1442 to the disability program as provided under subparagraph (a)2.,
1443 the full present value amount must be returned to the defined
1444 benefit account within the Florida Retirement System Trust Fund
1445 and the member's associated retirement credit under the pension
1446 plan must be reinstated in full. Any benefit based upon such
1447 credit must be calculated as provided in s. 121.091(4)(h)1.

1448 (1) Nonadmissible causes of disability.—A member is not
1449 entitled to a disability retirement benefit if the disability
1450 results from any injury or disease as described in s.
1451 121.091(4)(i).

1452 (m) Disability retirement of justice or judge by order of
1453 Supreme Court.—

1454 1. If an eligible ~~a~~ member is a justice of the Supreme
1455 Court, judge of a district court of appeal, circuit judge, or
1456 judge of a county court who has served for the years equal to,

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1457 or greater than, the vesting requirement in s. 121.021(45) as an
1458 elected constitutional judicial officer, including service as a
1459 judicial officer in any court abolished pursuant to Art. V of
1460 the State Constitution, and who is retired for disability
1461 pursuant to s. 12, Art. V of the State Constitution, the
1462 member's Option 1 monthly disability benefit amount as provided
1463 in s. 121.091(6)(a)1. shall be two-thirds of his or her monthly
1464 compensation as of the member's disability retirement date. The
1465 member may alternatively elect to receive an actuarially
1466 adjusted disability retirement benefit under any other option as
1467 provided in s. 121.091(6)(a) or to receive the normal benefit
1468 payable under subsection (1).

1469 2. If any justice or judge who is a member of the
1470 investment plan is retired for disability pursuant to s. 12,
1471 Art. V of the State Constitution and elects to receive a monthly
1472 disability benefit under the provisions of this paragraph:

1473 a. Any present value amount that was transferred to his or
1474 her investment plan account and all employer and employee
1475 contributions made to such account on his or her behalf, plus
1476 interest and earnings thereon, must be transferred to and
1477 deposited in the disability account of the Florida Retirement
1478 System Trust Fund; and

1479 b. The monthly disability benefits payable under this
1480 paragraph shall be paid from the disability account of the
1481 Florida Retirement System Trust Fund.

1482 (n) Death of retiree or beneficiary.—Upon the death of a
1483 disabled retiree or beneficiary of the retiree who is receiving
1484 monthly disability benefits under this subsection, the monthly

1485 | benefits shall be paid through the last day of the month of
 1486 | death and shall terminate, or be adjusted, if applicable, as of
 1487 | that date in accordance with the optional form of benefit
 1488 | selected at the time of retirement. The department may adopt
 1489 | rules necessary to administer this paragraph.

1490 |
 1491 | Section 7. Section 238.072, Florida Statutes, is amended
 1492 | to read:

1493 | 238.072 Special service provisions for extension
 1494 | personnel.—All state and county cooperative extension personnel
 1495 | holding appointments by the United States Department of
 1496 | Agriculture for extension work in agriculture and home economics
 1497 | in this state who are joint representatives of the University of
 1498 | Florida and the United States Department of Agriculture, as
 1499 | provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
 1500 | Teachers' Retirement System, chapter 238, and who are prohibited
 1501 | from transferring to and participating in the Florida Retirement
 1502 | System, chapter 121, may retire with full benefits upon
 1503 | completion of 30 years of creditable service and shall be
 1504 | considered to have attained normal retirement age under this
 1505 | chapter, any law to the contrary notwithstanding. In order to
 1506 | comply with the provisions of s. 14, Art. X of the State
 1507 | Constitution, any liability accruing to the Florida Retirement
 1508 | System Trust Fund as a result of the provisions of this section
 1509 | shall be paid on an annual basis from the General Revenue Fund.

1510 | Section 8. Subsection (11) of section 413.051, Florida
 1511 | Statutes, is amended to read:

1512 | 413.051 Eligible blind persons; operation of vending

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1513 stands.—

1514 (11) Effective July 1, 1996, blind licensees who remain

1515 members of the Florida Retirement System pursuant to s.

1516 121.051(7)(b)1. ~~121.051(6)(b)1.~~ shall pay any unappropriated

1517 retirement costs from their net profits or from program income.

1518 Within 30 days after the effective date of this act, each blind

1519 licensee who is eligible to maintain membership in the Florida

1520 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but

1521 who elects to withdraw from the system as provided in s.

1522 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,

1523 1996, notify the Division of Blind Services and the Department

1524 of Management Services in writing of his or her election to

1525 withdraw. Failure to timely notify the divisions shall be deemed

1526 a decision to remain a compulsory member of the Florida

1527 Retirement System. However, if, at any time after July 1, 1996,

1528 sufficient funds are not paid by a blind licensee to cover the

1529 required contribution to the Florida Retirement System, that

1530 blind licensee shall become ineligible to participate in the

1531 Florida Retirement System on the last day of the first month for

1532 which no contribution is made or the amount contributed is

1533 insufficient to cover the required contribution. For any blind

1534 licensee who becomes ineligible to participate in the Florida

1535 Retirement System as described in this subsection, no creditable

1536 service shall be earned under the Florida Retirement System for

1537 any period following the month that retirement contributions

1538 ceased to be reported. However, any such person may participate

1539 in the Florida Retirement System in the future if employed by a

1540 participating employer in a covered position.

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1541 Section 9. (1) Effective January 1, 2014, in order to
1542 fund the benefit changes provided in this act, the required
1543 employer contribution rates for the unfunded actuarial liability
1544 of the Florida Retirement System established in section
1545 121.71(5), Florida Statute, shall be adjusted as follows:

1546 (a) Elected Officers' Class.—Legislators, the Governor,
1547 the Lieutenant Governor, Cabinet Officers, State Attorneys, and
1548 Public Defenders shall be increased by 0.02 percentage points.

1549 (b) Elected Officers' Class.—County Elected Officers shall
1550 be increased by 0.02 percentage points.

1551 (c) Senior Management Service Class.—The Senior Management
1552 Service Class shall be decreased by 0.01 percentage points.

1553 (2) The adjustments provided in subsection (1) shall be in
1554 addition to all other changes to such contribution rates which
1555 may be enacted into law to take effect on July 1, 2013, and July
1556 1, 2014. The Division of Law Revision and Information is
1557 requested to adjust accordingly the contribution rates provided
1558 in section 121.71, Florida Statutes.

1559 Section 10. The Legislature finds that a proper and
1560 legitimate state purpose is served when employees and retirees
1561 of the state and its political subdivisions, and the dependents,
1562 survivors, and beneficiaries of such employees and retirees, are
1563 extended the basic protections afforded by governmental
1564 retirement systems. These persons must be provided benefits that
1565 are fair and adequate and that are managed, administered, and
1566 funded in an actuarially sound manner, as required by s. 14,
1567 Article X of the State Constitution and part VII of chapter 112,
1568 Florida Statutes. Therefore, the Legislature determines and

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1569 declares that this act fulfills an important state interest.

1570 Section 11. (1) Effective upon this act becoming a law,
1571 the State Board of Administration and the Department of
1572 Management Services shall request, as soon as practicable, a
1573 determination letter from the United States Internal Revenue
1574 Service. If the Internal Revenue Service refuses to act upon a
1575 request for a determination letter, then a legal opinion from a
1576 qualified tax attorney or firm may be substituted for such
1577 letter.

1578 (2) If the board or the department receives notification
1579 from the United States Internal Revenue Service that this act or
1580 any portion of this act will cause the Florida Retirement
1581 System, or a portion thereof, to be disqualified for tax
1582 purposes under the Internal Revenue Code, then the portion that
1583 will cause the disqualification does not apply. Upon such
1584 notice, the state board and the department shall notify the
1585 presiding officers of the Legislature.

1586 Section 12. Except as otherwise expressly provided in this
1587 act and except for this section, which shall take effect upon
1588 this act becoming a law, this act shall take effect July 1,
1589 2013.