

By the Committee on Governmental Oversight and Accountability

585-02888-14

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1 A bill to be entitled
2 An act relating to the Florida Retirement System;
3 amending s. 121.053, F.S.; authorizing renewed
4 membership in the retirement system for retirees who
5 are reemployed in a position eligible for the Elected
6 Officers' Class under certain circumstances; amending
7 s. 121.055, F.S.; authorizing renewed membership in
8 the retirement system for retirees of the Senior
9 Management Service Optional Annuity Program who are
10 reemployed on or after a specified date; amending s.
11 121.122, F.S.; requiring that certain retirees who are
12 employed on or after a specified date be renewed
13 members in the investment plan; providing exceptions;
14 providing that creditable service does not accrue for
15 a reemployed retiree during a specified period;
16 prohibiting certain funds from being paid into a
17 renewed member's investment plan account for a
18 specified period of employment; requiring the renewed
19 member to satisfy vesting requirements; prohibiting a
20 renewed member from receiving disability benefits;
21 specifying requirements and limitations; requiring the
22 employer and the retiree to make applicable
23 contributions to the member's investment plan account;
24 providing for the administration of the employer and
25 employee contributions; prohibiting the purchase of
26 past service in the investment plan; authorizing a
27 renewed member to receive additional credit toward the
28 health insurance subsidy under certain circumstances;
29 providing that a retiree employed on or after a

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30 specified date in a regularly established position
31 eligible for the State University System Optional
32 Retirement Program is a renewed member of that
33 program; specifying requirements and limitations;
34 requiring the employer and the retiree to make
35 applicable contributions; prohibiting the purchase of
36 past service in the program; providing that a retiree
37 employed on or after a specified date in a regularly
38 established position eligible for the State Community
39 College System Optional Retirement Program is a
40 renewed member of that program; specifying
41 requirements and limitations; requiring the employer
42 and the retiree to make applicable contributions;
43 prohibiting the purchase of past service in the
44 program; amending s. 121.4501, F.S.; redefining the
45 term "eligible employee"; specifying that a retiree
46 who has returned to covered employment before a
47 specified date may continue membership in his or her
48 selected retirement plan; conforming a provision to
49 changes made by the act; providing that the act
50 fulfills an important state interest; providing an
51 effective date.

52

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

54

55 Section 1. Subsections (3) and (5) of section 121.053,
56 Florida Statutes, are amended to read:

57 121.053 Participation in the Elected Officers' Class for
58 retired members.-

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59 (3) On or after July 1, 2010:

60 (a) A retiree of a state-administered retirement system who
61 is initially reemployed in ~~elected or appointed for the first~~
62 ~~time to~~ an elective office in a regularly established position
63 with a covered employer may not reenroll in the Florida
64 Retirement System, except as provided in s. 121.122.

65 (b) An elected officer who is elected or appointed to an
66 elective office and is participating in the Deferred Retirement
67 Option Program is subject to termination as defined in s.
68 121.021 upon completion of his or her DROP participation period.
69 An elected official may defer termination as provided in
70 subsection (7).

71 (5) Any renewed member, as described in s. 121.122(1), (3),
72 (4), or (5) ~~subsection (1) or subsection (2)~~, who is not
73 receiving the maximum health insurance subsidy provided in s.
74 112.363 is entitled to earn additional credit toward the maximum
75 health insurance subsidy. Any additional subsidy due because of
76 such additional credit may be received only at the time of
77 payment of the second career retirement benefit. The total
78 health insurance subsidy received from initial and renewed
79 membership may not exceed the maximum allowed in s. 112.363.

80 Section 2. Paragraph (f) of subsection (1) and paragraph
81 (c) of subsection (6) of section 121.055, Florida Statutes, are
82 amended to read:

83 121.055 Senior Management Service Class.—There is hereby
84 established a separate class of membership within the Florida
85 Retirement System to be known as the "Senior Management Service
86 Class," which shall become effective February 1, 1987.

87 (1)

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88 (f) Effective July 1, 1997:

89 1. Except as provided in subparagraph 3., an elected state
90 officer eligible for membership in the Elected Officers' Class
91 under s. 121.052(2)(a), (b), or (c) who elects membership in the
92 Senior Management Service Class under s. 121.052(3)(c) may,
93 within 6 months after assuming office or within 6 months after
94 this act becomes a law for serving elected state officers, elect
95 to participate in the Senior Management Service Optional Annuity
96 Program, as provided in subsection (6), in lieu of membership in
97 the Senior Management Service Class.

98 2. Except as provided in subparagraph 3., an elected
99 officer of a local agency employer eligible for membership in
100 the Elected Officers' Class under s. 121.052(2)(d) who elects
101 membership in the Senior Management Service Class under s.
102 121.052(3)(c) may, within 6 months after assuming office, or
103 within 6 months after this act becomes a law for serving elected
104 officers of a local agency employer, elect to withdraw from the
105 Florida Retirement System, as provided in subparagraph (b)2., in
106 lieu of membership in the Senior Management Service Class.

107 3. A retiree of a state-administered retirement system who
108 is initially reemployed in a regularly established position on
109 ~~or after~~ July 1, 2010, through December 31, 2014, as an elected
110 official eligible for the Elected Officers' Class may not be
111 enrolled in renewed membership in the Senior Management Service
112 Class or in the Senior Management Service Optional Annuity
113 Program as provided in subsection (6), and may not withdraw from
114 the Florida Retirement System as a renewed member as provided in
115 subparagraph (b)2., as applicable, in lieu of membership in the
116 Senior Management Service Class. Effective January 1, 2015, a

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117 retiree of the Senior Management Service Optional Annuity
118 Program who retired before July 1, 2010, and is reemployed in a
119 regularly established position with a covered employer shall be
120 enrolled as a renewed member as provided in s. 121.122.

121 (6)

122 (c) *Participation.*—

123 1. An eligible employee who is employed on or before
124 February 1, 1987, may elect to participate in the optional
125 annuity program in lieu of participating in the Senior
126 Management Service Class. Such election shall ~~must~~ be made in
127 writing and filed with the department and the personnel officer
128 of the employer on or before May 1, 1987. An eligible employee
129 who is employed on or before February 1, 1987, and who fails to
130 make an election to participate in the optional annuity program
131 by May 1, 1987, is ~~shall be~~ deemed to have elected membership in
132 the Senior Management Service Class.

133 2. Except as provided in subparagraph 6., an employee who
134 becomes eligible to participate in the optional annuity program
135 by reason of initial employment commencing after February 1,
136 1987, may, within 90 days after the date of commencing
137 employment, elect to participate in the optional annuity
138 program. Such election shall ~~must~~ be made in writing and filed
139 with the personnel officer of the employer. An eligible employee
140 who does not within 90 days after commencing employment elect to
141 participate in the optional annuity program is ~~shall be~~ deemed
142 to have elected membership in the Senior Management Service
143 Class.

144 3. A person who is appointed to a position in the Senior
145 Management Service Class and who is a member of an existing

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146 retirement system or the Special Risk or Special Risk
147 Administrative Support Classes of the Florida Retirement System
148 may elect to remain in such system or class in lieu of
149 participating in the Senior Management Service Class or optional
150 annuity program. Such election shall ~~must~~ be made in writing and
151 filed with the department and the personnel officer of the
152 employer within 90 days after such appointment. An eligible
153 employee who fails to make an election to participate in the
154 existing system, the Special Risk Class of the Florida
155 Retirement System, the Special Risk Administrative Support Class
156 of the Florida Retirement System, or the optional annuity
157 program is ~~shall be~~ deemed to have elected membership in the
158 Senior Management Service Class.

159 4. Except as provided in subparagraph 5., an employee's
160 election to participate in the optional annuity program is
161 irrevocable if the employee continues to be employed in an
162 eligible position and continues to meet the eligibility
163 requirements set forth in this paragraph.

164 5. Effective from July 1, 2002, through September 30, 2002,
165 an active employee in a regularly established position who has
166 elected to participate in the Senior Management Service Optional
167 Annuity Program has one opportunity to choose to move from the
168 Senior Management Service Optional Annuity Program to the
169 Florida Retirement System Pension Plan.

170 a. The election shall ~~must~~ be made in writing and ~~must be~~
171 filed with the department and the personnel officer of the
172 employer before October 1, 2002, or, in the case of an active
173 employee who is on a leave of absence on July 1, 2002, within 90
174 days after the conclusion of the leave of absence. This election

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175 is irrevocable.

176 b. The employee shall receive service credit under the
177 pension plan equal to his or her years of service under the
178 Senior Management Service Optional Annuity Program. The cost for
179 such credit is the amount representing the present value of that
180 employee's accumulated benefit obligation for the affected
181 period of service.

182 c. The employee shall ~~must~~ transfer the total accumulated
183 employer contributions and earnings on deposit in his or her
184 Senior Management Service Optional Annuity Program account. If
185 the transferred amount is not sufficient to pay the amount due,
186 the employee shall ~~must~~ pay a sum representing the remainder of
187 the amount due. The employee may not retain any employer
188 contributions or earnings from the Senior Management Service
189 Optional Annuity Program account.

190 6. A retiree of a state-administered retirement system who
191 is initially reemployed on ~~or after~~ July 1, 2010, through
192 December 31, 2014, may not renew membership in the Senior
193 Management Service Optional Annuity Program. Effective January
194 1, 2015, a retiree of the Senior Management Service Optional
195 Annuity Program who retired before July 1, 2010, and is
196 reemployed in a regularly established position with a covered
197 employer shall be enrolled as a renewed member as provided in s.
198 121.122.

199 Section 3. Subsection (2) of section 121.122, Florida
200 Statutes, is amended, and subsections (3), (4), and (5) are
201 added to that section, to read:

202 121.122 Renewed membership in system.—

203 (2) Except as otherwise provided in subsections (3)-(5), a

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204 retiree of a state-administered retirement system who is
205 initially reemployed in a regularly established position on or
206 after July 1, 2010, may not be enrolled as a renewed member.

207 (3) A retiree of the investment plan, the State University
208 System Optional Retirement Program, the Senior Management
209 Service Optional Annuity Program, or the State Community College
210 System Optional Retirement Program who retired before July 1,
211 2010, and is employed in a regularly established position with a
212 covered employer on or after January 1, 2015, shall be a renewed
213 member of the Regular Class of the investment plan, regardless
214 of the position held, unless employed in a position eligible for
215 participation in the State University System Optional Retirement
216 Program or the State Community College System Optional
217 Retirement Program as provided in subsections (4) and (5),
218 respectively. The renewed member must satisfy the vesting
219 requirements and other provisions of this chapter.

220 (a) Creditable service, including credit toward the retiree
221 health insurance subsidy provided in s. 112.363, does not accrue
222 for a retiree's employment in a regularly established position
223 with a covered employer from July 1, 2010, through December 31,
224 2014.

225 (b) Employer and employee contributions, interest,
226 earnings, or any other funds may not be paid into a renewed
227 member's investment plan account for any employment in a
228 regularly established position with a covered employer from July
229 1, 2010, through December 31, 2014, by the renewed member or the
230 employer on behalf of the member.

231 (c) To be eligible to receive a retirement benefit, the
232 renewed member must satisfy the vesting requirements in s.

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233 121.4501(6).

234 (d) The member is ineligible to receive disability benefits
235 as provided in s. 121.091(4) or s. 121.591(2).

236 (e) The member is subject to the reemployment after
237 retirement limitations provided in s. 121.091(9), as applicable.

238 (f) The member must satisfy the requirements for
239 termination from employment provided in s. 121.021(39).

240 (g) Upon the renewed membership or reemployment of a
241 retiree, the employer and the retiree shall pay the applicable
242 employer and employee contributions required under ss. 112.363,
243 121.71, 121.74, and 121.76. The contributions are payable only
244 for employment and salary earned in a regularly established
245 position with a covered employer on or after January 1, 2015.
246 The employer and employee contributions shall be transferred to
247 the investment plan and placed in a default fund as designated
248 by the state board. The retiree may move the contributions once
249 an account is activated in the investment plan.

250 (h) The member may not purchase any past service in the
251 investment plan, including employment in a regularly established
252 position with a covered employer from July 1, 2010, through
253 December 31, 2014.

254 (i) A renewed member who is a retiree of the investment
255 plan and who is not receiving the maximum health insurance
256 subsidy provided in s. 112.363 is entitled to earn additional
257 credit toward the subsidy. Such credit may be earned only for
258 employment in a regularly established position with a covered
259 employer on or after January 1, 2015. Any additional subsidy due
260 because of additional credit may be received only at the time of
261 paying the second career retirement benefit. The total health

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262 insurance subsidy received by a retiree receiving benefits from
263 initial and renewed membership may not exceed the maximum
264 allowed under s. 112.363.

265 (4) A retiree of the investment plan, the State University
266 System Optional Retirement Program, the Senior Management
267 Service Optional Annuity Program, or the State Community College
268 System Optional Retirement Program who retired before July 1,
269 2010, and is employed in a regularly established position
270 eligible for participation in the State University System
271 Optional Retirement Program on or after January 1, 2015, shall
272 become a renewed member of the optional retirement program. The
273 renewed member must satisfy the vesting requirements and other
274 provisions of this chapter. Once enrolled, a renewed member
275 remains enrolled in the optional retirement program while
276 employed in an eligible position for the optional retirement
277 program. If employment in a different covered position results
278 in the retiree's enrollment in the investment plan, the retiree
279 is no longer eligible to participate in the optional retirement
280 program unless employed in a mandatory position under s. 121.35.

281 (a) The member is subject to the reemployment after
282 retirement limitations provided in s. 121.091(9), as applicable.

283 (b) The member must satisfy the requirements for
284 termination of employment provided in s. 121.021(39).

285 (c) Upon renewed membership or reemployment of a retiree,
286 the employer and the retiree shall pay the applicable employer
287 and employee contributions required under s. 121.35.

288 (d) The member, or the employer on behalf of the member,
289 may not purchase any prior service in the optional retirement
290 program or employment from July 1, 2010, to December 31, 2014,

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291 when renewed membership is not available.

292 (5) A retiree of the investment plan, the State University
293 System Optional Retirement Program, the Senior Management
294 Service System Optional Annuity Program, or the State Community
295 College System Optional Retirement Program who retired before
296 July 1, 2010, and is employed in a regularly established
297 position eligible for participation in the State Community
298 College System Optional Retirement Program as provided in s.
299 121.051(2)(c)4. on or after January 1, 2015, shall become a
300 renewed member of the optional retirement program. The renewed
301 member must satisfy the eligibility requirements of this chapter
302 and s. 1012.875 for the optional retirement program. Once
303 enrolled, a renewed member remains enrolled in the optional
304 retirement program while employed in an eligible position for
305 the optional retirement program. If employment in a different
306 covered position results in the retiree's enrollment in the
307 investment plan, the retiree is no longer eligible to
308 participate in the optional retirement program.

309 (a) The member is subject to the reemployment after
310 retirement limitations provided in s. 121.091(9), as applicable.

311 (b) The member must satisfy the requirements for
312 termination of employment provided in s. 121.021(39).

313 (c) Upon renewed membership or reemployment of a retiree,
314 the employer and the retiree shall pay the applicable employer
315 and employee contributions required under ss. 121.051(2)(c) and
316 1012.875.

317 (d) The member, or the employer on behalf of the member,
318 may not purchase any past service in the optional retirement
319 program or employment accrued from July 1, 2010, to December 31,

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320 2014.

321 Section 4. Paragraph (e) of subsection (2) and paragraph
322 (f) of subsection (4) of section 121.4501, Florida Statutes, are
323 amended to read:

324 121.4501 Florida Retirement System Investment Plan.—

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

326 (e) "Eligible employee" means an officer or employee, as
327 defined in s. 121.021, who:

328 1. Is a member of, or is eligible for membership in, the
329 Florida Retirement System, including any renewed member of the
330 Florida Retirement System initially enrolled before July 1,
331 2010; ~~or~~

332 2. Participates in, or is eligible to participate in, the
333 Senior Management Service Optional Annuity Program as
334 established under s. 121.055(6), the State Community College
335 System Optional Retirement Program as established under s.
336 121.051(2)(c), or the State University System Optional
337 Retirement Program established under s. 121.35; or

338 3. Is a retired member of the investment plan, the State
339 University System Optional Retirement Program, the Senior
340 Management Service Optional Annuity Program, or the State
341 Community College System Optional Retirement Program who retired
342 before July 1, 2010 and is employed in a regularly established
343 position on or after January 1, 2015, as provided in s. 121.122.

344

345 The term does not include any member participating in the
346 Deferred Retirement Option Program established under s.
347 121.091(13), a retiree of a state-administered retirement system
348 who retired ~~initially reemployed in a regularly established~~

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349 ~~position~~ on or after July 1, 2010, or a mandatory participant of
350 the State University System Optional Retirement Program
351 established under s. 121.35.

352 (4) PARTICIPATION; ENROLLMENT.—

353 (f) A member of the investment plan who takes a
354 distribution of any contributions from his or her investment
355 plan account is considered a retiree. A member ~~retiree~~ who
356 retires ~~is initially reemployed in a regularly established~~
357 ~~position~~ on or after July 1, 2010, is not eligible to be
358 enrolled in renewed membership. A member who retired before July
359 1, 2010, and is employed on or after January 1, 2015, in a
360 regularly established position shall be a renewed member as
361 provided in s. 121.122, except that a retiree who has returned
362 to covered employment before July 1, 2010 may continue
363 membership in the plan he or she chooses.

364 Section 5. The Legislature finds that a proper and
365 legitimate state purpose is served when employees and retirees
366 of the state and its political subdivisions, and the dependents,
367 survivors, and beneficiaries of such employees and retirees, are
368 extended the basic protections afforded by governmental
369 retirement systems. These persons must be provided benefits that
370 are fair and adequate and that are managed, administered, and
371 funded in an actuarially sound manner, as required by s. 14,
372 Article X of the State Constitution and part VII of chapter 112,
373 Florida Statutes. Therefore, the Legislature determines and
374 declares that this act fulfills an important state interest.

375 Section 6. This act shall take effect July 1, 2014.