



HB 5005, Engrossed 1

2014

1 A bill to be entitled
2 An act relating to state-administered retirement
3 systems; amending s. 112.363, F.S.; increasing the
4 employer contribution to the retiree health insurance
5 subsidy for members of a state-administered plan;
6 amending s. 121.052, F.S.; increasing the employer
7 contribution to the health insurance subsidy for
8 members of the Elected Officers' Class; amending s.
9 121.055, F.S.; increasing the employer contribution to
10 the health insurance subsidy for members of the Senior
11 Management Service Class; amending s. 121.071, F.S.;
12 increasing the employer contribution to the health
13 insurance subsidy for members of the Regular, Special
14 Risk, and Special Risk Administrative Support Classes;
15 amending s. 121.71, F.S.; revising the amount of
16 employer contributions for the next fiscal year;
17 amending s. 121.74, F.S.; revising terminology to
18 refer to an employer assessment to offset the costs of
19 administering the investment plan and providing
20 education services; providing findings of important
21 state interests; providing an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:
24

25 Section 1. Paragraph (h) is added to subsection (8) of



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26 section 112.363, Florida Statutes, to read:

27 112.363 Retiree health insurance subsidy.—

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

30 (h) Beginning July 1, 2014, the employer of each member of
31 a state-administered plan shall contribute 1.26 percent of gross
32 compensation each pay period.

33

34 Such contributions shall be submitted to the Department of
35 Management Services and deposited in the Retiree Health
36 Insurance Subsidy Trust Fund.

37 Section 2. Paragraph (d) of subsection (7) of section
38 121.052, Florida Statutes, is amended to read:

39 121.052 Membership class of elected officers.—

40 (7) CONTRIBUTIONS.—

41 (d) The following table states the required employer
42 contribution on behalf of each member of the Elected Officers'
43 Class in terms of a percentage of the member's gross
44 compensation. Such contribution constitutes the entire health
45 insurance subsidy contribution with respect to each such member.
46 A change in the contribution rate is effective with the first
47 salary paid on or after the beginning date of the change. The
48 retiree health insurance subsidy contribution rate is as
49 follows:

50



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51	Dates of Contribution Rate Changes	Contribution Rate
51	October 1, 1987, through December 31, 1988	0.24%
52	January 1, 1989, through December 31, 1993	0.48%
53	January 1, 1994, through December 31, 1994	0.56%
54	January 1, 1995, through June 30, 1998	0.66%
55	July 1, 1998, through June 30, 2001	0.94%
56	July 1, 2001, through June 30, 2013	1.11%
57	Effective July 1, 2013, through <u>June 30, 2014</u>	1.20%
58	<u>Effective July 1, 2014</u>	<u>1.26%</u>
59		
60		



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

66 Section 3. Paragraph (d) of subsection (3) of section
 67 121.055, Florida Statutes, is amended to read:

68 121.055 Senior Management Service Class.—There is hereby
 69 established a separate class of membership within the Florida
 70 Retirement System to be known as the "Senior Management Service
 71 Class," which shall become effective February 1, 1987.

72 (3)

73 (d) The following table states the required employer
 74 contribution on behalf of each member of the Senior Management
 75 Service Class in terms of a percentage of the member's gross
 76 compensation. Such contribution constitutes the entire health
 77 insurance subsidy contribution with respect to each such member.
 78 A change in the contribution rate is effective with the first
 79 salary paid on or after the beginning date of the change. The
 80 retiree health insurance subsidy contribution rate is as
 81 follows:

82

Dates of Contribution	Contribution
Rate Changes	Rate

83



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84	October 1, 1987, through December 31, 1988	0.24%
85	January 1, 1989, through December 31, 1993	0.48%
86	January 1, 1994, through December 31, 1994	0.56%
87	January 1, 1995, through June 30, 1998	0.66%
88	July 1, 1998, through June 30, 2001	0.94%
89	July 1, 2001, through June 30, 2013	1.11%
90	Effective July 1, 2013, <u>through</u> <u>June 30, 2014</u>	1.20%
91	<u>Effective July 1, 2014</u>	<u>1.26%</u>
92		
93		
94	Such contributions and accompanying payroll data are due and	



95 payable no later than the 5th working day of the month
 96 immediately following the month during which the payroll period
 97 ended and shall be deposited by the administrator in the Retiree
 98 Health Insurance Subsidy Trust Fund.

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

101 121.071 Contributions.—Contributions to the system shall
 102 be made as follows:

103 (4) The following table states the required employer
 104 contribution on behalf of each member of the Regular Class,
 105 Special Risk Class, or Special Risk Administrative Support Class
 106 in terms of a percentage of the member's gross compensation.
 107 Such contribution constitutes the entire health insurance
 108 subsidy contribution with respect to each such member. A change
 109 in the contribution rate is effective with the first salary paid
 110 on or after the beginning date of the change. The retiree health
 111 insurance subsidy contribution rate is as follows:

Dates of Contribution	Contribution
Rate Changes	Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31,	0.48%



115	1993	
	January 1, 1994, through December 31,	
116	1994	0.56%
	January 1, 1995, through June 30,	
117	1998	0.66%
	July 1, 1998, through June 30, 2001	0.94%
118	July 1, 2001, through June 30, 2013	1.11%
119	Effective July 1, 2013, <u>through</u>	
	<u>June 30, 2014</u>	1.20%
120	<u>Effective July 1, 2014</u>	<u>1.26%</u>
121		
122		
123	Such contributions shall be deposited by the administrator in	
124	the Retiree Health Insurance Subsidy Trust Fund.	
125	Section 5. Subsections (4) and (5) of section 121.71,	
126	Florida Statutes, are amended to read:	
127	121.71 Uniform rates; process; calculations; levy.—	
128	(4) Required employer retirement contribution rates for	
129	each membership class and subclass of the Florida Retirement	



130 System for both retirement plans are as follows:

131

Percentage of
Gross
Compensation,
Effective
July 1, 2014 ~~2013~~

Membership Class

132

133

Regular Class

3.53%

134

Special Risk Class

11.01% ~~11.00%~~

135

Special Risk

Administrative

Support Class

4.18% ~~4.17%~~

136

Elected Officers' Class—

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

6.30% ~~6.52%~~

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138	Elected Officers' Class— Justices, Judges	<u>10.10%</u> 10.05%
139	Elected Officers' Class— County Elected Officers	<u>8.36%</u> 8.44%
140	Senior Management Class	<u>4.80%</u> 4.81%
141	DROP	<u>4.30%</u> 4.63%

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

146		Percentage of Gross Compensation, Effective
147	Membership Class	July 1, <u>2014</u> 2013
148		
149	Regular Class	<u>2.54%</u> 2.19%



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150	Special Risk Class	<u>7.51%</u> 6.83%
	Special Risk	
	Administrative	
151	Support Class	<u>36.59%</u> 30.56%
	Elected Officers' Class—	
	Legislators, Governor,	
	Lt. Governor,	
	Cabinet Officers,	
	State Attorneys,	
152	Public Defenders	<u>38.66%</u> 24.85%
	Elected Officers' Class—	
	Justices, Judges	<u>21.77%</u> 17.00%
153	Elected Officers' Class—	
	County Elected Officers	<u>33.58%</u> 23.36%
154	Senior Management Service Class	<u>15.04%</u> 12.27%
155	DROP	<u>6.72%</u> 7.01%

157 Section 6. Section 121.74, Florida Statutes, is amended to
 158 read:



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159 121.74 Administrative and educational expenses.—In
160 addition to contributions required to fund member accounts under
161 ss. 121.71 and 121.73, effective July 1, 2010, through June 30,
162 2014, employers participating in the Florida Retirement System
163 shall contribute an employer assessment amount equal to 0.03
164 percent of the payroll reported for each class or subclass of
165 Florida Retirement System membership. Effective July 1, 2014,
166 the employer assessment is ~~contribution rate shall be~~ 0.04
167 percent of the payroll reported for each class or subclass of
168 membership. The amount assessed ~~contributed~~ shall be transferred
169 by the Division of Retirement from the Florida Retirement System
170 Contributions Clearing Trust Fund to the State Board of
171 Administration's Administrative Trust Fund to offset the costs
172 of administering the investment plan and the costs of providing
173 educational services to members of the Florida Retirement
174 System. Approval of the trustees is required before the
175 expenditure of these funds. Payments for third-party
176 administrative or educational expenses shall be made only
177 pursuant to the terms of the approved contracts for such
178 services.

179 Section 7. The Legislature finds that a proper and
180 legitimate state purpose is served when employees, officers, and
181 retirees of the state and its political subdivisions, and the
182 dependents, survivors, and beneficiaries of such employees,
183 officers, and retirees, are extended the basic protections



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184 afforded by governmental retirement systems. These persons must
185 be provided benefits that are fair and adequate and that are
186 managed, administered, and funded in an actuarially sound
187 manner, as required by s. 14, Article X of the State
188 Constitution and part VII of chapter 112, Florida Statutes.
189 Therefore, the Legislature determines and declares that this act
190 fulfills an important state interest.

191 Section 8. The Legislature finds that a proper and
192 legitimate state purpose is served when employees, officers, and
193 retirees of the state and its political subdivisions, and the
194 dependents, survivors, and beneficiaries of such employees,
195 officers, and retirees, are extended the basic protections
196 afforded by governmental retirement systems that provide fair
197 and adequate benefits, including health insurance subsidies, and
198 that are managed, administered, and funded in a sustainable
199 manner. Therefore, the Legislature determines and declares that
200 this act fulfills an important state interest.

201 Section 9. This act shall take effect July 1, 2014.