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LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
02/18/2014	.	
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The Committee on Community Affairs (Simpson) recommended the following:

Senate Amendment

Between lines 491 and 492 insert:

(e) Eligible employees may elect to move between plans only if they are earning service credit in an employer-employee relationship consistent with s. 121.021(17)(b), excluding leaves of absence without pay. Such elections are effective on the first day of the month following receipt of the election by the third-party administrator. This paragraph is contingent upon

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approval by the Internal Revenue Service.

1. If the employee chooses to move from the pension plan to the investment plan, s. 121.4501(3) governs the transfer.

2. If the employee chooses to move from the pension plan or investment plan to the cash balance plan, subsection (2) governs the transfer.

3. If the employee chooses to move from the cash balance plan to the investment plan and establishes one or more individual member accounts, the employee may elect to transfer a sum representing the balance of the member’s cash balance accounts to the investment plan. Upon transfer, all service credit earned under the cash balance plan is nullified for purposes of entitlement to a future benefit under the cash balance plan.

4. If an employee participating in the Special Risk Class chooses to move to the pension plan, the employee must transfer from his or her investment plan account or cash balance accounts and from other employee moneys as necessary, a sum representing the present value of the employee’s accumulated benefit obligation immediately following the time of such movement, determined by assuming that attained service equals the sum of service in the pension plan, service in the investment plan, and service in the cash balance plan. Benefit commencement occurs on the first date the employee is eligible for unreduced benefits using the discount rate and other relevant actuarial assumptions that were used to value the pension plan liabilities in the most recent actuarial valuation. For an employee who, at the time of the election, already maintains an accrued benefit amount in the pension plan, the then-present value of the accrued benefit is

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deemed part of the required transfer amount. The division must ensure that the transfer sum is prepared using a formula and methodology certified by an enrolled actuary. A refund of employee contributions or additional member payments made which exceed the employee contributions that would have accrued had the member remained in the pension plan and not transferred to the investment plan or cash balance plan is not permitted.

5. An employee's ability to transfer from the pension plan to the investment plan or cash balance plan, and the ability of a current employee to have the option to later transfer back into the pension plan, shall be deemed a significant system amendment. Pursuant to s. 121.031(4), any resulting unfunded liability arising from actual original transfers from the pension plan to the investment plan must be amortized within 30 plan years as a separate unfunded actuarial base independent of the reserve stabilization mechanism described in s. 121.031(3)(f). For the first 25 years, a direct amortization payment may not be calculated for this base. During this period, the separate base shall be used to offset the impact of employees exercising their option to transfer back into the pension plan. The actuarial funded status of the pension plan is not affected by such second program elections in a significant manner after due recognition of the separate unfunded actuarial base. Following the initial 25-year period, any remaining balance of the original separate base shall be amortized over the remaining 5 years of the required 30-year amortization period.

6. If an employee participating in the Special Risk Class chooses to transfer from the investment plan or cash balance

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