



HB7181, Engrossed 1

2014

1 A bill to be entitled
2 An act relating to public retirement plans; amending
3 s. 121.021, F.S.; revising the definition of "vested"
4 or "vesting"; providing that a member initially
5 enrolled in the Florida Retirement System after a
6 certain date is vested in the pension plan after 10
7 years of creditable service; amending s. 121.051,
8 F.S.; providing for compulsory membership in the
9 Florida Retirement System Investment Plan for
10 employees in the Elected Officers' Class or the Senior
11 Management Service Class initially enrolled after a
12 specified date; amending s. 121.052, F.S.; prohibiting
13 members of the Elected Officers' Class from joining
14 the Senior Management Service Class after a specified
15 date; amending s. 121.053, F.S.; authorizing renewed
16 membership in the retirement system for retirees who
17 are reemployed in a position eligible for the Elected
18 Officers' Class under certain circumstances; amending
19 s. 121.055, F.S.; authorizing renewed membership in
20 the retirement system for retirees of the Senior
21 Management Service Optional Annuity Program who are
22 reemployed on or after a specified date; prohibiting
23 an elected official eligible for membership in the
24 Elected Officers' Class from enrolling in the Senior
25 Management Service Class or in the Senior Management



HB 7181, Engrossed 1

2014

26 Service Optional Annuity Program; closing the Senior
27 Management Service Optional Annuity Program to new
28 members after a specified date; amending s. 121.091,
29 F.S.; increasing the service time required to qualify
30 for disability benefits to 10 years for members
31 enrolled in the pension plan on or after a specified
32 date; revising provisions to conform to changes made
33 by the act; amending s. 121.122, F.S.; requiring that
34 certain retirees who are employed on or after a
35 specified date be renewed members in the investment
36 plan; providing exceptions; providing that creditable
37 service does not accrue for a reemployed retiree
38 during a specified period; prohibiting certain funds
39 from being paid into a renewed member's investment
40 plan account for a specified period of employment;
41 requiring the renewed member to satisfy vesting
42 requirements; prohibiting a renewed member from
43 receiving disability benefits; specifying requirements
44 and limitations; requiring the employer and the
45 retiree to make applicable contributions to the
46 member's investment plan account; providing for the
47 administration of the employer and employee
48 contributions; prohibiting the purchase of past
49 service in the investment plan during certain dates;
50 authorizing a renewed member to receive additional



HB 7181, Engrossed 1

2014

51 credit toward the health insurance subsidy under
52 certain circumstances; providing that a retiree
53 employed on or after a specified date in a regularly
54 established position eligible for the State University
55 System Optional Retirement Program is a renewed member
56 of that program; specifying requirements and
57 limitations; requiring the employer and the retiree to
58 make applicable contributions; prohibiting the
59 purchase of past service in the program during certain
60 dates; providing that a retiree employed on or after a
61 specified date in a regularly established position
62 eligible for the State Community College System
63 Optional Retirement Program is a renewed member of
64 that program; specifying requirements and limitations;
65 requiring the employer and the retiree to make
66 applicable contributions; prohibiting the purchase of
67 past service in the program during certain dates;
68 amending s. 121.4501, F.S.; requiring certain
69 employees initially enrolled in the Florida Retirement
70 System on or after a specified date to be compulsory
71 members of the investment plan; revising the
72 definition of "member" or "employee"; revising a
73 provision relating to acknowledgement of an employee's
74 election to participate in the investment plan;
75 enrolling certain employees in the pension plan from



HB 7181, Engrossed 1

2014

76 | their date of hire until they are automatically
77 | enrolled in the investment plan or timely elect
78 | enrollment in the pension plan; providing certain
79 | members with a specified time to choose participation
80 | in the pension plan or the investment plan; specifying
81 | that a retiree who has returned to covered employment
82 | before a specified date may continue membership in his
83 | or her selected retirement plan; conforming a
84 | provision to changes made by the act; providing for
85 | the transfer of certain contributions; revising a
86 | provision relating to acknowledgement of an employee's
87 | election to participate in the investment plan;
88 | revising the education component; conforming
89 | provisions and cross-references to changes made by the
90 | act; amending s. 121.591, F.S.; increasing the service
91 | time required to qualify for disability benefits to 10
92 | years for members enrolled in the investment plan on
93 | or after a specified date; amending s. 175.021, F.S.;
94 | revising the legislative declaration to require that
95 | all firefighter pension plans meet the requirements of
96 | chapter 175, F.S., in order to receive insurance
97 | premium tax revenues; amending s. 175.032, F.S.;
98 | revising definitions to conform to changes made by the
99 | act and providing new definitions; amending s.
100 | 175.071, F.S.; conforming a cross-reference; amending



HB 7181, Engrossed 1

2014

101 s. 175.091, F.S.; revising the method of creating and
102 maintaining a firefighters' pension trust fund;
103 amending s. 175.162, F.S.; deleting a provision basing
104 the availability of additional benefits in a
105 firefighter pension plan upon state funding; revising
106 the calculation of monthly retirement income for a
107 full-time firefighter; providing that certain
108 firefighter pension plans must maintain a certain
109 minimum percentage of average final compensation after
110 a specified date; amending s. 175.351, F.S., relating
111 to municipalities and special fire control districts
112 that have their own pension plans and want to
113 participate in the distribution of a tax fund;
114 revising criteria governing the use of revenues from
115 the premium tax; authorizing a pension plan to reduce
116 excess benefits if the plan continues to meet certain
117 minimum benefits and standards; providing that the use
118 of premium tax revenues may deviate from the
119 requirements of chapter 175, F.S., under certain
120 circumstances; requiring plan sponsors to have a
121 defined contribution plan in place by a certain date;
122 authorizing a municipality to implement certain
123 changes to a local law plan which are contrary to
124 chapter 175, F.S., for a limited time; amending s.
125 185.01, F.S.; revising the legislative declaration to



HB 7181, Engrossed 1

2014

126 | require that all police officer pension plans meet the
127 | requirements of chapter 185, F.S., in order to receive
128 | insurance premium tax revenues; amending s. 185.02,
129 | F.S.; revising definitions to conform to changes made
130 | by the act and adding new definitions; revising
131 | applicability of the limitation on the amount of
132 | overtime payments which may be used for retirement
133 | benefit calculations; amending s. 185.06, F.S.;
134 | conforming a cross-reference; amending s. 185.07,
135 | F.S.; revising the method of creating and maintaining
136 | a police officers' retirement trust fund; amending s.
137 | 185.16, F.S.; deleting a provision basing the
138 | availability of additional benefits in a police
139 | officer pension plan upon state funding; revising the
140 | calculation of monthly retirement income for a police
141 | officer; providing that certain police officer pension
142 | plans must maintain a certain minimum percentage of
143 | average final compensation after a specified date;
144 | amending s. 185.35, F.S., relating to municipalities
145 | that have their own pension plans for police officers
146 | and want to participate in the distribution of a tax
147 | fund; conforming a cross-reference; revising criteria
148 | governing the use of revenues from the premium tax;
149 | authorizing a plan to reduce excess benefits if the
150 | plan continues to meet certain minimum benefits and



HB 7181, Engrossed 1

2014

151 minimum standards; providing that the use of premium
152 tax revenues may deviate from the requirements of
153 chapter 185, F.S., under specified circumstances;
154 requiring plan sponsors to have a defined contribution
155 plan in place by a certain date; authorizing a
156 municipality to implement certain changes to a local
157 law plan which are contrary to chapter 185, F.S., for
158 a limited time; amending ss. 238.072 and 413.051,
159 F.S.; conforming cross-references; providing that the
160 act fulfills an important state interest; providing an
161 effective date.

162

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

164

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

167 121.021 Definitions.—The following words and phrases as
168 used in this chapter have the respective meanings set forth
169 unless a different meaning is plainly required by the context:

170 (45) "Vested" or "vesting" means the guarantee that a
171 member is eligible to receive a future retirement benefit upon
172 completion of the required years of creditable service for the
173 employee's class of membership, even though the member may have
174 terminated covered employment before reaching normal or early
175 retirement date. Being vested does not entitle a member to a



HB 7181, Engrossed 1

2014

176 disability benefit. Provisions governing entitlement to
177 disability benefits are set forth under s. 121.091(4).

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

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

184 2. Any member initially enrolled in the Florida Retirement
185 System before July 1, 2001, but not employed in a regularly
186 established position on July 1, 2001, shall be deemed vested
187 upon completion of 6 years of creditable service if such member
188 is employed in a covered position for at least 1 work year after
189 July 1, 2001. However, a member is not required to complete more
190 years of creditable service than would have been required for
191 that member to vest under retirement laws in effect before July
192 1, 2001.

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

196 (b) Any member initially enrolled in the Florida
197 Retirement System on ~~or after~~ July 1, 2011, through June 30,
198 2015, shall be vested in the pension plan upon completion of 8
199 years of creditable service.

200 (c) Any member initially enrolled in the Florida



HB 7181, Engrossed 1

2014

201 Retirement System on or after July 1, 2015, shall be vested in
202 the pension plan upon completion of 10 years of creditable
203 service.

204 Section 2. Subsections (3) through (9) of section 121.051,
205 Florida Statutes, are renumbered as subsections (4) through
206 (10), respectively, and a new subsection (3) is added to that
207 section, to read:

208 121.051 Participation in the system.—

209 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.—

210 (a) Employees initially enrolled on or after July 1, 2015,
211 in positions covered by the Elected Officers' Class or the
212 Senior Management Service Class are compulsory members of the
213 investment plan, except those who withdraw from the system under
214 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
215 in an optional retirement program under paragraph (1)(a),
216 paragraph (2)(c), or s. 121.35. Investment plan membership
217 continues if there is subsequent employment in a position
218 covered by another membership class. Membership in the pension
219 plan is not permitted except as provided in s. 121.591(2).
220 Employees initially enrolled in the Florida Retirement System
221 prior to July 1, 2015, may retain their membership in the
222 pension plan or investment plan and are eligible to use the
223 election opportunity specified in s. 121.4501(4)(f). Employees
224 initially enrolled on or after July 1, 2015, in positions
225 covered by the Elected Officers' Class or the Senior Management



HB 7181, Engrossed 1

2014

226 Service Class are not eligible to use the election opportunity
227 specified in s. 121.4501(4) (f).

228 (b) Employees eligible to withdraw from the system under
229 s. 121.052(3) (d) or s. 121.055(1) (b)2. may choose to withdraw
230 from the system or to participate in the investment plan as
231 provided in these sections. Employees eligible for optional
232 retirement programs under paragraph (2) (c) or s. 121.35 may
233 choose to participate in the optional retirement program or the
234 investment plan as provided in this paragraph or this section.
235 Eligible employees required to participate pursuant to (1) (a) in
236 the optional retirement program as provided under s. 121.35 must
237 participate in the investment plan when employed in a position
238 not eligible for the optional retirement program.

239 Section 3. Paragraph (c) of subsection (3) of section
240 121.052, Florida Statutes, is amended to read:

241 121.052 Membership class of elected officers.—

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

249 (c) Before July 1, 2015, any elected officer may, within 6
250 months after assuming office, or within 6 months after this act



HB 7181, Engrossed 1

2014

251 becomes a law for serving elected officers, elect membership in
252 the Senior Management Service Class as provided in s. 121.055 in
253 lieu of membership in the Elected Officers' Class. Any such
254 election made by a county elected officer shall have no effect
255 upon the statutory limit on the number of nonelective full-time
256 positions that may be designated by a local agency employer for
257 inclusion in the Senior Management Service Class under s.
258 121.055(1)(b)1.

259 Section 4. Subsections (3) and (5) of section 121.053,
260 Florida Statutes, are amended to read:

261 121.053 Participation in the Elected Officers' Class for
262 retired members.—

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

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

269 (b) An elected officer who is elected or appointed to an
270 elective office and is participating in the Deferred Retirement
271 Option Program is subject to termination as defined in s.
272 121.021 upon completion of his or her DROP participation period.
273 An elected official may defer termination as provided in
274 subsection (7).

275 (5) A ~~Any~~ renewed member, as described in s. 121.122(1),



HB 7181, Engrossed 1

2014

276 | (3), (4), or (5) ~~subsection (1) or subsection (2)~~, who is not
277 | receiving the maximum health insurance subsidy provided in s.
278 | 112.363 is entitled to earn additional credit toward the maximum
279 | health insurance subsidy. Any additional subsidy due because of
280 | such additional credit may be received only at the time of
281 | payment of the second career retirement benefit. The total
282 | health insurance subsidy received from initial and renewed
283 | membership may not exceed the maximum allowed in s. 112.363.

284 | Section 5. Paragraph (f) of subsection (1) and paragraph
285 | (c) of subsection (6) of section 121.055, Florida Statutes, are
286 | amended to read:

287 | 121.055 Senior Management Service Class.—There is hereby
288 | established a separate class of membership within the Florida
289 | Retirement System to be known as the "Senior Management Service
290 | Class," which shall become effective February 1, 1987.

291 | (1)

292 | (f) Effective July 1, 1997, through June 30, 2015:

293 | 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and
294 | 4., an elected state officer eligible for membership in the
295 | Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
296 | elects membership in the Senior Management Service Class under
297 | s. 121.052(3)(c) may, within 6 months after assuming office or
298 | within 6 months after this act becomes a law for serving elected
299 | state officers, elect to participate in the Senior Management
300 | Service Optional Annuity Program, as provided in subsection (6),



HB 7181, Engrossed 1

2014

301 in lieu of membership in the Senior Management Service Class.

302 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
303 4., an elected officer of a local agency employer eligible for
304 membership in the Elected Officers' Class under s. 121.052(2)(d)
305 who elects membership in the Senior Management Service Class
306 under s. 121.052(3)(c) may, within 6 months after assuming
307 office, or within 6 months after this act becomes a law for
308 serving elected officers of a local agency employer, elect to
309 withdraw from the Florida Retirement System, as provided in
310 subparagraph (b)2., in lieu of membership in the Senior
311 Management Service Class.

312 3. A retiree of a state-administered retirement system who
313 is initially reemployed in a regularly established position on
314 or after July 1, 2010, through December 31, 2014, as an elected
315 official eligible for the Elected Officers' Class may not be
316 enrolled in renewed membership in the Senior Management Service
317 Class or in the Senior Management Service Optional Annuity
318 Program as provided in subsection (6), and may not withdraw from
319 the Florida Retirement System as a renewed member as provided in
320 subparagraph (b)2., as applicable, in lieu of membership in the
321 Senior Management Service Class. Effective January 1, 2015, a
322 retiree of the Senior Management Service Optional Annuity
323 Program who retired before July 1, 2010, and is reemployed in a
324 regularly established position with a covered employer shall be
325 enrolled as a renewed member as provided in s. 121.122.



HB 7181, Engrossed 1

2014

326 4. On or after July 1, 2015, an elected official eligible
327 for membership in the Elected Officers' Class may not enroll in
328 the Senior Management Service Class or in the Senior Management
329 Service Optional Annuity Program as provided in subsection (6).

330 (6)

331 (c) *Participation.*—

332 1. An eligible employee who is employed on or before
333 February 1, 1987, may elect to participate in the optional
334 annuity program in lieu of participating in the Senior
335 Management Service Class. Such election must be made in writing
336 and filed with the department and the personnel officer of the
337 employer on or before May 1, 1987. An eligible employee who is
338 employed on or before February 1, 1987, and who fails to make an
339 election to participate in the optional annuity program by May
340 1, 1987, shall be deemed to have elected membership in the
341 Senior Management Service Class.

342 2. Except as provided in subparagraph 6., an employee who
343 becomes eligible to participate in the optional annuity program
344 by reason of initial employment commencing after February 1,
345 1987, may, within 90 days after the date of commencing
346 employment, elect to participate in the optional annuity
347 program. Such election must be ~~made~~ in writing and filed with
348 the personnel officer of the employer. An eligible employee who
349 does not within 90 days after commencing employment elect to
350 participate in the optional annuity program shall be deemed to



HB 7181, Engrossed 1

2014

351 have elected membership in the Senior Management Service Class.

352 3. A person who is appointed to a position in the Senior
353 Management Service Class and who is a member of an existing
354 retirement system or the Special Risk or Special Risk
355 Administrative Support Classes of the Florida Retirement System
356 may elect to remain in such system or class in lieu of
357 participating in the Senior Management Service Class or optional
358 annuity program. Such election must be ~~made~~ in writing and filed
359 with the department and the personnel officer of the employer
360 within 90 days after such appointment. An eligible employee who
361 fails to make an election to participate in the existing system,
362 the Special Risk Class of the Florida Retirement System, the
363 Special Risk Administrative Support Class of the Florida
364 Retirement System, or the optional annuity program shall be
365 deemed to have elected membership in the Senior Management
366 Service Class.

367 4. Except as provided in subparagraph 5., an employee's
368 election to participate in the optional annuity program is
369 irrevocable if the employee continues to be employed in an
370 eligible position and continues to meet the eligibility
371 requirements set forth in this paragraph.

372 5. Effective from July 1, 2002, through September 30,
373 2002, an active employee in a regularly established position who
374 has elected to participate in the Senior Management Service
375 Optional Annuity Program has one opportunity to choose to move



HB 7181, Engrossed 1

2014

376 | from the Senior Management Service Optional Annuity Program to
377 | the Florida Retirement System Pension Plan.

378 | a. The election must be ~~made~~ in writing and must be filed
379 | with the department and the personnel officer of the employer
380 | before October 1, 2002, or, in the case of an active employee
381 | who is on a leave of absence on July 1, 2002, within 90 days
382 | after the conclusion of the leave of absence. This election is
383 | irrevocable.

384 | b. The employee shall receive service credit under the
385 | pension plan equal to his or her years of service under the
386 | Senior Management Service Optional Annuity Program. The cost for
387 | such credit is the amount representing the present value of that
388 | employee's accumulated benefit obligation for the affected
389 | period of service.

390 | c. The employee must transfer the total accumulated
391 | employer contributions and earnings on deposit in his or her
392 | Senior Management Service Optional Annuity Program account. If
393 | the transferred amount is not sufficient to pay the amount due,
394 | the employee must pay a sum representing the remainder of the
395 | amount due. The employee may not retain any employer
396 | contributions or earnings from the Senior Management Service
397 | Optional Annuity Program account.

398 | 6. A retiree of a state-administered retirement system who
399 | is initially reemployed on ~~or after~~ July 1, 2010, through
400 | December 31, 2014, may not renew membership in the Senior



HB 7181, Engrossed 1

2014

401 Management Service Optional Annuity Program. Effective January
402 1, 2015, a retiree of the Senior Management Service Optional
403 Annuity Program who retired before July 1, 2010, and is
404 reemployed in a regularly established position with a covered
405 employer shall be enrolled as a renewed member as provided in s.
406 121.122.

407 7. Effective July 1, 2015, the Senior Management Service
408 Optional Annuity Program is closed to new members. Members
409 enrolled in the Senior Management Service Optional Annuity
410 Program before July 1, 2015, may retain their membership in the
411 annuity program.

412 Section 6. Paragraph (a) of subsection (4) of section
413 121.091, Florida Statutes, is amended to read:

414 121.091 Benefits payable under the system.—Benefits may
415 not be paid under this section unless the member has terminated
416 employment as provided in s. 121.021(39) (a) or begun
417 participation in the Deferred Retirement Option Program as
418 provided in subsection (13), and a proper application has been
419 filed in the manner prescribed by the department. The department
420 may cancel an application for retirement benefits when the
421 member or beneficiary fails to timely provide the information
422 and documents required by this chapter and the department's
423 rules. The department shall adopt rules establishing procedures
424 for application for retirement benefits and for the cancellation
425 of such application when the required information or documents



HB 7181, Engrossed 1

2014

426 are not received.

427 (4) DISABILITY RETIREMENT BENEFIT.—

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

430 1.a. A member who becomes totally and permanently
431 disabled, as defined in paragraph (b), after completing 5 years
432 of creditable service, or a member who becomes totally and
433 permanently disabled in the line of duty regardless of service,
434 is entitled to a monthly disability benefit, + except that any
435 member with less than 5 years of creditable service on July 1,
436 1980, or any person who becomes a member of the Florida
437 Retirement System on or after such date must have completed 10
438 years of creditable service before becoming totally and
439 permanently disabled in order to receive disability retirement
440 benefits for a any disability that ~~which~~ occurs other than in
441 the line of duty. However, if a member employed on July 1, 1980,
442 who has less than 5 years of creditable service as of that date
443 becomes totally and permanently disabled after completing 5
444 years of creditable service and is found not to have attained
445 fully insured status for benefits under the federal Social
446 Security Act, such member is entitled to a monthly disability
447 benefit.

448 b. Effective July 1, 2001, a member of the pension plan
449 initially enrolled before July 1, 2015, who becomes totally and
450 permanently disabled, as defined in paragraph (b), after



HB 7181, Engrossed 1

2014

451 completing 8 years of creditable service, or a member who
452 becomes totally and permanently disabled in the line of duty
453 regardless of service, is entitled to a monthly disability
454 benefit.

455 c. Effective July 1, 2015, a member of the pension plan
456 initially enrolled on or after July 1, 2015, who becomes totally
457 and permanently disabled, as defined in paragraph (b), after
458 completing 10 years of creditable service, or a member who
459 becomes totally and permanently disabled in the line of duty
460 regardless of service, is entitled to a monthly disability
461 benefit.

462 2. If the division ~~has~~ received ~~from the employer~~ the
463 required documentation of the member's termination of employment
464 from the employer, the effective retirement date for a member
465 who applies and is approved for disability retirement shall be
466 as established by rule of the division.

467 3. For a member who is receiving Workers' Compensation
468 payments, the effective disability retirement date may not
469 precede the date the member reaches Maximum Medical Improvement
470 (MMI), unless the member terminates employment before reaching
471 MMI.

472 Section 7. Subsection (2) of section 121.122, Florida
473 Statutes, is amended, and subsections (3), (4), and (5) are
474 added to that section, to read:

475 121.122 Renewed membership in system.—



HB 7181, Engrossed 1

2014

476 (2) Except as otherwise provided in subsections (3)-(5), a
477 retiree of a state-administered retirement system who is
478 initially reemployed in a regularly established position on or
479 after July 1, 2010, may not be enrolled as a renewed member.

480 (3) A retiree of the investment plan, the State University
481 System Optional Retirement Program, the Senior Management
482 Service Optional Annuity Program, or the State Community College
483 System Optional Retirement Program who retired before July 1,
484 2010, but did not complete 10 years of creditable service and is
485 employed in a regularly established position with a covered
486 employer on or after January 1, 2015, shall be a renewed member
487 of the Regular Class of the investment plan regardless of the
488 position held, unless employed in a position eligible for
489 participation in the State University System Optional Retirement
490 Program or the State Community College System Optional
491 Retirement Program as provided in subsections (4) and (5),
492 respectively. The renewed member must satisfy the vesting
493 requirements and other provisions of this chapter.

494 (a) Creditable service, including credit toward the
495 retiree health insurance subsidy provided in s. 112.363, does
496 not accrue for a retiree's employment in a regularly established
497 position with a covered employer from July 1, 2010, through
498 December 31, 2014.

499 (b) Employer and employee contributions, interest,
500 earnings, or any other funds may not be paid into a renewed



HB 7181, Engrossed 1

2014

501 member's investment plan account for any employment in a
502 regularly established position with a covered employer from July
503 1, 2010, through December 31, 2014, by the renewed member or the
504 employer on behalf of the member.

505 (c) To be eligible to receive a retirement benefit, the
506 renewed member must satisfy the vesting requirements in s.
507 121.4501(6).

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

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

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

514 (g) Upon the renewed membership or reemployment of a
515 retiree, the employer and the retiree shall pay the applicable
516 employer and employee contributions required under ss. 112.363,
517 121.71, 121.74, and 121.76. The contributions are payable only
518 for employment and salary earned in a regularly established
519 position with a covered employer on or after January 1, 2015.
520 The employer and employee contributions shall be transferred to
521 the investment plan and placed in a default fund as designated
522 by the state board. The retiree may move the contributions once
523 an account is activated in the investment plan.

524 (h) The member may not purchase any past service in the
525 investment plan, including employment in a regularly established



HB 7181, Engrossed 1

2014

526 position with a covered employer from July 1, 2010, through
527 December 31, 2014.

528 (i) A renewed member who is a retiree of the investment
529 plan and who is not receiving the maximum health insurance
530 subsidy provided in s. 112.363 is entitled to earn additional
531 credit toward the subsidy. Such credit may be earned only for
532 employment in a regularly established position with a covered
533 employer on or after January 1, 2015. Any additional subsidy due
534 because of additional credit may be received only at the time of
535 paying the second career retirement benefit. The total health
536 insurance subsidy received by a retiree receiving benefits from
537 initial and renewed membership may not exceed the maximum
538 allowed under s. 112.363.

539 (4) A retiree of the investment plan, the State University
540 System Optional Retirement Program, the Senior Management
541 Service Optional Annuity Program, or the State Community College
542 System Optional Retirement Program who retired before July 1,
543 2010, and is employed in a regularly established position
544 eligible for participation in the State University System
545 Optional Retirement Program on or after January 1, 2015, shall
546 become a renewed member of the optional retirement program. The
547 renewed member must satisfy the vesting requirements and other
548 provisions of this chapter. Once enrolled, a renewed member
549 remains enrolled in the optional retirement program while
550 employed in an eligible position for the optional retirement



HB 7181, Engrossed 1

2014

551 program. If employment in a different covered position results
552 in the retiree's enrollment in the investment plan, the retiree
553 is no longer eligible to participate in the optional retirement
554 program unless employed in a mandatory position under s. 121.35.

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

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

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

562 (d) The member, or the employer on behalf of the member,
563 may not purchase any prior service in the optional retirement
564 program or employment from July 1, 2010, to December 31, 2014,
565 when renewed membership is not available.

566 (5) A retiree of the investment plan, the State University
567 System Optional Retirement Program, the Senior Management
568 Service Optional Annuity Program, or the State Community College
569 System Optional Retirement Program who retired before July 1,
570 2010, and is employed in a regularly established position
571 eligible for participation in the State Community College System
572 Optional Retirement Program as provided in s. 121.051(2)(c)4. on
573 or after January 1, 2015, shall become a renewed member of the
574 optional retirement program. The renewed member must satisfy the
575 eligibility requirements of this chapter and s. 1012.875 for the



HB 7181, Engrossed 1

2014

576 optional retirement program. Once enrolled, a renewed member
577 remains enrolled in the optional retirement program while
578 employed in an eligible position for the optional retirement
579 program. If employment in a different covered position results
580 in the retiree's enrollment in the investment plan, the retiree
581 is no longer eligible to participate in the optional retirement
582 program.

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

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

587 (c) Upon renewed membership or reemployment of a retiree,
588 the employer and the retiree shall pay the applicable employer
589 and employee contributions required under ss. 121.051(2)(c) and
590 1012.875.

591 (d) The member, or the employer on behalf of the member,
592 may not purchase any past service in the optional retirement
593 program or employment accrued from July 1, 2010, to December 31,
594 2014.

595 Section 8. Subsection (1), paragraphs (e) and (i) of
596 subsection (2), paragraph (b) of subsection (3), subsection (4),
597 paragraph (c) of subsection (5), subsection (8), and paragraphs
598 (a), (b), (c), and (h) of subsection (10) of section 121.4501,
599 Florida Statutes, are amended to read:

600 121.4501 Florida Retirement System Investment Plan.—



HB 7181, Engrossed 1

2014

601 (1) The Trustees of the State Board of Administration
602 shall establish a defined contribution program called the
603 "Florida Retirement System Investment Plan" or "investment plan"
604 for members of the Florida Retirement System under which
605 retirement benefits will be provided for eligible employees who
606 elect to participate in the program and for employees initially
607 enrolled on or after July 1, 2015, in positions covered by the
608 Elected Officers' Class or the Senior Management Service Class
609 and are compulsory members of the investment plan unless the
610 member withdraws from the system under s. 121.052(3)(d) or s.
611 121.055(1)(b)2., or participates in an optional retirement
612 program under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35.
613 Investment plan membership continues if there is subsequent
614 employment in a position covered by another membership class.
615 The retirement benefits shall be provided through member-
616 directed investments, in accordance with s. 401(a) of the
617 Internal Revenue Code and related regulations. The employer and
618 employee shall make contributions, as provided in this section
619 and ss. 121.571 and 121.71, to the Florida Retirement System
620 Investment Plan Trust Fund toward the funding of benefits.

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

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

624 1. Is a member of, or is eligible for membership in, the
625 Florida Retirement System, including any renewed member of the



HB 7181, Engrossed 1

2014

626 Florida Retirement System initially enrolled before July 1,
627 2010; ~~or~~

628 2. Participates in, or is eligible to participate in, the
629 Senior Management Service Optional Annuity Program as
630 established under s. 121.055(6), the State Community College
631 System Optional Retirement Program as established under s.
632 121.051(2)(c), or the State University System Optional
633 Retirement Program established under s. 121.35; or

634 3. Is a retired member of the investment plan, the State
635 University System Optional Retirement Program, the Senior
636 Management Service Optional Annuity Program, or the State
637 Community College System Optional Retirement Program who retired
638 before July 1, 2010, and is employed in a regularly established
639 position on or after January 1, 2015, as provided in s. 121.122.

640
641 The term does not include any member participating in the
642 Deferred Retirement Option Program established under s.
643 121.091(13), a retiree of a state-administered retirement system
644 who retired ~~initially reemployed in a regularly established~~
645 ~~position~~ on or after July 1, 2010, or a mandatory participant of
646 the State University System Optional Retirement Program
647 established under s. 121.35.

648 (i) "Member" or "employee" means an eligible employee who
649 enrolls in, or is defaulted into, the investment plan as
650 provided in subsection (4), a terminated Deferred Retirement



HB 7181, Engrossed 1

2014

651 Option Program member as described in subsection (21), or a
652 beneficiary or alternate payee of a member or employee.

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

654 (b) Notwithstanding paragraph (a), an eligible employee
655 who elects to participate in, or is defaulted into, the
656 investment plan and establishes one or more individual member
657 accounts may elect to transfer to the investment plan a sum
658 representing the present value of the employee's accumulated
659 benefit obligation under the pension plan, except as provided in
660 paragraph (4) (b). Upon transfer, all service credit earned under
661 the pension plan is nullified for purposes of entitlement to a
662 future benefit under the pension plan. A member may not transfer
663 the accumulated benefit obligation balance from the pension plan
664 after the time period for enrolling in the investment plan has
665 expired.

666 1. For purposes of this subsection, the present value of
667 the member's accumulated benefit obligation is based upon the
668 member's estimated creditable service and estimated average
669 final compensation under the pension plan, subject to
670 recomputation under subparagraph 2. For state employees, initial
671 estimates shall be based upon creditable service and average
672 final compensation as of midnight on June 30, 2002; for district
673 school board employees, initial estimates shall be based upon
674 creditable service and average final compensation as of midnight
675 on September 30, 2002; and for local government employees,



HB 7181, Engrossed 1

2014

676 initial estimates shall be based upon creditable service and
677 average final compensation as of midnight on December 31, 2002.
678 The dates specified are the "estimate date" for these employees.
679 The actuarial present value of the employee's accumulated
680 benefit obligation shall be based on the following:

681 a. The discount rate and other relevant actuarial
682 assumptions used to value the Florida Retirement System Trust
683 Fund at the time the amount to be transferred is determined,
684 consistent with the factors provided in sub-subparagraphs b. and
685 c.

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

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

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

693 (A) Age 62; or

694 (B) The age the member would attain if the member
695 completed 30 years of service with an employer, assuming the
696 member worked continuously from the estimate date, and
697 disregarding any vesting requirement that would otherwise apply
698 under the pension plan.

699 (II) On or after July 1, 2011, the benefit commencement
700 age is the younger of the following, but may not be younger than



HB 7181, Engrossed 1

2014

701 the member's age as of the estimate date:

702 (A) Age 65; or

703 (B) The age the member would attain if the member
704 completed 33 years of service with an employer, assuming the
705 member worked continuously from the estimate date, and
706 disregarding any vesting requirement that would otherwise apply
707 under the pension plan.

708 d. For members of the Special Risk Class and for members
709 of the Special Risk Administrative Support Class entitled to
710 retain the special risk normal retirement date:

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

714 (A) Age 55; or

715 (B) The age the member would attain if the member
716 completed 25 years of service with an employer, assuming the
717 member worked continuously from the estimate date, and
718 disregarding any vesting requirement that would otherwise apply
719 under the pension plan.

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

724 (A) Age 60; or

725 (B) The age the member would attain if the member



HB 7181, Engrossed 1

2014

726 completed 30 years of service with an employer, assuming the
727 member worked continuously from the estimate date, and
728 disregarding any vesting requirement that would otherwise apply
729 under the pension plan.

730 e. The calculation must disregard vesting requirements and
731 early retirement reduction factors that would otherwise apply
732 under the pension plan.

733 2. For each member who elects to transfer moneys from the
734 pension plan to his or her account in the investment plan, the
735 division shall recompute the amount transferred under
736 subparagraph 1. within 60 days after the actual transfer of
737 funds based upon the member's actual creditable service and
738 actual final average compensation as of the initial date of
739 participation in the investment plan. If the recomputed amount
740 differs from the amount transferred by \$10 or more, the division
741 shall:

742 a. Transfer, or cause to be transferred, from the Florida
743 Retirement System Trust Fund to the member's account the excess,
744 if any, of the recomputed amount over the previously transferred
745 amount together with interest from the initial date of transfer
746 to the date of transfer under this subparagraph, based upon the
747 effective annual interest equal to the assumed return on the
748 actuarial investment which was used in the most recent actuarial
749 valuation of the system, compounded annually.

750 b. Transfer, or cause to be transferred, from the member's



HB 7181, Engrossed 1

2014

751 account to the Florida Retirement System Trust Fund the excess,
752 if any, of the previously transferred amount over the recomputed
753 amount, together with interest from the initial date of transfer
754 to the date of transfer under this subparagraph, based upon 6
755 percent effective annual interest, compounded annually, pro rata
756 based on the member's allocation plan.

757 3. If contribution adjustments are made as a result of
758 employer errors or corrections, including plan corrections,
759 following recomputation of the amount transferred under
760 subparagraph 1., the member is entitled to the additional
761 contributions or is responsible for returning any excess
762 contributions resulting from the correction. However, a ~~any~~
763 return of such erroneous excess pretax contribution by the plan
764 must be made within the period allowed by the Internal Revenue
765 Service. The present value of the member's accumulated benefit
766 obligation may ~~shall~~ not be recalculated.

767 4. As directed by the member, the state board shall
768 transfer or cause to be transferred the appropriate amounts to
769 the designated accounts within 30 days after the effective date
770 of the member's participation in the investment plan unless the
771 major financial markets for securities available for a transfer
772 are seriously disrupted by an unforeseen event that causes the
773 suspension of trading on a ~~any~~ national securities exchange in
774 the country where the securities were issued. In that event, the
775 30-day period may be extended by a resolution of the state



HB 7181, Engrossed 1

2014

776 board. Transfers are not commissionable or subject to other fees
777 and may be in the form of securities or cash, as determined by
778 the state board. Such securities are valued as of the date of
779 receipt in the member's account.

780 5. If the state board or the division receives
781 notification from the United States Internal Revenue Service
782 that this paragraph or any portion of this paragraph will cause
783 the retirement system, or a portion thereof, to be disqualified
784 for tax purposes under the Internal Revenue Code, the portion
785 that will cause the disqualification does not apply. Upon such
786 notice, the state board and the division shall notify the
787 presiding officers of the Legislature.

788 (4) PARTICIPATION; ENROLLMENT.—

789 (a)1. Effective June 1, 2002, through February 28, 2003, a
790 90-day election period was provided to each eligible employee
791 participating in the Florida Retirement System, preceded by a
792 90-day education period, permitting each eligible employee to
793 elect membership in the investment plan, and an employee who
794 failed to elect the investment plan during the election period
795 remained in the pension plan. An eligible employee who was
796 employed in a regularly established position during the election
797 period was granted the option to make one subsequent election,
798 as provided in paragraph (f). With respect to an eligible
799 employee who did not participate in the initial election period
800 or who is initially ~~employee who is~~ employed in a regularly



HB 7181, Engrossed 1

2014

801 established position after the close of the initial election
802 period but before July 1, 2015, ~~on June 1, 2002,~~ by a state
803 employer:

804 a. ~~Any such employee may elect to participate in the~~
805 ~~investment plan in lieu of retaining his or her membership in~~
806 ~~the pension plan. The election must be made in writing or by~~
807 ~~electronic means and must be filed with the third party~~
808 ~~administrator by August 31, 2002, or, in the case of an active~~
809 ~~employee who is on a leave of absence on April 1, 2002, by the~~
810 ~~last business day of the 5th month following the month the leave~~
811 ~~of absence concludes. This election is irrevocable, except as~~
812 ~~provided in paragraph (g). Upon making such election, the~~
813 ~~employee shall be enrolled as a member of the investment plan,~~
814 ~~the employee's membership in the Florida Retirement System is~~
815 ~~governed by the provisions of this part, and the employee's~~
816 ~~membership in the pension plan terminates. The employee's~~
817 ~~enrollment in the investment plan is effective the first day of~~
818 ~~the month for which a full month's employer contribution is made~~
819 ~~to the investment plan.~~

820 b. ~~Any such employee who fails to elect to participate in~~
821 ~~the investment plan within the prescribed time period is deemed~~
822 ~~to have elected to retain membership in the pension plan, and~~
823 ~~the employee's option to elect to participate in the investment~~
824 ~~plan is forfeited.~~

825 2. ~~With respect to employees who become eligible to~~



HB 7181, Engrossed 1

2014

826 ~~participate in the investment plan by reason of employment in a~~
827 ~~regularly established position with a state employer commencing~~
828 ~~after April 1, 2002:~~

829 ~~a.~~ Any such employee shall, by default, be enrolled in the
830 pension plan at the commencement of employment, and may, by the
831 last business day of the 5th month following the employee's
832 month of hire, elect to participate in the investment plan. The
833 employee's election must be ~~made~~ in writing or by electronic
834 means and must be filed with the third-party administrator. The
835 election to participate in the investment plan is irrevocable,
836 except as provided in paragraph (f) ~~(g)~~.

837 ~~a.b.~~ If the employee files such election within the
838 prescribed time period, enrollment in the investment plan is
839 effective on the first day of employment. The retirement
840 contributions paid through the month of the employee plan change
841 shall be transferred to the investment program, and, effective
842 the first day of the next month, the employer and employee must
843 pay the applicable contributions based on the employee
844 membership class in the program.

845 ~~b.c.~~ An employee who fails to elect to participate in the
846 investment plan within the prescribed time period is deemed to
847 have elected to retain membership in the pension plan, and the
848 employee's option to elect to participate in the investment plan
849 is forfeited.

850 ~~2.3.~~ With respect to employees who become eligible to



HB 7181, Engrossed 1

2014

851 | participate in the investment plan pursuant to s.
852 | 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
853 | participate in the investment plan in lieu of retaining his or
854 | her membership in the State Community College System Optional
855 | Retirement Program or the State University System Optional
856 | Retirement Program. The election must be ~~made~~ in writing or by
857 | electronic means and must be filed with the third-party
858 | administrator. This election is irrevocable, except as provided
859 | in paragraph (f) ~~(g)~~. Upon making such election, the employee
860 | shall be enrolled as a member in the investment plan, the
861 | employee's membership in the Florida Retirement System is
862 | governed by the provisions of this part, and the employee's
863 | participation in the State Community College System Optional
864 | Retirement Program or the State University System Optional
865 | Retirement Program terminates. The employee's enrollment in the
866 | investment plan is effective on the first day of the month for
867 | which a full month's employer and employee contribution is made
868 | to the investment plan.

869 | (b)1. With respect to employees who become eligible to
870 | participate in the investment plan, except as provided in
871 | paragraph (g), by reason of employment in a regularly
872 | established position commencing on or after July 1, 2015, any
873 | such employee shall be enrolled in the pension plan at the
874 | commencement of employment and may, by the last business day of
875 | the 8th month following the employee's month of hire, elect to



876 participate in the pension plan or the investment plan. Eligible
877 employees may make a plan election only if they are earning
878 service credit in an employer-employee relationship consistent
879 with s. 121.021(17) (b), excluding leaves of absence without pay.

880 2. The employee's election must be made in writing or by
881 electronic means and must be filed with the third-party
882 administrator. The election to participate in the pension plan
883 or investment plan is irrevocable, except as provided in
884 paragraph (f).

885 3. If the employee fails to make an election of the
886 pension plan or investment plan within 8 months following the
887 month of hire, the employee is deemed to have elected the
888 investment plan and will be defaulted into the investment plan
889 retroactively to the employee's date of employment. The
890 employee's option to participate in the pension plan is
891 forfeited, except as provided in paragraph (f).

892 4. The amount of the employee and employer contributions
893 paid before the default to the investment plan shall be
894 transferred to the investment plan and shall be placed in a
895 default fund as designated by the State Board of Administration.
896 The employee may move the contributions once an account is
897 activated in the investment plan.

898 5. Effective the first day of the month after an eligible
899 employee makes a plan election of the pension plan or investment
900 plan, or after the month of default to the investment plan, the



HB 7181, Engrossed 1

2014

901 employee and employer shall pay the applicable contributions
902 based on the employee membership class in the program.

903 ~~4. For purposes of this paragraph, "state employer" means~~
904 ~~any agency, board, branch, commission, community college,~~
905 ~~department, institution, institution of higher education, or~~
906 ~~water management district of the state, which participates in~~
907 ~~the Florida Retirement System for the benefit of certain~~
908 ~~employees.~~

909 ~~(b)1. With respect to an eligible employee who is employed~~
910 ~~in a regularly established position on September 1, 2002, by a~~
911 ~~district school board employer:~~

912 ~~a. Any such employee may elect to participate in the~~
913 ~~investment plan in lieu of retaining his or her membership in~~
914 ~~the pension plan. The election must be made in writing or by~~
915 ~~electronic means and must be filed with the third party~~
916 ~~administrator by November 30, or, in the case of an active~~
917 ~~employee who is on a leave of absence on July 1, 2002, by the~~
918 ~~last business day of the 5th month following the month the leave~~
919 ~~of absence concludes. This election is irrevocable, except as~~
920 ~~provided in paragraph (g). Upon making such election, the~~
921 ~~employee shall be enrolled as a member of the investment plan,~~
922 ~~the employee's membership in the Florida Retirement System is~~
923 ~~governed by the provisions of this part, and the employee's~~
924 ~~membership in the pension plan terminates. The employee's~~
925 ~~enrollment in the investment plan is effective the first day of~~



HB 7181, Engrossed 1

2014

926 ~~the month for which a full month's employer contribution is made~~
927 ~~to the investment program.~~

928 ~~b. Any such employee who fails to elect to participate in~~
929 ~~the investment plan within the prescribed time period is deemed~~
930 ~~to have elected to retain membership in the pension plan, and~~
931 ~~the employee's option to elect to participate in the investment~~
932 ~~plan is forfeited.~~

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

937 ~~a. Any such employee shall, by default, be enrolled in the~~
938 ~~pension plan at the commencement of employment, and may, by the~~
939 ~~last business day of the 5th month following the employee's~~
940 ~~month of hire, elect to participate in the investment plan. The~~
941 ~~employee's election must be made in writing or by electronic~~
942 ~~means and must be filed with the third-party administrator. The~~
943 ~~election to participate in the investment plan is irrevocable,~~
944 ~~except as provided in paragraph (g).~~

945 ~~b. If the employee files such election within the~~
946 ~~prescribed time period, enrollment in the investment plan is~~
947 ~~effective on the first day of employment. The employer~~
948 ~~retirement contributions paid through the month of the employee~~
949 ~~plan change shall be transferred to the investment plan, and,~~
950 ~~effective the first day of the next month, the employer shall~~



HB 7181, Engrossed 1

2014

951 ~~pay the applicable contributions based on the employee~~
952 ~~membership class in the investment plan.~~

953 ~~e. Any such employee who fails to elect to participate in~~
954 ~~the investment plan within the prescribed time period is deemed~~
955 ~~to have elected to retain membership in the pension plan, and~~
956 ~~the employee's option to elect to participate in the investment~~
957 ~~plan is forfeited.~~

958 ~~3. For purposes of this paragraph, "district school board~~
959 ~~employer" means any district school board that participates in~~
960 ~~the Florida Retirement System for the benefit of certain~~
961 ~~employees, or a charter school or charter technical career~~
962 ~~center that participates in the Florida Retirement System as~~
963 ~~provided in s. 121.051(2) (d).~~

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

967 ~~a. Any such employee may elect to participate in the~~
968 ~~investment plan in lieu of retaining his or her membership in~~
969 ~~the pension plan. The election must be made in writing or by~~
970 ~~electronic means and must be filed with the third party~~
971 ~~administrator by February 28, 2003, or, in the case of an active~~
972 ~~employee who is on a leave of absence on October 1, 2002, by the~~
973 ~~last business day of the 5th month following the month the leave~~
974 ~~of absence concludes. This election is irrevocable, except as~~
975 ~~provided in paragraph (g). Upon making such election, the~~



HB 7181, Engrossed 1

2014

976 ~~employee shall be enrolled as a participant of the investment~~
977 ~~plan, the employee's membership in the Florida Retirement System~~
978 ~~is governed by the provisions of this part, and the employee's~~
979 ~~membership in the pension plan terminates. The employee's~~
980 ~~enrollment in the investment plan is effective the first day of~~
981 ~~the month for which a full month's employer contribution is made~~
982 ~~to the investment plan.~~

983 ~~b. Any such employee who fails to elect to participate in~~
984 ~~the investment plan within the prescribed time period is deemed~~
985 ~~to have elected to retain membership in the pension plan, and~~
986 ~~the employee's option to elect to participate in the investment~~
987 ~~plan is forfeited.~~

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

992 ~~a. Any such employee shall, by default, be enrolled in the~~
993 ~~pension plan at the commencement of employment, and may, by the~~
994 ~~last business day of the 5th month following the employee's~~
995 ~~month of hire, elect to participate in the investment plan. The~~
996 ~~employee's election must be made in writing or by electronic~~
997 ~~means and must be filed with the third-party administrator. The~~
998 ~~election to participate in the investment plan is irrevocable,~~
999 ~~except as provided in paragraph (g).~~

1000 ~~b. If the employee files such election within the~~



HB 7181, Engrossed 1

2014

1001 ~~prescribed time period, enrollment in the investment plan is~~
1002 ~~effective on the first day of employment. The employer~~
1003 ~~retirement contributions paid through the month of the employee~~
1004 ~~plan change shall be transferred to the investment plan, and,~~
1005 ~~effective the first day of the next month, the employer shall~~
1006 ~~pay the applicable contributions based on the employee~~
1007 ~~membership class in the investment plan.~~

1008 ~~e. Any such employee who fails to elect to participate in~~
1009 ~~the investment plan within the prescribed time period is deemed~~
1010 ~~to have elected to retain membership in the pension plan, and~~
1011 ~~the employee's option to elect to participate in the investment~~
1012 ~~plan is forfeited.~~

1013 ~~3. For purposes of this paragraph, "local employer" means~~
1014 ~~any employer not included in paragraph (a) or paragraph (b).~~

1015 ~~(c)~~(d) Contributions available for self-direction by a
1016 member who has not selected one or more specific investment
1017 products shall be allocated as prescribed by the state board.
1018 The third-party administrator shall notify the member at least
1019 quarterly that the member should take an affirmative action to
1020 make an asset allocation among the investment products.

1021 ~~(d)~~(e) On or after July 1, 2011, a member of the pension
1022 plan who obtains a refund of employee contributions retains his
1023 or her prior plan choice upon return to employment in a
1024 regularly established position with a participating employer.

1025 ~~(e)~~(f) A member of the investment plan who takes a



HB 7181, Engrossed 1

2014

1026 distribution of any contributions from his or her investment
1027 plan account is considered a retiree. A member ~~retiree~~ who
1028 retires ~~is initially reemployed in a regularly established~~
1029 ~~position~~ on or after July 1, 2010, is not eligible to be
1030 enrolled in renewed membership. A member who retired before July
1031 1, 2010, and is employed on or after January 1, 2015, in a
1032 regularly established position shall be a renewed member as
1033 provided in s. 121.122, except that a retiree who has returned
1034 to covered employment before July 1, 2010, may continue
1035 membership in the plan he or she chooses.

1036 (f) ~~(g)~~ After the period during which an eligible employee
1037 had the choice to elect the pension plan or the investment plan,
1038 or the month following the receipt of the eligible employee's
1039 plan election, if sooner, the employee shall have one
1040 opportunity, at the employee's discretion, to choose to move
1041 from the pension plan to the investment plan or from the
1042 investment plan to the pension plan. Eligible employees may
1043 elect to move between plans only if they are earning service
1044 credit in an employer-employee relationship consistent with s.
1045 121.021(17)(b), excluding leaves of absence without pay.
1046 Effective July 1, 2005, such elections are effective on the
1047 first day of the month following the receipt of the election by
1048 the third-party administrator and are not subject to the
1049 requirements regarding an employer-employee relationship or
1050 receipt of contributions for the eligible employee in the



HB 7181, Engrossed 1

2014

1051 | effective month, except when the election is received by the
1052 | third-party administrator. This paragraph is contingent upon
1053 | approval by the Internal Revenue Service. This paragraph does
1054 | not apply to compulsory investment plan members under paragraph
1055 | (g).

1056 | 1. If the employee chooses to move to the investment plan,
1057 | the provisions of subsection (3) govern the transfer.

1058 | 2. If the employee chooses to move to the pension plan,
1059 | the employee must transfer from his or her investment plan
1060 | account, and from other employee moneys as necessary, a sum
1061 | representing the present value of that employee's accumulated
1062 | benefit obligation immediately following the time of such
1063 | movement, determined assuming that attained service equals the
1064 | sum of service in the pension plan and service in the investment
1065 | plan. Benefit commencement occurs on the first date the employee
1066 | is eligible for unreduced benefits, using the discount rate and
1067 | other relevant actuarial assumptions that were used to value the
1068 | pension plan liabilities in the most recent actuarial valuation.
1069 | For any employee who, at the time of the second election,
1070 | already maintains an accrued benefit amount in the pension plan,
1071 | the then-present value of the accrued benefit is deemed part of
1072 | the required transfer amount. The division must ensure that the
1073 | transfer sum is prepared using a formula and methodology
1074 | certified by an enrolled actuary. A refund of any employee
1075 | contributions or additional member payments made which exceed



HB 7181, Engrossed 1

2014

1076 the employee contributions that would have accrued had the
1077 member remained in the pension plan and not transferred to the
1078 investment plan is not permitted.

1079 3. Notwithstanding subparagraph 2., an employee who
1080 chooses to move to the pension plan and who became eligible to
1081 participate in the investment plan by reason of employment in a
1082 regularly established position with a state employer after June
1083 1, 2002; a district school board employer after September 1,
1084 2002; or a local employer after December 1, 2002, must transfer
1085 from his or her investment plan account, and from other employee
1086 moneys as necessary, a sum representing the employee's actuarial
1087 accrued liability. A refund of any employee contributions or
1088 additional member ~~participant~~ payments made which exceed the
1089 employee contributions that would have accrued had the member
1090 remained in the pension plan and not transferred to the
1091 investment plan is not permitted.

1092 4. An employee's ability to transfer from the pension plan
1093 to the investment plan pursuant to paragraphs (a) and (b) ~~(a)~~
1094 ~~(c)~~, and the ability of a current employee to have an option to
1095 later transfer back into the pension plan under subparagraph 2.,
1096 shall be deemed a significant system amendment. Pursuant to s.
1097 121.031(4), any resulting unfunded liability arising from actual
1098 original transfers from the pension plan to the investment plan
1099 must be amortized within 30 plan years as a separate unfunded
1100 actuarial base independent of the reserve stabilization



HB 7181, Engrossed 1

2014

1101 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
1102 direct amortization payment may not be calculated for this base.
1103 During this 25-year period, the separate base shall be used to
1104 offset the impact of employees exercising their second program
1105 election under this paragraph. The actuarial funded status of
1106 the pension plan will not be affected by such second program
1107 elections in any significant manner, after due recognition of
1108 the separate unfunded actuarial base. Following the initial 25-
1109 year period, any remaining balance of the original separate base
1110 shall be amortized over the remaining 5 years of the required
1111 30-year amortization period.

1112 5. If the employee chooses to transfer from the investment
1113 plan to the pension plan and retains an excess account balance
1114 in the investment plan after satisfying the buy-in requirements
1115 under this paragraph, the excess may not be distributed until
1116 the member retires from the pension plan. The excess account
1117 balance may be rolled over to the pension plan and used to
1118 purchase service credit or upgrade creditable service in the
1119 pension plan.

1120 (g)1. All employees initially enrolled on or after July 1,
1121 2015, in positions covered by the Elected Officers' Class or the
1122 Senior Management Service Class are compulsory members of the
1123 investment plan, except those who withdraw from the system under
1124 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
1125 in an optional retirement program under s. 121.051(1)(a), s.



HB 7181, Engrossed 1

2014

1126 121.051(2)(c), or s. 121.35. Employees eligible to withdraw from
1127 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2. may
1128 choose to withdraw from the system or to participate in the
1129 investment plan as provided in those sections. Employees
1130 eligible for optional retirement programs under s. 121.051(2)(c)
1131 or s. 121.35, except as provided in s. 121.051(1)(a), may choose
1132 to participate in the optional retirement program or the
1133 investment plan as provided in those sections. Investment plan
1134 membership continues if there is subsequent employment in a
1135 position covered by another membership class. Membership in the
1136 pension plan is not permitted except as provided in s.
1137 121.591(2). Employees initially enrolled in the Florida
1138 Retirement System prior to July 1, 2015, may retain their
1139 membership in the pension plan or investment plan and are
1140 eligible to use the election opportunity specified in s.
1141 121.4501(4)(f).

1142 2. Employees initially enrolled on or after July 1, 2015,
1143 in a position covered by the Elected Officers' Class or the
1144 Senior Management Service Class are not permitted to use the
1145 election opportunity specified in paragraph (f).

1146 3. The amount of retirement contributions paid by the
1147 employee and employer, as required under s. 121.72, shall be
1148 placed in a default fund as designated by the state board, until
1149 an account is activated in the investment plan, at which time
1150 the member may move the contributions from the default fund to



HB 7181, Engrossed 1

2014

1151 | other funds provided in the investment plan.

1152 | (5) CONTRIBUTIONS.—

1153 | (c) The state board, acting as plan fiduciary, must ensure
1154 | that all plan assets are held in a trust, pursuant to s. 401 of
1155 | the Internal Revenue Code. The fiduciary must ensure that such
1156 | contributions are allocated as follows:

1157 | 1. The employer and employee contribution portion
1158 | earmarked for member accounts shall be used to purchase
1159 | interests in the appropriate investment vehicles as specified by
1160 | the member, or in accordance with paragraph (4) (c) ~~(4) (d)~~.

1161 | 2. The employer contribution portion earmarked for
1162 | administrative and educational expenses shall be transferred to
1163 | the Florida Retirement System Investment Plan Trust Fund.

1164 | 3. The employer contribution portion earmarked for
1165 | disability benefits shall be transferred to the Florida
1166 | Retirement System Trust Fund.

1167 | (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
1168 | shall be administered by the state board and affected employers.
1169 | The state board may require oaths, by affidavit or otherwise,
1170 | and acknowledgments from persons in connection with the
1171 | administration of its statutory duties and responsibilities for
1172 | the investment plan. An oath, by affidavit or otherwise, may not
1173 | be required of a member at the time of enrollment.

1174 | Acknowledgment of an employee's election to participate in the
1175 | program shall be no greater than necessary to confirm the



HB 7181, Engrossed 1

2014

1176 | employee's election except for members initially enrolled on or
1177 | after July 1, 2015, as provided in paragraph (4) (g). The state
1178 | board shall adopt rules to carry out its statutory duties with
1179 | respect to administering the investment plan, including
1180 | establishing the roles and responsibilities of affected state,
1181 | local government, and education-related employers, the state
1182 | board, the department, and third-party contractors. The
1183 | department shall adopt rules necessary to administer the
1184 | investment plan in coordination with the pension plan and the
1185 | disability benefits available under the investment plan.

1186 | (a)1. The state board shall select and contract with a
1187 | third-party administrator to provide administrative services if
1188 | those services cannot be competitively and contractually
1189 | provided by the division. With the approval of the state board,
1190 | the third-party administrator may subcontract to provide
1191 | components of the administrative services. As a cost of
1192 | administration, the state board may compensate any such
1193 | contractor for its services, in accordance with the terms of the
1194 | contract, as is deemed necessary or proper by the board. The
1195 | third-party administrator may not be an approved provider or be
1196 | affiliated with an approved provider.

1197 | 2. These administrative services may include, but are not
1198 | limited to, enrollment of eligible employees, collection of
1199 | employer and employee contributions, disbursement of
1200 | contributions to approved providers in accordance with the



HB 7181, Engrossed 1

2014

1201 allocation directions of members; services relating to
1202 consolidated billing; individual and collective recordkeeping
1203 and accounting; asset purchase, control, and safekeeping; and
1204 direct disbursement of funds to and from the third-party
1205 administrator, the division, the state board, employers,
1206 members, approved providers, and beneficiaries. This section
1207 does not prevent or prohibit a bundled provider from providing
1208 any administrative or customer service, including accounting and
1209 administration of individual member benefits and contributions;
1210 individual member recordkeeping; asset purchase, control, and
1211 safekeeping; direct execution of the member's instructions as to
1212 asset and contribution allocation; calculation of daily net
1213 asset values; direct access to member account information; or
1214 periodic reporting to members, at least quarterly, on account
1215 balances and transactions, if these services are authorized by
1216 the state board as part of the contract.

1217 (b)1. The state board shall select and contract with one
1218 or more organizations to provide educational services. With
1219 approval of the state board, the organizations may subcontract
1220 to provide components of the educational services. As a cost of
1221 administration, the state board may compensate any such
1222 contractor for its services in accordance with the terms of the
1223 contract, as is deemed necessary or proper by the board. The
1224 education organization may not be an approved provider or be
1225 affiliated with an approved provider.



HB 7181, Engrossed 1

2014

1226 2. Educational services shall be designed by the state
1227 board and department to assist employers, eligible employees,
1228 members, and beneficiaries in order to maintain compliance with
1229 United States Department of Labor regulations under s. 404(c) of
1230 the Employee Retirement Income Security Act of 1974 and to
1231 assist employees in their choice of pension plan or investment
1232 plan retirement alternatives. Educational services include, but
1233 are not limited to, disseminating educational materials;
1234 providing retirement planning education; explaining the pension
1235 plan and the investment plan; and offering financial planning
1236 guidance on matters such as investment diversification,
1237 investment risks, investment costs, and asset allocation. An
1238 approved provider may also provide educational information,
1239 including retirement planning and investment allocation
1240 information concerning its products and services.

1241 (c)1. In evaluating and selecting a third-party
1242 administrator, the state board shall establish criteria for
1243 evaluating the relative capabilities and qualifications of each
1244 proposed administrator. In developing such criteria, the state
1245 board shall consider:

1246 a. The administrator's demonstrated experience in
1247 providing administrative services to public or private sector
1248 retirement systems.

1249 b. The administrator's demonstrated experience in
1250 providing daily valued recordkeeping to defined contribution



HB 7181, Engrossed 1

2014

1251 | programs.

1252 | c. The administrator's ability and willingness to
1253 | coordinate its activities with employers, the state board, and
1254 | the division, and to supply to such employers, the board, and
1255 | the division the information and data they require, including,
1256 | but not limited to, monthly management reports, quarterly member
1257 | reports, and ad hoc reports requested by the department or state
1258 | board.

1259 | d. The cost-effectiveness and levels of the administrative
1260 | services provided.

1261 | e. The administrator's ability to interact with the
1262 | members, the employers, the state board, the division, and the
1263 | providers; the means by which members may access account
1264 | information, direct investment of contributions, make changes to
1265 | their accounts, transfer moneys between available investment
1266 | vehicles, and transfer moneys between investment products; and
1267 | any fees that apply to such activities.

1268 | f. Any other factor deemed necessary by the state board.

1269 | 2. In evaluating and selecting an educational provider,
1270 | the state board shall establish criteria under which it shall
1271 | consider the relative capabilities and qualifications of each
1272 | proposed educational provider. In developing such criteria, the
1273 | state board shall consider:

1274 | a. Demonstrated experience in providing educational
1275 | services to public or private sector retirement systems.



HB 7181, Engrossed 1

2014

1276 b. Ability and willingness to coordinate its activities
1277 with the employers, the state board, and the division, and to
1278 supply to such employers, the board, and the division the
1279 information and data they require, including, but not limited
1280 to, reports on educational contacts.

1281 c. The cost-effectiveness and levels of the educational
1282 services provided.

1283 d. Ability to provide educational services via different
1284 media, including, but not limited to, the Internet, personal
1285 contact, seminars, brochures, and newsletters.

1286 e. Any other factor deemed necessary by the state board.

1287 3. The establishment of the criteria shall be solely
1288 within the discretion of the state board.

1289 (d) The state board shall develop the form and content of
1290 any contracts to be offered under the investment plan. In
1291 developing the contracts, the board shall consider:

1292 1. The nature and extent of the rights and benefits to be
1293 afforded in relation to the contributions required under the
1294 plan.

1295 2. The suitability of the rights and benefits provided and
1296 the interests of employers in the recruitment and retention of
1297 eligible employees.

1298 (e)1. The state board may contract for professional
1299 services, including legal, consulting, accounting, and actuarial
1300 services, deemed necessary to implement and administer the



HB 7181, Engrossed 1

2014

1301 investment plan. The state board may enter into a contract with
1302 one or more vendors to provide low-cost investment advice to
1303 members, supplemental to education provided by the third-party
1304 administrator. All fees under any such contract shall be paid by
1305 those members who choose to use the services of the vendor.

1306 2. The department may contract for professional services,
1307 including legal, consulting, accounting, and actuarial services,
1308 deemed necessary to implement and administer the investment plan
1309 in coordination with the pension plan. The department, in
1310 coordination with the state board, may enter into a contract
1311 with the third-party administrator in order to coordinate
1312 services common to the various programs within the Florida
1313 Retirement System.

1314 (f) The third-party administrator may not receive direct
1315 or indirect compensation from an approved provider, except as
1316 specifically provided for in the contract with the state board.

1317 (g) The state board shall receive and resolve member
1318 complaints against the program, the third-party administrator,
1319 or any program vendor or provider; shall resolve any conflict
1320 between the third-party administrator and an approved provider
1321 if such conflict threatens the implementation or administration
1322 of the program or the quality of services to employees; and may
1323 resolve any other conflicts. The third-party administrator shall
1324 retain all member records for at least 5 years for use in
1325 resolving any member conflicts. The state board, the third-party



HB 7181, Engrossed 1

2014

1326 administrator, or a provider is not required to produce
1327 documentation or an audio recording to justify action taken with
1328 regard to a member if the action occurred 5 or more years before
1329 the complaint is submitted to the state board. It is presumed
1330 that all action taken 5 or more years before the complaint is
1331 submitted was taken at the request of the member and with the
1332 member's full knowledge and consent. To overcome this
1333 presumption, the member must present documentary evidence or an
1334 audio recording demonstrating otherwise.

1335 (10) EDUCATION COMPONENT.—

1336 (a) The state board, in coordination with the department,
1337 shall provide for an education component for eligible employees
1338 ~~system members~~ in a manner consistent with the provisions of
1339 this subsection ~~section~~. ~~The education component must be~~
1340 ~~available to eligible employees at least 90 days prior to the~~
1341 ~~beginning date of the election period for the employees of the~~
1342 ~~respective types of employers.~~

1343 (b) The education component must provide system members
1344 with impartial and balanced information about plan choices
1345 except for members initially enrolled on or after July 1, 2015,
1346 as provided in paragraph (4) (g). The education component must
1347 involve multimedia formats. Program comparisons must, to the
1348 greatest extent possible, be based upon the retirement income
1349 that different retirement programs may provide to the member.
1350 The state board shall monitor the performance of the contract to



HB 7181, Engrossed 1

2014

1351 ensure that the program is conducted in accordance with the
1352 contract, applicable law, and the rules of the state board.

1353 (c) The state board, in coordination with the department,
1354 shall provide for an initial and ongoing transfer education
1355 component to provide system members except for those members
1356 initially enrolled on or after July 1, 2015, as provided in
1357 paragraph (4)(g), with information necessary to make informed
1358 plan choice decisions. The transfer education component must
1359 include, but is not limited to, information on:

1360 1. The amount of money available to a member to transfer
1361 to the defined contribution program.

1362 2. The features of and differences between the pension
1363 plan and the defined contribution program, both generally and
1364 specifically, as those differences may affect the member.

1365 3. The expected benefit available if the member were to
1366 retire under each of the retirement programs, based on
1367 appropriate alternative sets of assumptions.

1368 4. The rate of return from investments in the defined
1369 contribution program and the period of time over which such rate
1370 of return must be achieved to equal or exceed the expected
1371 monthly benefit payable to the member under the pension plan.

1372 5. The historical rates of return for the investment
1373 alternatives available in the defined contribution programs.

1374 6. The benefits and historical rates of return on
1375 investments available in a typical deferred compensation plan or



HB 7181, Engrossed 1

2014

1376 a typical plan under s. 403(b) of the Internal Revenue Code for
1377 which the employee may be eligible.

1378 7. The program choices available to employees of the State
1379 University System and the comparative benefits of each available
1380 program, if applicable.

1381 8. Payout options available in each of the retirement
1382 programs.

1383 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
1384 ~~System employers have an obligation to regularly communicate the~~
1385 ~~existence of the two Florida Retirement System plans and the~~
1386 ~~plan choice in the natural course of administering their~~
1387 ~~personnel functions, using the educational materials supplied by~~
1388 ~~the state board and the Department of Management Services.~~

1389 Section 9. Paragraph (b) of subsection (2) of section
1390 121.591, Florida Statutes, is amended to read:

1391 121.591 Payment of benefits.—Benefits may not be paid
1392 under the Florida Retirement System Investment Plan unless the
1393 member has terminated employment as provided in s.
1394 121.021(39)(a) or is deceased and a proper application has been
1395 filed as prescribed by the state board or the department.
1396 Benefits, including employee contributions, are not payable
1397 under the investment plan for employee hardships, unforeseeable
1398 emergencies, loans, medical expenses, educational expenses,
1399 purchase of a principal residence, payments necessary to prevent
1400 eviction or foreclosure on an employee's principal residence, or



HB 7181, Engrossed 1

2014

1401 any other reason except a requested distribution for retirement,
1402 a mandatory de minimis distribution authorized by the
1403 administrator, or a required minimum distribution provided
1404 pursuant to the Internal Revenue Code. The state board or
1405 department, as appropriate, may cancel an application for
1406 retirement benefits if the member or beneficiary fails to timely
1407 provide the information and documents required by this chapter
1408 and the rules of the state board and department. In accordance
1409 with their respective responsibilities, the state board and the
1410 department shall adopt rules establishing procedures for
1411 application for retirement benefits and for the cancellation of
1412 such application if the required information or documents are
1413 not received. The state board and the department, as
1414 appropriate, are authorized to cash out a de minimis account of
1415 a member who has been terminated from Florida Retirement System
1416 covered employment for a minimum of 6 calendar months. A de
1417 minimis account is an account containing employer and employee
1418 contributions and accumulated earnings of not more than \$5,000
1419 made under the provisions of this chapter. Such cash-out must be
1420 a complete lump-sum liquidation of the account balance, subject
1421 to the provisions of the Internal Revenue Code, or a lump-sum
1422 direct rollover distribution paid directly to the custodian of
1423 an eligible retirement plan, as defined by the Internal Revenue
1424 Code, on behalf of the member. Any nonvested accumulations and
1425 associated service credit, including amounts transferred to the



HB 7181, Engrossed 1

2014

1426 | suspense account of the Florida Retirement System Investment
1427 | Plan Trust Fund authorized under s. 121.4501(6), shall be
1428 | forfeited upon payment of any vested benefit to a member or
1429 | beneficiary, except for de minimis distributions or minimum
1430 | required distributions as provided under this section. If any
1431 | financial instrument issued for the payment of retirement
1432 | benefits under this section is not presented for payment within
1433 | 180 days after the last day of the month in which it was
1434 | originally issued, the third-party administrator or other duly
1435 | authorized agent of the state board shall cancel the instrument
1436 | and credit the amount of the instrument to the suspense account
1437 | of the Florida Retirement System Investment Plan Trust Fund
1438 | authorized under s. 121.4501(6). Any amounts transferred to the
1439 | suspense account are payable upon a proper application, not to
1440 | include earnings thereon, as provided in this section, within 10
1441 | years after the last day of the month in which the instrument
1442 | was originally issued, after which time such amounts and any
1443 | earnings attributable to employer contributions shall be
1444 | forfeited. Any forfeited amounts are assets of the trust fund
1445 | and are not subject to chapter 717.

1446 | (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided
1447 | under this subsection are payable in lieu of the benefits that
1448 | would otherwise be payable under the provisions of subsection
1449 | (1). Such benefits must be funded from employer contributions
1450 | made under s. 121.571, transferred employee contributions and



HB 7181, Engrossed 1

2014

1451 funds accumulated pursuant to paragraph (a), and interest and
1452 earnings thereon.

1453 (b) Disability retirement; entitlement.—

1454 1.a. A member of the investment plan initially enrolled
1455 before July 1, 2015, who becomes totally and permanently
1456 disabled, as defined in paragraph (d), after completing 8 years
1457 of creditable service, or a member who becomes totally and
1458 permanently disabled in the line of duty regardless of length of
1459 service, is entitled to a monthly disability benefit.

1460 b. A member of the investment plan initially enrolled on
1461 or after July 1, 2015, who becomes totally and permanently
1462 disabled, as defined in paragraph (d), after completing 10 years
1463 of creditable service, or a member who becomes totally and
1464 permanently disabled in the line of duty regardless of service,
1465 is entitled to a monthly disability benefit.

1466 2. In order for service to apply toward the 8 years of
1467 creditable service required for regular disability benefits, or
1468 toward the creditable service used in calculating a service-
1469 based benefit as provided under paragraph (g), the service must
1470 be creditable service as described below:

1471 a. The member's period of service under the investment
1472 plan shall be considered creditable service, except as provided
1473 in subparagraph d.

1474 b. If the member has elected to retain credit for service
1475 under the pension plan as provided under s. 121.4501(3), all



HB 7181, Engrossed 1

2014

1476 such service shall be considered creditable service.

1477 c. If the member elects to transfer to his or her member
1478 accounts a sum representing the present value of his or her
1479 retirement credit under the pension plan as provided under s.
1480 121.4501(3), the period of service under the pension plan
1481 represented in the present value amounts transferred shall be
1482 considered creditable service, except as provided in
1483 subparagraph d.

1484 d. If a member has terminated employment and has taken
1485 distribution of his or her funds as provided in subsection (1),
1486 all creditable service represented by such distributed funds is
1487 forfeited for purposes of this subsection.

1488 Section 10. Subsection (2) of section 175.021, Florida
1489 Statutes, is amended to read:

1490 175.021 Legislative declaration.—

1491 (2) This chapter hereby establishes, for all municipal and
1492 special district pension plans existing ~~new or hereafter~~ under
1493 this chapter, including chapter plans and local law plans,
1494 minimum benefits and minimum standards for the operation and
1495 funding of such plans, hereinafter referred to as firefighters'
1496 pension trust funds, which must be met as a condition precedent
1497 to the plan or plan sponsor receiving a distribution of
1498 insurance premium tax revenues under s. 175.121. The minimum
1499 benefits and minimum standards for each plan as set forth in
1500 this chapter may not be diminished by local charter, ordinance,



HB 7181, Engrossed 1

2014

1501 or resolution or by special act of the Legislature and may not,
1502 ~~nor may the minimum benefits or minimum standards~~ be reduced or
1503 offset by any other local, state, or federal law that includes
1504 ~~may include~~ firefighters in its operation, except as provided
1505 under s. 112.65.

1506 Section 11. Section 175.032, Florida Statutes, is amended
1507 to read:

1508 175.032 Definitions.—For any municipality, special fire
1509 control district, chapter plan, local law municipality, local
1510 law special fire control district, or local law plan under this
1511 chapter, the term ~~following words and phrases have the following~~
1512 ~~meanings:~~

1513 (1) "Additional premium tax revenues" means revenues
1514 received by a municipality or special fire control district
1515 pursuant to s. 175.121 which exceed base premium tax revenues.

1516 ~~(2)(1)(a)~~ "Average final compensation" for:

1517 (a) A full-time firefighter means one-twelfth of the
1518 average annual compensation of the 5 best years of the last 10
1519 years of creditable service before ~~prior to~~ retirement,
1520 termination, or death, or the career average as a full-time
1521 firefighter since July 1, 1953, whichever is greater. A year is
1522 ~~shall be~~ 12 consecutive months or such other consecutive period
1523 of time as is used and consistently applied.

1524 ~~(b) "Average final compensation" for~~ A volunteer
1525 firefighter means the average salary of the 5 best years of the



HB 7181, Engrossed 1

2014

1526 last 10 best contributing years before ~~prior to~~ change in status
1527 to a permanent full-time firefighter or retirement as a
1528 volunteer firefighter or the career average of a volunteer
1529 firefighter, since July 1, 1953, whichever is greater.

1530 (3) "Base premium tax revenues" means for local law plans
1531 in effect on October 1, 1998, the revenues received by a
1532 municipality or special fire control district pursuant to s.
1533 175.121 for the calendar year 1997, and for local law plans
1534 created after October 1, 1998 and on or before March 1, 2014,
1535 the revenues received by a municipality or special fire control
1536 district pursuant to s. 175.121 for the second full year of
1537 distribution after the plan was created.

1538 (4)~~(2)~~ "Chapter plan" means a separate defined benefit
1539 pension plan for firefighters which incorporates by reference
1540 the provisions of this chapter and has been adopted by the
1541 governing body of a municipality or special district. Except as
1542 ~~may be~~ specifically authorized in this chapter, the provisions
1543 of a chapter plan may not differ from the plan provisions set
1544 forth in ss. 175.021-175.341 and ss. 175.361-175.401. Actuarial
1545 valuations of chapter plans shall be conducted by the division
1546 as provided by s. 175.261(1).

1547 (5)~~(3)~~ "Compensation" or "salary" means, for
1548 noncollectively bargained service earned before July 1, 2011, or
1549 for service earned under collective bargaining agreements in
1550 place before July 1, 2011, the fixed monthly remuneration paid a



HB 7181, Engrossed 1

2014

1551 firefighter. If remuneration is based on actual services
1552 rendered, as in the case of a volunteer firefighter, the term
1553 means the total cash remuneration received yearly for such
1554 services, prorated on a monthly basis. For noncollectively
1555 bargained service earned on or after July 1, 2011, or for
1556 service earned under collective bargaining agreements entered
1557 into on or after July 1, 2011, the term has the same meaning
1558 except that when calculating retirement benefits, up to 300
1559 hours per year in overtime compensation may be included as
1560 specified in the plan or collective bargaining agreement, but
1561 payments for accrued unused sick or annual leave may not be
1562 included.

1563 (a) Any retirement trust fund or plan that meets the
1564 requirements of this chapter does not, solely by virtue of this
1565 subsection, reduce or diminish the monthly retirement income
1566 otherwise payable to each firefighter covered by the retirement
1567 trust fund or plan.

1568 (b) The member's compensation or salary contributed as
1569 employee-elective salary reductions or deferrals to any salary
1570 reduction, deferred compensation, or tax-sheltered annuity
1571 program authorized under the Internal Revenue Code shall be
1572 deemed to be the compensation or salary the member would receive
1573 if he or she were not participating in such program and ~~shall be~~
1574 treated as compensation for retirement purposes under this
1575 chapter.



HB 7181, Engrossed 1

2014

1576 (c) For any person who first becomes a member in any plan
1577 year beginning on or after January 1, 1996, compensation for
1578 that plan year may not include any amounts in excess of the
1579 Internal Revenue Code s. 401(a)(17) limitation, as amended by
1580 the Omnibus Budget Reconciliation Act of 1993, which limitation
1581 of \$150,000 shall be adjusted as required by federal law for
1582 qualified government plans and ~~shall be~~ further adjusted for
1583 changes in the cost of living in the manner provided by Internal
1584 Revenue Code s. 401(a)(17)(B). For any person who first became a
1585 member before the first plan year beginning on or after January
1586 1, 1996, the limitation on compensation may not be less than the
1587 maximum compensation amount that was allowed to be taken into
1588 account under the plan in effect on July 1, 1993, which
1589 limitation shall be adjusted for changes in the cost of living
1590 since 1989 in the manner provided by Internal Revenue Code s.
1591 401(a)(17)(1991).

1592 ~~(6)-(4)~~ "Creditable service" or "credited service" means
1593 the aggregate number of years of service~~r~~ and fractional parts
1594 of years of service~~r~~ of any firefighter, omitting intervening
1595 years and fractional parts of years when such firefighter may
1596 not have been employed by the municipality or special fire
1597 control district, subject to the following conditions:

1598 (a) A ~~No~~ firefighter may not ~~will~~ receive credit for years
1599 or fractional parts of years of service if he or she has
1600 withdrawn his or her contributions to the fund for those years



HB 7181, Engrossed 1

2014

1601 or fractional parts of years of service, unless the firefighter
1602 repays into the fund the amount he or she has withdrawn, plus
1603 interest determined by the board. The member shall have at least
1604 90 days after his or her reemployment to make repayment.

1605 (b) A firefighter may voluntarily leave his or her
1606 contributions in the fund for ~~a period of~~ 5 years after leaving
1607 the employ of the fire department, pending the possibility of
1608 being rehired by the same department, without losing credit for
1609 the time he or she has participated actively as a firefighter.
1610 If the firefighter is not reemployed as a firefighter, with the
1611 same department, within 5 years, his or her contributions shall
1612 be returned without interest.

1613 (c) Credited service under this chapter shall be provided
1614 only for service as a firefighter, ~~as defined in subsection (8),~~
1615 or for military service and does not include credit for any
1616 other type of service. A municipality ~~may~~, by local ordinance,
1617 or a special fire control district ~~may~~, by resolution, may
1618 provide for the purchase of credit for military service prior to
1619 employment as well as for prior service as a firefighter for
1620 some other employer as long as a firefighter is not entitled to
1621 receive a benefit for such prior service ~~as a firefighter~~. For
1622 purposes of determining credit for prior service as a
1623 firefighter, in addition to service as a firefighter in this
1624 state, credit may be given for federal, other state, or county
1625 service if the prior service is recognized by the Division of



HB 7181, Engrossed 1

2014

1626 State Fire Marshal as provided in ~~under~~ chapter 633, or the
1627 firefighter provides proof to the board of trustees that his or
1628 her service is equivalent to the service required to meet the
1629 definition of a firefighter under subsection (11) ~~(8)~~.

1630 (d) In determining the creditable service of any
1631 firefighter, credit for up to 5 years of the time spent in the
1632 military service of the Armed Forces of the United States shall
1633 be added to the years of actual service if:

1634 1. The firefighter is in the active employ of an employer
1635 immediately prior to such service and leaves a position, other
1636 than a temporary position, for the purpose of voluntary or
1637 involuntary service in the Armed Forces of the United States.

1638 2. The firefighter is entitled to reemployment under the
1639 provisions of the Uniformed Services Employment and Reemployment
1640 Rights Act.

1641 3. The firefighter returns to his or her employment as a
1642 firefighter of the municipality or special fire control district
1643 within 1 year from the date of release from such active service.

1644 (7) ~~(5)~~ "Deferred Retirement Option Plan" or "DROP" means a
1645 local law plan retirement option in which a firefighter may
1646 elect to participate. A firefighter may retire for all purposes
1647 of the plan and defer receipt of retirement benefits into a DROP
1648 account while continuing employment with his or her employer.
1649 However, a firefighter who enters ~~the~~ DROP and who is otherwise
1650 eligible to participate may ~~shall~~ not ~~thereby~~ be precluded from



HB 7181, Engrossed 1

2014

1651 participation or continued participation ~~participating, or~~
1652 ~~continuing to participate,~~ in a supplemental plan in existence
1653 on, or created after, March 12, 1999 ~~the effective date of this~~
1654 ~~act.~~

1655 (8) "Defined contribution plan" means the component of a
1656 local law plan, as provided in s. 175.351(1), to which deposits,
1657 if any, are made to provide benefits for firefighters, or for
1658 firefighters and police officers if both are included. Such
1659 component is an element of a local law plan and exists in
1660 conjunction with the defined benefit component that meets the
1661 minimum benefits and minimum standards of this chapter. The
1662 retirement benefits, if any, of the defined contribution plan
1663 shall be provided through individual member accounts in
1664 accordance with the applicable provisions of the Internal
1665 Revenue Code and related regulations and are limited to the
1666 contributions, if any, made into each member's account and the
1667 actual accumulated earnings, net of expenses, earned on the
1668 member's account.

1669 (9)~~(6)~~ "Division" means the Division of Retirement of the
1670 Department of Management Services.

1671 (10)~~(7)~~ "Enrolled actuary" means an actuary who is
1672 enrolled under Subtitle C of Title III of the Employee
1673 Retirement Income Security Act of 1974 and who is a member of
1674 the Society of Actuaries or the American Academy of Actuaries.

1675 (11)~~(8)~~(a) "Firefighter" means a person employed solely by



HB 7181, Engrossed 1

2014

1676 a constituted fire department of any municipality or special
1677 fire control district who is certified as a firefighter as a
1678 condition of employment in accordance with s. 633.408 and whose
1679 duty it is to extinguish fires, to protect life, or to protect
1680 property. The term includes all certified, supervisory, and
1681 command personnel whose duties include, in whole or in part, the
1682 supervision, training, guidance, and management responsibilities
1683 of full-time firefighters, part-time firefighters, or auxiliary
1684 firefighters but does not include part-time firefighters or
1685 auxiliary firefighters. However, for purposes of this chapter
1686 only, the term also includes public safety officers who are
1687 responsible for performing both police and fire services, who
1688 are certified as police officers or firefighters, and who are
1689 certified by their employers to the Chief Financial Officer as
1690 participating in this chapter before October 1, 1979. Effective
1691 October 1, 1979, public safety officers who have not been
1692 certified as participating in this chapter are considered police
1693 officers for retirement purposes and are eligible to participate
1694 in chapter 185. Any plan may provide that the fire chief has an
1695 option to participate, ~~or not,~~ in that plan.

1696 (b) "Volunteer firefighter" means any person whose name is
1697 carried on the active membership roll of a constituted volunteer
1698 fire department or a combination of a paid and volunteer fire
1699 department of any municipality or special fire control district
1700 and whose duty it is to extinguish fires, to protect life, and



HB 7181, Engrossed 1

2014

1701 to protect property. Compensation for services rendered by a
1702 volunteer firefighter does ~~shall~~ not disqualify him or her as a
1703 volunteer. A person may ~~shall~~ not be disqualified as a volunteer
1704 firefighter solely because he or she has other gainful
1705 employment. Any person who volunteers assistance at a fire but
1706 is not an active member of a department described herein is not
1707 a volunteer firefighter within the meaning of this paragraph.

1708 (12) ~~(9)~~ "Firefighters' Pension Trust Fund" means a trust
1709 fund, by whatever name known, as provided under s. 175.041, for
1710 the purpose of assisting municipalities and special fire control
1711 districts in establishing and maintaining a retirement plan for
1712 firefighters.

1713 (13) ~~(10)~~ "Local law municipality" is any municipality in
1714 which ~~there exists~~ a local law plan exists.

1715 (14) ~~(11)~~ "Local law plan" means a retirement ~~defined~~
1716 benefit pension plan, which includes both a defined benefit plan
1717 component and a defined contribution plan component, for
1718 firefighters, or for firefighters and ~~or~~ police officers if both
1719 are ~~where~~ included, as described in s. 175.351, established by
1720 municipal ordinance, special district resolution, or special act
1721 of the Legislature, which ~~enactment~~ sets forth all plan
1722 provisions. Local law plan provisions may vary from the
1723 provisions of this chapter if the, ~~provided that required~~
1724 minimum benefits and minimum standards of this chapter are met.
1725 However, any such variance must ~~shall~~ provide a greater benefit



HB 7181, Engrossed 1

2014

1726 for firefighters. Actuarial valuations of local law plans shall
1727 be conducted by an enrolled actuary as provided in s.
1728 175.261(2).

1729 (15)~~(12)~~ "Local law special fire control district" means
1730 ~~is~~ any special fire control district in which ~~there exists~~ a
1731 local law plan exists.

1732 (16) "Minimum benefits" means the benefits set forth in
1733 ss. 175.021-175.341 and ss. 175.361-175.401.

1734 (17) "Minimum standards" means the standards set forth in
1735 ss. 175.021-175.341 and ss. 175.361-175.401.

1736 (18)~~(13)~~ "Property insurance" means property insurance as
1737 defined in s. 624.604 and covers real and personal property
1738 within the corporate limits of a ~~any~~ municipality, or within the
1739 boundaries of a ~~any~~ special fire control district, within the
1740 state. The term "multiple peril" means a combination or package
1741 policy that includes both property and casualty coverage for a
1742 single premium.

1743 (19)~~(14)~~ "Retiree" or "retired firefighter" means a
1744 firefighter who has entered retirement status. For the purposes
1745 of a plan that includes a Deferred Retirement Option Plan
1746 (DROP), a firefighter who enters ~~the~~ is ~~shall be~~ considered
1747 a retiree for all purposes of the plan. However, a firefighter
1748 who enters ~~the~~ DROP and who is otherwise eligible to participate
1749 may ~~shall~~ not ~~thereby~~ be precluded from participation or
1750 continued participation ~~participating, or continuing to~~



HB 7181, Engrossed 1

2014

1751 ~~participate,~~ in a supplemental plan in existence on, or created
1752 after, March 12, 1999 ~~the effective date of this act.~~

1753 (20) ~~(15)~~ "Retirement" means a firefighter's separation
1754 from municipal city or fire district employment as a firefighter
1755 with immediate eligibility for ~~receipt of~~ benefits under the
1756 plan. For purposes of a plan that includes a Deferred Retirement
1757 Option Plan (DROP), "retirement" means the date a firefighter
1758 enters ~~the~~ DROP.

1759 (21) "Special act plan" means a plan subject to the
1760 provisions of this chapter which was created by an act of the
1761 Legislature and continues to require an act of the Legislature
1762 to alter plan benefits.

1763 (22) "Special benefits" means benefits provided in a
1764 defined contribution plan for firefighters.

1765 (23) ~~(16)~~ "Special fire control district" means a special
1766 district, as defined in s. 189.403~~(1)~~, established for the
1767 purposes of extinguishing fires, protecting life, and protecting
1768 property within the incorporated or unincorporated portions of a
1769 ~~any~~ county or combination of counties, or within any combination
1770 of incorporated and unincorporated portions of a ~~any~~ county or
1771 combination of counties. The term does not include any dependent
1772 or independent special district, ~~as~~ those terms are defined in
1773 s. 189.403, whose ~~s. 189.403(2) and (3), respectively,~~ the
1774 employees ~~of which~~ are members of the Florida Retirement System
1775 pursuant to s. 121.051(1) or (2).



HB 7181, Engrossed 1

2014

1776 (24)~~(17)~~ "Supplemental plan" means a plan to which
1777 deposits are made to provide special ~~extra~~ benefits for
1778 firefighters, or for firefighters and police officers if both
1779 are ~~where~~ included ~~under this chapter~~. Such a plan is an element
1780 of a local law plan and exists in conjunction with a defined
1781 benefit component ~~plan~~ that meets the minimum benefits and
1782 minimum standards of this chapter. Any supplemental plan in
1783 existence on March 1, 2014, shall be deemed to be a defined
1784 contribution plan in compliance with s. 175.351(6).

1785 (25)~~(18)~~ "Supplemental plan municipality" means a ~~any~~
1786 local law municipality in which any ~~there existed~~ a supplemental
1787 plan existed, ~~of any type or nature~~, as of December 1, 2000.

1788 Section 12. Subsection (7) of section 175.071, Florida
1789 Statutes, is amended to read:

1790 175.071 General powers and duties of board of trustees.—
1791 For any municipality, special fire control district, chapter
1792 plan, local law municipality, local law special fire control
1793 district, or local law plan under this chapter:

1794 (7) To assist the board in meeting its responsibilities
1795 under this chapter, the board, if it so elects, may:

1796 (a) Employ independent legal counsel at the pension fund's
1797 expense.

1798 (b) Employ an independent enrolled actuary, as defined in
1799 s. 175.032~~(7)~~, at the pension fund's expense.

1800 (c) Employ such independent professional, technical, or



HB 7181, Engrossed 1

2014

1801 other advisers as it deems necessary at the pension fund's
1802 expense.

1803
1804 If the board chooses to use the municipality's or special
1805 district's legal counsel or actuary, or chooses to use any of
1806 the municipality's or special district's other professional,
1807 technical, or other advisers, it must do so only under terms and
1808 conditions acceptable to the board.

1809 Section 13. Paragraph (d) of subsection (1) of section
1810 175.091, Florida Statutes, is amended to read:

1811 175.091 Creation and maintenance of fund.—For any
1812 municipality, special fire control district, chapter plan, local
1813 law municipality, local law special fire control district, or
1814 local law plan under this chapter:

1815 (1) The firefighters' pension trust fund in each
1816 municipality and in each special fire control district shall be
1817 created and maintained in the following manner:

1818 (d) By mandatory payment by the municipality or special
1819 fire control district of a sum equal to the normal cost of and
1820 the amount required to fund any actuarial deficiency shown by an
1821 actuarial valuation conducted under ~~as provided in~~ part VII of
1822 chapter 112 after taking into account the amounts described in
1823 paragraphs (b), (c), (e), (f), and (g) and the tax proceeds
1824 described in paragraph (a) which are used to fund defined
1825 benefit plan benefits.



HB 7181, Engrossed 1

2014

1826
1827 Nothing in this section shall be construed to require adjustment
1828 of member contribution rates in effect on the date this act
1829 becomes a law, including rates that exceed 5 percent of salary,
1830 provided that such rates are at least one-half of 1 percent of
1831 salary.

1832 Section 14. Paragraph (a) of subsection (2) of section
1833 175.162, Florida Statutes, is amended to read:

1834 175.162 Requirements for retirement.—For any municipality,
1835 special fire control district, chapter plan, local law
1836 municipality, local law special fire control district, or local
1837 law plan under this chapter, any firefighter who completes 10 or
1838 more years of creditable service as a firefighter and attains
1839 age 55, or completes 25 years of creditable service as a
1840 firefighter and attains age 52, and who for such minimum period
1841 has been a member of the firefighters' pension trust fund
1842 operating under a chapter plan or local law plan, is eligible
1843 for normal retirement benefits. Normal retirement under the plan
1844 is retirement from the service of the municipality or special
1845 fire control district on or after the normal retirement date. In
1846 such event, payment of retirement income will be governed by the
1847 following provisions of this section:

1848 (2) (a) 1. The amount of monthly retirement income payable
1849 to a full-time firefighter who retires on or after his or her
1850 normal retirement date shall be an amount equal to the number of



HB 7181, Engrossed 1

2014

1851 his or her years of credited service multiplied by 2.75 ~~2~~
1852 percent of his or her average final compensation as a full-time
1853 firefighter. ~~However, if current state contributions pursuant to~~
1854 ~~this chapter are not adequate to fund the additional benefits to~~
1855 ~~meet the minimum requirements in this chapter, only such~~
1856 ~~incremental increases shall be required as state moneys are~~
1857 ~~adequate to provide. Such increments shall be provided as state~~
1858 ~~moneys become available.~~

1859 2. Effective July 1, 2014, a plan that is in compliance
1860 with this chapter except that the plan provides a benefit that
1861 is less than 2.75 percent of the average final compensation of a
1862 full-time firefighter for all years of credited service, as
1863 provided in subparagraph 1., or provides an effective benefit
1864 that is below 2.75 percent as a result of a maximum benefit
1865 limitation, must maintain, at a minimum, the percentage amount
1866 or maximum benefit limitation in effect on July 1, 2014, and is
1867 not required to increase the benefit to 2.75 percent of the
1868 average final compensation of a full-time firefighter for all
1869 years of credited service.

1870 3. Effective July 1, 2014, a plan that is in compliance
1871 with this chapter except that the plan provides a benefit that
1872 is less than 2.75 percent of the average final compensation of a
1873 full-time firefighter for all years of credited service, as
1874 provided in subparagraph 1., or provides an effective benefit
1875 that is below 2.75 percent as a result of a maximum benefit



HB 7181, Engrossed 1

2014

1876 limitation, and that changes the percentage amount or maximum
1877 benefit limitation to 2.75 percent, or greater, of the average
1878 final compensation of a full-time firefighter for all years of
1879 credited service, as provided in subparagraph 1., may not
1880 thereafter decrease the percentage amount or maximum benefit
1881 limitation to less than 2.75 percent of the average final
1882 compensation of a full-time firefighter for all years of
1883 credited service as provided in subparagraph 1.

1884 Section 15. Section 175.351, Florida Statutes, is amended
1885 to read:

1886 175.351 Municipalities and special fire control districts
1887 that have ~~having~~ their own pension plans for firefighters. ~~For~~
1888 ~~any municipality, special fire control district, local law~~
1889 ~~municipality, local law special fire control district, or local~~
1890 ~~law plan under this chapter,~~ In order for a municipality or
1891 ~~municipalities and special fire control district that has its~~
1892 ~~districts with their own retirement plan~~ pension plans for
1893 firefighters, or for firefighters and police officers if both
1894 are included, to participate in the distribution of the tax fund
1895 established under ~~pursuant to~~ s. 175.101, a local law plan ~~plans~~
1896 must meet the minimum benefits and minimum standards set forth
1897 in this chapter, except as provided in the mutual consent
1898 provisions in subsection (1)(g) with respect to the minimum
1899 benefits not met as of October 1, 2012.

1900 (1) If a municipality has a retirement ~~pension~~ plan for



HB 7181, Engrossed 1

2014

1901 firefighters, or ~~a pension plan~~ for firefighters and police
1902 officers if both are included, which in the opinion of the
1903 division meets the minimum benefits and minimum standards set
1904 forth in this chapter, the board of trustees of the pension plan
1905 ~~must, as approved by a majority of firefighters of the~~
1906 ~~municipality, may:~~

1907 ~~(a)~~ place the income from the premium tax in s. 175.101 in
1908 such ~~pension~~ plan for the sole and exclusive use of its
1909 firefighters, or for firefighters and police officers if both
1910 are included, where it shall become an integral part of that
1911 ~~pension~~ plan and ~~shall~~ be used to fund benefits as provided
1912 herein. Effective October 1, 2014, for noncollectively bargained
1913 service or upon entering into a collective bargaining agreement
1914 on or after July 1, 2014:

1915 (a) The base premium tax revenues must be used to fund
1916 minimum benefits or other retirement benefits in excess of the
1917 minimum benefits as determined by the municipality or special
1918 fire control district.

1919 (b) Of the additional premium tax revenues received which
1920 are in excess of the amount received for calendar year 2012, 50
1921 percent must be used to fund minimum benefits or other
1922 retirement benefits in excess of the minimum benefits as
1923 determined by the municipality or special fire control district,
1924 and 50 percent must be placed in a defined contribution plan to
1925 fund special benefits.



HB 7181, Engrossed 1

2014

1926 (c) Additional premium tax revenues not described in
1927 paragraph (b) must be used to fund benefits that are not
1928 included in the minimum benefits. If the additional premium tax
1929 revenues subject to this paragraph exceed the full annual cost
1930 of benefits provided through the plan which are in excess of the
1931 minimum benefits, any amount in excess of the full annual cost
1932 must be used as provided in paragraph (b).

1933 (d) Of any accumulations of additional premium tax
1934 revenues which have not been allocated to fund benefits in
1935 excess of the minimum benefits, 50 percent of the amount of the
1936 accumulations must be used to fund special benefits, and 50
1937 percent must be applied to fund any unfunded actuarial
1938 liabilities of the plan with any amount of the accumulations in
1939 excess of the amount required to fund the unfunded actuarial
1940 liabilities being used to fund special benefits to pay extra
1941 benefits to the firefighters included in that pension plan; or

1942 ~~(b) Place the income from the premium tax in s. 175.101 in~~
1943 ~~a separate supplemental plan to pay extra benefits to~~
1944 ~~firefighters, or to firefighters and police officers if~~
1945 ~~included, participating in such separate supplemental plan.~~

1946 (e) For a plan created after March 1, 2014, 50 percent of
1947 the insurance premium tax revenues must be used to fund defined
1948 benefit plan component benefits, with the remainder used to fund
1949 defined contribution plan component benefits.

1950 (f) If a plan offers benefits in excess of the minimum



HB 7181, Engrossed 1

2014

1951 benefits, excluding supplemental plan benefits in effect as of
1952 September 30, 2013, such benefits may be reduced if the plan
1953 continues to meet the minimum benefits and the minimum standards
1954 set forth in this chapter. The amount of insurance premium tax
1955 revenues previously used to fund benefits in excess of minimum
1956 benefits, excluding additional premium tax revenues in an amount
1957 equal to the amount of additional premium tax revenues
1958 distributed to a supplemental plan for calendar year 2012,
1959 before the reduction must be used as provided in paragraph (b).
1960 However, benefits in excess of the minimum benefits may not be
1961 reduced if a plan does not meet the minimum percentage amount of
1962 2.75 percent, or greater, of the average final compensation of a
1963 full-time firefighter, as provided in s. 175.162(2)(a)1., or
1964 provides an effective benefit that is below 2.75 percent as a
1965 result of a maximum benefit limitation, as described in s.
1966 175.162(2)(a)2.

1967 (g) Notwithstanding any other provision of paragraphs (a)-
1968 (f), the use of premium tax revenues, including any
1969 accumulations of additional premium tax revenues which have not
1970 been allocated to fund benefits in excess of the minimum
1971 benefits, may deviate from the provisions of this subsection by
1972 mutual consent of the members' collective bargaining
1973 representative or, if none, by majority consent of the
1974 firefighter members of the fund, and by consent of the
1975 municipality or special fire control district, provided that the



HB 7181, Engrossed 1

2014

1976 | plan continues to meet the minimum benefits and minimum
1977 | standards of this chapter; however, a plan which operates
1978 | pursuant to this paragraph and does not meet the minimum
1979 | benefits as of October 1, 2012, may continue to provide the
1980 | benefits that do not meet the minimum benefits at the same
1981 | level, but not less than that level, as was provided as of
1982 | October 1, 2012, and all other benefit levels must continue to
1983 | meet the minimum benefits. Such mutually agreed deviation shall
1984 | continue until modified or revoked by subsequent mutual consent
1985 | of the members' collective bargaining representative or, if
1986 | none, by a majority of the firefighter members of the fund, and
1987 | the municipality or special fire control district. An existing
1988 | arrangement for the use of premium tax revenues contained within
1989 | a special act plan or a plan within a supplemental plan
1990 | municipality is considered, as of July 1, 2014, to be a
1991 | deviation for which mutual consent has been granted.

1992 | (2) The premium tax provided by this chapter shall ~~in all~~
1993 | ~~eases~~ be used in its entirety to provide retirement ~~extra~~
1994 | benefits to firefighters, or to firefighters and police officers
1995 | if both are included. ~~However, local law plans in effect on~~
1996 | ~~October 1, 1998, must comply with the minimum benefit provisions~~
1997 | ~~of this chapter only to the extent that additional premium tax~~
1998 | ~~revenues become available to incrementally fund the cost of such~~
1999 | ~~compliance as provided in s. 175.162(2)(a). If a plan is in~~
2000 | ~~compliance with such minimum benefit provisions, as subsequent~~



HB 7181, Engrossed 1

2014

2001 ~~additional premium tax revenues become available, they must be~~
2002 ~~used to provide extra benefits.~~ Local law plans created by
2003 special act before May 27, 1939, are deemed to comply with this
2004 chapter. ~~For the purpose of this chapter, the term:~~

2005 ~~(a) "Additional premium tax revenues" means revenues~~
2006 ~~received by a municipality or special fire control district~~
2007 ~~pursuant to s. 175.121 which exceed that amount received for~~
2008 ~~calendar year 1997.~~

2009 ~~(b) "Extra benefits" means benefits in addition to or~~
2010 ~~greater than those provided to general employees of the~~
2011 ~~municipality and in addition to those in existence for~~
2012 ~~firefighters on March 12, 1999.~~

2013 (3) A retirement plan or amendment to a retirement plan
2014 may not be proposed for adoption unless the proposed plan or
2015 amendment contains an actuarial estimate of the costs involved.
2016 Such proposed plan or proposed plan change may not be adopted
2017 without the approval of the municipality, special fire control
2018 district, or, where required ~~permitted~~, the Legislature. Copies
2019 of the proposed plan or proposed plan change and the actuarial
2020 impact statement of the proposed plan or proposed plan change
2021 shall be furnished to the division before the last public
2022 hearing on the proposal is held ~~thereon~~. Such statement must
2023 also indicate whether the proposed plan or proposed plan change
2024 is in compliance with s. 14, Art. X of the State Constitution
2025 and those provisions of part VII of chapter 112 which are not



HB 7181, Engrossed 1

2014

2026 expressly provided in this chapter. Notwithstanding any other
2027 provision, only those local law plans created by special act of
2028 legislation before May 27, 1939, are deemed to meet the minimum
2029 benefits and minimum standards only in this chapter.

2030 (4) Notwithstanding any other provision, with respect to
2031 any supplemental plan municipality:

2032 (a) A local law plan and a supplemental plan may continue
2033 to use their definition of compensation or salary in existence
2034 on March 12, 1999.

2035 (b) Section 175.061(1)(b) does not apply, and a local law
2036 plan and a supplemental plan shall continue to be administered
2037 by a board or boards of trustees numbered, constituted, and
2038 selected as the board or boards were numbered, constituted, and
2039 selected on December 1, 2000.

2040 ~~(c) The election set forth in paragraph (1)(b) is deemed~~
2041 ~~to have been made.~~

2042 (5) The retirement plan setting forth the benefits and the
2043 trust agreement, if any, covering the duties and
2044 responsibilities of the trustees and the regulations of the
2045 investment of funds must be in writing, and copies made
2046 available to the participants and to the general public.

2047 (6) In addition to the defined benefit component of the
2048 local law plan, each plan sponsor must have a defined
2049 contribution plan component within the local law plan by October
2050 1, 2014, for noncollectively bargained service, upon entering



HB 7181, Engrossed 1

2014

2051 into a collective bargaining agreement on or after July 1, 2014,
2052 or upon the creation date of a new participating plan. Depending
2053 upon the application of subsection (1), a defined contribution
2054 component may or may not receive any funding.

2055 (7) Notwithstanding any other provision of this chapter, a
2056 municipality or special fire control district that has
2057 implemented or proposed changes to a local law plan based on the
2058 municipality's or district's reliance on an interpretation of
2059 this chapter by the Department of Management Services on or
2060 after August 14, 2012, and before March 4, 2014, may continue
2061 the implemented changes or continue to implement proposed
2062 changes. Such reliance must be evidenced by a written collective
2063 bargaining proposal or agreement, or formal correspondence
2064 between the municipality or district and the Department of
2065 Management Services which describes the specific changes to the
2066 local law plan, with the initial proposal, agreement, or
2067 correspondence from the municipality or district dated before
2068 March 4, 2014. Changes to the local law plan which are otherwise
2069 contrary to the minimum benefits and minimum standards in this
2070 chapter may continue in effect until the earlier of October 1,
2071 2017, or the effective date of a collective bargaining agreement
2072 that is contrary to the changes to the local law plan.

2073 Section 16. Subsection (2) of section 185.01, Florida
2074 Statutes, is amended to read:

2075 185.01 Legislative declaration.—



HB 7181, Engrossed 1

2014

2076 (2) This chapter hereby establishes, for all municipal
2077 pension plans ~~now or hereinafter~~ provided for under this
2078 chapter, including chapter plans and local law plans, minimum
2079 benefits and minimum standards for the operation and funding of
2080 such plans, hereinafter referred to as municipal police
2081 officers' retirement trust funds, which must be met as
2082 conditions precedent to the plans or plan sponsors receiving a
2083 distribution of insurance premium tax revenues under s. 185.10.
2084 The minimum benefits and minimum standards for each plan as set
2085 forth in this chapter may not be diminished by local ordinance
2086 or by special act of the Legislature and may not, ~~nor may the~~
2087 ~~minimum benefits or minimum standards~~ be reduced or offset by
2088 any other local, state, or federal plan that includes ~~may~~
2089 ~~include~~ police officers in its operation, except as provided
2090 under s. 112.65.

2091 Section 17. Section 185.02, Florida Statutes, is amended
2092 to read:

2093 185.02 Definitions.—For any municipality, chapter plan,
2094 local law municipality, or local law plan under this chapter,
2095 the term ~~following words and phrases as used in this chapter~~
2096 ~~shall have the following meanings, unless a different meaning is~~
2097 ~~plainly required by the context:~~

2098 (1) "Additional premium tax revenues" means revenues
2099 received by a municipality pursuant to s. 185.10 which exceed
2100 base premium tax revenues.



HB 7181, Engrossed 1

2014

2101 (2)~~(1)~~ "Average final compensation" means one-twelfth of
2102 the average annual compensation of the 5 best years of the last
2103 10 years of creditable service prior to retirement, termination,
2104 or death.

2105 (3) "Base premium tax revenues" means for local law plans
2106 in effect on October 1, 1998, the revenues received by a
2107 municipality pursuant to s. 185.10 for the calendar year 1997,
2108 and for local law plans created after October 1, 1998 and on or
2109 before March 1, 2014, the revenues received by a municipality
2110 pursuant to s. 185.10 for the second full year of distribution
2111 after the plan was created.

2112 (4)~~(2)~~ "Casualty insurance" means automobile public
2113 liability and property damage insurance to be applied at the
2114 place of residence of the owner, or if the subject is a
2115 commercial vehicle, to be applied at the place of business of
2116 the owner; automobile collision insurance; fidelity bonds;
2117 burglary and theft insurance; and plate glass insurance. The
2118 term "multiple peril" means a combination or package policy that
2119 includes both property coverage and casualty coverage for a
2120 single premium.

2121 (5)~~(3)~~ "Chapter plan" means a separate defined benefit
2122 pension plan for police officers which incorporates by reference
2123 the provisions of this chapter and has been adopted by the
2124 governing body of a municipality as provided in s. 185.08.
2125 Except as ~~may be~~ specifically authorized in this chapter, the



HB 7181, Engrossed 1

2014

2126 provisions of a chapter plan may not differ from the plan
2127 provisions set forth in ss. 185.01-185.341 and ss. 185.37-
2128 185.39. Actuarial valuations of chapter plans shall be conducted
2129 by the division as provided by s. 185.221(1)(b).

2130 (6)~~(4)~~ "Compensation" or "salary" means, for
2131 noncollectively bargained service earned before July 1, 2011, or
2132 for service earned under collective bargaining agreements in
2133 place before July 1, 2011, the total cash remuneration including
2134 "overtime" paid by the primary employer to a police officer for
2135 services rendered, but not including any payments for extra duty
2136 or special detail work performed on behalf of a second party
2137 employer. Overtime may be limited prior to July 1, 2011, in a
2138 local law plan by the plan provisions. ~~A local law plan may~~
2139 ~~limit the amount of overtime payments which can be used for~~
2140 ~~retirement benefit calculation purposes; however, such overtime~~
2141 ~~limit may not be less than 300 hours per officer per calendar~~
2142 ~~year.~~ For noncollectively bargained service earned on or after
2143 July 1, 2011, or for service earned under collective bargaining
2144 agreements entered into on or after July 1, 2011, the term has
2145 the same meaning except that when calculating retirement
2146 benefits, up to 300 hours per year in overtime compensation may
2147 be included as specified in the plan or collective bargaining
2148 agreement, but payments for accrued unused sick or annual leave
2149 may not be included.

2150 (a) Any retirement trust fund or plan that meets the



HB 7181, Engrossed 1

2014

2151 requirements of this chapter does not, solely by virtue of this
2152 subsection, reduce or diminish the monthly retirement income
2153 otherwise payable to each police officer covered by the
2154 retirement trust fund or plan.

2155 (b) The member's compensation or salary contributed as
2156 employee-elective salary reductions or deferrals to any salary
2157 reduction, deferred compensation, or tax-sheltered annuity
2158 program authorized under the Internal Revenue Code shall be
2159 deemed to be the compensation or salary the member would receive
2160 if he or she were not participating in such program and shall be
2161 treated as compensation for retirement purposes under this
2162 chapter.

2163 (c) For any person who first becomes a member in any plan
2164 year beginning on or after January 1, 1996, compensation for
2165 that plan year may not include any amounts in excess of the
2166 Internal Revenue Code s. 401(a)(17) limitation, as amended by
2167 the Omnibus Budget Reconciliation Act of 1993, which limitation
2168 of \$150,000 shall be adjusted as required by federal law for
2169 qualified government plans and ~~shall be~~ further adjusted for
2170 changes in the cost of living in the manner provided by Internal
2171 Revenue Code s. 401(a)(17)(B). For any person who first became a
2172 member before the first plan year beginning on or after January
2173 1, 1996, the limitation on compensation may not be less than the
2174 maximum compensation amount that was allowed to be taken into
2175 account under the plan ~~as~~ in effect on July 1, 1993, which



HB 7181, Engrossed 1

2014

2176 limitation shall be adjusted for changes in the cost of living
2177 since 1989 in the manner provided by Internal Revenue Code s.
2178 401(a)(17)(1991).

2179 (7)~~(5)~~ "Creditable service" or "credited service" means
2180 the aggregate number of years of service and fractional parts of
2181 years of service of any police officer, omitting intervening
2182 years and fractional parts of years when such police officer may
2183 not have been employed by the municipality subject to the
2184 following conditions:

2185 (a) A ~~No~~ police officer may not ~~will~~ receive credit for
2186 years or fractional parts of years of service if he or she has
2187 withdrawn his or her contributions to the fund for those years
2188 or fractional parts of years of service, unless the police
2189 officer repays into the fund the amount he or she has withdrawn,
2190 plus interest as determined by the board. The member has ~~shall~~
2191 ~~have~~ at least 90 days after his or her reemployment to make
2192 repayment.

2193 (b) A police officer may voluntarily leave his or her
2194 contributions in the fund for ~~a period of~~ 5 years after leaving
2195 the employ of the police department, pending the possibility of
2196 his or her being rehired by the same department, without losing
2197 credit for the time he or she has participated actively as a
2198 police officer. If he or she is not reemployed as a police
2199 officer with the same department within 5 years, his or her
2200 contributions shall be returned ~~to him or her~~ without interest.



HB 7181, Engrossed 1

2014

2201 (c) Credited service under this chapter shall be provided
2202 only for service as a police officer, ~~as defined in subsection~~
2203 ~~(11)~~, or for military service and may not include credit for any
2204 other type of service. A municipality ~~may~~, by local ordinance,
2205 may provide for the purchase of credit for military service
2206 occurring before employment as well as prior service as a police
2207 officer for some other employer as long as the police officer is
2208 not entitled to receive a benefit for such ~~other~~ prior service
2209 ~~as a police officer~~. For purposes of determining credit for
2210 prior service, in addition to service as a police officer in
2211 this state, credit may be given for federal, other state, or
2212 county service as long as such service is recognized by the
2213 Criminal Justice Standards and Training Commission within the
2214 Department of Law Enforcement as provided in ~~under~~ chapter 943
2215 or the police officer provides proof to the board of trustees
2216 that such service is equivalent to the service required to meet
2217 the definition of a police officer under subsection (16) ~~(11)~~.

2218 (d) In determining the creditable service of a ~~any~~ police
2219 officer, credit for up to 5 years of the time spent in the
2220 military service of the Armed Forces of the United States shall
2221 be added to the years of actual service, if:

2222 1. The police officer is in the active employ of the
2223 municipality before ~~prior to~~ such service and leaves a position,
2224 other than a temporary position, for the purpose of voluntary or
2225 involuntary service in the Armed Forces of the United States.



HB 7181, Engrossed 1

2014

2226 2. The police officer is entitled to reemployment under
2227 ~~the provisions of~~ the Uniformed Services Employment and
2228 Reemployment Rights Act.

2229 3. The police officer returns to his or her employment as
2230 a police officer of the municipality within 1 year after ~~from~~
2231 the date of his or her release from such active service.

2232 (8) (6) "Deferred Retirement Option Plan" or "DROP" means a
2233 local law plan retirement option in which a police officer may
2234 elect to participate. A police officer may retire for all
2235 purposes of the plan and defer receipt of retirement benefits
2236 into a DROP account while continuing employment with his or her
2237 employer. However, a police officer who enters ~~the~~ DROP and who
2238 is otherwise eligible to participate may ~~shall~~ not ~~thereby~~ be
2239 precluded from participation or continued participation
2240 ~~participating, or continuing to participate,~~ in a supplemental
2241 plan in existence on, or created after, March 12, 1999 ~~the~~
2242 ~~effective date of this act.~~

2243 (9) "Defined contribution plan" means the component of a
2244 local law plan, as provided in s. 185.35(1), to which deposits,
2245 if any, are made to provide benefits for police officers, or for
2246 police officers and firefighters if both are included. Such
2247 component is an element of a local law plan and exists in
2248 conjunction with the defined benefit component that meets the
2249 minimum benefits and minimum standards of this chapter. The
2250 retirement benefits, if any, of the defined contribution plan



HB 7181, Engrossed 1

2014

2251 shall be provided through individual member accounts in
2252 accordance with the applicable provisions of the Internal
2253 Revenue Code and related regulations and are limited to the
2254 contributions, if any, made into each member's account and the
2255 actual accumulated earnings, net of expenses, earned on the
2256 member's account.

2257 (10)(7) "Division" means the Division of Retirement of the
2258 Department of Management Services.

2259 (11)(8) "Enrolled actuary" means an actuary who is
2260 enrolled under Subtitle C of Title III of the Employee
2261 Retirement Income Security Act of 1974 and who is a member of
2262 the Society of Actuaries or the American Academy of Actuaries.

2263 (12)(9) "Local law municipality" means ~~is~~ any municipality
2264 in which ~~there exists~~ a local law plan exists.

2265 (13)(10) "Local law plan" means a retirement defined
2266 benefit pension plan, which includes both a defined benefit plan
2267 component and a defined contribution plan component, for police
2268 officers, or for police officers and firefighters if both are,
2269 ~~where~~ included, as described in s. 185.35, established by
2270 municipal ordinance or special act of the Legislature, which
2271 ~~enactment~~ sets forth all plan provisions. Local law plan
2272 provisions may vary from the provisions of this chapter if the,
2273 ~~provided that required~~ minimum benefits and minimum standards of
2274 this chapter are met. However, any such variance must ~~shall~~
2275 provide a greater benefit for police officers. Actuarial



HB 7181, Engrossed 1

2014

2276 valuations of local law plans shall be conducted by an enrolled
2277 actuary as provided in s. 185.221(2)(b).

2278 (14) "Minimum benefits" means the benefits set forth in
2279 ss. 185.01-185.341 and ss. 185.37-185.50.

2280 (15) "Minimum standards" means the standards set forth in
2281 ss. 185.01-185.341 and ss. 185.37-185.50.

2282 (16)~~(11)~~ "Police officer" means any person who is elected,
2283 appointed, or employed full time by a ~~any~~ municipality, who is
2284 certified or required to be certified as a law enforcement
2285 officer in compliance with s. 943.1395, who is vested with
2286 authority to bear arms and make arrests, and whose primary
2287 responsibility is the prevention and detection of crime or the
2288 enforcement of the penal, criminal, traffic, or highway laws of
2289 the state. The term ~~This definition~~ includes all certified
2290 supervisory and command personnel whose duties include, in whole
2291 or in part, the supervision, training, guidance, and management
2292 responsibilities of full-time law enforcement officers, part-
2293 time law enforcement officers, or auxiliary law enforcement
2294 officers, but does not include part-time law enforcement
2295 officers or auxiliary law enforcement officers as those terms
2296 ~~the same~~ are defined in s. 943.10~~(6) and (8)~~, respectively. For
2297 the purposes of this chapter only, the term also includes
2298 ~~"police officer"~~ also shall include a public safety officer who
2299 is responsible for performing both police and fire services. Any
2300 plan may provide that the police chief shall have an option to



HB 7181, Engrossed 1

2014

2301 participate, ~~or not,~~ in that plan.

2302 (17)~~(12)~~ "Police Officers' Retirement Trust Fund" means a
2303 trust fund, by whatever name known, as provided under s. 185.03
2304 for the purpose of assisting municipalities in establishing and
2305 maintaining a retirement plan for police officers.

2306 (18)~~(13)~~ "Retiree" or "retired police officer" means a
2307 police officer who has entered retirement status. For the
2308 purposes of a plan that includes a Deferred Retirement Option
2309 Plan (DROP), a police officer who enters ~~the~~ DROP is ~~shall be~~
2310 considered a retiree for all purposes of the plan. However, a
2311 police officer who enters ~~the~~ DROP and who is otherwise eligible
2312 to participate may ~~shall~~ not ~~thereby~~ be precluded from
2313 participating, or continuing to participate, in a supplemental
2314 plan in existence on, or created after, March 12, 1999 ~~the~~
2315 ~~effective date of this act.~~

2316 (19)~~(14)~~ "Retirement" means a police officer's separation
2317 from municipal ~~city~~ employment as a police officer with
2318 immediate eligibility for ~~receipt of~~ benefits under the plan.
2319 For purposes of a plan that includes a Deferred Retirement
2320 Option Plan (DROP), "retirement" means the date a police officer
2321 enters ~~the~~ DROP.

2322 (20) "Special act plan" means a plan subject to the
2323 provisions of this chapter which was created by an act of the
2324 Legislature and continues to require an act of the Legislature
2325 to alter plan benefits.



HB 7181, Engrossed 1

2014

2326 (21) "Special benefits" means benefits provided in a
2327 defined contribution plan for police officers.

2328 (22)~~(15)~~ "Supplemental plan" means a plan to which
2329 deposits of the premium tax moneys as provided in s. 185.08 are
2330 made to provide special ~~extra~~ benefits to police officers, or
2331 police officers and firefighters if both are ~~where~~ included,
2332 ~~under this chapter~~. Such a plan is an element of a local law
2333 plan and exists in conjunction with a defined benefit component
2334 ~~plan~~ that meets the minimum benefits and minimum standards of
2335 this chapter. Any supplemental plan in existence on March 1,
2336 2014, shall be deemed to be a defined contribution plan in
2337 compliance with s. 185.35(6).

2338 (23)~~(16)~~ "Supplemental plan municipality" means a ~~any~~
2339 local law municipality in which ~~there existed~~ a supplemental
2340 plan existed as of December 1, 2000.

2341 Section 18. Subsection (6) of section 185.06, Florida
2342 Statutes, is amended to read:

2343 185.06 General powers and duties of board of trustees.—For
2344 any municipality, chapter plan, local law municipality, or local
2345 law plan under this chapter:

2346 (6) To assist the board in meeting its responsibilities
2347 under this chapter, the board, if it so elects, may:

2348 (a) Employ independent legal counsel at the pension fund's
2349 expense.

2350 (b) Employ an independent enrolled actuary, as defined in



HB 7181, Engrossed 1

2014

2351 s. 185.02~~(8)~~, at the pension fund's expense.

2352 (c) Employ such independent professional, technical, or
2353 other advisers as it deems necessary at the pension fund's
2354 expense.

2355

2356 If the board chooses to use the municipality's or special
2357 district's legal counsel or actuary, or chooses to use any of
2358 the municipality's other professional, technical, or other
2359 advisers, it must do so only under terms and conditions
2360 acceptable to the board.

2361 Section 19. Paragraph (d) of subsection (1) of section
2362 185.07, Florida Statutes, is amended to read:

2363 185.07 Creation and maintenance of fund.—For any
2364 municipality, chapter plan, local law municipality, or local law
2365 plan under this chapter:

2366 (1) The municipal police officers' retirement trust fund
2367 in each municipality described in s. 185.03 shall be created and
2368 maintained in the following manner:

2369 (d) By payment by the municipality or other sources of a
2370 sum equal to the normal cost and the amount required to fund any
2371 actuarial deficiency shown by an actuarial valuation conducted
2372 under as provided in part VII of chapter 112 after taking into
2373 account the amounts described in paragraphs (b), (c), (e), (f),
2374 and (g) and the tax proceeds described in paragraph (a) which
2375 are used to fund defined benefit plan benefits.



HB 7181, Engrossed 1

2014

2376
2377 Nothing in this section shall be construed to require adjustment
2378 of member contribution rates in effect on the date this act
2379 becomes a law, including rates that exceed 5 percent of salary,
2380 provided that such rates are at least one-half of 1 percent of
2381 salary.

2382 Section 20. Subsection (2) of section 185.16, Florida
2383 Statutes, is amended to read:

2384 185.16 Requirements for retirement.—For any municipality,
2385 chapter plan, local law municipality, or local law plan under
2386 this chapter, any police officer who completes 10 or more years
2387 of creditable service as a police officer and attains age 55, or
2388 completes 25 years of creditable service as a police officer and
2389 attains age 52, and for such period has been a member of the
2390 retirement fund is eligible for normal retirement benefits.
2391 Normal retirement under the plan is retirement from the service
2392 of the city on or after the normal retirement date. In such
2393 event, for chapter plans and local law plans, payment of
2394 retirement income will be governed by the following provisions
2395 of this section:

2396 (2) (a) The amount of the monthly retirement income payable
2397 to a police officer who retires on or after his or her normal
2398 retirement date shall be an amount equal to the number of the
2399 police officer's years of credited service multiplied by 2.75 ~~2~~
2400 percent of his or her average final compensation. ~~However, if~~



HB 7181, Engrossed 1

2014

2401 ~~current state contributions pursuant to this chapter are not~~
2402 ~~adequate to fund the additional benefits to meet the minimum~~
2403 ~~requirements in this chapter, only increment increases shall be~~
2404 ~~required as state moneys are adequate to provide. Such~~
2405 ~~increments shall be provided as state moneys become available.~~

2406 (b) Effective July 1, 2014, a plan that is in compliance
2407 with this chapter except that the plan provides a benefit that
2408 is less than 2.75 percent of the average final compensation of a
2409 police officer for all years of credited service, as provided in
2410 paragraph (a), or provides an effective benefit that is below
2411 2.75 percent as a result of a maximum benefit limitation, must
2412 maintain, at a minimum, the percentage amount or maximum benefit
2413 limitation in effect on July 1, 2014, and is not required to
2414 increase the benefit to 2.75 percent of the average final
2415 compensation of a police officer for all years of credited
2416 service.

2417 (c) Effective July 1, 2014, a plan that is in compliance
2418 with this chapter except that the plan provides a benefit that
2419 is less than 2.75 percent of the average final compensation of a
2420 police officer for all years of credited service, as provided in
2421 paragraph (a), or provides an effective benefit that is below
2422 2.75 percent as a result of a maximum benefit limitation, and
2423 that changes the percentage amount or maximum benefit limitation
2424 to 2.75 percent, or greater, of the average final compensation
2425 of a police officer for all years of credited service, as



HB 7181, Engrossed 1

2014

2426 provided in paragraph (a), may not thereafter decrease the
2427 percentage amount or maximum benefit limitation to less than
2428 2.75 percent of the average final compensation of a police
2429 officer for all years of credited service, as provided in
2430 paragraph (a).

2431 Section 21. Section 185.35, Florida Statutes, is amended
2432 to read:

2433 185.35 Municipalities that have ~~having~~ their own
2434 retirement ~~pension~~ plans for police officers. ~~For any~~
2435 ~~municipality, chapter plan, local law municipality, or local law~~
2436 ~~plan under this chapter,~~ In order for a municipality that has
2437 its municipalities with their own retirement plan ~~pension plans~~
2438 for police officers, or for police officers and firefighters if
2439 both are included, to participate in the distribution of the tax
2440 fund established under ~~pursuant to~~ s. 185.08, a local law plan
2441 ~~plans~~ must meet the minimum benefits and minimum standards set
2442 forth in this chapter, except as provided in the mutual consent
2443 provisions in subsection (1)(g) with respect to the minimum
2444 benefits not met as of October 1, 2012. ÷

2445 (1) If a municipality has a retirement ~~pension~~ plan for
2446 police officers, or for police officers and firefighters if both
2447 are included, which, in the opinion of the division, meets the
2448 minimum benefits and minimum standards set forth in this
2449 chapter, the board of trustees of the pension plan must, ~~as~~
2450 ~~approved by a majority of police officers of the municipality,~~



HB 7181, Engrossed 1

2014

2451 ~~may:~~

2452 ~~(a)~~ place the income from the premium tax in s. 185.08 in
2453 such ~~pension~~ plan for the sole and exclusive use of its police
2454 officers, or its police officers and firefighters if both are
2455 included, where it shall become an integral part of that ~~pension~~
2456 plan and ~~shall~~ be used to fund benefits as provided herein.
2457 Effective October 1, 2014, for noncollectively bargained service
2458 or upon entering into a collective bargaining agreement on or
2459 after July 1, 2014:

2460 (a) The base premium tax revenues must be used to fund
2461 minimum benefits or other retirement benefits in excess of the
2462 minimum benefits as determined by the municipality.

2463 (b) Of the additional premium tax revenues received which
2464 are in excess of the amount received for calendar year 2012, 50
2465 percent must be used to fund minimum benefits or other
2466 retirement benefits in excess of the minimum benefits as
2467 determined by the municipality, and 50 percent must be placed in
2468 a defined contribution plan to fund special benefits.

2469 (c) Additional premium tax revenues not described in
2470 paragraph (b) must be used to fund benefits that are not
2471 included in the minimum benefits. If the additional premium tax
2472 revenues subject to this paragraph exceed the full annual cost
2473 of benefits provided through the plan which are in excess of the
2474 minimum benefits, any amount in excess of the full annual cost
2475 must be used as provided in paragraph (b).



HB 7181, Engrossed 1

2014

2476 (d) Of any accumulations of additional premium tax
2477 revenues which have not been allocated to fund benefits in
2478 excess of the minimum benefits, 50 percent of the amount of the
2479 accumulations must be used to fund special benefits, and 50
2480 percent must be applied to fund any unfunded actuarial
2481 liabilities of the plan with any amount of accumulations in
2482 excess of the amount required to fund the unfunded actuarial
2483 liabilities being used to fund special benefits ~~pay extra~~
2484 ~~benefits to the police officers included in that pension plan;~~
2485 ~~or~~

2486 ~~(b) May place the income from the premium tax in s. 185.08~~
2487 ~~in a separate supplemental plan to pay extra benefits to the~~
2488 ~~police officers, or police officers and firefighters if~~
2489 ~~included, participating in such separate supplemental plan.~~

2490 (e) For a plan created after March 1, 2014, 50 percent of
2491 the insurance premium tax revenues shall be used to fund defined
2492 benefit plan component benefits, with the remainder used to fund
2493 defined contribution plan component benefits.

2494 (f) If a plan offers benefits in excess of the minimum
2495 benefits, excluding supplemental plan benefits in effect as of
2496 September 30, 2013, such benefits may be reduced if the plan
2497 continues to meet the minimum benefits and the minimum standards
2498 set forth in this chapter. The amount of insurance premium tax
2499 revenues previously used to fund benefits in excess of the
2500 minimum benefits, excluding additional premium tax revenues in



HB 7181, Engrossed 1

2014

2501 an amount equal to the amount of additional premium tax revenues
2502 distributed to a supplemental plan for calendar year 2012,
2503 before the reduction must be used as provided in paragraph (b).
2504 However, benefits in excess of the minimum benefits may not be
2505 reduced if a plan does not meet the minimum percentage amount of
2506 2.75 percent, or greater, of the average final compensation of a
2507 police officer, as provided in s. 185.16(2) (a), or provides an
2508 effective benefit that is below 2.75 percent as a result of a
2509 maximum benefit limitation, as described in s. 185.16(2) (b).

2510 (g) Notwithstanding any other provisions of paragraphs
2511 (a)-(f), the use of premium tax revenues, including any
2512 accumulations of additional premium tax revenues which have not
2513 been allocated to fund benefits in excess of the minimum
2514 benefits, may deviate from the provisions of this subsection by
2515 mutual consent of the members' collective bargaining
2516 representative or, if none, by majority consent of the police
2517 officer members of the fund, and by consent of the municipality,
2518 provided that the plan continues to meet the minimum benefits
2519 and minimum standards of this chapter; however, a plan which
2520 operates pursuant to this paragraph and does not meet the
2521 minimum benefits as of October 1, 2012, may continue to provide
2522 the benefits that do not meet the minimum benefits at the same
2523 level, but not less than that level, as was provided as of
2524 October 1, 2012, and all other benefit levels must continue to
2525 meet the minimum benefits. Such mutually agreed deviation shall



HB 7181, Engrossed 1

2014

2526 continue until modified or revoked by subsequent mutual consent
2527 of the members' collective bargaining representative or, if
2528 none, by a majority of the police officer members of the fund,
2529 and the municipality. An existing arrangement for the use of
2530 premium tax revenues contained within a special act plan or a
2531 plan within a supplemental plan municipality is considered, as
2532 of July 1, 2014, to be a deviation for which mutual consent has
2533 been granted.

2534 (2) The premium tax provided by this chapter shall ~~in all~~
2535 ~~eases~~ be used in its entirety to provide retirement ~~extra~~
2536 benefits to police officers, or to police officers and
2537 firefighters if both are included. ~~However, local law plans in~~
2538 ~~effect on October 1, 1998, must comply with the minimum benefit~~
2539 ~~provisions of this chapter only to the extent that additional~~
2540 ~~premium tax revenues become available to incrementally fund the~~
2541 ~~cost of such compliance as provided in s. 185.16(2). If a plan~~
2542 ~~is in compliance with such minimum benefit provisions, as~~
2543 ~~subsequent additional tax revenues become available, they shall~~
2544 ~~be used to provide extra benefits.~~ Local law plans created by
2545 special act before May 27, 1939, shall be deemed to comply with
2546 this chapter. ~~For the purpose of this chapter, the term:~~

2547 ~~(a) "Additional premium tax revenues" means revenues~~
2548 ~~received by a municipality pursuant to s. 185.10 which exceed~~
2549 ~~the amount received for calendar year 1997.~~

2550 ~~(b) "Extra benefits" means benefits in addition to or~~



HB 7181, Engrossed 1

2014

2551 ~~greater than those provided to general employees of the~~
2552 ~~municipality and in addition to those in existence for police~~
2553 ~~officers on March 12, 1999.~~

2554 (3) A retirement plan or amendment to a retirement plan
2555 may not be proposed for adoption unless the proposed plan or
2556 amendment contains an actuarial estimate of the costs involved.
2557 Such proposed plan or proposed plan change may not be adopted
2558 without the approval of the municipality or, where required
2559 ~~permitted~~, the Legislature. Copies of the proposed plan or
2560 proposed plan change and the actuarial impact statement of the
2561 proposed plan or proposed plan change shall be furnished to the
2562 division before the last public hearing on the proposal is held
2563 ~~thereon~~. Such statement must also indicate whether the proposed
2564 plan or proposed plan change is in compliance with s. 14, Art. X
2565 of the State Constitution and those provisions of part VII of
2566 chapter 112 which are not expressly provided in this chapter.
2567 Notwithstanding any other provision, only those local law plans
2568 created by special act of legislation before May 27, 1939, are
2569 deemed to meet the minimum benefits and minimum standards only
2570 in this chapter.

2571 (4) Notwithstanding any other provision, with respect to
2572 any supplemental plan municipality:

2573 (a) Section 185.02(6)(a) ~~185.02(4)(a)~~ does not apply, and
2574 a local law plan and a supplemental plan may continue to use
2575 their definition of compensation or salary in existence on March



HB 7181, Engrossed 1

2014

2576 12, 1999.

2577 (b) A local law plan and a supplemental plan must continue
2578 to be administered by a board or boards of trustees numbered,
2579 constituted, and selected as the board or boards were numbered,
2580 constituted, and selected on December 1, 2000.

2581 ~~(c) The election set forth in paragraph (1)(b) is deemed~~
2582 ~~to have been made.~~

2583 (5) The retirement plan setting forth the benefits and the
2584 trust agreement, if any, covering the duties and
2585 responsibilities of the trustees and the regulations of the
2586 investment of funds must be in writing and copies made available
2587 to the participants and to the general public.

2588 (6) In addition to the defined benefit component of the
2589 local law plan, each plan sponsor must have a defined
2590 contribution plan component within the local law plan by October
2591 1, 2014, for noncollectively bargained service, upon entering
2592 into a collective bargaining agreement on or after July 1, 2014,
2593 or upon the creation date of a new participating plan. Depending
2594 upon the application of subsection (1), a defined contribution
2595 component may or may not receive any funding.

2596 (7) Notwithstanding any other provision of this chapter, a
2597 municipality that has implemented or proposed changes to a local
2598 law plan based on the municipality's reliance on an
2599 interpretation of this chapter by the Department of Management
2600 Services on or after August 14, 2012, and before March 4, 2014,



HB 7181, Engrossed 1

2014

2601 may continue the implemented changes or continue to implement
2602 proposed changes. Such reliance must be evidenced by a written
2603 collective bargaining proposal or agreement, or formal
2604 correspondence between the municipality and the Department of
2605 Management Services which describes the specific changes to the
2606 local law plan, with the initial proposal, agreement, or
2607 correspondence from the municipality dated before March 4, 2014.
2608 Changes to the local law plan which are otherwise contrary to
2609 the minimum benefits and minimum standards of this chapter may
2610 continue in effect until the earlier of October 1, 2017, or the
2611 effective date of a collective bargaining agreement that is
2612 contrary to the changes to the local law plan.

2613 Section 22. Section 238.072, Florida Statutes, is amended
2614 to read:

2615 238.072 Special service provisions for extension
2616 personnel.—All state and county cooperative extension personnel
2617 holding appointments by the United States Department of
2618 Agriculture for extension work in agriculture and home economics
2619 in this state who are joint representatives of the University of
2620 Florida and the United States Department of Agriculture, as
2621 provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
2622 Teachers' Retirement System, chapter 238, and who are prohibited
2623 from transferring to and participating in the Florida Retirement
2624 System, chapter 121, may retire with full benefits upon
2625 completion of 30 years of creditable service and shall be



HB 7181, Engrossed 1

2014

2626 considered to have attained normal retirement age under this
2627 chapter, any law to the contrary notwithstanding. In order to
2628 comply with the provisions of s. 14, Art. X of the State
2629 Constitution, any liability accruing to the Florida Retirement
2630 System Trust Fund as a result of the provisions of this section
2631 shall be paid on an annual basis from the General Revenue Fund.

2632 Section 23. Subsection (11) of section 413.051, Florida
2633 Statutes, is amended to read:

2634 413.051 Eligible blind persons; operation of vending
2635 stands.—

2636 (11) Effective July 1, 1996, blind licensees who remain
2637 members of the Florida Retirement System pursuant to s.
2638 121.051(7)(b)1. ~~121.051(6)(b)1.~~ shall pay any unappropriated
2639 retirement costs from their net profits or from program income.
2640 Within 30 days after the effective date of this act, each blind
2641 licensee who is eligible to maintain membership in the Florida
2642 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but
2643 who elects to withdraw from the system as provided in s.
2644 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,
2645 1996, notify the Division of Blind Services and the Department
2646 of Management Services in writing of his or her election to
2647 withdraw. Failure to timely notify the divisions shall be deemed
2648 a decision to remain a compulsory member of the Florida
2649 Retirement System. However, if, at any time after July 1, 1996,
2650 sufficient funds are not paid by a blind licensee to cover the



HB 7181, Engrossed 1

2014

2651 required contribution to the Florida Retirement System, that
2652 blind licensee shall become ineligible to participate in the
2653 Florida Retirement System on the last day of the first month for
2654 which no contribution is made or the amount contributed is
2655 insufficient to cover the required contribution. For any blind
2656 licensee who becomes ineligible to participate in the Florida
2657 Retirement System as described in this subsection, no creditable
2658 service shall be earned under the Florida Retirement System for
2659 any period following the month that retirement contributions
2660 ceased to be reported. However, any such person may participate
2661 in the Florida Retirement System in the future if employed by a
2662 participating employer in a covered position.

2663 Section 24. The Legislature finds that a proper and
2664 legitimate state purpose is served when employees and retirees
2665 of the state and its political subdivisions, and the dependents,
2666 survivors, and beneficiaries of such employees and retirees, are
2667 extended the basic protections afforded by governmental
2668 retirement systems. These persons must be provided benefits that
2669 are fair and adequate and that are managed, administered, and
2670 funded in an actuarially sound manner, as required by s. 14,
2671 Article X of the State Constitution and part VII of chapter 112,
2672 Florida Statutes. Therefore, the Legislature determines and
2673 declares that this act fulfills an important state interest.

2674 Section 25. This act shall take effect July 1, 2014.