

HB 1279

2015

1 A bill to be entitled
2 An act relating to retirement; amending s. 112.63,
3 F.S.; requiring that actuarial reports for certain
4 retirement plans include mortality tables; amending s.
5 112.664, F.S.; revising information to be included in
6 a defined benefit system or plan's annual report to
7 the Department of Management Services; amending ss.
8 175.061 and 185.05, F.S.; revising membership and
9 requirements for the board of trustees of the
10 firefighters' pension trust fund and the municipal
11 police officers' retirement trust fund; providing
12 duties of the board relating to the reporting of
13 expenses, the operation under an administrative
14 expense budget, and the establishment of requirements
15 for the plan administrator; amending ss. 175.162 and
16 185.16, F.S.; revising requirements for retirement;
17 amending ss. 175.351 and 185.35, F.S., relating to
18 municipalities and special fire control districts that
19 have their own pension plans and want to participate
20 in the distribution of a tax fund; revising duties of
21 the board of trustees of the pension plan; revising
22 criteria governing the use of premium tax revenues;
23 providing requirements for pension plans; providing
24 requirements for municipalities with plans with an
25 unfunded liability; providing certain powers to
26 municipalities and special fire control districts

27 | having their own pension plans for firefighters or
 28 | police officers; providing a declaration of important
 29 | state interest; providing an effective date.

30 |
 31 | Be It Enacted by the Legislature of the State of Florida:

32 |
 33 | Section 1. Subsection (1) of section 112.63, Florida
 34 | Statutes, is amended to read:

35 | 112.63 Actuarial reports and statements of actuarial
 36 | impact; review.—

37 | (1) Each retirement system or plan subject to the
 38 | provisions of this act shall have regularly scheduled actuarial
 39 | reports prepared and certified by an enrolled actuary. The
 40 | actuarial report shall consist of, but is ~~shall~~ not ~~be~~ limited
 41 | to, the following:

42 | (a) Adequacy of employer and employee contribution rates
 43 | in meeting levels of employee benefits provided in the system
 44 | and changes, if any, needed in such rates to achieve or preserve
 45 | a level of funding deemed adequate to enable payment through the
 46 | indefinite future of the benefit amounts prescribed by the
 47 | system, which shall include a valuation of present assets, based
 48 | on statement value, and prospective assets and liabilities of
 49 | the system and the extent of unfunded accrued liabilities, if
 50 | any.

51 | (b) A plan to amortize any unfunded liability pursuant to
 52 | s. 112.64 and a description of actions taken to reduce the

53 unfunded liability.

54 (c) A description and explanation of actuarial
55 assumptions.

56 (d) A schedule illustrating the amortization of unfunded
57 liabilities, if any.

58 (e) A comparative review illustrating the actual salary
59 increases granted and the rate of investment return realized
60 over the 3-year period preceding the actuarial report with the
61 assumptions used in both the preceding and current actuarial
62 reports.

63 (f) Mortality tables that use mortality methodology
64 consistent with the most recently published actuarial valuation
65 report of the Florida Retirement System.

66 (g)~~(f)~~ A statement by the enrolled actuary that the report
67 is complete and accurate and that in his or her opinion the
68 techniques and assumptions used are reasonable and meet the
69 requirements and intent of this act.

70

71 The actuarial cost methods utilized for establishing the amount
72 of the annual actuarial normal cost to support the promised
73 benefits shall only be those methods approved in the Employee
74 Retirement Income Security Act of 1974 and as permitted under
75 regulations prescribed by the Secretary of the Treasury.

76 Section 2. Subsection (1) of section 112.664, Florida
77 Statutes, is amended to read:

78 112.664 Reporting standards for defined benefit retirement

79 plans or systems.—

80 (1) In addition to the other reporting requirements of
81 this part, within 60 days after receipt of the certified
82 actuarial report submitted after the close of the plan year that
83 ends on or after June 30, 2014, and thereafter in each year
84 required under s. 112.63(2), each defined benefit retirement
85 system or plan, excluding the Florida Retirement System, shall
86 prepare and electronically report the following information to
87 the Department of Management Services in a format prescribed by
88 the department:

89 (a) Annual financial statements that comply ~~are in~~
90 ~~compliance~~ with the requirements of the Governmental Accounting
91 Standards ~~Government Accounting and Standard~~ Board's Statement
92 No. 67, titled "Financial Reporting for Pension Plans," and
93 Statement No. 68, titled "Accounting and Financial Reporting for
94 Pensions," using mortality tables that use mortality methodology
95 consistent with the most recently published actuarial valuation
96 report of the Florida Retirement System RP-2000 Combined Healthy
97 Participant Mortality Tables, by gender, with generational
98 projection by Scale AA.

99 (b) Annual financial statements similar to those required
100 under paragraph (a), but which use an assumed rate of return on
101 investments and an assumed discount rate that are equal to 200
102 basis points less than the plan's assumed rate of return.

103 (c) Information indicating the number of months or years
104 for which the current market value of assets are adequate to

105 sustain the payment of expected retirement benefits as
 106 determined in the plan's latest valuation and under the
 107 financial statements prepared pursuant to paragraphs (a) and
 108 (b).

109 (d) Information indicating the recommended contributions
 110 to the plan based on the plan's latest valuation, and the
 111 contributions necessary to fund the plan based on financial
 112 statements prepared pursuant to paragraphs (a) and (b), stated
 113 as an annual dollar value and a percentage of valuation payroll.

114 Section 3. Paragraphs (a) and (b) of subsection (1) of
 115 section 175.061, Florida Statutes, are amended, and subsection
 116 (8) is added to that section, to read:

117 175.061 Board of trustees; members; terms of office;
 118 meetings; legal entity; costs; attorney's fees.—For any
 119 municipality, special fire control district, chapter plan, local
 120 law municipality, local law special fire control district, or
 121 local law plan under this chapter:

122 (1) In each municipality and in each special fire control
 123 district there is hereby created a board of trustees of the
 124 firefighters' pension trust fund, which shall be solely
 125 responsible for administering the trust fund. Effective October
 126 1, 1986, and thereafter:

127 (a) The membership of the board of trustees for a chapter
 128 plan consists of five members, three ~~two~~ of whom, unless
 129 otherwise prohibited by law, must be legal residents of the
 130 municipality or special fire control district, ~~and~~ must be

131 appointed by the governing body of the municipality or special
132 fire control district, and must not be a member, retiree,
133 beneficiary or payee of the pension plan, and two of whom must
134 be full-time firefighters as defined in s. 175.032 who are
135 elected by a majority of the active firefighters who are members
136 of such plan. With respect to any chapter plan or local law plan
137 that, on January 1, 1997, allowed retired firefighters to vote
138 in such elections, retirees may continue to vote in such
139 elections. ~~The fifth member shall be chosen by a majority of the~~
140 ~~previous four members as provided herein, and such person's name~~
141 ~~shall be submitted to the governing body of the municipality or~~
142 ~~special fire control district. Upon receipt of the fifth~~
143 ~~person's name, the governing body of the municipality or special~~
144 ~~fire control district shall, as a ministerial duty, appoint such~~
145 ~~person to the board of trustees. The fifth member shall have the~~
146 ~~same rights as each of the other four members, shall serve as~~
147 ~~trustee for a period of 2 years, and may succeed himself or~~
148 ~~herself in office.~~ Each resident member shall serve as trustee
149 for a period of 2 years, unless sooner replaced by the governing
150 body at whose pleasure he or she serves, and may succeed himself
151 or herself as a trustee. Each firefighter member shall serve as
152 trustee for a period of 2 years, unless he or she sooner leaves
153 the employment of the municipality or special fire control
154 district as a firefighter, whereupon a successor shall be chosen
155 in the same manner as an original appointment. Each firefighter
156 may succeed himself or herself in office. The terms of office of

157 the appointed and elected members may be amended by municipal
 158 ordinance, special act of the Legislature, or resolution adopted
 159 by the governing body of the special fire control district to
 160 extend the terms from 2 years to 4 years. The length of the
 161 terms of office shall be the same for all board members, and a
 162 board member may not serve on the board for more than 8
 163 consecutive years.

164 (b) The membership of boards of trustees for local law
 165 plans shall be as follows:

166 1. If a municipality or special fire control district has
 167 a pension plan for firefighters only, the provisions of
 168 paragraph (a) apply.

169 2. If a municipality has a pension plan for firefighters
 170 and police officers, the provisions of paragraph (a) apply,
 171 except that the board of trustees shall consist of nine members,
 172 five of whom shall be appointed by the governing body of the
 173 municipality or special fire control district, two of whom ~~one~~
 174 ~~member of the board~~ must be firefighters, a firefighter and two
 175 of whom ~~one member of the board~~ must be a police officers
 176 ~~officer~~ as defined in s. 185.02, respectively elected by a
 177 majority of the active firefighters or police officers who are
 178 members of the plan.

179 3. A board of trustees operating a local law plan on July
 180 1, 1999, which is combined with a plan for general employees
 181 shall hold an election of the firefighters, or firefighters and
 182 police officers, if included, to determine whether a plan is to

183 be established for firefighters only, or for firefighters and
 184 police officers where included. Based on the election results, a
 185 new board shall be established as provided in subparagraph 1. or
 186 subparagraph 2., as appropriate. The municipality or fire
 187 control district shall enact an ordinance or resolution to
 188 implement the new board by October 1, 1999. The newly
 189 established board shall take whatever action is necessary to
 190 determine the amount of assets attributable to firefighters, or
 191 firefighters and police officers where included. Such assets
 192 include all employer, employee, and state contributions made by
 193 or on behalf of firefighters, or firefighters and police
 194 officers where included, and any investment income derived from
 195 such contributions. All such moneys shall be transferred into
 196 the newly established retirement plan, as directed by the board.

197
 198 ~~With respect to a board of trustees operating a local law plan~~
 199 ~~on June 30, 1986, this paragraph does not permit the reduction~~
 200 ~~of the membership percentage of firefighters, or of firefighters~~
 201 ~~and police officers where a joint or mixed fund exists. However,~~
 202 ~~for the sole purpose of changing municipal representation, a~~
 203 ~~municipality may by ordinance change the municipal~~
 204 ~~representation on the board of trustees operating a local law~~
 205 ~~plan by ordinance, only if such change does not reduce the~~
 206 ~~membership percentage of firefighters, or firefighters and~~
 207 ~~police officers, or the membership percentage of the municipal~~
 208 ~~representation.~~

209 (8) The board of trustees shall:

210 (a) Provide a detailed accounting report of its expenses
211 for each fiscal year to the plan sponsor and the Department of
212 Management Services and make the report available to every
213 member of the plan. The report must include, but need not be
214 limited to, all administrative expenses that, for purposes of
215 this subsection, are expenses relating to any legal counsel,
216 actuary, plan administrator, and all other consultants, and all
217 travel and other expenses paid to or on behalf of the members of
218 the board of trustees or anyone else on behalf of the plan.

219 (b) Operate under an administrative expense budget for
220 each fiscal year, provide a copy of the budget to the plan
221 sponsor, and make available a copy of the budget to plan members
222 before the beginning of the fiscal year. The administrative
223 expense budget must regulate the administrative expenses of the
224 board of trustees. If the board of trustees amends the
225 administrative expense budget, the board must provide a copy of
226 the amended budget to the plan sponsor and make available a copy
227 of the amended budget to plan members before the amendment takes
228 effect. The administrative expense budget, including any budget
229 amendments, is not effective until the budget or any budget
230 amendment is approved by a majority vote of the plan sponsor.

231 (c) Establish qualifications for the plan administrator.
232 At a minimum, the qualifications shall require that the
233 individual have a bachelor's degree from an accredited college
234 or university with a major in finance or be a licensed certified

235 public accountant, have at least 3 years of professional
 236 experience managing retirement plans in the private or public
 237 sector, and be approved by a majority plus one vote of the plan
 238 sponsor.

239 Section 4. Subsection (2) of section 175.162, Florida
 240 Statutes, is amended to read:

241 175.162 Requirements for retirement.—For any municipality,
 242 special fire control district, chapter plan, local law
 243 municipality, local law special fire control district, or local
 244 law plan under this chapter, any firefighter who completes 10 or
 245 more years of creditable service as a firefighter and attains
 246 age 55, or completes 25 years of creditable service as a
 247 firefighter and attains age 52, and who for such minimum period
 248 has been a member of the firefighters' pension trust fund
 249 operating under a chapter plan or local law plan, is eligible
 250 for normal retirement benefits. Normal retirement under the plan
 251 is retirement from the service of the municipality or special
 252 fire control district on or after the normal retirement date. In
 253 such event, payment of retirement income will be governed by the
 254 following provisions of this section:

255 (2) (a) The amount of monthly retirement income payable to
 256 a full-time firefighter who retires on or after his or her
 257 normal retirement date shall be an amount equal to the number of
 258 his or her years of credited service multiplied by 2 percent of
 259 his or her average final compensation as a full-time
 260 firefighter. ~~However, if current state contributions pursuant to~~

261 ~~this chapter are not adequate to fund the additional benefits to~~
 262 ~~meet the minimum requirements in this chapter, only such~~
 263 ~~incremental increases shall be required as state moneys are~~
 264 ~~adequate to provide. Such increments shall be provided as state~~
 265 ~~moneys become available.~~

266 (b) The amount of monthly retirement income payable to a
 267 volunteer firefighter who retires on or after his or her normal
 268 retirement date shall be an amount equal to the number of his or
 269 her years of credited service multiplied by 2 percent of his or
 270 her average final compensation as a volunteer firefighter.

271 Section 5. Subsections (1), (2), and (3) of section
 272 175.351, Florida Statutes, are amended, and subsection (6) is
 273 added to that section, to read:

274 175.351 Municipalities and special fire control districts
 275 having their own pension plans for firefighters.—For any
 276 municipality, special fire control district, local law
 277 municipality, local law special fire control district, or local
 278 law plan under this chapter, in order for municipalities and
 279 special fire control districts with their own pension plans for
 280 firefighters, or for firefighters and police officers if
 281 included, to participate in the distribution of the tax fund
 282 established pursuant to s. 175.101, local law plans must meet
 283 the minimum benefits and minimum standards set forth in this
 284 chapter.

285 (1) If a municipality has a pension plan for firefighters,
 286 or a pension plan for firefighters and police officers if

287 included, which in the opinion of the division meets the minimum
 288 benefits and minimum standards set forth in this chapter, the
 289 board of trustees of the pension plan, must ~~as approved by a~~
 290 ~~majority of firefighters of the municipality,~~ may:

291 (a) Place the income from the premium tax in s. 175.101 in
 292 such pension plan for the sole and exclusive use of its
 293 firefighters, or for firefighters and police officers if
 294 included, where it shall become an integral part of that pension
 295 plan and shall be used to provide retirement ~~pay extra~~ benefits
 296 to the firefighters included in that pension plan; or

297 (b) Subject to approval by the municipality or special
 298 fire control district, place the income from the premium tax in
 299 s. 175.101 in a separate supplemental plan to pay extra benefits
 300 to firefighters, or to firefighters and police officers if
 301 included, participating in such separate supplemental plan.

302 (2) The premium tax provided by this chapter shall in all
 303 cases be used in its entirety to provide retirement ~~extra~~
 304 benefits to firefighters, or to firefighters and police officers
 305 if included. The premium tax may be used to provide benefits in
 306 a defined benefit or a defined contribution retirement plan.
 307 Retirement benefits, employee contributions, and the use of
 308 premium tax revenues provided pursuant to this chapter are
 309 subject to the collective bargaining process established in part
 310 II of chapter 447, if the participating firefighters or police
 311 officers are included in a bargaining unit represented by an
 312 employee organization. ~~However, local law plans in effect on~~

313 ~~October 1, 1998, must comply with the minimum benefit provisions~~
314 ~~of this chapter only to the extent that additional premium tax~~
315 ~~revenues become available to incrementally fund the cost of such~~
316 ~~compliance as provided in s. 175.162(2) (a). If a plan is in~~
317 ~~compliance with such minimum benefit provisions, as subsequent~~
318 ~~additional premium tax revenues become available, they must be~~
319 ~~used to provide extra benefits. Local law plans created by~~
320 ~~special act before May 27, 1939, are deemed to comply with this~~
321 ~~chapter. For the purpose of this chapter, the term:~~

322 ~~(a) "Additional premium tax revenues" means revenues~~
323 ~~received by a municipality or special fire control district~~
324 ~~pursuant to s. 175.121 which exceed that amount received for~~
325 ~~calendar year 1997.~~

326 ~~(b) "Extra benefits" means benefits in addition to or~~
327 ~~greater than those provided to general employees of the~~
328 ~~municipality and in addition to those in existence for~~
329 ~~firefighters on March 12, 1999.~~

330 (3) A retirement plan or amendment to a retirement plan
331 may not be proposed for adoption unless the proposed plan or
332 amendment contains an actuarial estimate of the costs involved.
333 Such proposed plan or proposed plan change may not be adopted
334 without the approval of the municipality, special fire control
335 district, or, where required ~~permitted~~, the Legislature. Copies
336 of the proposed plan or proposed plan change and the actuarial
337 impact statement of the proposed plan or proposed plan change
338 shall be furnished to the division before the last public

339 hearing thereon. Such statement must also indicate whether the
340 proposed plan or proposed plan change is in compliance with s.
341 14, Art. X of the State Constitution and those provisions of
342 part VII of chapter 112 which are not expressly provided in this
343 chapter. Notwithstanding any other provision, only those local
344 law plans created by special act of legislation before May 27,
345 1939, are deemed to meet the minimum benefits and minimum
346 standards only in this chapter.

347 (6) Effective October 1, 2015, for noncollectively
348 bargained service, or for a collective bargaining agreement
349 entered into on or after July 1, 2015, if a pension plan under
350 this section provides for a:

351 (a) Deferred Retirement Option Plan, the interest for the
352 plan account may not accrue at an effective annual rate of more
353 than the effective annual rate provided in s. 121.091(13)(c).

354 (b) Cost of living adjustment or other form of guaranteed
355 growth to the retirement benefit, such adjustment or growth may
356 not exceed an effective annual rate that exceeds the annual rate
357 established by the Consumer Protection Index for All Urban
358 Customers published by the United States Department of Labor.
359 However, the effective annual rate may not exceed 4 percent.

360 (c) Form of bonus or other payment to a member, retiree,
361 beneficiary, or payee based upon the investment earnings of the
362 pension plan or fund, such bonus or other payment are not
363 permitted if the plan has an unfunded actuarial accrued
364 liability.

365 (7) (a) Except as provided in paragraph (b), a municipality
366 having its own pension plan that has an assets-to-liabilities
367 ratio, using the most recent plan actuarial report, of 55
368 percent or less shall annually request the Office of the Auditor
369 General to conduct an audit of the plan's management and
370 accounting practices and investments and make recommendations.
371 The Office of the Auditor General shall provide a copy of its
372 findings to the President of the Senate, the Speaker of the
373 House of Representatives, and the governing body of the
374 municipality. The trustees of the pension trust fund shall
375 reimburse the office for any costs associated with the audit.

376 (b) A municipality having its own pension plan that has an
377 assets-to-liabilities ratio, using the most recent plan
378 actuarial report, of 75 percent or less, shall, every 3 years,
379 conduct an internal audit of the plan's management and
380 accounting practices and investments. The audit shall be paid
381 for by the board of trustees of the pension trust fund. The
382 results of the audit shall be provided to the municipality and
383 the Department of Management Services. In a fiscal year that
384 such audit is conducted by the municipality, the audit required
385 under paragraph (a) is not required.

386 Section 6. Paragraphs (a) and (b) of subsection (1) of
387 section 185.05, Florida Statutes, are amended, and subsection
388 (8) is added to that section, to read:

389 185.05 Board of trustees; members; terms of office;
390 meetings; legal entity; costs; attorney's fees.—For any

391 municipality, chapter plan, local law municipality, or local law
 392 plan under this chapter:

393 (1) In each municipality described in s. 185.03 there is
 394 hereby created a board of trustees of the municipal police
 395 officers' retirement trust fund, which shall be solely
 396 responsible for administering the trust fund. Effective October
 397 1, 1986, and thereafter:

398 (a) The membership of the board of trustees for chapter
 399 plans consists of five members, three ~~two~~ of whom, unless
 400 otherwise prohibited by law, must be legal residents of the
 401 municipality and must be appointed by the legislative body of
 402 the municipality and must not be a member, retiree, beneficiary
 403 or payee of such plan, and two of whom must be police officers
 404 as defined in s. 185.02 who are elected by a majority of the
 405 active police officers who are members of such plan. With
 406 respect to any chapter plan or local law plan that, on January
 407 1, 1997, allowed retired police officers to vote in such
 408 elections, retirees may continue to vote in such elections. ~~The~~
 409 ~~fifth member shall be chosen by a majority of the previous four~~
 410 ~~members, and such person's name shall be submitted to the~~
 411 ~~legislative body of the municipality. Upon receipt of the fifth~~
 412 ~~person's name, the legislative body shall, as a ministerial~~
 413 ~~duty, appoint such person to the board of trustees. The fifth~~
 414 ~~member shall have the same rights as each of the other four~~
 415 ~~members appointed or elected, shall serve as trustee for a~~
 416 ~~period of 2 years, and may succeed himself or herself in office.~~

417 Each resident member shall serve as trustee for a period of 2
418 years, unless sooner replaced by the legislative body at whose
419 pleasure the member serves, and may succeed himself or herself
420 as a trustee. Each police officer member shall serve as trustee
421 for a period of 2 years, unless he or she sooner leaves the
422 employment of the municipality as a police officer, whereupon a
423 successor shall be chosen in the same manner as an original
424 appointment. Each police officer may succeed himself or herself
425 in office. The terms of office of the appointed and elected
426 members of the board of trustees may be amended by municipal
427 ordinance or special act of the Legislature to extend the terms
428 from 2 years to 4 years. The length of the terms of office shall
429 be the same for all board members, and a board member may not
430 serve on the board for more than 8 consecutive years.

431 (b) The membership of boards of trustees for local law
432 plans is as follows:

433 1. If a municipality has a pension plan for police
434 officers only, the provisions of paragraph (a) shall apply.

435 2. If a municipality has a pension plan for police
436 officers and firefighters, the provisions of paragraph (a)
437 apply, except that the board of trustees shall consist of nine
438 members, five of whom shall be appointed by the governing body
439 of the municipality, two of whom ~~one member of the board~~ shall
440 be police officers, ~~a police officer~~ and two of whom ~~one member~~
441 shall be firefighters ~~a firefighter~~ as defined in s. 175.032,
442 respectively, elected by a majority of the active firefighters

443 and police officers who are members of the plan.

444 3. Any board of trustees operating a local law plan on
445 July 1, 1999, which is combined with a plan for general
446 employees shall hold an election of the police officers, or
447 police officers and firefighters if included, to determine
448 whether a plan is to be established for police officers only, or
449 for police officers and firefighters where included. Based on
450 the election results, a new board shall be established as
451 provided in subparagraph 1. or subparagraph 2., as appropriate.
452 The municipality shall enact an ordinance to implement the new
453 board by October 1, 1999. The newly established board shall take
454 whatever action is necessary to determine the amount of assets
455 which is attributable to police officers, or police officers and
456 firefighters where included. Such assets shall include all
457 employer, employee, and state contributions made by or on behalf
458 of police officers, or police officers and firefighters where
459 included, and any investment income derived from such
460 contributions. All such moneys shall be transferred into the
461 newly established retirement plan, as directed by the board.

462
463 ~~With respect to any board of trustees operating a local law plan~~
464 ~~on June 30, 1986, this paragraph does not permit the reduction~~
465 ~~of the membership percentage of police officers or police~~
466 ~~officers and firefighters. However, for the sole purpose of~~
467 ~~changing municipal representation, a municipality may by~~
468 ~~ordinance change the municipal representation on the board of~~

469 ~~trustees operating a local law plan by ordinance, only if such~~
470 ~~change does not reduce the membership percentage of police~~
471 ~~officers, or police officers and firefighters, or the membership~~
472 ~~percentage of the municipal representation.~~

473 (8) The board of trustees shall:

474 (a) Provide a detailed accounting report of its expenses
475 for each fiscal year to the plan sponsor and the Department of
476 Management Services and make the report available to every
477 member of the plan. The report must include, but need not be
478 limited to, all administrative expenses that, for purposes of
479 this subsection, are expenses relating to any legal counsel,
480 actuary, plan administrator, and all other consultants, and all
481 travel and other expenses paid to or on behalf of the members of
482 the board of trustees or anyone else on behalf of the plan.

483 (b) Operate under an administrative expense budget for
484 each fiscal year, provide a copy of the budget to the plan
485 sponsor, and make available a copy of the budget to plan members
486 before the beginning of the fiscal year. The administrative
487 expense budget must regulate the administrative expenses of the
488 board of trustees. If the board of trustees amends the
489 administrative expense budget, the board must provide a copy of
490 the amended budget to the plan sponsor and make available a copy
491 of the amended budget to plan members before the amendment takes
492 effect. The administrative expense budget, including any budget
493 amendment, is not effective until the budget or any amendment is
494 approved by a majority vote of the plan sponsor.

495 (c) Establish qualifications for the plan administrator.
496 At a minimum, the qualifications shall require that the
497 individual have a bachelor's degree from an accredited college
498 or university with a major in finance or be a licensed certified
499 public accountant, have at least 3 years of professional
500 experience managing retirement plans in the private or public
501 sector, and be approved by a majority plus one vote of the plan
502 sponsor.

503 Section 7. Subsection (2) of section 185.16, Florida
504 Statutes, is amended to read:

505 185.16 Requirements for retirement.—For any municipality,
506 chapter plan, local law municipality, or local law plan under
507 this chapter, any police officer who completes 10 or more years
508 of creditable service as a police officer and attains age 55, or
509 completes 25 years of creditable service as a police officer and
510 attains age 52, and for such period has been a member of the
511 retirement fund is eligible for normal retirement benefits.
512 Normal retirement under the plan is retirement from the service
513 of the city on or after the normal retirement date. In such
514 event, for chapter plans and local law plans, payment of
515 retirement income will be governed by the following provisions
516 of this section:

517 (2) The amount of the monthly retirement income payable to
518 a police officer who retires on or after his or her normal
519 retirement date shall be an amount equal to the number of the
520 police officer's years of credited service multiplied by 2

521 percent of his or her average final compensation. ~~However, if~~
 522 ~~current state contributions pursuant to this chapter are not~~
 523 ~~adequate to fund the additional benefits to meet the minimum~~
 524 ~~requirements in this chapter, only increment increases shall be~~
 525 ~~required as state moneys are adequate to provide. Such~~
 526 ~~increments shall be provided as state moneys become available.~~

527 Section 8. Section 185.35, Florida Statutes, is amended to
 528 read:

529 185.35 Municipalities having their own pension plans for
 530 police officers.—For any municipality, chapter plan, local law
 531 municipality, or local law plan under this chapter, in order for
 532 municipalities with their own pension plans for police officers,
 533 or for police officers and firefighters if included, to
 534 participate in the distribution of the tax fund established
 535 pursuant to s. 185.08, local law plans must meet the minimum
 536 benefits and minimum standards set forth in this chapter:

537 (1) If a municipality has a pension plan for police
 538 officers, or for police officers and firefighters if included,
 539 which, in the opinion of the division, meets the minimum
 540 benefits and minimum standards set forth in this chapter, the
 541 board of trustees of the pension plan must, ~~as approved by a~~
 542 ~~majority of police officers of the municipality,~~ may:

543 (a) Place the income from the premium tax in s. 185.08 in
 544 such pension plan for the sole and exclusive use of its police
 545 officers, or its police officers and firefighters if included,
 546 where it shall become an integral part of that pension plan and

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547 shall be used to provide retirement ~~pay extra~~ benefits to the
548 police officers included in that pension plan; or

549 (b) Subject to approval by the municipality, ~~may~~ place the
550 income from the premium tax in s. 185.08 in a separate
551 supplemental plan to pay extra benefits to the police officers,
552 or police officers and firefighters if included, participating
553 in such separate supplemental plan.

554 (2) The premium tax provided by this chapter shall in all
555 cases be used in its entirety to provide retirement ~~extra~~
556 benefits to police officers, or to police officers and
557 firefighters if included. The premium tax may be used to provide
558 benefits in a defined benefit or a defined contribution
559 retirement plan. Retirement benefits, employee contributions,
560 and the use of premium tax revenues provided pursuant to this
561 chapter are subject to the collective bargaining process
562 established in part II of chapter 447, if the participating
563 police officers or firefighters are included in a bargaining
564 unit represented by an employee organization. ~~However, local law~~
565 ~~plans in effect on October 1, 1998, must comply with the minimum~~
566 ~~benefit provisions of this chapter only to the extent that~~
567 ~~additional premium tax revenues become available to~~
568 ~~incrementally fund the cost of such compliance as provided in s.~~
569 ~~185.16(2). If a plan is in compliance with such minimum benefit~~
570 ~~provisions, as subsequent additional tax revenues become~~
571 ~~available, they shall be used to provide extra benefits.~~ Local
572 law plans created by special act before May 27, 1939, shall be

573 deemed to comply with this chapter. ~~For the purpose of this~~
574 ~~chapter, the term:~~

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

578 ~~(b) "Extra benefits" means benefits in addition to or~~
579 ~~greater than those provided to general employees of the~~
580 ~~municipality and in addition to those in existence for police~~
581 ~~officers on March 12, 1999.~~

582 (3) A retirement plan or amendment to a retirement plan
583 may not be proposed for adoption unless the proposed plan or
584 amendment contains an actuarial estimate of the costs involved.
585 Such proposed plan or proposed plan change may not be adopted
586 without the approval of the municipality or, where required
587 ~~permitted~~, the Legislature. Copies of the proposed plan or
588 proposed plan change and the actuarial impact statement of the
589 proposed plan or proposed plan change shall be furnished to the
590 division before the last public hearing thereon. Such statement
591 must also indicate whether the proposed plan or proposed plan
592 change is in compliance with s. 14, Art. X of the State
593 Constitution and those provisions of part VII of chapter 112
594 which are not expressly provided in this chapter.
595 Notwithstanding any other provision, only those local law plans
596 created by special act of legislation before May 27, 1939, are
597 deemed to meet the minimum benefits and minimum standards only
598 in this chapter.

599 (4) Notwithstanding any other provision, with respect to
 600 any supplemental plan municipality:

601 (a) Section 185.02(4)(a) does not apply, and a local law
 602 plan and a supplemental plan may continue to use their
 603 definition of compensation or salary in existence on March 12,
 604 1999.

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

609 (c) The election set forth in paragraph (1)(b) is deemed
 610 to have been made.

611 (5) The retirement plan setting forth the benefits and the
 612 trust agreement, if any, covering the duties and
 613 responsibilities of the trustees and the regulations of the
 614 investment of funds must be in writing and copies made available
 615 to the participants and to the general public.

616 (6) For noncollectively bargained service earned on or
 617 after October 1, 2015, or for service earned under a collective
 618 bargaining agreement entered into on or after July 1, 2015, if a
 619 pension plan under this section provides for a:

620 (a) Deferred Retirement Option Plan, the interest for the
 621 plan account may not accrue at an effective annual rate of more
 622 the effective annual rate provided in s. 121.091(13)(c).

623 (b) Cost-of-living adjustment or other form of guaranteed
 624 growth to the retirement benefit, such adjustment or growth may

625 not exceed an effective annual rate that exceeds the annual rate
626 established by the Consumer Protection Index for All Urban
627 Customers published by the United States Department of Labor.
628 However, the effective annual rate may not exceed 4 percent.

629 (c) Form of bonus or other payment to a member, retiree,
630 beneficiary, or payee based upon the investment earnings of the
631 pension plan or fund, such bonus or other payment are not
632 permitted if the plan has an unfunded actuarial accrued
633 liability.

634 (7) (a) Except as provided in paragraph (b), a municipality
635 having its own pension plan that has an assets-to-liabilities
636 ratio, using the most recent plan actuarial report, of 55
637 percent or less shall annually request the Office of the Auditor
638 General to conduct an audit of the plan's management and
639 accounting practices and investments and make recommendations.
640 The Office of the Auditor General shall provide a copy of its
641 findings to the President of the Senate, the Speaker of the
642 House of Representatives, and the governing body of the
643 municipality. The trustees of the pension trust fund shall
644 reimburse the office for any costs associated with the audit.

645 (b) A municipality having its own pension plan that has an
646 assets to liabilities ratio, using the most recent plan
647 actuarial report, of 75 percent or less, shall, every 3 years,
648 conduct an internal audit of the plan's management and
649 accounting practices and investments. The audit shall be paid
650 for by the board of trustees of the pension trust fund. The

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651 results of the audit shall be provided to the municipality and
652 the Department of Management Services. In a fiscal year that
653 such audit is conducted by the municipality, the audit required
654 under paragraph (a) is not required.

655 Section 9. A municipality or special fire control district
656 having its own pension plan for firefighters or police officers
657 has the authority to approve the administrative expense budget
658 required under chapter 175 and 185, Florida Statutes. The
659 municipality or special fire control district also has the
660 authority to review, reject, or approve special benefits,
661 special pension plans, and any rule that relates to Deferred
662 Retirement Option Programs.

663 Section 10. The Legislature finds that a proper and
664 legitimate state purpose is served when employees and retirees
665 of the state and its political subdivisions, and the dependents,
666 survivors, and beneficiaries of such employees and retirees, are
667 extended the basic protections afforded by governmental
668 retirement systems that provide fair and adequate benefits and
669 that are managed, administered, and funded in an actuarially
670 sound manner as required by s. 14, Article X of the State
671 Constitution and part VII of chapter 112, Florida Statutes.
672 Therefore, the Legislature determines and declares that this act
673 fulfills an important state interest.

674 Section 11. This act shall take effect July 1, 2015.