

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-01971-15

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

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30 specified date in a regularly established position
31 eligible for the State University System Optional
32 Retirement Program or State Community College System
33 Optional Retirement Program is a renewed member of
34 that program; specifying limitations and requirements;
35 requiring the employer and the retiree to make
36 applicable contributions; prohibiting the purchase of
37 past service in the program; providing for renewed
38 membership in the optional retirement program for
39 certain retirees initially reemployed on or after a
40 specified date; making the renewed member ineligible
41 to receive disability benefits; specifying limitations
42 and requirements; requiring the employer and the
43 retiree to make applicable contributions; providing
44 for the transfer of contributions; prohibiting the
45 purchase of past service in the optional retirement
46 program; authorizing a renewed member to receive
47 additional credit towards the health insurance subsidy
48 under certain circumstances; amending s. 121.4501,
49 F.S.; revising the definition of the term "eligible
50 employee"; conforming a provision to changes made by
51 the act; providing for employer contribution rate
52 increases to fund changes made by the act; providing a
53 directive to the Division of Law Revision and
54 Information; declaring that the act fulfills an
55 important state interest; providing an effective date.

56
57 Be It Enacted by the Legislature of the State of Florida:
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59 Section 1. Paragraph (a) of subsection (3) and subsection
60 (5) of section 121.053, Florida Statutes, are amended to read:

61 121.053 Participation in the Elected Officers' Class for
62 retired members.—

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

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

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

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

81 121.055 Senior Management Service Class.—There is hereby
82 established a separate class of membership within the Florida
83 Retirement System to be known as the "Senior Management Service
84 Class," which shall become effective February 1, 1987.

85 (1)

86 (f) Effective July 1, 1997:

87 1. Except as provided in subparagraph 3., an elected state

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

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

105 3. A retiree of a state-administered retirement system who
106 is initially reemployed in a regularly established position on
107 ~~or after~~ July 1, 2010, through June 30, 2016, as an elected
108 official eligible for the Elected Officers' Class may not be
109 enrolled in renewed membership in the Senior Management Service
110 Class or in the Senior Management Service Optional Annuity
111 Program as provided in subsection (6), and may not withdraw from
112 the Florida Retirement System as a renewed member as provided in
113 subparagraph (b)2., as applicable, in lieu of membership in the
114 Senior Management Service Class. Effective July 1, 2016, a
115 retiree of the Senior Management Service Optional Annuity
116 Program who reenters covered employment shall be enrolled as a

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117 renewed member as provided in s. 121.122.

118 (6)

119 (c) *Participation.*—

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

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

141 3. A person who is appointed to a position in the Senior
142 Management Service Class and who is a member of an existing
143 retirement system or the Special Risk or Special Risk
144 Administrative Support Classes of the Florida Retirement System
145 may elect to remain in such system or class in lieu of

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

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

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

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

173 b. The employee shall receive service credit under the
174 pension plan equal to his or her years of service under the

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175 Senior Management Service Optional Annuity Program. The cost for
176 such credit is the amount representing the present value of that
177 employee's accumulated benefit obligation for the affected
178 period of service.

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

187 6. A retiree of a state-administered retirement system who
188 is initially reemployed on or after July 1, 2010, through June
189 30, 2016, may not renew membership in the Senior Management
190 Service Optional Annuity Program. Effective July 1, 2016, a
191 retiree of the Senior Management Service Optional Annuity
192 Program who reenters covered employment shall be enrolled as a
193 renewed member as provided in s. 121.122.

194 Section 3. Subsection (2) of section 121.122, Florida
195 Statutes, is amended, and subsections (3) through (6) are added
196 to that section, to read:

197 121.122 Renewed membership in system.—

198 (2) A retiree of a state-administered retirement system who
199 is initially reemployed in a regularly established position on
200 or after July 1, 2010, through June 30, 2016, may not be
201 enrolled as a renewed member.

202 (3) A retiree of a state-administered retirement system
203 specified in subsection (2) who is employed on or after July 1,

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204 2016, in a regularly established position shall be a renewed
205 member of the investment plan, regardless of the position held,
206 unless employed in a position eligible for participation in the
207 State University System Optional Retirement Program or the State
208 Community College System Optional Retirement Program as provided
209 in subsections (4) and (5), respectively. A renewed member must
210 satisfy the vesting requirements and other provisions of this
211 chapter.

212 (a) Creditable service, including credit toward the retiree
213 health insurance subsidy provided in s. 112.363, does not accrue
214 for a retiree's employment in a regularly established position
215 with a covered employer during the period from July 1, 2010,
216 through June 30, 2016.

217 (b) Employer and employee contributions, interest,
218 earnings, or any other funds may not be paid into a renewed
219 member's investment plan account for any employment in a
220 regularly established position with a covered employer from July
221 1, 2010, through June 30, 2016, by the renewed member or the
222 employer on behalf of the member.

223 (c) To be eligible to receive a retirement benefit, the
224 renewed member must satisfy the vesting requirements in s.
225 121.4501(6).

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

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

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

232 (g) Upon the renewed membership or reemployment of a

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233 retiree, the employer and the retiree shall pay the applicable
234 employer and employee contributions required under ss. 112.363,
235 121.71, 121.74, and 121.76. The contributions are payable only
236 for employment and salary earned in a regularly established
237 position with a covered employer on or after July 1, 2016. The
238 employer and employee contributions shall be transferred to the
239 investment plan and placed in a default fund as designated by
240 the state board. The retiree may move the contributions once an
241 account is activated in the investment plan.

242 (h) The member may not purchase any past service in the
243 investment plan, including employment in a regularly established
244 position with a covered employer from July 1, 2010, through June
245 30, 2016.

246 (i) A renewed member who is a retiree of the investment
247 plan or pension plan and who is not receiving the maximum health
248 insurance subsidy provided in s. 112.363 is entitled to earn
249 additional credit toward the subsidy. Such credit may be earned
250 only for employment in a regularly established position with a
251 covered employer on or after July 1, 2016. Any additional
252 subsidy due because of additional credit may be received only at
253 the time of paying the second career retirement benefit. The
254 total health insurance subsidy received by a retiree receiving
255 benefits from initial and renewed membership may not exceed the
256 maximum allowed under s. 112.363.

257 (4) A retiree of a state-administered retirement system
258 specified in subsection (2) who is employed on or after July 1,
259 2016, in a regularly established position eligible for
260 participation in the State University System Optional Retirement
261 Program shall become a renewed member of the optional retirement

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262 program. The renewed member must satisfy the vesting
263 requirements and other provisions of this chapter. Once
264 enrolled, a renewed member remains enrolled in the optional
265 retirement program while employed in an eligible position for
266 the optional retirement program. If employment in a different
267 covered position results in the retiree's enrollment in the
268 investment plan, the retiree is no longer eligible to
269 participate in the optional retirement program unless employed
270 in a mandatory position under s. 121.35.

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

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

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

278 (d) The member, or the employer on behalf of the member,
279 may not purchase any past service in the optional retirement
280 program or employment from July 1, 2010, to June 30, 2016, when
281 renewed membership is not available.

282 (5) A retiree of a state-administered retirement system
283 specified in subsection (2) who is employed on or after July 1,
284 2016, in a regularly established position eligible for
285 participation in the State Community College System Optional
286 Retirement Program as provided in s. 121.051(2)(c)4., shall
287 become a renewed member of the optional retirement program. The
288 renewed member must satisfy the eligibility requirements of this
289 chapter and s. 1012.875 for the optional retirement program.
290 Once enrolled, a renewed member remains enrolled in the optional

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291 retirement program while employed in an eligible position for
292 the optional retirement program. If employment in a different
293 covered position results in the retiree's enrollment in the
294 investment plan, the retiree is no longer eligible to
295 participate in the optional retirement program.

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

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

300 (c) Upon renewed membership or reemployment of a retiree,
301 the employer and the retiree shall pay the applicable employer
302 and employee contributions required under ss. 121.051(2)(c) and
303 1012.875.

304 (d) The member, or the employer on behalf of the member,
305 may not purchase any past service in the optional retirement
306 program or employment accrued from July 1, 2010, to June 30,
307 2016.

308 (6) A retiree of a state-administered retirement system who
309 is initially reemployed in a regularly established position on
310 or after July 1, 2016, shall be enrolled in the investment plan
311 unless eligible for participation in the State University System
312 Optional Retirement Program as provided in s. 121.35 or in the
313 State Community College System Optional Retirement Program as
314 provided in ss. 121.051(2)(c) and 1012.875. A renewed member
315 must satisfy the vesting requirements and other provisions
316 provided in this chapter.

317 (a) The member is not entitled to disability benefits as
318 provided in s. 121.091(4) or s. 121.591(2).

319 (b) The member is subject to the reemployment after

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320 retirement limitations as provided in s. 121.091(9), as
321 applicable.

322 (c) The member must meet the termination from employment
323 provisions as provided in s. 121.021(39).

324 (d) Upon the renewed membership of a reemployed retiree,
325 the employer and the retiree shall pay the applicable employer
326 and employee contributions as required by ss. 112.363, 121.71,
327 121.74, and 121.76. The contributions are payable only for
328 employment and compensation earned in a regularly established
329 position with a covered employer on or after July 1, 2016. The
330 employer and employee contributions shall be transferred to the
331 investment plan and placed in a default fund as designated by
332 the state board. The retiree may move the contributions once an
333 account is activated in the investment plan.

334 (e) The member or the employer on behalf of the member may
335 not purchase any past service in the optional retirement program
336 or employment accrued from July 1, 2010 to June 30, 2016.

337 (f) A renewed member who is a retiree of the investment
338 plan or pension plan and is not receiving the maximum health
339 insurance subsidy provided in s. 112.363 is entitled to earn
340 additional credit toward the subsidy. Such credit may be earned
341 only for employment in a regularly established position with a
342 covered employer on or after July 1, 2016. Any additional
343 subsidy due because of additional credit may be received only at
344 the time of paying the second career retirement benefit. The
345 total health insurance subsidy received by a retiree receiving
346 benefits from initial and renewed membership may not exceed the
347 maximum allowable under s. 112.363.

348 Section 4. Paragraph (e) of subsection (2) and paragraph

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349 (f) of subsection (4) of section 121.4501, Florida Statutes, are
350 amended to read:

351 121.4501 Florida Retirement System Investment Plan.—

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

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

355 1. Is a member of, or is eligible for membership in, the
356 Florida Retirement System, including any renewed member of the
357 Florida Retirement System initially enrolled before July 1,
358 2010; ~~or~~

359 2. Participates in, or is eligible to participate in, the
360 Senior Management Service Optional Annuity Program as
361 established under s. 121.055(6), the State Community College
362 System Optional Retirement Program as established under s.
363 121.051(2)(c), or the State University System Optional
364 Retirement Program established under s. 121.35; or

365 3. Is a retiree of a state-administered retirement system
366 employed in a regularly established position on or after July 1,
367 2016, enrolled as a renewed member as provided under s. 121.122.
368

369 The term does not include any member participating in the
370 Deferred Retirement Option Program established under s.
371 121.091(13), a retiree of a state-administered retirement system
372 initially reemployed in a regularly established position on or
373 after July 1, 2010, through June 30, 2016, or a mandatory
374 participant of the State University System Optional Retirement
375 Program established under s. 121.35.

376 (4) PARTICIPATION; ENROLLMENT.—

377 (f) 1. A member of the investment plan who takes a

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378 distribution of any contributions from his or her investment
379 plan account is considered a retiree. A retiree who is initially
380 reemployed in a regularly established position on or after July
381 1, 2010, and before June 30, 2016, is not eligible for to be
382 enrolled in renewed membership, except as provided in s.
383 121.122.

384 2. A retiree who is initially reemployed on or after July
385 1, 2016, shall be a renewed member as provided in s. 121.122.

386 Section 5. (1) In order to fund the benefit changes
387 provided for in this act, the required employer contribution
388 rates of the Florida Retirement System established in 121.71(4),
389 Florida Statutes, shall be adjusted effective July 1, 2016 as
390 follows:

391 (a) The Regular Class is increased by X.XX percentage
392 points.

393 (b) The Special Risk Class is increased by X.XX percentage
394 points.

395 (c) The Special Risk Administrative Support Class is
396 increased by X.XX percentage points.

397 (d) The Elected Officers' Class—Legislators, Governor, Lt.
398 Governor, Cabinet Officers, State Attorneys, Public Defenders is
399 increased by X.XX percentage points.

400 (e) The Elected Officers' Class—Justices, Judges is
401 increased by X.XX percentage points.

402 (f) The Elected Officer's Class—County Elected Officers is
403 increased by X.XX percentage points.

404 (g) The Senior Management Service Class is increased by
405 X.XX percentage points.

406 (h) The DROP is increased by X.XX percentage points.

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407 (2) The adjustments provided in subsection (1) shall be
408 made in addition to other changes to such contribution rates
409 which may be enacted into law to take effect on July 1, 2015,
410 and July 1, 2016. The Division of Law Revision and Information
411 is requested to adjust accordingly the contribution rates
412 provided in s. 121.71, Florida Statutes.

413 Section 6. The Legislature finds that a proper and
414 legitimate state purpose is served when employees and retirees
415 of the state and its political subdivisions, and the dependents,
416 survivors, and beneficiaries of such employees and retirees, are
417 extended the basic protections afforded by governmental
418 retirement systems. These persons must be provided benefits that
419 are fair and adequate and that are managed, administered, and
420 funded in an actuarially sound manner, as required by s. 14,
421 Article X of the State Constitution and part VII of chapter 112,
422 Florida Statutes. Therefore, the Legislature determines and
423 declares that this act fulfills an important state interest.

424 Section 7. This act shall take effect July 1, 2015.