

By the Committee on Governmental Oversight and Accountability

585-01991-16

20167042__

1 A bill to be entitled

2 An act relating to state-administered retirement
3 systems; amending s. 121.4501, F.S.; correcting a
4 reference to the trust fund to which certain employer
5 assessments are transferred; amending s. 121.71, F.S.;
6 revising required employer retirement contribution
7 rates for each membership class and subclass of the
8 Florida Retirement System; amending s. 121.74, F.S.;
9 revising the employer assessment rate for offsetting
10 administrative and educational costs related to the
11 Florida Retirement System; providing a declaration of
12 important state interest; providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

15
16 Section 1. Paragraph (c) of subsection (5) of section
17 121.4501, Florida Statutes, is amended to read:

18 121.4501 Florida Retirement System Investment Plan.—

19 (5) CONTRIBUTIONS.—

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

24 1. The employer and employee contribution portion earmarked
25 for member accounts shall be used to purchase interests in the
26 appropriate investment vehicles as specified by the member, or
27 in accordance with paragraph (4) (d).

28 2. The employer contribution portion earmarked for
29 administrative and educational expenses shall be transferred to
30 the state board's Administrative ~~Florida Retirement System~~
31 ~~Investment Plan~~ Trust Fund.

32 3. The employer contribution portion earmarked for

585-01991-16

20167042__

33 disability benefits shall be transferred to the Florida
 34 Retirement System Trust Fund.

35 Section 2. Subsections (4) and (5) of section 121.71,
 36 Florida Statutes, are amended to read:

37 121.71 Uniform rates; process; calculations; levy.—

38 (4) Required employer retirement contribution rates for
 39 each membership class and subclass of the Florida Retirement
 40 System for both retirement plans are as follows:

41

Percentage of
 Gross
 Compensation,
 Effective

Membership Class

July 1, 2016 ~~2015~~

42

43

Regular Class

2.97% ~~2.91%~~

44

Special Risk Class

11.35%

45

Special Risk

Administrative

Support Class

3.87% ~~3.71%~~

46

Elected Officers' Class—

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

6.63% ~~6.48%~~

585-01991-16 20167042__

State Attorneys,
Public Defenders

47

Elected Officers' Class--
Justices, Judges

11.68% ~~11.39%~~

48

Elected Officers' Class--
County Elected Officers

8.55% ~~8.48%~~

49

Senior Management Class

4.38% ~~4.32%~~

50

DROP

4.17% ~~4.10%~~

51

52

53

54

55

56

57

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

Percentage of
Gross
Compensation,
Effective

Membership Class

July 1, 2016 ~~2015~~

58

59

Regular Class

2.83% ~~2.65%~~

60

585-01991-16 20167042__

61	Special Risk Class	<u>8.92%</u> 8.99%
	Special Risk	
	Administrative	
62	Support Class	<u>22.47%</u> 27.54%
	Elected Officers' Class—	
	Legislators, Governor,	
	Lt. Governor,	
	Cabinet Officers,	
	State Attorneys,	
63	Public Defenders	<u>33.75%</u> 37.62%
	Elected Officers' Class—	
	Justices, Judges	<u>23.30%</u> 22.62%
64	Elected Officers' Class—	
	County Elected Officers	<u>32.20%</u> 32.09%
65	Senior Management Service	
	Class	<u>15.67%</u> 15.41%
66	DROP	<u>7.10%</u> 7.12%

68 Section 3. Section 121.74, Florida Statutes, is amended to
 69 read:

70 121.74 Administrative and educational expenses.—In addition
 71 to contributions required to fund member accounts under ss.
 72 121.71 and 121.73, effective July 1, 2010, through June 30,

585-01991-16

20167042__

73 2014, employers participating in the Florida Retirement System
74 shall contribute an employer assessment amount equal to 0.03
75 percent of the payroll reported for each class or subclass of
76 Florida Retirement System membership. Effective July 1, 2014,
77 the employer assessment is 0.04 percent of the payroll reported
78 for each class or subclass of membership. Effective July 1,
79 2016, the employer assessment is 0.06 percent of the payroll
80 reported for each class or subclass of membership. The amount
81 assessed shall be transferred by the Division of Retirement from
82 the Florida Retirement System Contributions Clearing Trust Fund
83 to the State Board of Administration's Administrative Trust Fund
84 to offset the costs of administering the investment plan and the
85 costs of providing educational services to members of the
86 Florida Retirement System. Approval of the trustees is required
87 before the expenditure of these funds. Payments for third-party
88 administrative or educational expenses shall be made only
89 pursuant to the terms of the approved contracts for such
90 services.

91 Section 4. The Legislature finds that a proper and
92 legitimate state interest is served when employees, officers,
93 and retirees of the state and its political subdivisions, and
94 the dependents, survivors, and beneficiaries of such employees,
95 officers, and retirees, are extended the basic protections
96 afforded by governmental retirement systems. These persons must
97 be provided benefits that are fair and adequate and that are
98 managed, administered, and funded in an actuarially sound
99 manner, as required by s. 14, Article X of the State
100 Constitution and part VII of chapter 112, Florida Statutes.
101 Therefore, the Legislature determines and declares that this act

585-01991-16

20167042__

102 fulfills an important state interest.

103 Section 5. This act shall take effect July 1, 2016.