

Amendment No.

CHAMBER ACTION

Senate

House

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Representative Richardson offered the following:

Amendment

Remove lines 444-696 and insert:

enrolls in, or who defaults into, the pension ~~investment~~ plan as provided in subsection (4), a terminated Deferred Retirement Option Program member as described in subsection (21), or a beneficiary or alternate payee of a member or employee.

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

(b) Notwithstanding paragraph (a), an eligible employee who elects to participate in, or who defaults into, the pension ~~investment~~ plan and establishes one or more individual member accounts may elect to transfer to the investment plan a sum representing the present value of the employee's accumulated

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15 benefit obligation under the pension plan, except as provided in
16 paragraph (4) (b). Upon transfer, all service credit earned under
17 the pension plan is nullified for purposes of entitlement to a
18 future benefit under the pension plan. A member may not transfer
19 the accumulated benefit obligation balance from the pension plan
20 after the time period for enrolling in the investment plan has
21 expired.

22 1. For purposes of this subsection, the present value of
23 the member's accumulated benefit obligation is based upon the
24 member's estimated creditable service and estimated average
25 final compensation under the pension plan, subject to
26 recomputation under subparagraph 2. For state employees, initial
27 estimates shall be based upon creditable service and average
28 final compensation as of midnight on June 30, 2002; for district
29 school board employees, initial estimates shall be based upon
30 creditable service and average final compensation as of midnight
31 on September 30, 2002; and for local government employees,
32 initial estimates shall be based upon creditable service and
33 average final compensation as of midnight on December 31, 2002.
34 The dates specified are the "estimate date" for these employees.
35 The actuarial present value of the employee's accumulated
36 benefit obligation shall be based on the following:

37 a. The discount rate and other relevant actuarial
38 assumptions used to value the Florida Retirement System Trust
39 Fund at the time the amount to be transferred is determined,

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40 consistent with the factors provided in sub-subparagraphs b. and
41 c.

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

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

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

49 (A) Age 62; or

50 (B) The age the member would attain if the member
51 completed 30 years of service with an employer, assuming the
52 member worked continuously from the estimate date, and
53 disregarding any vesting requirement that would otherwise apply
54 under the pension plan.

55 (II) On or after July 1, 2011, the benefit commencement
56 age is the younger of the following, but may not be younger than
57 the member's age as of the estimate date:

58 (A) Age 65; or

59 (B) The age the member would attain if the member
60 completed 33 years of service with an employer, assuming the
61 member worked continuously from the estimate date, and
62 disregarding any vesting requirement that would otherwise apply
63 under the pension plan.

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64 d. For members of the Special Risk Class and for members
65 of the Special Risk Administrative Support Class entitled to
66 retain the special risk normal retirement date:

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

70 (A) Age 55; or

71 (B) The age the member would attain if the member
72 completed 25 years of service with an employer, assuming the
73 member worked continuously from the estimate date, and
74 disregarding any vesting requirement that would otherwise apply
75 under the pension plan.

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

80 (A) Age 60; or

81 (B) The age the member would attain if the member
82 completed 30 years of service with an employer, assuming the
83 member worked continuously from the estimate date, and
84 disregarding any vesting requirement that would otherwise apply
85 under the pension plan.

86 e. The calculation must disregard vesting requirements and
87 early retirement reduction factors that would otherwise apply
88 under the pension plan.

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89 2. For each member who elects to transfer moneys from the
90 pension plan to his or her account in the investment plan, the
91 division shall recompute the amount transferred under
92 subparagraph 1. within 60 days after the actual transfer of
93 funds based upon the member's actual creditable service and
94 actual final average compensation as of the initial date of
95 participation in the investment plan. If the recomputed amount
96 differs from the amount transferred by \$10 or more, the division
97 shall:

98 a. Transfer, or cause to be transferred, from the Florida
99 Retirement System Trust Fund to the member's account the excess,
100 if any, of the recomputed amount over the previously transferred
101 amount together with interest from the initial date of transfer
102 to the date of transfer under this subparagraph, based upon the
103 effective annual interest equal to the assumed return on the
104 actuarial investment which was used in the most recent actuarial
105 valuation of the system, compounded annually.

106 b. Transfer, or cause to be transferred, from the member's
107 account to the Florida Retirement System Trust Fund the excess,
108 if any, of the previously transferred amount over the recomputed
109 amount, together with interest from the initial date of transfer
110 to the date of transfer under this subparagraph, based upon 6
111 percent effective annual interest, compounded annually, pro rata
112 based on the member's allocation plan.

113 3. If contribution adjustments are made as a result of
114 employer errors or corrections, including plan corrections,

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115 following recomputation of the amount transferred under
116 subparagraph 1., the member is entitled to the additional
117 contributions or is responsible for returning any excess
118 contributions resulting from the correction. However, a ~~any~~
119 return of such erroneous excess pretax contribution by the plan
120 must be made within the period allowed by the Internal Revenue
121 Service. The present value of the member's accumulated benefit
122 obligation may ~~shall~~ not be recalculated.

123 4. As directed by the member, the state board shall
124 transfer or cause to be transferred the appropriate amounts to
125 the designated accounts within 30 days after the effective date
126 of the member's participation in the investment plan unless the
127 major financial markets for securities available for a transfer
128 are seriously disrupted by an unforeseen event that causes the
129 suspension of trading on a ~~any~~ national securities exchange in
130 the country where the securities were issued. In that event, the
131 30-day period may be extended by a resolution of the state
132 board. Transfers are not commissionable or subject to other fees
133 and may be in the form of securities or cash, as determined by
134 the state board. Such securities are valued as of the date of
135 receipt in the member's account.

136 5. If the state board or the division receives
137 notification from the United States Internal Revenue Service
138 that this paragraph or any portion of this paragraph will cause
139 the retirement system, or a portion thereof, to be disqualified
140 for tax purposes under the Internal Revenue Code, the portion

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141 that will cause the disqualification does not apply. Upon such
142 notice, the state board and the division shall notify the
143 presiding officers of the Legislature.

144 (4) PARTICIPATION; ENROLLMENT.—

145 (a)1. Effective June 1, 2002, through February 28, 2003, a
146 90-day election period was provided to each eligible employee
147 participating in the Florida Retirement System, preceded by a
148 90-day education period, permitting each eligible employee to
149 elect membership in the investment plan. An employee who failed
150 to elect the investment plan during the election period remained
151 in the pension plan. An eligible employee who was employed in a
152 regularly established position during the election period was
153 granted the option to make one subsequent election, as provided
154 in paragraph (f). With respect to an eligible employee who did
155 not participate in the initial election period or who is
156 initially employed in a regularly established position after the
157 close of the initial election period but before July 1, 2017, on
158 June 1, 2002, by a state employer:

159 ~~a. Any such employee may elect to participate in the~~
160 ~~investment plan in lieu of retaining his or her membership in~~
161 ~~the pension plan. The election must be made in writing or by~~
162 ~~electronic means and must be filed with the third party~~
163 ~~administrator by August 31, 2002, or, in the case of an active~~
164 ~~employee who is on a leave of absence on April 1, 2002, by the~~
165 ~~last business day of the 5th month following the month the leave~~
166 ~~of absence concludes. This election is irrevocable, except as~~

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167 ~~provided in paragraph (g). Upon making such election, the~~
168 ~~employee shall be enrolled as a member of the investment plan,~~
169 ~~the employee's membership in the Florida Retirement System is~~
170 ~~governed by the provisions of this part, and the employee's~~
171 ~~membership in the pension plan terminates. The employee's~~
172 ~~enrollment in the investment plan is effective the first day of~~
173 ~~the month for which a full month's employer contribution is made~~
174 ~~to the investment plan.~~

175 ~~b. Any such employee who fails to elect to participate in~~
176 ~~the investment plan within the prescribed time period is deemed~~
177 ~~to have elected to retain membership in the pension plan, and~~
178 ~~the employee's option to elect to participate in the investment~~
179 ~~plan is forfeited.~~

180 ~~2. With respect to employees who become eligible to~~
181 ~~participate in the investment plan by reason of employment in a~~
182 ~~regularly established position with a state employer commencing~~
183 ~~after April 1, 2002:~~

184 ~~a. Any such employee shall, by default, be enrolled in the~~
185 ~~pension plan at the commencement of employment, and may, by the~~
186 ~~last business day of the 5th month following the employee's~~
187 ~~month of hire, elect to participate in the investment plan. The~~
188 ~~employee's election must be made in writing or by electronic~~
189 ~~means and must be filed with the third-party administrator. The~~
190 ~~election to participate in the investment plan is irrevocable,~~
191 ~~except as provided in paragraph (f) ~~(g)~~.~~

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192 ~~a.b.~~ If the employee files such election within the
193 prescribed time period, enrollment in the investment plan is
194 effective on the first day of employment. The retirement
195 contributions paid through the month of the employee plan change
196 shall be transferred to the investment program, and, effective
197 the first day of the next month, the employer and employee must
198 pay the applicable contributions based on the employee
199 membership class in the program.

200 ~~b.e.~~ An employee who fails to elect to participate in the
201 investment plan within the prescribed time period is deemed to
202 have elected to retain membership in the pension plan, and the
203 employee's option to elect to participate in the investment plan
204 is forfeited.

205 ~~2.3.~~ With respect to employees who become eligible to
206 participate in the investment plan pursuant to s.
207 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
208 participate in the investment plan in lieu of retaining his or
209 her membership in the State Community College System Optional
210 Retirement Program or the State University System Optional
211 Retirement Program. The election must be made in writing or by
212 electronic means and must be filed with the third-party
213 administrator. This election is irrevocable, except as provided
214 in paragraph (f) ~~(g)~~. Upon making such election, the employee
215 shall be enrolled as a member in the investment plan, the
216 employee's membership in the Florida Retirement System is
217 governed by the provisions of this part, and the employee's

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218 participation in the State Community College System Optional
219 Retirement Program or the State University System Optional
220 Retirement Program terminates. The employee's enrollment in the
221 investment plan is effective on the first day of the month for
222 which a full month's employer and employee contribution is made
223 to the investment plan.

224 (b)1. With respect to employees who become eligible to
225 participate in the investment plan by reason of employment in a
226 regularly established position commencing on or after July 1,
227 2017, or who did not complete an election window before July 1,
228 2017, any such employee shall be enrolled in the pension plan at
229 the commencement of employment and may, by the last business day
230 of the 8th month following the employee's month of hire, elect
231 to participate in the pension plan or the investment plan.
232 Eligible employees may make a plan election only if they are
233 earning service credit in an employer-employee relationship
234 consistent with s. 121.021(17) (b), excluding leaves of absence
235 without pay.

236 2. The employee's election must be made in writing or by
237 electronic means and must be filed with the third-party
238 administrator. The election to participate in the pension plan
239 or investment plan is irrevocable, except as provided in
240 paragraph (f).

241 3. If the employee fails to make an election of the
242 pension plan or investment plan within 8 months following the
243 month of hire, the employee is deemed to have elected the

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244 pension plan and shall default into the pension plan
245 retroactively to the employee's date of employment. The
246 employee's option to participate in the investment plan is
247 forfeited, except as provided in paragraph (f).

248 4. The amount of the employee and employer contributions
249 paid through the date of default to the pension plan shall be
250 transferred to the pension plan and shall be placed in a default
251 fund as designated by the State Board of Administration. The
252 employee may move the contributions once an account is activated
253 in the pension plan.

254 5. Effective the first day of the month after an eligible
255 employee makes a plan election of the pension plan or investment
256 plan, or the first day of the month after default to the pension
257 plan, the employee and employer shall pay the

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