

1 A bill to be entitled
2 An act relating to public employees; amending s.
3 121.053, F.S.; authorizing renewed membership in the
4 Florida Retirement System for retirees who are
5 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 reemployed on or after a specified date; amending s.
11 121.091, F.S.; conforming a provision to changes made
12 by the act; amending s. 121.122, F.S.; requiring that
13 certain retirees who are reemployed on or after a
14 specified date be renewed members in the investment
15 plan; providing exceptions; specifying that creditable
16 service does not accrue for employment during a
17 specified period; prohibiting certain funds from being
18 paid into a renewed member's investment plan account
19 for a specified period of employment; requiring the
20 renewed member to satisfy vesting requirements;
21 prohibiting a renewed member from receiving specified
22 disability benefits; specifying limitations and
23 requirements; requiring the employer and the retiree
24 to make applicable contributions to the renewed
25 member's investment plan account; providing for the
26 transfer of contributions; authorizing a renewed

27 member to receive additional credit toward the health
28 insurance subsidy under certain circumstances;
29 prohibiting participation in the pension plan;
30 providing that a retiree reemployed on or after a
31 specified date in a regularly established position
32 eligible for the State University System Optional
33 Retirement Program or State Community College System
34 Optional Retirement Program is a renewed member of
35 that program; specifying limitations and requirements;
36 requiring the employer and the retiree to make
37 applicable contributions; amending s. 121.4501, F.S.;
38 revising definitions; revising a provision relating to
39 acknowledgement of an employee's election to
40 participate in the investment plan; enrolling certain
41 employees in the pension plan from their date of hire
42 until they are automatically enrolled in the
43 investment plan or timely elect enrollment in the
44 pension plan; providing certain members with a
45 specified time to choose participation in the pension
46 plan or the investment plan; conforming provisions to
47 changes made by the act; amending s. 121.571, F.S.;
48 conforming provisions to changes made by the act;
49 amending s. 121.591, F.S.; authorizing payment of
50 death benefits to the surviving spouse or surviving
51 children of a member in the investment plan;
52 establishing qualifications and eligibility

53 requirements for receipt of such benefits; prescribing
54 the method of calculating the benefit; specifying
55 circumstances under which benefit payments are
56 terminated; creating s. 121.5912, F.S.; providing
57 legislative intent; requiring the State Board of
58 Administration or the Division of Retirement of the
59 Department of Management Services to take certain
60 action upon receipt of notification of
61 disqualification from the Internal Revenue Service;
62 authorizing the state board and the department to
63 adopt rules; amending s. 121.71, F.S.; conforming
64 provisions to changes made by the act; creating s.
65 121.735, F.S.; providing for allocations for death
66 benefits authorized by the act; amending ss. 121.74
67 and 121.75, F.S.; conforming provisions to changes
68 made by the act; requiring the State Board of
69 Administration to transfer moneys to fund survivor
70 benefit payments under specified circumstances;
71 adjusting employer contribution rates in order to fund
72 changes made by the act; providing a directive to the
73 Division of Law Revision and Information; declaring
74 that the act fulfills an important state interest;
75 providing an appropriation; providing an effective
76 date.

77
78 Be It Enacted by the Legislature of the State of Florida:

79

80 Section 1. Paragraph (a) of subsection (3) and subsection
81 (5) of section 121.053, Florida Statutes, are amended to read:

82 121.053 Participation in the Elected Officers' Class for
83 retired members.—

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

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

90 (5) Any renewed member, as described in s. 121.122(1),
91 (3), (4), or (5) ~~subsection (1) or subsection (2)~~, who is not
92 receiving the maximum health insurance subsidy provided in s.
93 112.363 is entitled to earn additional credit toward the maximum
94 health insurance subsidy. Any additional subsidy due because of
95 such additional credit may be received only at the time of
96 payment of the second career retirement benefit. The total
97 health insurance subsidy received from initial and renewed
98 membership may not exceed the maximum allowed in s. 112.363.

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

102 121.055 Senior Management Service Class.—There is hereby
103 established a separate class of membership within the Florida
104 Retirement System to be known as the "Senior Management Service

105 Class," which shall become effective February 1, 1987.

106 (1)

107 (f) Effective July 1, 1997:

108 1. Except as provided in subparagraph 3., an elected state
109 officer eligible for membership in the Elected Officers' Class
110 under s. 121.052(2)(a), (b), or (c) who elects membership in the
111 Senior Management Service Class under s. 121.052(3)(c) may,
112 within 6 months after assuming office or within 6 months after
113 this act becomes a law for serving elected state officers, elect
114 to participate in the Senior Management Service Optional Annuity
115 Program, as provided in subsection (6), in lieu of membership in
116 the Senior Management Service Class.

117 2. Except as provided in subparagraph 3., an elected
118 officer of a local agency employer eligible for membership in
119 the Elected Officers' Class under s. 121.052(2)(d) who elects
120 membership in the Senior Management Service Class under s.
121 121.052(3)(c) may, within 6 months after assuming office, or
122 within 6 months after this act becomes a law for serving elected
123 officers of a local agency employer, elect to withdraw from the
124 Florida Retirement System, as provided in subparagraph (b)2., in
125 lieu of membership in the Senior Management Service Class.

126 3. A retiree of a state-administered retirement system who
127 is initially reemployed in a regularly established position on
128 or after July 1, 2010, through June 30, 2016, as an elected
129 official eligible for the Elected Officers' Class may not be
130 enrolled in renewed membership in the Senior Management Service

131 Class or in the Senior Management Service Optional Annuity
132 Program as provided in subsection (6), and may not withdraw from
133 the Florida Retirement System as a renewed member as provided in
134 subparagraph (b)2., as applicable, in lieu of membership in the
135 Senior Management Service Class. Effective July 1, 2016, a
136 retiree of the Senior Management Service Optional Annuity
137 Program who is reemployed in a regularly established position
138 with a covered employer shall be enrolled as a renewed member as
139 provided in s. 121.122.

140 (6)

141 (c) Participation.—

142 1. An eligible employee who is employed on or before
143 February 1, 1987, may elect to participate in the optional
144 annuity program in lieu of participating in the Senior
145 Management Service Class. Such election shall ~~must~~ be made in
146 writing and filed with the department and the personnel officer
147 of the employer on or before May 1, 1987. An eligible employee
148 who is employed on or before February 1, 1987, and who fails to
149 make an election to participate in the optional annuity program
150 by May 1, 1987, is ~~shall be~~ deemed to have elected membership in
151 the Senior Management Service Class.

152 2. Except as provided in subparagraph 6., an employee who
153 becomes eligible to participate in the optional annuity program
154 by reason of initial employment commencing after February 1,
155 1987, may, within 90 days after the date of commencing
156 employment, elect to participate in the optional annuity

157 program. Such election shall ~~must~~ be made in writing and filed
158 with the personnel officer of the employer. An eligible employee
159 who does not within 90 days after commencing employment elect to
160 participate in the optional annuity program is ~~shall be~~ deemed
161 to have elected membership in the Senior Management Service
162 Class.

163 3. A person who is appointed to a position in the Senior
164 Management Service Class and who is a member of an existing
165 retirement system or the Special Risk or Special Risk
166 Administrative Support Classes of the Florida Retirement System
167 may elect to remain in such system or class in lieu of
168 participating in the Senior Management Service Class or optional
169 annuity program. Such election shall ~~must~~ be made in writing and
170 filed with the department and the personnel officer of the
171 employer within 90 days after such appointment. An eligible
172 employee who fails to make an election to participate in the
173 existing system, the Special Risk Class of the Florida
174 Retirement System, the Special Risk Administrative Support Class
175 of the Florida Retirement System, or the optional annuity
176 program is ~~shall be~~ deemed to have elected membership in the
177 Senior Management Service Class.

178 4. Except as provided in subparagraph 5., an employee's
179 election to participate in the optional annuity program is
180 irrevocable if the employee continues to be employed in an
181 eligible position and continues to meet the eligibility
182 requirements set forth in this paragraph.

183 5. Effective from July 1, 2002, through September 30,
184 2002, an active employee in a regularly established position who
185 has elected to participate in the Senior Management Service
186 Optional Annuity Program has one opportunity to choose to move
187 from the Senior Management Service Optional Annuity Program to
188 the Florida Retirement System Pension Plan.

189 a. The election shall ~~must~~ be made in writing and ~~must be~~
190 filed with the department and the personnel officer of the
191 employer before October 1, 2002, or, in the case of an active
192 employee who is on a leave of absence on July 1, 2002, within 90
193 days after the conclusion of the leave of absence. This election
194 is irrevocable.

195 b. The employee shall receive service credit under the
196 pension plan equal to his or her years of service under the
197 Senior Management Service Optional Annuity Program. The cost for
198 such credit is the amount representing the present value of that
199 employee's accumulated benefit obligation for the affected
200 period of service.

201 c. The employee shall ~~must~~ transfer the total accumulated
202 employer contributions and earnings on deposit in his or her
203 Senior Management Service Optional Annuity Program account. If
204 the transferred amount is not sufficient to pay the amount due,
205 the employee shall ~~must~~ pay a sum representing the remainder of
206 the amount due. The employee may not retain any employer
207 contributions or earnings from the Senior Management Service
208 Optional Annuity Program account.

209 6. A retiree of a state-administered retirement system who
210 is initially reemployed on or after July 1, 2010, may not renew
211 membership in the Senior Management Service Optional Annuity
212 Program. Effective July 1, 2016, a retiree of the Senior
213 Management Service Optional Annuity Program who is reemployed in
214 a regularly established position with a covered employer shall
215 be enrolled as a renewed member as provided in s. 121.122.

216 Section 3. Paragraph (c) of subsection (9) of section
217 121.091, Florida Statutes, is amended to read:

218 121.091 Benefits payable under the system.—Benefits may
219 not be paid under this section unless the member has terminated
220 employment as provided in s. 121.021(39)(a) or begun
221 participation in the Deferred Retirement Option Program as
222 provided in subsection (13), and a proper application has been
223 filed in the manner prescribed by the department. The department
224 may cancel an application for retirement benefits when the
225 member or beneficiary fails to timely provide the information
226 and documents required by this chapter and the department's
227 rules. The department shall adopt rules establishing procedures
228 for application for retirement benefits and for the cancellation
229 of such application when the required information or documents
230 are not received.

231 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.—

232 (c) Any person whose retirement is effective on or after
233 July 1, 2010, or whose participation in the Deferred Retirement
234 Option Program terminates on or after July 1, 2010, who is

235 | retired under this chapter, except under the disability
 236 | retirement provisions of subsection (4) or as provided in s.
 237 | 121.053, may be reemployed by an employer that participates in a
 238 | state-administered retirement system and receive retirement
 239 | benefits and compensation from that employer. However, a person
 240 | may not be reemployed by an employer participating in the
 241 | Florida Retirement System before meeting the definition of
 242 | termination in s. 121.021 and may not receive both a salary from
 243 | the employer and retirement benefits for 6 calendar months after
 244 | meeting the definition of termination. However, a DROP
 245 | participant shall continue employment and receive a salary
 246 | during the period of participation in the Deferred Retirement
 247 | Option Program, as provided in subsection (13).

248 | 1. The reemployed retiree may not renew membership in the
 249 | Florida Retirement System, except as provided in s. 121.122.

250 | 2. The employer shall pay retirement contributions in an
 251 | amount equal to the unfunded actuarial liability portion of the
 252 | employer contribution that would be required for active members
 253 | of the Florida Retirement System in addition to the
 254 | contributions required by s. 121.76.

255 | 3. A retiree initially reemployed in violation of this
 256 | paragraph and an employer that employs or appoints such person
 257 | are jointly and severally liable for reimbursement of any
 258 | retirement benefits paid to the retirement trust fund from which
 259 | the benefits were paid, including the Florida Retirement System
 260 | Trust Fund and the Public Employee Optional Retirement Program

261 Trust Fund, as appropriate. The employer must have a written
262 statement from the employee that he or she is not retired from a
263 state-administered retirement system. Retirement benefits shall
264 remain suspended until repayment is made. Benefits suspended
265 beyond the end of the retiree's 6-month reemployment limitation
266 period shall apply toward the repayment of benefits received in
267 violation of this paragraph.

268 Section 4. Subsection (2) of section 121.122, Florida
269 Statutes, is amended, and subsections (3) through (5) are added
270 to that section, to read:

271 121.122 Renewed membership in system.—

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

276 (3) A retiree of the investment plan, the State University
277 System Optional Retirement Program, the Senior Management
278 Service Optional Annuity Program, or the State Community College
279 System Optional Retirement Program who is reemployed with a
280 covered employer in a regularly established position on or after
281 July 1, 2016, shall be enrolled as a renewed member of the
282 investment plan unless employed in a position eligible for
283 participation in the State University System Optional Retirement
284 Program as provided in subsection (4) or the State Community
285 College System Optional Retirement Program as provided in
286 subsection (5). The renewed member must satisfy the vesting

287 requirements and other provisions of this chapter.

288 (a) A renewed member of the investment plan shall be
289 enrolled in one of the following membership classes:

290 1. In the Regular Class, if the position does not meet the
291 requirements for membership under s. 121.0515, s. 121.053, or s.
292 121.055.

293 2. In the Special Risk Class, if the position meets the
294 requirements of s. 121.0515.

295 3. In the Elected Officers' Class, if the position meets
296 the requirements of s. 121.053.

297 4. In the Senior Management Service Class, if the position
298 meets the requirements of s. 121.055.

299 (b) Creditable service, including credit toward the
300 retiree health insurance subsidy provided in s. 112.363, does
301 not accrue for a renewed member's employment in a regularly
302 established position with a covered employer from July 1, 2010,
303 through June 30, 2016.

304 (c) Employer and employee contributions, interest,
305 earnings, or any other funds may not be paid into a renewed
306 member's investment plan account for any employment in a
307 regularly established position with a covered employer on or
308 after July 1, 2010, through June 30, 2016, by the renewed member
309 or the employer on behalf of the renewed member.

310 (d) To be eligible to receive a retirement benefit, the
311 renewed member must satisfy the vesting requirements in s.
312 121.4501(6).

313 (e) The renewed member is ineligible to receive disability
314 benefits as provided in s. 121.091(4) or s. 121.591(2).

315 (f) The renewed member is subject to the limitations on
316 reemployment after retirement provided in s. 121.091(9), as
317 applicable.

318 (g) The renewed member must satisfy the requirements for
319 termination from employment provided in s. 121.021(39).

320 (h) Upon renewed membership or reemployment of a retiree,
321 the employer and the renewed member shall pay the applicable
322 employer and employee contributions required under ss. 112.363,
323 121.71, 121.74, and 121.76. The contributions are payable only
324 for employment and salary earned in a regularly established
325 position with a covered employer on or after July 1, 2016. The
326 employer and employee contributions shall be transferred to the
327 investment plan and placed in a default fund as designated by
328 the state board. The renewed member may move the contributions
329 once an account is activated in the investment plan.

330 (i) A renewed member who earns creditable service under
331 the investment plan and who is not receiving the maximum health
332 insurance subsidy provided in s. 112.363 is entitled to earn
333 additional credit toward the subsidy. Such credit may be earned
334 only for employment in a regularly established position with a
335 covered employer on or after July 1, 2016. Any additional
336 subsidy due because of additional credit may be received only at
337 the time of paying the second career retirement benefit. The
338 total health insurance subsidy received by a retiree receiving

339 benefits from initial and renewed membership may not exceed the
340 maximum allowed under s. 112.363.

341 (j) Notwithstanding s. 121.4501(4)(f), the renewed member
342 is not eligible to elect membership in the pension plan.

343 (4) A retiree of the investment plan, the State University
344 System Optional Retirement Program, the Senior Management
345 Service Optional Annuity Program, or the State Community College
346 System Optional Retirement Program who is reemployed on or after
347 July 1, 2016, in a regularly established position eligible for
348 participation in the State University System Optional Retirement
349 Program shall become a renewed member of the optional retirement
350 program. The renewed member must satisfy the vesting
351 requirements and other provisions of this chapter. Once
352 enrolled, a renewed member remains enrolled in the optional
353 retirement program while employed in an eligible position for
354 the optional retirement program. If employment in a different
355 covered position results in the renewed member's enrollment in
356 the investment plan, the renewed member is no longer eligible to
357 participate in the optional retirement program unless employed
358 in a mandatory position under s. 121.35.

359 (a) The renewed member is subject to the limitations on
360 reemployment after retirement provided in s. 121.091(9), as
361 applicable.

362 (b) The renewed member must satisfy the requirements for
363 termination from employment provided in s. 121.021(39).

364 (c) Upon renewed membership or reemployment of a retiree,

365 the employer and the renewed member shall pay the applicable
366 employer and employee contributions required under s. 121.35.

367 (d) Employer and employee contributions, interest,
368 earnings, or any other funds may not be paid into a renewed
369 member's optional retirement program account for any employment
370 in a regularly established position with a covered employer on or
371 after July 1, 2010, through June 30, 2016, by the renewed member
372 or the employer on behalf of the renewed member.

373 (e) Notwithstanding s. 121.4501(4)(f), the renewed member
374 is not eligible to elect membership in the pension plan.

375 (5) A retiree of the investment plan, the State University
376 System Optional Retirement Program, the Senior Management
377 Service Optional Annuity Program, or the State Community College
378 System Optional Retirement Program who is reemployed on or after
379 July 1, 2016, in a regularly established position eligible for
380 participation in the State Community College System Optional
381 Retirement Program shall become a renewed member of the optional
382 retirement program. The renewed member must satisfy the
383 eligibility requirements of this chapter and s. 1012.875 for the
384 optional retirement program. Once enrolled, a renewed member
385 remains enrolled in the optional retirement program while
386 employed in an eligible position for the optional retirement
387 program. If employment in a different covered position results
388 in the renewed member's enrollment in the investment plan, the
389 renewed member is no longer eligible to participate in the
390 optional retirement program.

391 (a) The renewed member is subject to the limitations on
392 reemployment after retirement provided in s. 121.091(9), as
393 applicable.

394 (b) The renewed member must satisfy the requirements for
395 termination from employment provided in s. 121.021(39).

396 (c) Upon renewed membership or reemployment of a retiree,
397 the employer and the renewed member shall pay the applicable
398 employer and employee contributions required under ss.
399 121.051(2)(c) and 1012.875.

400 (d) Employer and employee contributions, interest,
401 earnings, or any other funds may not be paid into a renewed
402 member's optional retirement program account for any employment
403 in a regularly established position with a covered employer on
404 or after July 1, 2010, through June 30, 2016, by the renewed
405 member or the employer on behalf of the renewed member.

406 (e) Notwithstanding s. 121.4501(4)(f), the renewed member
407 is not eligible to elect membership in the pension plan.

408 Section 5. Paragraphs (e) and (i) of subsection (2),
409 paragraph (b) of subsection (3), subsection (4), paragraph (c)
410 of subsection (5), and paragraphs (a) and (h) of subsection (10)
411 of section 121.4501, Florida Statutes, are amended to read:

412 121.4501 Florida Retirement System Investment Plan.—

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

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

416 1. Is a member of, or is eligible for membership in, the

417 Florida Retirement System, including any renewed member of the
 418 Florida Retirement System initially enrolled before July 1,
 419 2010; ~~or~~

420 2. Participates in, or is eligible to participate in, the
 421 Senior Management Service Optional Annuity Program as
 422 established under s. 121.055(6), the State Community College
 423 System Optional Retirement Program as established under s.
 424 121.051(2)(c), or the State University System Optional
 425 Retirement Program established under s. 121.35; or

426 3. Is a retired member of the investment plan, the State
 427 University System Optional Retirement Program, the Senior
 428 Management Service Optional Annuity Program, or the State
 429 Community College System Optional Retirement Program who is
 430 reemployed in a regularly established position on or after July
 431 1, 2016, and enrolled as a renewed member as provided in s.
 432 121.122.

433
 434 The term does not include any member participating in the
 435 Deferred Retirement Option Program established under s.
 436 121.091(13), a retiree of the pension plan who is reemployed in
 437 a regularly established position on or after July 1, 2010, a
 438 retiree of a state-administered retirement system initially
 439 reemployed in a regularly established position on or after July
 440 1, 2010, through June 30, 2016, or a mandatory participant of
 441 the State University System Optional Retirement Program
 442 established under s. 121.35.

443 (i) "Member" or "employee" means an eligible employee who
444 enrolls in, or who defaults into, the investment plan as
445 provided in subsection (4), a terminated Deferred Retirement
446 Option Program member as described in subsection (21), or a
447 beneficiary or alternate payee of a member or employee.

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

449 (b) Notwithstanding paragraph (a), an eligible employee
450 who elects to participate in, or who defaults into, the
451 investment plan and establishes one or more individual member
452 accounts may elect to transfer to the investment plan a sum
453 representing the present value of the employee's accumulated
454 benefit obligation under the pension plan, except as provided in
455 paragraph (4) (b). Upon transfer, all service credit earned under
456 the pension plan is nullified for purposes of entitlement to a
457 future benefit under the pension plan. A member may not transfer
458 the accumulated benefit obligation balance from the pension plan
459 after the time period for enrolling in the investment plan has
460 expired.

461 1. For purposes of this subsection, the present value of
462 the member's accumulated benefit obligation is based upon the
463 member's estimated creditable service and estimated average
464 final compensation under the pension plan, subject to
465 recomputation under subparagraph 2. For state employees, initial
466 estimates shall be based upon creditable service and average
467 final compensation as of midnight on June 30, 2002; for district
468 school board employees, initial estimates shall be based upon

469 | creditable service and average final compensation as of midnight
470 | on September 30, 2002; and for local government employees,
471 | initial estimates shall be based upon creditable service and
472 | average final compensation as of midnight on December 31, 2002.
473 | The dates specified are the "estimate date" for these employees.
474 | The actuarial present value of the employee's accumulated
475 | benefit obligation shall be based on the following:

476 | a. The discount rate and other relevant actuarial
477 | assumptions used to value the Florida Retirement System Trust
478 | Fund at the time the amount to be transferred is determined,
479 | consistent with the factors provided in sub-subparagraphs b. and
480 | c.

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

483 | c. Except as provided under sub-subparagraph d., for a
484 | member initially enrolled:

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

488 | (A) Age 62; or

489 | (B) The age the member would attain if the member
490 | completed 30 years of service with an employer, assuming the
491 | member worked continuously from the estimate date, and
492 | disregarding any vesting requirement that would otherwise apply
493 | under the pension plan.

494 | (II) On or after July 1, 2011, the benefit commencement

495 age is the younger of the following, but may not be younger than
 496 the member's age as of the estimate date:

497 (A) Age 65; or

498 (B) The age the member would attain if the member
 499 completed 33 years of service with an employer, assuming the
 500 member worked continuously from the estimate date, and
 501 disregarding any vesting requirement that would otherwise apply
 502 under the pension plan.

503 d. For members of the Special Risk Class and for members
 504 of the Special Risk Administrative Support Class entitled to
 505 retain the special risk normal retirement date:

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

509 (A) Age 55; or

510 (B) The age the member would attain if the member
 511 completed 25 years of service with an employer, assuming the
 512 member worked continuously from the estimate date, and
 513 disregarding any vesting requirement that would otherwise apply
 514 under the pension plan.

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

519 (A) Age 60; or

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

521 completed 30 years of service with an employer, assuming the
522 member worked continuously from the estimate date, and
523 disregarding any vesting requirement that would otherwise apply
524 under the pension plan.

525 e. The calculation must disregard vesting requirements and
526 early retirement reduction factors that would otherwise apply
527 under the pension plan.

528 2. For each member who elects to transfer moneys from the
529 pension plan to his or her account in the investment plan, the
530 division shall recompute the amount transferred under
531 subparagraph 1. within 60 days after the actual transfer of
532 funds based upon the member's actual creditable service and
533 actual final average compensation as of the initial date of
534 participation in the investment plan. If the recomputed amount
535 differs from the amount transferred by \$10 or more, the division
536 shall:

537 a. Transfer, or cause to be transferred, from the Florida
538 Retirement System Trust Fund to the member's account the excess,
539 if any, of the recomputed amount over the previously transferred
540 amount together with interest from the initial date of transfer
541 to the date of transfer under this subparagraph, based upon the
542 effective annual interest equal to the assumed return on the
543 actuarial investment which was used in the most recent actuarial
544 valuation of the system, compounded annually.

545 b. Transfer, or cause to be transferred, from the member's
546 account to the Florida Retirement System Trust Fund the excess,

547 if any, of the previously transferred amount over the recomputed
548 amount, together with interest from the initial date of transfer
549 to the date of transfer under this subparagraph, based upon 6
550 percent effective annual interest, compounded annually, pro rata
551 based on the member's allocation plan.

552 3. If contribution adjustments are made as a result of
553 employer errors or corrections, including plan corrections,
554 following recomputation of the amount transferred under
555 subparagraph 1., the member is entitled to the additional
556 contributions or is responsible for returning any excess
557 contributions resulting from the correction. However, a ~~any~~
558 return of such erroneous excess pretax contribution by the plan
559 must be made within the period allowed by the Internal Revenue
560 Service. The present value of the member's accumulated benefit
561 obligation may ~~shall~~ not be recalculated.

562 4. As directed by the member, the state board shall
563 transfer or cause to be transferred the appropriate amounts to
564 the designated accounts within 30 days after the effective date
565 of the member's participation in the investment plan unless the
566 major financial markets for securities available for a transfer
567 are seriously disrupted by an unforeseen event that causes the
568 suspension of trading on a ~~any~~ national securities exchange in
569 the country where the securities were issued. In that event, the
570 30-day period may be extended by a resolution of the state
571 board. Transfers are not commissionable or subject to other fees
572 and may be in the form of securities or cash, as determined by

573 the state board. Such securities are valued as of the date of
574 receipt in the member's account.

575 5. If the state board or the division receives
576 notification from the United States Internal Revenue Service
577 that this paragraph or any portion of this paragraph will cause
578 the retirement system, or a portion thereof, to be disqualified
579 for tax purposes under the Internal Revenue Code, the portion
580 that will cause the disqualification does not apply. Upon such
581 notice, the state board and the division shall notify the
582 presiding officers of the Legislature.

583 (4) PARTICIPATION; ENROLLMENT.—

584 (a)1. Effective June 1, 2002, through February 28, 2003, a
585 90-day election period was provided to each eligible employee
586 participating in the Florida Retirement System, preceded by a
587 90-day education period, permitting each eligible employee to
588 elect membership in the investment plan. An employee who failed
589 to elect the investment plan during the election period remained
590 in the pension plan. An eligible employee who was employed in a
591 regularly established position during the election period was
592 granted the option to make one subsequent election, as provided
593 in paragraph (f). With respect to an eligible employee who did
594 not participate in the initial election period or who is
595 initially employed in a regularly established position after the
596 close of the initial election period but before July 1, 2017, ~~on~~
597 June 1, 2002, by a state employer:

598 a. ~~Any such employee may elect to participate in the~~

599 ~~investment plan in lieu of retaining his or her membership in~~
600 ~~the pension plan. The election must be made in writing or by~~
601 ~~electronic means and must be filed with the third party~~
602 ~~administrator by August 31, 2002, or, in the case of an active~~
603 ~~employee who is on a leave of absence on April 1, 2002, by the~~
604 ~~last business day of the 5th month following the month the leave~~
605 ~~of absence concludes. This election is irrevocable, except as~~
606 ~~provided in paragraph (g). Upon making such election, the~~
607 ~~employee shall be enrolled as a member of the investment plan,~~
608 ~~the employee's membership in the Florida Retirement System is~~
609 ~~governed by the provisions of this part, and the employee's~~
610 ~~membership in the pension plan terminates. The employee's~~
611 ~~enrollment in the investment plan is effective the first day of~~
612 ~~the month for which a full month's employer contribution is made~~
613 ~~to the investment plan.~~

614 ~~b. Any such employee who fails to elect to participate in~~
615 ~~the investment plan within the prescribed time period is deemed~~
616 ~~to have elected to retain membership in the pension plan, and~~
617 ~~the employee's option to elect to participate in the investment~~
618 ~~plan is forfeited.~~

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

623 ~~a. Any such employee shall, by default, be enrolled in the~~
624 ~~pension plan at the commencement of employment, and may, by the~~

625 last business day of the 5th month following the employee's
626 month of hire, elect to participate in the investment plan. The
627 employee's election must be made in writing or by electronic
628 means and must be filed with the third-party administrator. The
629 election to participate in the investment plan is irrevocable,
630 except as provided in paragraph (f) ~~(g)~~.

631 ~~a.b.~~ If the employee files such election within the
632 prescribed time period, enrollment in the investment plan is
633 effective on the first day of employment. The retirement
634 contributions paid through the month of the employee plan change
635 shall be transferred to the investment program, and, effective
636 the first day of the next month, the employer and employee must
637 pay the applicable contributions based on the employee
638 membership class in the program.

639 ~~b.e.~~ An employee who fails to elect to participate in the
640 investment plan within the prescribed time period is deemed to
641 have elected to retain membership in the pension plan, and the
642 employee's option to elect to participate in the investment plan
643 is forfeited.

644 ~~2.3.~~ With respect to employees who become eligible to
645 participate in the investment plan pursuant to s.
646 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
647 participate in the investment plan in lieu of retaining his or
648 her membership in the State Community College System Optional
649 Retirement Program or the State University System Optional
650 Retirement Program. The election must be made in writing or by

651 electronic means and must be filed with the third-party
652 administrator. This election is irrevocable, except as provided
653 in paragraph (f) ~~(g)~~. Upon making such election, the employee
654 shall be enrolled as a member in the investment plan, the
655 employee's membership in the Florida Retirement System is
656 governed by the provisions of this part, and the employee's
657 participation in the State Community College System Optional
658 Retirement Program or the State University System Optional
659 Retirement Program terminates. The employee's enrollment in the
660 investment plan is effective on the first day of the month for
661 which a full month's employer and employee contribution is made
662 to the investment plan.

663 (b)1. With respect to employees who become eligible to
664 participate in the investment plan by reason of employment in a
665 regularly established position commencing on or after July 1,
666 2017, or who did not complete an election window before July 1,
667 2017, any such employee shall be enrolled in the pension plan at
668 the commencement of employment and may, by the last business day
669 of the 8th month following the employee's month of hire, elect
670 to participate in the pension plan or the investment plan.
671 Eligible employees may make a plan election only if they are
672 earning service credit in an employer-employee relationship
673 consistent with s. 121.021(17)(b), excluding leaves of absence
674 without pay.

675 2. The employee's election must be made in writing or by
676 electronic means and must be filed with the third-party

677 administrator. The election to participate in the pension plan
678 or investment plan is irrevocable, except as provided in
679 paragraph (f).

680 3. If the employee fails to make an election of the
681 pension plan or investment plan within 8 months following the
682 month of hire, the employee is deemed to have elected the
683 investment plan and shall default into the investment plan
684 retroactively to the employee's date of employment. The
685 employee's option to participate in the pension plan is
686 forfeited, except as provided in paragraph (f).

687 4. The amount of the employee and employer contributions
688 paid through the date of default to the investment plan shall be
689 transferred to the investment plan and shall be placed in a
690 default fund as designated by the State Board of Administration.
691 The employee may move the contributions once an account is
692 activated in the investment plan.

693 5. Effective the first day of the month after an eligible
694 employee makes a plan election of the pension plan or investment
695 plan, or the first day of the month after default to the
696 investment plan, the employee and employer shall pay the
697 applicable contributions based on the employee membership class
698 in the program.

699 ~~4. For purposes of this paragraph, "state employer" means~~
700 ~~any agency, board, branch, commission, community college,~~
701 ~~department, institution, institution of higher education, or~~
702 ~~water management district of the state, which participates in~~

703 ~~the Florida Retirement System for the benefit of certain~~
704 ~~employees.~~

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

708 ~~a. Any such employee may elect to participate in the~~
709 ~~investment plan in lieu of retaining his or her membership in~~
710 ~~the pension plan. The election must be made in writing or by~~
711 ~~electronic means and must be filed with the third-party~~
712 ~~administrator by November 30, or, in the case of an active~~
713 ~~employee who is on a leave of absence on July 1, 2002, by the~~
714 ~~last business day of the 5th month following the month the leave~~
715 ~~of absence concludes. This election is irrevocable, except as~~
716 ~~provided in paragraph (g). Upon making such election, the~~
717 ~~employee shall be enrolled as a member of the investment plan,~~
718 ~~the employee's membership in the Florida Retirement System is~~
719 ~~governed by the provisions of this part, and the employee's~~
720 ~~membership in the pension plan terminates. The employee's~~
721 ~~enrollment in the investment plan is effective the first day of~~
722 ~~the month for which a full month's employer contribution is made~~
723 ~~to the investment program.~~

724 ~~b. Any such employee who fails to elect to participate in~~
725 ~~the investment plan within the prescribed time period is deemed~~
726 ~~to have elected to retain membership in the pension plan, and~~
727 ~~the employee's option to elect to participate in the investment~~
728 ~~plan is forfeited.~~

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

733 ~~a. Any such employee shall, by default, be enrolled in the~~
734 ~~pension plan at the commencement of employment, and may, by the~~
735 ~~last business day of the 5th month following the employee's~~
736 ~~month of hire, elect to participate in the investment plan. The~~
737 ~~employee's election must be made in writing or by electronic~~
738 ~~means and must be filed with the third party administrator. The~~
739 ~~election to participate in the investment plan is irrevocable,~~
740 ~~except as provided in paragraph (g).~~

741 ~~b. If the employee files such election within the~~
742 ~~prescribed time period, enrollment in the investment plan is~~
743 ~~effective on the first day of employment. The employer~~
744 ~~retirement contributions paid through the month of the employee~~
745 ~~plan change shall be transferred to the investment plan, and,~~
746 ~~effective the first day of the next month, the employer shall~~
747 ~~pay the applicable contributions based on the employee~~
748 ~~membership class in the investment plan.~~

749 ~~c. Any such employee who fails to elect to participate in~~
750 ~~the investment plan within the prescribed time period is deemed~~
751 ~~to have elected to retain membership in the pension plan, and~~
752 ~~the employee's option to elect to participate in the investment~~
753 ~~plan is forfeited.~~

754 ~~3. For purposes of this paragraph, "district school board~~

755 ~~employer" means any district school board that participates in~~
756 ~~the Florida Retirement System for the benefit of certain~~
757 ~~employees, or a charter school or charter technical career~~
758 ~~center that participates in the Florida Retirement System as~~
759 ~~provided in s. 121.051(2)(d).~~

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

763 ~~a. Any such employee may elect to participate in the~~
764 ~~investment plan in lieu of retaining his or her membership in~~
765 ~~the pension plan. The election must be made in writing or by~~
766 ~~electronic means and must be filed with the third-party~~
767 ~~administrator by February 28, 2003, or, in the case of an active~~
768 ~~employee who is on a leave of absence on October 1, 2002, by the~~
769 ~~last business day of the 5th month following the month the leave~~
770 ~~of absence concludes. This election is irrevocable, except as~~
771 ~~provided in paragraph (g). Upon making such election, the~~
772 ~~employee shall be enrolled as a participant of the investment~~
773 ~~plan, the employee's membership in the Florida Retirement System~~
774 ~~is governed by the provisions of this part, and the employee's~~
775 ~~membership in the pension plan terminates. The employee's~~
776 ~~enrollment in the investment plan is effective the first day of~~
777 ~~the month for which a full month's employer contribution is made~~
778 ~~to the investment plan.~~

779 ~~b. Any such employee who fails to elect to participate in~~
780 ~~the investment plan within the prescribed time period is deemed~~

781 ~~to have elected to retain membership in the pension plan, and~~
782 ~~the employee's option to elect to participate in the investment~~
783 ~~plan is forfeited.~~

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

788 ~~a. Any such employee shall, by default, be enrolled in the~~
789 ~~pension plan at the commencement of employment, and may, by the~~
790 ~~last business day of the 5th month following the employee's~~
791 ~~month of hire, elect to participate in the investment plan. The~~
792 ~~employee's election must be made in writing or by electronic~~
793 ~~means and must be filed with the third party administrator. The~~
794 ~~election to participate in the investment plan is irrevocable,~~
795 ~~except as provided in paragraph (g).~~

796 ~~b. If the employee files such election within the~~
797 ~~prescribed time period, enrollment in the investment plan is~~
798 ~~effective on the first day of employment. The employer~~
799 ~~retirement contributions paid through the month of the employee~~
800 ~~plan change shall be transferred to the investment plan, and,~~
801 ~~effective the first day of the next month, the employer shall~~
802 ~~pay the applicable contributions based on the employee~~
803 ~~membership class in the investment plan.~~

804 ~~c. Any such employee who fails to elect to participate in~~
805 ~~the investment plan within the prescribed time period is deemed~~
806 ~~to have elected to retain membership in the pension plan, and~~

807 ~~the employee's option to elect to participate in the investment~~
808 ~~plan is forfeited.~~

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

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

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

821 (e) 1. ~~(f)~~ A member of the investment plan who takes a
822 distribution of any contributions from his or her investment
823 plan account is considered a retiree. A retiree who is initially
824 reemployed in a regularly established position on or after July
825 1, 2010, but before July 1, 2016, is not eligible for ~~to be~~
826 ~~enrolled in~~ renewed membership, except as provided in s.
827 121.122.

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

830 (f) ~~(g)~~ After the period during which an eligible employee
831 had the choice to elect the pension plan or the investment plan,
832 or the month following the receipt of the eligible employee's

833 plan election, if sooner, the employee shall have one
834 opportunity, at the employee's discretion, to choose to move
835 from the pension plan to the investment plan or from the
836 investment plan to the pension plan. Eligible employees may
837 elect to move between plans only if they are earning service
838 credit in an employer-employee relationship consistent with s.
839 121.021(17)(b), excluding leaves of absence without pay.
840 Effective July 1, 2005, such elections are effective on the
841 first day of the month following the receipt of the election by
842 the third-party administrator and are not subject to the
843 requirements regarding an employer-employee relationship or
844 receipt of contributions for the eligible employee in the
845 effective month, except when the election is received by the
846 third-party administrator. This paragraph is contingent upon
847 approval by the Internal Revenue Service.

848 1. If the employee chooses to move to the investment plan,
849 the provisions of subsection (3) govern the transfer.

850 2. If the employee chooses to move to the pension plan,
851 the employee must transfer from his or her investment plan
852 account, and from other employee moneys as necessary, a sum
853 representing the present value of that employee's accumulated
854 benefit obligation immediately following the time of such
855 movement, determined assuming that attained service equals the
856 sum of service in the pension plan and service in the investment
857 plan. Benefit commencement occurs on the first date the employee
858 is eligible for unreduced benefits, using the discount rate and

859 other relevant actuarial assumptions that were used to value the
860 pension plan liabilities in the most recent actuarial valuation.
861 For any employee who, at the time of the second election,
862 already maintains an accrued benefit amount in the pension plan,
863 the then-present value of the accrued benefit is deemed part of
864 the required transfer amount. The division must ensure that the
865 transfer sum is prepared using a formula and methodology
866 certified by an enrolled actuary. A refund of any employee
867 contributions or additional member payments made which exceed
868 the employee contributions that would have accrued had the
869 member remained in the pension plan and not transferred to the
870 investment plan is not permitted.

871 3. Notwithstanding subparagraph 2., an employee who
872 chooses to move to the pension plan and who became eligible to
873 participate in the investment plan by reason of employment in a
874 regularly established position with a state employer after June
875 1, 2002; a district school board employer after September 1,
876 2002; or a local employer after December 1, 2002, must transfer
877 from his or her investment plan account, and from other employee
878 moneys as necessary, a sum representing the employee's actuarial
879 accrued liability. A refund of any employee contributions or
880 additional member ~~participant~~ payments made which exceed the
881 employee contributions that would have accrued had the member
882 remained in the pension plan and not transferred to the
883 investment plan is not permitted.

884 4. An employee's ability to transfer from the pension plan

885 to the investment plan pursuant to paragraphs (a) and (b) ~~(a)~~
886 ~~(d)~~, and the ability of a current employee to have an option to
887 later transfer back into the pension plan under subparagraph 2.,
888 shall be deemed a significant system amendment. Pursuant to s.
889 121.031(4), any resulting unfunded liability arising from actual
890 original transfers from the pension plan to the investment plan
891 must be amortized within 30 plan years as a separate unfunded
892 actuarial base independent of the reserve stabilization
893 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
894 direct amortization payment may not be calculated for this base.
895 During this 25-year period, the separate base shall be used to
896 offset the impact of employees exercising their second program
897 election under this paragraph. The actuarial funded status of
898 the pension plan will not be affected by such second program
899 elections in any significant manner, after due recognition of
900 the separate unfunded actuarial base. Following the initial 25-
901 year period, any remaining balance of the original separate base
902 shall be amortized over the remaining 5 years of the required
903 30-year amortization period.

904 5. If the employee chooses to transfer from the investment
905 plan to the pension plan and retains an excess account balance
906 in the investment plan after satisfying the buy-in requirements
907 under this paragraph, the excess may not be distributed until
908 the member retires from the pension plan. The excess account
909 balance may be rolled over to the pension plan and used to
910 purchase service credit or upgrade creditable service in the

911 pension plan.

912 (5) CONTRIBUTIONS.—

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

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

921 2. The employer contribution portion earmarked for
 922 administrative and educational expenses shall be transferred to
 923 the State Board of Administration Administrative Florida
 924 ~~Retirement System Investment Plan~~ Trust Fund.

925 3. The employer contribution portion earmarked for
 926 disability benefits and line-of-duty death benefits shall be
 927 transferred to the Florida Retirement System Trust Fund.

928 (10) EDUCATION COMPONENT.—

929 (a) The state board, in coordination with the department,
 930 shall provide for an education component for eligible employees
 931 ~~system members~~ in a manner consistent with ~~the provisions of~~
 932 this subsection ~~section~~. ~~The education component must be~~
 933 ~~available to eligible employees at least 90 days prior to the~~
 934 ~~beginning date of the election period for the employees of the~~
 935 ~~respective types of employers.~~

936 ~~(h) Pursuant to subsection (8), all Florida Retirement~~

937 ~~System employers have an obligation to regularly communicate the~~
938 ~~existence of the two Florida Retirement System plans and the~~
939 ~~plan choice in the natural course of administering their~~
940 ~~personnel functions, using the educational materials supplied by~~
941 ~~the state board and the Department of Management Services.~~

942 Section 6. Subsection (2) of section 121.571, Florida
943 Statutes, is amended to read:

944 121.571 Contributions.—Contributions to the Florida
945 Retirement System Investment Plan shall be made as follows:

946 (2) CONTRIBUTION RATES GENERALLY.—Contributions to fund
947 the retirement, and disability, and line-of-duty death benefits
948 provided under this part must be based on the uniform
949 contribution rates established by s. 121.71 and on the
950 membership class or subclass of the member. Such contributions
951 must be allocated as provided in ss. 121.72, and 121.73, and
952 121.735.

953 Section 7. Subsection (3) of section 121.591, Florida
954 Statutes, is amended, subsection (4) of that section is
955 renumbered as subsection (5), and a new subsection (4) is added
956 to that section, to read:

957 121.591 Payment of benefits.—Benefits may not be paid
958 under the Florida Retirement System Investment Plan unless the
959 member has terminated employment as provided in s.
960 121.021(39) (a) or is deceased and a proper application has been
961 filed as prescribed by the state board or the department.
962 Benefits, including employee contributions, are not payable

963 under the investment plan for employee hardships, unforeseeable
964 emergencies, loans, medical expenses, educational expenses,
965 purchase of a principal residence, payments necessary to prevent
966 eviction or foreclosure on an employee's principal residence, or
967 any other reason except a requested distribution for retirement,
968 a mandatory de minimis distribution authorized by the
969 administrator, or a required minimum distribution provided
970 pursuant to the Internal Revenue Code. The state board or
971 department, as appropriate, may cancel an application for
972 retirement benefits if the member or beneficiary fails to timely
973 provide the information and documents required by this chapter
974 and the rules of the state board and department. In accordance
975 with their respective responsibilities, the state board and the
976 department shall adopt rules establishing procedures for
977 application for retirement benefits and for the cancellation of
978 such application if the required information or documents are
979 not received. The state board and the department, as
980 appropriate, are authorized to cash out a de minimis account of
981 a member who has been terminated from Florida Retirement System
982 covered employment for a minimum of 6 calendar months. A de
983 minimis account is an account containing employer and employee
984 contributions and accumulated earnings of not more than \$5,000
985 made under the provisions of this chapter. Such cash-out must be
986 a complete lump-sum liquidation of the account balance, subject
987 to the provisions of the Internal Revenue Code, or a lump-sum
988 direct rollover distribution paid directly to the custodian of

989 an eligible retirement plan, as defined by the Internal Revenue
 990 Code, on behalf of the member. Any nonvested accumulations and
 991 associated service credit, including amounts transferred to the
 992 suspense account of the Florida Retirement System Investment
 993 Plan Trust Fund authorized under s. 121.4501(6), shall be
 994 forfeited upon payment of any vested benefit to a member or
 995 beneficiary, except for de minimis distributions or minimum
 996 required distributions as provided under this section. If any
 997 financial instrument issued for the payment of retirement
 998 benefits under this section is not presented for payment within
 999 180 days after the last day of the month in which it was
 1000 originally issued, the third-party administrator or other duly
 1001 authorized agent of the state board shall cancel the instrument
 1002 and credit the amount of the instrument to the suspense account
 1003 of the Florida Retirement System Investment Plan Trust Fund
 1004 authorized under s. 121.4501(6). Any amounts transferred to the
 1005 suspense account are payable upon a proper application, not to
 1006 include earnings thereon, as provided in this section, within 10
 1007 years after the last day of the month in which the instrument
 1008 was originally issued, after which time such amounts and any
 1009 earnings attributable to employer contributions shall be
 1010 forfeited. Any forfeited amounts are assets of the trust fund
 1011 and are not subject to chapter 717.

1012 (3) DEATH BENEFITS.—Under the Florida Retirement System
 1013 Investment Plan:

1014 (a) Survivor benefits are payable in accordance with the

1015 following terms and conditions, except as provided in subsection
1016 (4):

1017 1. To the extent vested, benefits are payable only to a
1018 member's beneficiary or beneficiaries as designated by the
1019 member as provided in s. 121.4501(20).

1020 2. Benefits shall be paid by the third-party administrator
1021 or designated approved providers in accordance with the law, the
1022 contracts, and any applicable state board rule or policy.

1023 3. To receive benefits, the member must be deceased.

1024 (b) Except as provided in subsection (4), in the event of
1025 a member's death, all vested accumulations as described in s.
1026 121.4501(6), less withholding taxes remitted to the Internal
1027 Revenue Service, shall be distributed, as provided in paragraph
1028 (c) or as described in s. 121.4501(20), as if the member retired
1029 on the date of death. No other death benefits are available for
1030 survivors of members, except for benefits, or coverage for
1031 benefits, as are otherwise provided by law or separately
1032 provided by the employer, at the employer's discretion.

1033 (c) Except as provided in subsection (4), upon receipt by
1034 the third-party administrator of a properly executed application
1035 for distribution of benefits, the total accumulated benefit is
1036 payable by the third-party administrator to the member's
1037 surviving beneficiary or beneficiaries, as:

1038 1. A lump-sum distribution payable to the beneficiary or
1039 beneficiaries, or to the deceased member's estate;

1040 2. An eligible rollover distribution, if permitted, on

1041 | behalf of the surviving spouse of a deceased member, whereby all
 1042 | accrued benefits, plus interest and investment earnings, are
 1043 | paid from the deceased member's account directly to the
 1044 | custodian of an eligible retirement plan, as described in s.
 1045 | 402(c)(8)(B) of the Internal Revenue Code, on behalf of the
 1046 | surviving spouse; or

1047 | 3. A partial lump-sum payment whereby a portion of the
 1048 | accrued benefit is paid to the deceased member's surviving
 1049 | spouse or other designated beneficiaries, less withholding taxes
 1050 | remitted to the Internal Revenue Service, and the remaining
 1051 | amount is transferred directly to the custodian of an eligible
 1052 | retirement plan, if permitted, as described in s. 402(c)(8)(B)
 1053 | of the Internal Revenue Code, on behalf of the surviving spouse.
 1054 | The proportions must be specified by the member or the surviving
 1055 | beneficiary.

1056 |
 1057 | This paragraph does not abrogate other applicable provisions of
 1058 | state or federal law providing for payment of death benefits.

1059 | (4) LINE-OF-DUTY DEATH BENEFITS FOR INVESTMENT PLAN
 1060 | MEMBERS.—Benefits are provided under this subsection to the
 1061 | spouse and child or children of members in the investment plan
 1062 | when such members are killed in the line of duty and are payable
 1063 | in lieu of the benefits that would otherwise be payable under
 1064 | subsection (1) or subsection (3). Benefits provided by this
 1065 | subsection supersede any other distribution that may have been
 1066 | provided by the member's designation of beneficiary. Such

1067 benefits must be funded from employer contributions made under
1068 s. 121.571, transferred employee contributions and funds
1069 accumulated pursuant to paragraph (a), and interest and earnings
1070 thereon.

1071 (a) Transfer of funds.—To qualify to receive monthly
1072 benefits under this subsection:

1073 1. All moneys accumulated in the member's account,
1074 including vested and nonvested accumulations as described in s.
1075 121.4501(6), must be transferred from such individual accounts
1076 to the division for deposit in the survivor benefit account of
1077 the Florida Retirement System Trust Fund.

1078 2. Moneys in the survivor benefit account must be
1079 accounted for separately. Earnings must be credited on an annual
1080 basis for amounts held in the survivor benefit account of the
1081 Florida Retirement System Trust Fund based on actual earnings of
1082 the trust fund.

1083 3. If the member has retained retirement credit earned
1084 under the pension plan as provided in s. 121.4501(3), a sum
1085 representing the actuarial present value of such credit within
1086 the Florida Retirement System Trust Fund shall be transferred by
1087 the division from the pension plan to the survivor benefit
1088 retirement program as implemented under this subsection and
1089 shall be deposited in the survivor benefit account of the trust
1090 fund.

1091 (b) Survivor retirement; entitlement.—An investment plan
1092 member who is killed in the line of duty on or after July 1,

1093 2002, regardless of length of creditable service, may receive
 1094 survivor benefits in accordance with s. 121.091(7) (d). Such
 1095 benefits must be calculated as provided in paragraph (e) and be
 1096 provided to:

- 1097 1. The surviving spouse for the spouse's lifetime; or
- 1098 2. If there is no surviving spouse or the surviving spouse
 1099 dies, the member's child or children under 18 years of age and
 1100 unmarried until the 18th birthday of the member's youngest
 1101 child.

1102 (c) Survivor benefit retirement effective date.—The
 1103 effective retirement date for the surviving spouse or eligible
 1104 child or children of an investment plan member who is killed in
 1105 the line of duty shall be:

- 1106 1. The first day of the month following the member's
 1107 death, if the member is killed on or after July 1, 2016; or
- 1108 2. July 1, 2016, if the member is killed in the line of
 1109 duty on or after July 1, 2002, but before July 1, 2016, and the
 1110 application is received before July 1, 2016, or the first day of
 1111 the month following receipt of the application.

1112 (d) Line-of-duty death benefit.—

1113 1. The following individuals are eligible to receive a
 1114 retirement benefit under s. 121.091(7) (d) if the member's
 1115 account balance is surrendered and an application is received
 1116 and approved:

- 1117 a. The surviving spouse.
- 1118 b. If there is no surviving spouse or the surviving spouse

1119 dies, the member's child or children under 18 years of age and
1120 unmarried until the 18th birthday of the member's youngest
1121 child.

1122 2. Such surviving spouse or such child or children shall
1123 receive a monthly survivor benefit that begins accruing on the
1124 first day of the month of survivor benefit retirement, as
1125 approved by the division, and is payable on the last day of that
1126 month and each month thereafter during the surviving spouse's
1127 lifetime or on behalf of the unmarried child or children of the
1128 member until the 18th birthday of the youngest child. Survivor
1129 benefits must be paid out of the survivor benefit account of the
1130 Florida Retirement System Trust Fund established under this
1131 subsection.

1132 (e) Computation of survivor benefit retirement benefit.—

1133 1. For a member killed in the line of duty on or after
1134 July 1, 2016, the amount of each monthly payment must be
1135 calculated as provided under s. 121.091(7) (d).

1136 2. For a member killed in the line of duty on or after
1137 July 1, 2002, but before July 1, 2016, the initial benefit
1138 payable on or after July 1, 2016, shall be equal to the benefit
1139 provided under s. 121.091(7) (d), except that it shall be:

1140 a. Actuarially reduced by the amount of the investment
1141 plan account payout if a payout was provided to the beneficiary;
1142 and

1143 b. After the actuarial reduction, increased by the
1144 applicable cost-of-living adjustment that would have been

1145 payable if the survivor benefit payment had begun the month
1146 following the member's death. On each July 1 thereafter, the
1147 survivor benefit payment shall be increased by the applicable
1148 cost-of-living adjustment.

1149 (f) Death of surviving spouse or children.—

1150 1. Upon the death of a surviving spouse, the monthly
1151 benefits shall be paid through the last day of the month of
1152 death and shall terminate or be paid on behalf of the unmarried
1153 child or children until the 18th birthday of the youngest child.

1154 2. If the surviving spouse dies and the benefits are being
1155 paid on behalf of the member's unmarried child or children as
1156 provided in subparagraph 1., benefits shall be paid until the
1157 last day of the month the youngest child reaches his or her 18th
1158 birthday.

1159 Section 8. Section 121.5912, Florida Statutes, is created
1160 to read:

1161 121.5912 Survivor benefit retirement program; qualified
1162 status; rulemaking authority.—It is the intent of the
1163 Legislature that the survivor benefit retirement program for
1164 members of the Florida Retirement System Investment Plan meet
1165 all applicable requirements for a qualified plan. If the state
1166 board or the division receives notification from the Internal
1167 Revenue Service that this program or any portion of this program
1168 will cause the retirement system, or any portion thereof, to be
1169 disqualified for tax purposes under the Internal Revenue Code,
1170 the portion that will cause the disqualification does not apply.

1171 Upon such notice, the state board or the division shall notify
 1172 the presiding officers of the Legislature. The state board and
 1173 the department may adopt any rules necessary to maintain the
 1174 qualified status of the survivor benefit retirement program.

1175 Section 9. Subsection (1) of section 121.71, Florida
 1176 Statutes, is amended to read:

1177 121.71 Uniform rates; process; calculations; levy.—

1178 (1) In conducting the system actuarial study required
 1179 under s. 121.031, the actuary shall follow all requirements
 1180 specified to determine, by Florida Retirement System employee
 1181 membership class, the dollar contribution amounts necessary for
 1182 the next fiscal year for the pension plan. In addition, the
 1183 actuary shall determine, by Florida Retirement System membership
 1184 class, based on an estimate for the next fiscal year of the
 1185 gross compensation of employees participating in the investment
 1186 plan, the dollar contribution amounts necessary to make the
 1187 allocations required under ss. 121.72, and 121.73, and 121.735.
 1188 For each employee membership class and subclass, the actuarial
 1189 study must establish a uniform rate necessary to fund the
 1190 benefit obligations under both Florida Retirement System
 1191 retirement plans by dividing the sum of total dollars required
 1192 by the estimated gross compensation of members in both plans.

1193 Section 10. Section 121.735, Florida Statutes, is created
 1194 to read:

1195 121.735 Allocations for member line-of-duty death
 1196 benefits; percentage amounts.—

1197 (1) The allocations established in subsection (3) shall be
 1198 used to provide line-of-duty death benefit coverage for the
 1199 surviving spouses and children of members in the investment plan
 1200 and shall be transferred monthly by the division from the
 1201 Florida Retirement System Contributions Clearing Trust Fund to
 1202 the survivor benefit account of the Florida Retirement System
 1203 Trust Fund.

1204 (2) Such allocations are stated as a percentage of each
 1205 investment plan member's gross compensation for the calendar
 1206 month. Any change in a contribution percentage is effective the
 1207 first day of the month for which retirement contributions may be
 1208 made on or after the beginning date of the change. Contribution
 1209 percentages may be modified by general law.

1210 (3) Effective July 1, 2016, allocations from the Florida
 1211 Retirement System Contributions Clearing Trust Fund to provide
 1212 line-of-duty death benefits for the surviving spouses and
 1213 children of members in the investment plan and to offset the
 1214 costs of administering said coverage are as follows:

<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
<u>Regular Class</u>	<u>0.06%</u>

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1219	<u>Special Risk Class</u>	<u>0.46%</u>
1220	<u>Special Risk</u> <u>Administrative</u> <u>Support Class</u>	<u>0.04%</u>
1221	<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lieutenant Governor,</u> <u>Cabinet Officers,</u> <u>State Attorneys,</u> <u>Public Defenders</u>	<u>0.17%</u>
1222	<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>0.14%</u>
1223	<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>0.23%</u>
1224	<u>Senior Management Service Class</u>	<u>0.06%</u>
1225		
1226	Section 11. Section 121.74, Florida Statutes, is amended	
1227	to read:	
1228	121.74 Administrative and educational expenses.—In	
1229	addition to contributions required to fund member accounts under	

1230 s. ~~ss.~~ 121.71 and ~~121.73~~, effective July 1, 2010, through June
1231 30, 2014, employers participating in the Florida Retirement
1232 System shall contribute an employer assessment amount equal to
1233 0.03 percent of the payroll reported for each class or subclass
1234 of Florida Retirement System membership. Effective July 1, 2014,
1235 the employer assessment is 0.04 percent of the payroll reported
1236 for each class or subclass of membership. The amount assessed
1237 shall be transferred by the division ~~of Retirement~~ from the
1238 Florida Retirement System Contributions Clearing Trust Fund to
1239 the State Board of Administration's Administrative Trust Fund to
1240 offset the costs of administering the investment plan and the
1241 costs of providing educational services to members of the
1242 Florida Retirement System. Approval of the trustees is required
1243 before the expenditure of these funds. Payments for third-party
1244 administrative or educational expenses shall be made only
1245 pursuant to the terms of the approved contracts for such
1246 services.

1247 Section 12. Section 121.75, Florida Statutes, is amended
1248 to read:

1249 121.75 Allocation for pension plan.—After making the
1250 transfers required pursuant to ss. 121.71, 121.72, 121.73,
1251 121.735, and 121.74, the monthly balance of funds in the Florida
1252 Retirement System Contributions Clearing Trust Fund shall be
1253 transferred to the Florida Retirement System Trust Fund to pay
1254 the costs of providing pension plan benefits and plan
1255 administrative costs under the pension plan.

1256 Section 13. For the 2016-2017 fiscal year only, upon
1257 notification by the Department of Management Services that
1258 sufficient funds are not available to make survivor benefit
1259 payments authorized by this act, the State Board of
1260 Administration shall transfer, to the extent necessary, moneys
1261 in the Administrative Trust Fund to the survivor benefits
1262 account in the Florida Retirement System Trust Fund to ensure
1263 the timely payment of survivor benefits.

1264 Section 14. (1) In order to fund the benefit changes
1265 provided in this act, the required employer contribution rates
1266 for members of the Florida Retirement System established in s.
1267 121.71(4), Florida Statutes, are adjusted as follows:

1268 (a) The Regular Class is increased by 0.01 percentage
1269 points.

1270 (b) The Special Risk Class is increased by 0.07 percentage
1271 points.

1272 (c) The Special Risk Administrative Support Class is
1273 increased by 0.02 percentage points.

1274 (d) The Elected Officers' Class—Legislators, Governor,
1275 Lieutenant Governor, Cabinet Officers, State Attorneys, Public
1276 Defenders is increased by 0.05 percentage points.

1277 (e) The Elected Officers' Class—Justices, Judges is
1278 increased by 0.02 percentage points.

1279 (f) The Elected Officers' Class—County Elected Officers is
1280 increased by 0.07 percentage points.

1281 (g) The Senior Management Service Class is increased by

1282 0.01 percentage points.

1283 (2) The adjustments provided in subsection (1) are in
 1284 addition to any other changes to such contribution rates that
 1285 may be enacted into law to take effect on July 1, 2016. The
 1286 Division of Law Revision and Information is directed to adjust
 1287 accordingly the contribution rates provided in s. 121.71,
 1288 Florida Statutes.

1289 Section 15. The Legislature finds that a proper and
 1290 legitimate state purpose is served when employees and retirees
 1291 of the state and its political subdivisions, and the dependents,
 1292 survivors, and beneficiaries of such employees and retirees, are
 1293 extended the basic protections afforded by governmental
 1294 retirement systems. These persons must be provided benefits that
 1295 are fair and adequate and that are managed, administered, and
 1296 funded in an actuarially sound manner, as required by s. 14,
 1297 Article X of the State Constitution and part VII of chapter 112,
 1298 Florida Statutes. Therefore, the Legislature determines and
 1299 declares that this act fulfills an important state interest.

1300 Section 16. For the 2016-2017 fiscal year, the recurring
 1301 sums of \$4,249,000 from the General Revenue Fund and \$900,000
 1302 from trust funds are appropriated to Administered Funds in order
 1303 to fund the increased employer contribution rates to be paid
 1304 under this act by state agencies, state universities, state
 1305 colleges, and school districts.

1306 Section 17. This act shall take effect July 1, 2016.