

HB 917

2016

1 A bill to be entitled
2 An act relating to death benefits under the Florida
3 Retirement System; providing a short title; amending
4 s. 121.571, F.S.; conforming provisions to changes
5 made by the act; amending s. 121.591, F.S.;
6 authorizing payment of death benefits to the surviving
7 spouse or surviving children of a Special Risk Class
8 member in the investment plan; establishing
9 qualifications and eligibility requirements in order
10 to receive such benefits; prescribing the method of
11 calculating the benefit; specifying circumstances
12 under which benefit payments are terminated; creating
13 s. 121.5912, F.S.; providing legislative intent;
14 requiring the State Board of Administration or the
15 Division of Retirement to take certain action upon
16 receipt of notification of disqualification from the
17 Internal Revenue Service; authorizing the state board
18 and the Department of Management Services to adopt
19 rules; creating s. 121.735, F.S.; providing for
20 allocations for death benefits authorized by the act;
21 amending s. 121.71, F.S.; conforming a cross-reference
22 to changes made by the act; adjusting employer
23 contribution rates in order to fund changes made by
24 the act; providing a directive to the Division of Law
25 Revision and Information; providing a declaration of
26 important state interest; providing an effective date.

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

Section 1. This act may be cited as the "Officer Scott Pine Act."

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

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

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

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

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

HB 917

2016

53 | under the investment plan for employee hardships, unforeseeable
54 | emergencies, loans, medical expenses, educational expenses,
55 | purchase of a principal residence, payments necessary to prevent
56 | eviction or foreclosure on an employee's principal residence, or
57 | any other reason except a requested distribution for retirement,
58 | a mandatory de minimis distribution authorized by the
59 | administrator, or a required minimum distribution provided
60 | pursuant to the Internal Revenue Code. The state board or
61 | department, as appropriate, may cancel an application for
62 | retirement benefits if the member or beneficiary fails to timely
63 | provide the information and documents required by this chapter
64 | and the rules of the state board and department. In accordance
65 | with their respective responsibilities, the state board and the
66 | department shall adopt rules establishing procedures for
67 | application for retirement benefits and for the cancellation of
68 | such application if the required information or documents are
69 | not received. The state board and the department, as
70 | appropriate, are authorized to cash out a de minimis account of
71 | a member who has been terminated from Florida Retirement System
72 | covered employment for a minimum of 6 calendar months. A de
73 | minimis account is an account containing employer and employee
74 | contributions and accumulated earnings of not more than \$5,000
75 | made under the provisions of this chapter. Such cash-out must be
76 | a complete lump-sum liquidation of the account balance, subject
77 | to the provisions of the Internal Revenue Code, or a lump-sum
78 | direct rollover distribution paid directly to the custodian of

HB 917

2016

79 an eligible retirement plan, as defined by the Internal Revenue
80 Code, on behalf of the member. Any nonvested accumulations and
81 associated service credit, including amounts transferred to the
82 suspense account of the Florida Retirement System Investment
83 Plan Trust Fund authorized under s. 121.4501(6), shall be
84 forfeited upon payment of any vested benefit to a member or
85 beneficiary, except for de minimis distributions or minimum
86 required distributions as provided under this section. If any
87 financial instrument issued for the payment of retirement
88 benefits under this section is not presented for payment within
89 180 days after the last day of the month in which it was
90 originally issued, the third-party administrator or other duly
91 authorized agent of the state board shall cancel the instrument
92 and credit the amount of the instrument to the suspense account
93 of the Florida Retirement System Investment Plan Trust Fund
94 authorized under s. 121.4501(6). Any amounts transferred to the
95 suspense account are payable upon a proper application, not to
96 include earnings thereon, as provided in this section, within 10
97 years after the last day of the month in which the instrument
98 was originally issued, after which time such amounts and any
99 earnings attributable to employer contributions shall be
100 forfeited. Any forfeited amounts are assets of the trust fund
101 and are not subject to chapter 717.

102 (3) DEATH BENEFITS.—Under the Florida Retirement System
103 Investment Plan:

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

105 following terms and conditions, except as provided in subsection
 106 (4):

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

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

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

114 (b) Except as provided in subsection (4), in the event of
 115 a member's death, all vested accumulations as described in s.
 116 121.4501(6), less withholding taxes remitted to the Internal
 117 Revenue Service, shall be distributed, as provided in paragraph
 118 (c) or as described in s. 121.4501(20), as if the member retired
 119 on the date of death. No other death benefits are available for
 120 survivors of members, except for benefits, or coverage for
 121 benefits, as are otherwise provided by law or separately
 122 provided by the employer, at the employer's discretion.

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

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

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

HB 917

2016

131 | behalf of the surviving spouse of a deceased member, whereby all
 132 | accrued benefits, plus interest and investment earnings, are
 133 | paid from the deceased member's account directly to the
 134 | custodian of an eligible retirement plan, as described in s.
 135 | 402(c)(8)(B) of the Internal Revenue Code, on behalf of the
 136 | surviving spouse; or

137 | 3. A partial lump-sum payment whereby a portion of the
 138 | accrued benefit is paid to the deceased member's surviving
 139 | spouse or other designated beneficiaries, less withholding taxes
 140 | remitted to the Internal Revenue Service, and the remaining
 141 | amount is transferred directly to the custodian of an eligible
 142 | retirement plan, if permitted, as described in s. 402(c)(8)(B)
 143 | of the Internal Revenue Code, on behalf of the surviving spouse.
 144 | The proportions must be specified by the member or the surviving
 145 | beneficiary.

146 |
 147 | This paragraph does not abrogate other applicable provisions of
 148 | state or federal law providing for payment of death benefits.

149 | (4) DEATH BENEFITS FOR SPECIAL RISK CLASS MEMBERS.—
 150 | Benefits are provided under this subsection to the surviving
 151 | spouse and child or children of a member of the Special Risk
 152 | Class who is killed in the line of duty and are payable in lieu
 153 | of the benefits that would otherwise be payable under the
 154 | provisions of subsection (1) or subsection (3). Benefits
 155 | provided by this subsection supersede any other distribution
 156 | that may have been provided by the member's designation of

157 beneficiary. Such benefits must be funded from employer
158 contributions made under s. 121.571, transferred employee
159 contributions and funds accumulated pursuant to paragraph (a),
160 and interest and earnings thereon.

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

163 1. All moneys accumulated in the member's account,
164 including vested and nonvested accumulations as described in s.
165 121.4501(6), must be transferred from such individual accounts
166 to the division for deposit in the survivor benefit account of
167 the Florida Retirement System Trust Fund. Moneys in the survivor
168 benefit account must be accounted for separately. Earnings must
169 be credited on an annual basis for amounts held in the survivor
170 benefit account of the Florida Retirement System Trust Fund
171 based on actual earnings of the trust fund.

172 2. If the member has retained retirement credit earned
173 under the pension plan as provided in s. 121.4501(3), a sum
174 representing the actuarial present value of such credit within
175 the Florida Retirement System Trust Fund shall be transferred by
176 the division from the pension plan to the survivor benefit
177 retirement program as implemented under this subsection and
178 shall be deposited in the survivor benefit account of the trust
179 fund.

180 (b) Survivor retirement; entitlement.—Regardless of length
181 of creditable service, an investment plan member who, on or
182 after July 1, 2013, is in the Special Risk Class at the time the

HB 917

2016

183 member is killed in the line of duty, may have survivor benefits
 184 paid as provided in s. 121.091(7) (d) to:

- 185 1. The surviving spouse for the spouse's lifetime; or
- 186 2. If there is no surviving spouse or the surviving spouse
 187 dies, the member's child or children under 18 years of age and
 188 unmarried until the 18th birthday of the member's youngest
 189 child.

190 (c) Survivor benefit retirement effective date.—The
 191 effective retirement date for the surviving spouse or eligible
 192 child or children of a member who is killed in the line of duty
 193 shall be:

- 194 1. The first day of the month following the member's death
 195 if the member is killed on or after July 1, 2016.
- 196 2. July 1, 2016, if the member is killed in the line of
 197 duty on or after July 1, 2013, but before July 1, 2016, if the
 198 application is received before July 1, 2016; or the first day of
 199 the month following receipt of the application.

200
 201 If the investment plan account balance has already been paid out
 202 to the surviving spouse or the eligible unmarried dependent
 203 child or children, the benefit payable shall be actuarially
 204 reduced by the amount of the payout.

205 (d) Line-of-duty death benefit.—The surviving spouse, or
 206 if no surviving spouse or the surviving spouse dies, the
 207 member's child or children under 18 years of age and unmarried
 208 until the 18th birthday of the member's youngest child is

HB 917

2016

209 eligible to receive a retirement benefit under s. 121.091(7)(d)
210 if the member's account balance is surrendered and an
211 application is received and approved. Such surviving spouse or
212 such child or children shall receive a monthly survivor benefit
213 that begins accruing on the first day of the month of survivor
214 benefit retirement, as approved by the division, and is payable
215 on the last day of that month and each month thereafter during
216 the surviving spouse's lifetime or on behalf of the unmarried
217 child or children under 18 years of age. All survivor benefits
218 must be paid out of the survivor benefit account of the Florida
219 Retirement System Trust Fund established under this subsection.

220
221 If the investment plan account balance has already been paid out
222 to the surviving spouse or the eligible unmarried dependent
223 child or children, the benefit payable shall be actuarially
224 reduced by the amount of the payout.

225 (e) Computation of survivor benefit retirement benefit.-
226 The amount of each monthly payment must be calculated as
227 provided under s. 121.091(7)(d).

228 (f) Death of the surviving spouse or children.-

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

233 2. If the surviving spouse dies and the benefit is being
234 paid on behalf of the unmarried child or children under 18 years

HB 917

2016

235 of age, benefits shall be paid through the last day of the month
236 the 18th birthday of the member's youngest child, or the month
237 of the death of the youngest child if death is before his or her
238 18th birthday.

239 Section 4. Section 121.5912, Florida Statutes, is created
240 to read:

241 121.5912 Survivor benefit retirement program; qualified
242 status; rulemaking authority.—It is the intent of the
243 Legislature that the survivor benefit retirement program for
244 Special Risk Class members of the Florida Retirement System
245 investment plan meet all applicable requirements for a qualified
246 plan. If the State Board of Administration or the Division of
247 Retirement receives notification from the Internal Revenue
248 Service that this program or any portion of this program will
249 cause the retirement system, or any portion thereof, to be
250 disqualified for tax purposes under the Internal Revenue Code,
251 the portion that will cause the disqualification does not apply.
252 Upon such notice, the state board or the division shall notify
253 the presiding officers of the Legislature. The state board and
254 the Department of Management Services may adopt any rules
255 necessary to maintain the qualified status of the survivor
256 benefit retirement program.

257 Section 5. Section 121.735, Florida Statutes, is created
258 to read:

259 121.735 Allocations for member line-of-duty death
260 benefits; percentage amounts.—

261 (1) The allocations established in subsection (3) shall be
 262 used to provide line-of-duty death benefit coverage for Special
 263 Risk Class members in the investment plan and shall be
 264 transferred monthly by the Division of Retirement from the
 265 Florida Retirement System Contributions Clearing Trust Fund to
 266 the survivor benefit account of the Florida Retirement System
 267 Trust Fund.

268 (2) The allocations are stated as a percentage of each
 269 investment plan member's gross compensation for the calendar
 270 month. A change in a contribution percentage is effective the
 271 first day of the month for which retirement contributions may be
 272 made on or after the beginning date of the change. Contribution
 273 percentages may be modified by general law.

274 (3) Effective July 1, 2016, allocations from the Florida
 275 Retirement System Contributions Clearing Trust Fund to provide
 276 line-of-duty death benefits for Special Risk Class members in
 277 the investment plan, and to offset the costs of administering
 278 said coverage, are as follows:

| <u>Membership Class</u> | <u>Percentage of Gross</u> <u>Compensation</u> |
|---------------------------|---|
| <u>Special Risk Class</u> | <u>X.XX%</u> |

282 Section 6. Section 121.75, Florida Statutes, is amended to
 283 read:

284 121.75 Allocation for pension plan.—After making the
285 transfers required pursuant to ss. 121.71, 121.72, 121.73,
286 121.735, and 121.74, the monthly balance of funds in the Florida
287 Retirement System Contributions Clearing Trust Fund shall be
288 transferred to the Florida Retirement System Trust Fund to pay
289 the costs of providing pension plan benefits and plan
290 administrative costs under the pension plan.

291 Section 7. (1) In order to fund the benefit changes
292 provided in this act, the required employer contribution rates
293 for members of the Florida Retirement System established in s.
294 121.71(4), Florida Statutes, must be adjusted as follows:

295 (a) The Special Risk Class must be increased by X.XX
296 percentage points; and

297 (b) The Deferred Retirement Option Program must be
298 increased by X.XX percentage points.

299 (2) In order to fund the benefit changes provided in this
300 act, the required employer contribution rate for the unfunded
301 actuarial liability of the Florida Retirement System established
302 in s. 121.71(5), Florida Statutes, for the Special Risk Class is
303 increased by X.XX percentage points.

304 (3) The adjustments provided in subsections (1) and (2)
305 shall be in addition to all other changes to such contribution
306 rates which may be enacted into law to take effect on July 1,
307 2016. The Division of Law Revision and Information is directed
308 to adjust accordingly the contribution rates provided in s.
309 121.71, Florida Statutes.

HB 917

2016

310 Section 8. The Legislature finds that a proper and
311 legitimate state purpose is served when employees and retirees
312 of the state and its political subdivisions, and the dependents,
313 survivors, and beneficiaries of such employees and retirees, are
314 extended the basic protections afforded by governmental
315 retirement systems which provide fair and adequate benefits that
316 are managed, administered, and funded in an actuarially sound
317 manner, as required by s. 14, Article X of the State
318 Constitution and part VII of chapter 112, Florida Statutes.
319 Therefore, the Legislature determines and declares that this act
320 fulfills an important state interest.

321 Section 9. This act shall take effect July 1, 2016.