

By the Committee on Governmental Oversight and Accountability;
and Senators Gruters, Broxson, and Albritton

585-04139-19

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1 A bill to be entitled
2 An act relating to retirement; amending s. 121.101,
3 F.S.; specifying the minimum amount of the factor used
4 to calculate the cost-of-living adjustment for
5 benefits for certain retirees and beneficiaries of the
6 Florida Retirement System; amending s. 121.73, F.S.;
7 adjusting the allocation of funds to provide
8 disability coverage to members of the investment plan
9 of the Florida Retirement System; amending s. 121.735,
10 F.S.; adjusting the allocation of funds to provide
11 line-of-duty death benefits for members in the
12 investment plan of the Florida Retirement System;
13 directing the Division of Law Revision to adjust the
14 employer contribution rates for the Special Risk Class
15 and DROP in the Florida Retirement System; providing a
16 declaration of important state interest; providing
17 effective dates.

18
19 Be It Enacted by the Legislature of the State of Florida:

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21 Section 1. Subsection (4) of section 121.101, Florida
22 Statutes, is amended to read:

23 121.101 Cost-of-living adjustment of benefits.—

24 (4) For members whose effective retirement date is on or
25 after July 1, 2011, the benefit of each retiree and annuitant
26 shall be adjusted annually on July 1 as follows:

27 (a) For those retirees and annuitants who have never
28 received a cost-of-living adjustment under this subsection, the
29 amount of the monthly benefit payable for the 12-month period

585-04139-19

2019784c1

30 commencing on the adjustment date shall be the amount of the
31 member's initial benefit plus an amount equal to a percentage of
32 the member's initial benefit. This percentage is derived by
33 dividing the number of months the member has received an initial
34 benefit by 12, and multiplying the result by the factor
35 calculated pursuant to paragraph (c).

36 (b) For those retirees and annuitants who have received a
37 cost-of-living adjustment under this subsection, the adjusted
38 monthly benefit shall be the amount of the monthly benefit being
39 received on June 30 immediately preceding the adjustment date
40 plus an amount determined by multiplying the benefit by the
41 factor calculated pursuant to paragraph (c).

42 (c) The department shall calculate a cost-of-living factor
43 for each retiree and beneficiary retiring on or after July 1,
44 2011. This factor shall equal the product of 3 percent
45 multiplied by the quotient of the sum of the member's service
46 credit earned for service before July 1, 2011, divided by the
47 sum of the member's total service credit earned. However,
48 beginning with cost-of-living-adjustments effective July 1,
49 2019, for a retiree who was a member of the Special Risk Class
50 on June 30, 2011, and is a member of the Special Risk Class on
51 the effective date of retirement, and his or her beneficiary,
52 retiring on or after July 1, 2011, with service credit earned
53 before July 1, 2011, the factor calculated pursuant to this
54 paragraph may not be a product of less than 2.

55 Section 2. Effective July 1, 2019, subsection (3) of
56 section 121.73, Florida Statutes, is amended to read:

57 121.73 Allocations for member disability coverage;
58 percentage amounts.—

585-04139-19

2019784c1

59 (3) ~~Effective July 1, 2002,~~ Allocations from the Florida
 60 Retirement System Contributions Clearing Trust Fund to provide
 61 disability coverage for members in the investment plan, and to
 62 offset the costs of administering said coverage, are as follows:
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64 Membership Class	Percentage of Gross Compensation
65	
66 Regular Class	0.25%
67 Special Risk Class	<u>1.35%</u> 1.33%
68 Special Risk	
69 Administrative Support Class	0.45%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.41%
70 Elected Officers' Class— Justices, Judges	0.73%
71 Elected Officers' Class—	0.41%

585-04139-19

2019784c1

County Elected Officers

72

Senior Management Service

Class 0.26%

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74 Section 3. Effective July 1, 2019, subsection (3) of
75 section 121.735, Florida Statutes, is amended to read:

76 121.735 Allocations for member line-of-duty death benefits;
77 percentage amounts.—

78 (3) ~~Effective July 1, 2017,~~ Allocations from the Florida
79 Retirement System Contributions Clearing Trust Fund to provide
80 line-of-duty death benefits for members in the investment plan
81 and to offset the costs of administering said coverage, are as
82 follows:

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Membership Class	Percentage of Gross Compensation
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Regular Class	0.05%
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Special Risk Class	<u>1.17%</u> 1.15%
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Special Risk Administrative Support Class	0.03%
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Elected Officers' Class— Legislators, Governor,	0.15%
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585-04139-19

2019784c1

Lt. Governor, Cabinet
 Officers,
 State Attorneys, Public
 Defenders

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Elected Officers' Class—
 Justices, Judges 0.09%

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Elected Officers' Class—
 County Elected Officers 0.20%

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Senior Management Service
 Class 0.05%

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Section 4. (1) In order to fund the benefit changes provided in this act, the required employer contribution rates for members of the Florida Retirement System are increased as follows:

(a) By 0.01 percentage point for the rate established in s. 121.71(4), Florida Statutes, for the Special Risk Class.

(b) By 2.32 percentage points for the rate established in s. 121.71(5), Florida Statutes, for the Special Risk Class.

(c) By 0.01 percentage point for the rate established in s. 121.71(5), Florida Statutes, for DROP.

(2) The adjustments provided in subsection (1) are in addition to any other changes to such contribution rates which may be enacted into law to take effect on July 1, 2019. The Division of Law Revision is directed to adjust accordingly the contribution rates provided in s. 121.71, Florida Statutes.

585-04139-19

2019784c1

108 Section 5. The Legislature finds that a proper and
109 legitimate state purpose is served when employees and retirees
110 of the state and its political subdivisions, and the dependents,
111 survivors, and beneficiaries of such employees and retirees, are
112 extended the basis protections afforded by governmental
113 retirement systems. These persons must be provided benefits that
114 are fair and adequate and that are managed, administered, and
115 funded in an actuarially sound manner, as required by s. 14,
116 Article X of the State Constitution and part VII of chapter 112,
117 Florida Statutes. Therefore, the Legislature determines and
118 declares that this act fulfills an important state interest.

119 Section 6. Except as otherwise expressly provided in this
120 act, this act shall take effect upon becoming a law.