

By Senator Brandes

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1 A bill to be entitled
2 An act relating to the Florida Retirement System
3 Investment Plan; amending s. 121.4501, F.S.;
4 specifying applicability of employee and employer
5 contribution rates for employees who default into the
6 investment plan; amending s. 121.571, F.S.;
7 authorizing investment plan members to make voluntary
8 contributions to the plan, subject to certain
9 limitations; amending s. 121.71, F.S.; revising
10 required employee contribution rates for the
11 investment plan; conforming provisions to changes made
12 by the act; amending s. 121.72, F.S.; revising the
13 percentage of gross compensation allocated to
14 investment plan member accounts to conform to changes
15 made by the act; amending ss. 121.051, 121.055,
16 121.35, and 1012.875, F.S.; conforming cross-
17 references to changes made by the act; revising
18 required employer retirement contribution rates to
19 fund the benefit changes made by the act; providing a
20 directive to the Division of Law Revision; requiring
21 the State Board of Administration to prepare a report
22 regarding income annuities; requiring the state board
23 to submit the report to the board's trustees and the
24 Legislature by a specified date; providing a
25 declaration of important state interest; providing an
26 effective date.

27
28 Be It Enacted by the Legislature of the State of Florida:
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30 Section 1. Paragraph (b) of subsection (4) of section
31 121.4501, Florida Statutes, is amended to read:

32 121.4501 Florida Retirement System Investment Plan.—

33 (4) PARTICIPATION; ENROLLMENT.—

34 (b)1. With respect to employees who become eligible to
35 participate in the investment plan by reason of employment in a
36 regularly established position commencing on or after January 1,
37 2018, or who did not complete an election window before January
38 1, 2018, any such employee shall be enrolled in the pension plan
39 at the commencement of employment and may, by the last business
40 day of the eighth month following the employee's month of hire,
41 elect to participate in the pension plan or the investment plan.
42 Eligible employees may make a plan election only if they are
43 earning service credit in an employer-employee relationship
44 consistent with s. 121.021(17) (b), excluding leaves of absence
45 without pay.

46 2. The employee's election must be made in writing or by
47 electronic means and must be filed with the third-party
48 administrator. The election to participate in the pension plan
49 or investment plan is irrevocable, except as provided in
50 paragraph (f).

51 3.a. Except as provided in subparagraph 4., if the employee
52 fails to make an election to either the pension plan or the
53 investment plan during the 8-month period following the month of
54 hire, the employee is deemed to have elected the investment plan
55 and shall default into the investment plan retroactively to the
56 employee's date of employment. The employee's option to
57 participate in the pension plan is forfeited, except as provided
58 in paragraph (f). The employee and employer shall begin paying

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59 employee and employer contributions at the applicable rate for
60 investment plan members prescribed in s. 121.71(3) only after
61 the default has occurred and not retroactively for the initial
62 8-month period following the date of hire.

63 b. The amount of the employee and employer contributions
64 paid through the date of default to the investment plan shall be
65 transferred to the investment plan and shall be placed in a
66 default fund as designated by the State Board of Administration.
67 The employee may move the contributions once an account is
68 activated in the investment plan.

69 4. If the employee is employed in a position included in
70 the Special Risk Class and fails to make an election to either
71 the pension plan or the investment plan during the 8-month
72 period following the month of hire, the employee is deemed to
73 have elected the pension plan and shall default into the pension
74 plan retroactively to the employee's date of employment. The
75 employee's option to participate in the investment plan is
76 forfeited, except as provided in paragraph (f).

77 5. Effective the first day of the month after an eligible
78 employee makes a plan election of the pension plan or investment
79 plan, or the first day of the month after default, the employee
80 and employer shall pay the applicable contributions based on the
81 employee membership class in the program.

82 Section 2. Subsection (2) of section 121.571, Florida
83 Statutes, is amended, and subsection (4) is added to that
84 section, to read:

85 121.571 Contributions.—Contributions to the Florida
86 Retirement System Investment Plan shall be made as follows:

87 (2) CONTRIBUTION RATES GENERALLY.—Contributions to fund the

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88 retirement, disability, and line-of-duty death benefits provided
89 under this part must be based on the uniform contribution rates
90 established by s. 121.71 and on the membership class or subclass
91 of the member, except for voluntary contributions made pursuant
92 to subsection (4). Such contributions must be allocated as
93 provided in ss. 121.72, 121.73, and 121.735.

94 (4) VOLUNTARY CONTRIBUTIONS.—An employee may elect to
95 contribute voluntary contributions from his or her compensation,
96 after the computation of applicable federal taxes, to his or her
97 investment plan account subject to the applicable contribution
98 limitations established under s. 415 of the Internal Revenue
99 Code. The employer shall deduct the voluntary contribution from
100 the employee's monthly compensation, and the contribution shall
101 be submitted to the division and credited to the account of the
102 employee.

103 Section 3. Subsections (2) and (3) of section 121.71,
104 Florida Statutes, are amended to read:

105 121.71 Uniform rates; process; calculations; levy.—

106 (2) Based on the uniform rates set forth in subsections
107 (3), (4), and (5), employees and employers shall make monthly
108 contributions to the Division of Retirement as required in s.
109 121.061(1), which shall initially deposit the funds into the
110 Florida Retirement System Contributions Clearing Trust Fund. A
111 change in a contribution rate is effective the first day of the
112 month for which a full month's employer and employee
113 contribution may be made on or after the beginning date of the
114 change. ~~Beginning July 1, 2011,~~ Each employee shall contribute
115 the contributions required in subsection (3) according to the
116 employee's retirement plan and initial date of entry into the

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117 Florida Retirement System. The rates established in subsection
 118 (3) do not include any voluntary contributions that an employee
 119 has contributed to his or her investment plan account. The
 120 employer shall deduct the contribution from the employee's
 121 monthly salary, and the contribution shall be submitted to the
 122 division. These contributions shall be reported as employer-paid
 123 employee contributions, and credited to the account of the
 124 employee. The contributions shall be deducted from the
 125 employee's salary before the computation of applicable federal
 126 taxes and treated as employer contributions under 26 U.S.C. s.
 127 414(h) (2). The employer specifies that the contributions,
 128 although designated as employee contributions, are being paid by
 129 the employer in lieu of contributions by the employee. The
 130 employee does not have the option of choosing to receive the
 131 contributed amounts directly instead of having them paid by the
 132 employer to the plan. Such contributions are mandatory, and each
 133 employee is considered to have consented to payroll deductions.
 134 Payment of an employee's salary or wages, less the contribution,
 135 is a full and complete discharge and satisfaction of all claims
 136 and demands for the service rendered by employees during the
 137 period covered by the payment, except their claims to the
 138 benefits to which they may be entitled under this chapter.

139 (3) (a) Required employee retirement contribution rates for
 140 each membership class and subclass of the Florida Retirement
 141 System for the pension plan ~~both retirement plans~~ are as
 142 follows:
 143

Membership Class	Percentage of Gross
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Compensation,
Effective
July 1, 2011

144

145

Regular Class 3.00%

146

Special Risk Class 3.00%

147

Special Risk
Administrative
Support Class 3.00%

148

Elected Officers' Class—
Legislators, Governor,
Lt. Governor,
Cabinet Officers,
State Attorneys,
Public Defenders 3.00%

149

Elected Officers' Class—
Justices, Judges 3.00%

150

Elected Officers' Class—
County Elected Officers 3.00%

151

Senior Management Service
Class 3.00%

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DROP 0.00%

(b) Effective July 1, 2011, through June 30, 2021, required employee retirement contribution rates for each membership class and subclass of the Florida Retirement System for the investment plan, for members initially enrolled on or after July 1, 2020, are as follows:

<u>Membership Class</u>	<u>Percentage of Gross Compensation, Effective July 1, 2011</u>
<u>Regular Class</u>	<u>3.00%</u>
<u>Special Risk Class</u>	<u>3.00%</u>
<u>Special Risk Administrative Support Class</u>	<u>3.00%</u>
<u>Elected Officers' Class— Legislators, Governor,</u>	<u>3.00%</u>

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

167

Elected Officers' Class-
Justices, Judges

3.00%

168

Elected Officers' Class-
County Elected Officers

3.00%

169

170

Senior Management Service
Class

3.00%

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(c) Required employee retirement contribution rates for each membership class and subclass of the Florida Retirement System for the investment plan, for members initially enrolled before July 1, 2020, are as follows:

<u>Member-</u>	<u>Percentage</u>	<u>Percentage</u>	<u>Percentage</u>	<u>Percentage</u>
<u>ship</u>	<u>of</u>	<u>of</u>	<u>of</u>	<u>of</u>
<u>Class</u>	<u>Gross</u>	<u>Gross</u>	<u>Gross</u>	<u>Gross</u>
	<u>Compensa-</u>	<u>Compensa-</u>	<u>Compensa-</u>	<u>Compensa-</u>
	<u>tion</u>	<u>tion</u>	<u>tion</u>	<u>tion</u>
	<u>Effective</u>	<u>Effective</u>	<u>Effective</u>	<u>Effective</u>

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July 1, 2021

July 1, 2022

July 1, 2023

July 1, 2024

180

181

Regular 5.00% 5.00% 5.00% 5.00%
Class

182

Special 3.50% 4.00% 4.50% 5.00%
Risk Class

183

Special 3.50% 4.00% 4.50% 5.00%
Risk

Administra-
tive

Support
Class

184

Elected 3.50% 4.00% 4.50% 5.00%
Officers'

Class-
Legislators,

Governor,
Lt. Governor,

Cabinet
Officers,

State
Attorneys,

Public
Defenders

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Elected 3.50% 4.00% 4.50% 5.00%
Officers'
Class—
Justices,
Judges

Elected 3.50% 4.00% 4.50% 5.00%
Officers'
Class—
County
Elected
Officers

Senior 3.50% 4.00% 4.50% 5.00%
Management
Service Class

(d) Required employee retirement contribution rates for each membership class and subclass of the Florida Retirement System for the investment plan, for members initially enrolled on or after July 1, 2020, are as follows:

	<u>Percentage of</u>
	<u>Gross</u>
	<u>Compensation,</u>
	<u>Effective</u>
<u>Membership Class</u>	<u>July 1, 2020</u>

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<u>Regular Class</u>	<u>5.00%</u>
<u>Special Risk Class</u>	<u>5.00%</u>
<u>Special Risk</u> <u>Administrative</u> <u>Support Class</u>	<u>5.00%</u>
<u>Elected Officers' Class-</u> <u>Legislators, Governor,</u> <u>Lt. Governor,</u> <u>Cabinet Officers,</u> <u>State Attorneys,</u> <u>Public Defenders</u>	<u>5.00%</u>
<u>Elected Officers' Class-</u> <u>Justices, Judges</u>	<u>5.00%</u>
<u>Elected Officers' Class-</u> <u>County Elected Officers</u>	<u>5.00%</u>
<u>Senior Management Service</u> <u>Class</u>	<u>5.00%</u>

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206 Section 4. Subsections (1) and (5) of section 121.72,
 207 Florida Statutes, are amended, and subsections (6) through (9)
 208 are added to that section, to read:

209 121.72 Allocations to investment plan member accounts;
 210 percentage amounts.—

211 (1) The allocations established in subsections (4) through
 212 (9) ~~subsection (4)~~ shall fund retirement benefits under the
 213 investment plan and shall be transferred monthly by the Division
 214 of Retirement from the Florida Retirement System Contributions
 215 Clearing Trust Fund to the third-party administrator for deposit
 216 in each participating employee's individual account based on the
 217 membership class of the participant. Such allocations do not
 218 include any voluntary contributions that an employee has made
 219 toward his or her investment plan account.

220 (5) Effective July 1, 2012, through June 30, 2021,
 221 allocations from the Florida Retirement System Contributions
 222 Clearing Trust Fund to investment plan member accounts, for
 223 members initially enrolled before July 1, 2020, are as follows:

224

Membership Class	Percentage of Gross Compensation
225	
226 Regular Class	6.30%
227	
Special Risk Class	14.00%
228	
Special Risk Administrative	7.95%

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Support Class

229

Elected Officers' Class—
 Legislators, Governor,
 Lt. Governor, Cabinet
 Officers,
 State Attorneys, Public
 Defenders

9.38%

230

Elected Officers' Class—
 Justices, Judges

13.23%

231

Elected Officers' Class—
 County Elected Officers

11.34%

232

Senior Management Service
 Class

7.67%

233

234 (6) Effective July 1, 2021, through June 30, 2022,
 235 allocations from the Florida Retirement System Contributions
 236 Clearing Trust Fund to investment plan accounts, for members
 237 initially enrolled before July 1, 2020, are as follows:

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239

Membership Class

Percentage of Gross
Compensation

240

241

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242	<u>Regular Class</u>	<u>10.30%</u>
243	<u>Special Risk Class</u>	<u>15.00%</u>
244	<u>Special Risk Administrative Support Class</u>	<u>8.95%</u>
245	<u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>10.38%</u>
246	<u>Elected Officers' Class— Justices, Judges</u>	<u>14.23%</u>
247	<u>Elected Officers' Class— County Elected Officers</u>	<u>12.34%</u>
248	<u>Senior Management Service Class</u>	<u>8.67%</u>

250 (7) Effective July 1, 2022, through June 30, 2023,
 251 allocations from the Florida Retirement System Contributions
 252 Clearing Trust Fund to investment plan accounts, for members
 253 initially enrolled before July 1, 2020, are as follows:
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Membership Class

Percentage of Gross
Compensation

Regular Class

10.30%

Special Risk Class

16.00%

Special Risk Administrative
Support Class

9.95%

Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet
Officers,
State Attorneys, Public
Defenders

11.38%

Elected Officers' Class—
Justices, Judges

15.23%

Elected Officers' Class—
County Elected Officers

13.34%

Senior Management Service
Class

9.67%

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(8) Effective July 1, 2023, through June 30, 2024, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan accounts, for members initially enrolled before July 1, 2020, are as follows:

<u>Membership Class</u>	<u>Percentage of Gross Compensation</u>
<u>Regular Class</u>	<u>10.30%</u>
<u>Special Risk Class</u>	<u>17.00%</u>
<u>Special Risk Administrative Support Class</u>	<u>10.95%</u>
<u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>12.38%</u>
<u>Elected Officers' Class— Justices, Judges</u>	<u>16.23%</u>

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Elected Officers' Class-
County Elected Officers

14.34%

279

Senior Management Service
Class

10.67%

280

281

282 (9) Effective July 1, 2024, for members initially enrolled
 283 before July 1, 2020, and effective July 1, 2020, for members
 284 initially enrolled on or after July 1, 2020, allocations from
 285 the Florida Retirement System Contributions Clearing Trust Fund
 286 to investment plan accounts are as follows:

287

288

Membership Class

Percentage of Gross
Compensation

289

Regular Class

10.30%

290

291

Special Risk Class

18.00%

292

Special Risk Administrative
Support Class

11.95%

293

Elected Officers' Class-
Legislators, Governor,
Lt. Governor, Cabinet

13.38%

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Officers,
State Attorneys, Public
Defenders

294

Elected Officers' Class-
Justices, Judges

17.23%

295

Elected Officers' Class-
County Elected Officers

15.34%

296

Senior Management Service
Class

11.67%

297

298

299 Section 5. Paragraph (c) of subsection (2) of section
300 121.051, Florida Statutes, is amended to read:

301 121.051 Participation in the system.-

302 (2) OPTIONAL PARTICIPATION.-

303 (c) Employees of public community colleges or charter
304 technical career centers sponsored by public community colleges,
305 designated in s. 1000.21(3), who are members of the Regular
306 Class of the Florida Retirement System and who comply with the
307 criteria set forth in this paragraph and s. 1012.875 may, in
308 lieu of participating in the Florida Retirement System, elect to
309 withdraw from the system altogether and participate in the State
310 Community College System Optional Retirement Program provided by
311 the employing agency under s. 1012.875.

312 1.a. Through June 30, 2001, the cost to the employer for
313 benefits under the optional retirement program equals the normal

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314 cost portion of the employer retirement contribution which would
315 be required if the employee were a member of the pension plan's
316 Regular Class, plus the portion of the contribution rate
317 required by s. 112.363(8) which would otherwise be assigned to
318 the Retiree Health Insurance Subsidy Trust Fund.

319 b. Effective July 1, 2001, through June 30, 2011, each
320 employer shall contribute on behalf of each member of the
321 optional program an amount equal to 10.43 percent of the
322 employee's gross monthly compensation. The employer shall deduct
323 an amount for the administration of the program.

324 c. Effective July 1, 2011, through June 30, 2012, each
325 member shall contribute an amount equal to the employee
326 contribution required under s. 121.71(3)(a) ~~s. 121.71(3)~~. The
327 employer shall contribute on behalf of each program member an
328 amount equal to the difference between 10.43 percent of the
329 employee's gross monthly compensation and the employee's
330 required contribution based on the employee's gross monthly
331 compensation.

332 d. Effective July 1, 2012, each member shall contribute an
333 amount equal to the employee contribution required under s.
334 121.71(3)(a) ~~s. 121.71(3)~~. The employer shall contribute on
335 behalf of each program member an amount equal to the difference
336 between 8.15 percent of the employee's gross monthly
337 compensation and the employee's required contribution based on
338 the employee's gross monthly compensation.

339 e. The employer shall contribute an additional amount to
340 the Florida Retirement System Trust Fund equal to the unfunded
341 actuarial accrued liability portion of the Regular Class
342 contribution rate.

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343 2. The decision to participate in the optional retirement
344 program is irrevocable as long as the employee holds a position
345 eligible for participation, except as provided in subparagraph
346 3. Any service creditable under the Florida Retirement System is
347 retained after the member withdraws from the system; however,
348 additional service credit in the system may not be earned while
349 a member of the optional retirement program.

350 3. An employee who has elected to participate in the
351 optional retirement program shall have one opportunity, at the
352 employee's discretion, to transfer from the optional retirement
353 program to the pension plan of the Florida Retirement System or
354 to the investment plan established under part II of this
355 chapter, subject to the terms of the applicable optional
356 retirement program contracts.

357 a. If the employee chooses to move to the investment plan,
358 any contributions, interest, and earnings creditable to the
359 employee under the optional retirement program are retained by
360 the employee in the optional retirement program, and the
361 applicable provisions of s. 121.4501(4) govern the election.

362 b. If the employee chooses to move to the pension plan of
363 the Florida Retirement System, the employee shall receive
364 service credit equal to his or her years of service under the
365 optional retirement program.

366 (I) The cost for such credit is the amount representing the
367 present value of the employee's accumulated benefit obligation
368 for the affected period of service. The cost shall be calculated
369 as if the benefit commencement occurs on the first date the
370 employee becomes eligible for unreduced benefits, using the
371 discount rate and other relevant actuarial assumptions that were

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372 used to value the Florida Retirement System Pension Plan
373 liabilities in the most recent actuarial valuation. The
374 calculation must include any service already maintained under
375 the pension plan in addition to the years under the optional
376 retirement program. The present value of any service already
377 maintained must be applied as a credit to total cost resulting
378 from the calculation. The division must ensure that the transfer
379 sum is prepared using a formula and methodology certified by an
380 enrolled actuary.

381 (II) The employee must transfer from his or her optional
382 retirement program account and from other employee moneys as
383 necessary, a sum representing the present value of the
384 employee's accumulated benefit obligation immediately following
385 the time of such movement, determined assuming that attained
386 service equals the sum of service in the pension plan and
387 service in the optional retirement program.

388 4. Participation in the optional retirement program is
389 limited to employees who satisfy the following eligibility
390 criteria:

391 a. The employee is otherwise eligible for membership or
392 renewed membership in the Regular Class of the Florida
393 Retirement System, as provided in s. 121.021(11) and (12) or s.
394 121.122.

395 b. The employee is employed in a full-time position
396 classified in the Accounting Manual for Florida's Public
397 Community Colleges as:

398 (I) Instructional; or

399 (II) Executive Management, Instructional Management, or
400 Institutional Management and the community college determines

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401 that recruiting to fill a vacancy in the position is to be
402 conducted in the national or regional market, and the duties and
403 responsibilities of the position include the formulation,
404 interpretation, or implementation of policies, or the
405 performance of functions that are unique or specialized within
406 higher education and that frequently support the mission of the
407 community college.

408 c. The employee is employed in a position not included in
409 the Senior Management Service Class of the Florida Retirement
410 System as described in s. 121.055.

411 5. Members of the program are subject to the same
412 reemployment limitations, renewed membership provisions, and
413 forfeiture provisions applicable to regular members of the
414 Florida Retirement System under ss. 121.091(9), 121.122, and
415 121.091(5), respectively. A member who receives a program
416 distribution funded by employer and required employee
417 contributions is deemed to be retired from a state-administered
418 retirement system if the member is subsequently employed with an
419 employer that participates in the Florida Retirement System.

420 6. Eligible community college employees are compulsory
421 members of the Florida Retirement System until, pursuant to s.
422 1012.875, a written election to withdraw from the system and
423 participate in the optional retirement program is filed with the
424 program administrator and received by the division.

425 a. A community college employee whose program eligibility
426 results from initial employment shall be enrolled in the
427 optional retirement program retroactive to the first day of
428 eligible employment. The employer and employee retirement
429 contributions paid through the month of the employee plan change

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430 shall be transferred to the community college to the employee's
431 optional program account, and, effective the first day of the
432 next month, the employer shall pay the applicable contributions
433 based upon subparagraph 1.

434 b. A community college employee whose program eligibility
435 is due to the subsequent designation of the employee's position
436 as one of those specified in subparagraph 4., or due to the
437 employee's appointment, promotion, transfer, or reclassification
438 to a position specified in subparagraph 4., must be enrolled in
439 the program on the first day of the first full calendar month
440 that such change in status becomes effective. The employer and
441 employee retirement contributions paid from the effective date
442 through the month of the employee plan change must be
443 transferred to the community college to the employee's optional
444 program account, and, effective the first day of the next month,
445 the employer shall pay the applicable contributions based upon
446 subparagraph 1.

447 7. Effective July 1, 2003, through December 31, 2008, any
448 member of the optional retirement program who has service credit
449 in the pension plan of the Florida Retirement System for the
450 period between his or her first eligibility to transfer from the
451 pension plan to the optional retirement program and the actual
452 date of transfer may, during employment, transfer to the
453 optional retirement program a sum representing the present value
454 of the accumulated benefit obligation under the defined benefit
455 retirement program for the period of service credit. Upon
456 transfer, all service credit previously earned under the pension
457 plan during this period is nullified for purposes of entitlement
458 to a future benefit under the pension plan.

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459 Section 6. Paragraph (d) of subsection (6) of section
460 121.055, Florida Statutes, is amended to read:

461 121.055 Senior Management Service Class.—There is hereby
462 established a separate class of membership within the Florida
463 Retirement System to be known as the "Senior Management Service
464 Class," which shall become effective February 1, 1987.

465 (6)

466 (d) *Contributions.*—

467 1.a. Through June 30, 2001, each employer shall contribute
468 on behalf of each member of the Senior Management Service
469 Optional Annuity Program an amount equal to the normal cost
470 portion of the employer retirement contribution which would be
471 required if the member were a Senior Management Service Class
472 member of the Florida Retirement System Pension Plan, plus the
473 portion of the contribution rate required in s. 112.363(8) that
474 would otherwise be assigned to the Retiree Health Insurance
475 Subsidy Trust Fund.

476 b. Effective July 1, 2001, through June 30, 2011, each
477 employer shall contribute on behalf of each member of the
478 optional annuity program an amount equal to 12.49 percent of the
479 employee's gross monthly compensation.

480 c. Effective July 1, 2011, through June 30, 2012, each
481 member of the optional annuity program shall contribute an
482 amount equal to the employee contribution required under s.
483 121.71(3)(a) ~~s. 121.71(3)~~. The employer shall contribute on
484 behalf of such employee an amount equal to the difference
485 between 12.49 percent of the employee's gross monthly
486 compensation and the amount equal to the employee's required
487 contribution based on the employee's gross monthly compensation.

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488 d. Effective July 1, 2012, each member of the optional
489 annuity program shall contribute an amount equal to the employee
490 contribution required under s. 121.71. The employer shall
491 contribute on behalf of such employee an amount equal to the
492 difference between 9.27 percent of the employee's gross monthly
493 compensation and the amount equal to the employee's required
494 contribution based on the employee's gross monthly compensation.

495 e. The department shall deduct an amount approved by the
496 Legislature to provide for the administration of this program.
497 Payment of the contributions, including contributions made by
498 the employee, shall be made by the employer to the department,
499 which shall forward the contributions to the designated company
500 or companies contracting for payment of benefits for the member
501 under the program.

502 2. Each employer shall contribute on behalf of each member
503 of the Senior Management Service Optional Annuity Program an
504 amount equal to the unfunded actuarial accrued liability portion
505 of the employer contribution which would be required for members
506 of the Senior Management Service Class in the Florida Retirement
507 System. This contribution shall be paid to the department for
508 transfer to the Florida Retirement System Trust Fund.

509 3. An Optional Annuity Program Trust Fund shall be
510 established in the State Treasury and administered by the
511 department to make payments to provider companies on behalf of
512 the optional annuity program members, and to transfer the
513 unfunded liability portion of the state optional annuity program
514 contributions to the Florida Retirement System Trust Fund.

515 4. Contributions required for social security by each
516 employer and employee, in the amount required for social

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517 security coverage as now or hereafter may be provided by the
518 federal Social Security Act shall be maintained for each member
519 of the Senior Management Service retirement program and are in
520 addition to the retirement contributions specified in this
521 paragraph.

522 5. Each member of the optional annuity program may
523 contribute by way of salary reduction or deduction a percentage
524 amount of the employee's gross compensation not to exceed the
525 percentage amount contributed by the employer to the optional
526 annuity program. Payment of the employee's contributions shall
527 be made by the employer to the department, which shall forward
528 the contributions to the designated company or companies
529 contracting for payment of benefits for the member under the
530 program.

531 Section 7. Paragraph (a) of subsection (4) of section
532 121.35, Florida Statutes, is amended to read:

533 121.35 Optional retirement program for the State University
534 System.—

535 (4) CONTRIBUTIONS.—

536 (a)1. Through June 30, 2001, each employer shall contribute
537 on behalf of each member of the optional retirement program an
538 amount equal to the normal cost portion of the employer
539 retirement contribution which would be required if the employee
540 were a regular member of the Florida Retirement System Pension
541 Plan, plus the portion of the contribution rate required in s.
542 112.363(8) that would otherwise be assigned to the Retiree
543 Health Insurance Subsidy Trust Fund.

544 2. Effective July 1, 2001, through June 30, 2011, each
545 employer shall contribute on behalf of each member of the

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546 optional retirement program an amount equal to 10.43 percent of
547 the employee's gross monthly compensation.

548 3. Effective July 1, 2011, through June 30, 2012, each
549 member of the optional retirement program shall contribute an
550 amount equal to the employee contribution required in s.
551 121.71(3)(a) ~~s. 121.71(3)~~. The employer shall contribute on
552 behalf of each such member an amount equal to the difference
553 between 10.43 percent of the employee's gross monthly
554 compensation and the amount equal to the employee's required
555 contribution based on the employee's gross monthly compensation.

556 4. Effective July 1, 2012, each member of the optional
557 retirement program shall contribute an amount equal to the
558 employee contribution required in s. 121.71(3)(a) ~~s. 121.71(3)~~.
559 The employer shall contribute on behalf of each such member an
560 amount equal to the difference between 8.15 percent of the
561 employee's gross monthly compensation and the amount equal to
562 the employee's required contribution based on the employee's
563 gross monthly compensation.

564 5. The payment of the contributions, including
565 contributions by the employee, shall be made by the employer to
566 the department, which shall forward the contributions to the
567 designated company or companies contracting for payment of
568 benefits for members of the program. However, such contributions
569 paid on behalf of an employee described in paragraph (3)(c) may
570 not be forwarded to a company and do not begin to accrue
571 interest until the employee has executed a contract and notified
572 the department. The department shall deduct an amount from the
573 contributions to provide for the administration of this program.

574 Section 8. Paragraph (a) of subsection (4) of section

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575 1012.875, Florida Statutes, is amended to read:

576 1012.875 State Community College System Optional Retirement
577 Program.—Each Florida College System institution may implement
578 an optional retirement program, if such program is established
579 therefor pursuant to s. 1001.64(20), under which annuity or
580 other contracts providing retirement and death benefits may be
581 purchased by, and on behalf of, eligible employees who
582 participate in the program, in accordance with s. 403(b) of the
583 Internal Revenue Code. Except as otherwise provided herein, this
584 retirement program, which shall be known as the State Community
585 College System Optional Retirement Program, may be implemented
586 and administered only by an individual Florida College System
587 institution or by a consortium of Florida College System
588 institutions.

589 (4) (a) 1. Through June 30, 2011, each college must
590 contribute on behalf of each program member an amount equal to
591 10.43 percent of the employee's gross monthly compensation.

592 2. Effective July 1, 2011, through June 30, 2012, each
593 member shall contribute an amount equal to the employee
594 contribution required under s. 121.71(3) (a) ~~s. 121.71(3)~~. The
595 employer shall contribute on behalf of each program member an
596 amount equal to the difference between 10.43 percent of the
597 employee's gross monthly compensation and the employee's
598 required contribution based on the employee's gross monthly
599 compensation.

600 3. Effective July 1, 2012, each member shall contribute an
601 amount equal to the employee contribution required under s.
602 121.71(3) (a) ~~s. 121.71(3)~~. The employer shall contribute on
603 behalf of each program member an amount equal to the difference

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604 between 8.15 percent of the employee's gross monthly
605 compensation and the employee's required contribution based on
606 the employee's gross monthly compensation.

607 4. The college shall deduct an amount approved by the
608 district board of trustees of the college to provide for the
609 administration of the optional retirement program. Payment of
610 this contribution must be made directly by the college or
611 through the program administrator to the designated company
612 contracting for payment of benefits to the program member.

613 Section 9. (1) In order to fund the benefit changes
614 provided by this act, the required employer contribution rates
615 for the members of the Florida Retirement System established in
616 s. 121.71(4), Florida Statutes, are increased as follows:

617 (a) By X.XX percentage point for the Regular Class.

618 (b) By X.XX percentage point for the Special Risk Class.

619 (c) By X.XX percentage point for the Special Risk
620 Administrative Support Class.

621 (d) By X.XX percentage point for the Elected Officers'
622 Class—Legislators, Governor, Lt. Governor, Cabinet Officers,
623 State Attorneys, Public Defenders.

624 (e) By X.XX percentage point for the Elected Officers'
625 Class—Justices, Judges.

626 (f) By X.XX percentage point for the Elected Officers'
627 Class—County Elected Officers.

628 (g) By X.XX percentage point for the Senior Management
629 Service Class.

630 (2) In order to fund the benefit changes provided by this
631 act, the required employer contribution rates for the unfunded
632 actuarial liability of the Florida Retirement System established

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633 in s. 121.71(5), Florida Statutes, are increased as follows:

634 (a) By X.XX percentage point for the Regular Class.

635 (b) By X.XX percentage point for the Special Risk Class.

636 (c) By X.XX percentage point for the Special Risk

637 Administrative Support Class.

638 (d) By X.XX percentage point for the Elected Officers'

639 Class—Legislators, Governor, Lt. Governor, Cabinet Officers,

640 State Attorneys, Public Defenders.

641 (e) By X.XX percentage point for the Elected Officers'

642 Class—Justices, Judges.

643 (f) By X.XX percentage point for the Elected Officers'

644 Class—County Elected Officers.

645 (g) By X.XX percentage point for the Senior Management

646 Service Class.

647 (3) The adjustments provided in subsections (1) and (2) are

648 in addition to any other changes to such contribution rates

649 which may be enacted into law to take effect on July 1, 2020.

650 The Division of Law Revision is directed to adjust accordingly

651 the contribution rates provided in s. 121.71, Florida Statutes.

652 Section 10. The State Board of Administration shall prepare

653 a report that examines the adequacy and use of current income

654 annuity options available to members of the Florida Retirement

655 System Investment Plan. The report must contain recommended

656 strategies on how to further increase access to income annuity

657 options and any additional options for guaranteed lifetime

658 income which would assist in providing greater retirement

659 security for investment plan retirees. The state board shall

660 propose any legislative changes that are necessary in order to

661 implement any of the recommendations outlined in its report. By

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662 March 1, 2021, the state board shall submit the report to the
663 board's trustees, the President of the Senate, and the Speaker
664 of the House of Representatives.

665 Section 11. The Legislature finds that a proper and
666 legitimate state purpose is served when employees, officers, and
667 retirees of the state and its political subdivisions, and the
668 dependents, survivors, and beneficiaries of such employees,
669 officers, and retirees, are extended the basic protections
670 afforded by governmental retirement systems. These persons must
671 be provided benefits that are fair and adequate and that are
672 managed, administered, and funded in an actuarially sound manner
673 as required by s. 14, Article X of the State Constitution and
674 part VII of chapter 112, Florida Statutes. Therefore, the
675 Legislature determines and declares that this act fulfills an
676 important state interest.

677 Section 12. This act shall take effect July 1, 2020.