

1 A bill to be entitled
 2 An act relating to state-administered retirement
 3 systems; amending s. 121.091, F.S.; authorizing
 4 certain members to elect to participate in the
 5 deferred retirement program for an additional 36
 6 months; amending s. 121.71, F.S.; revising required
 7 employer retirement contribution rates for each
 8 membership class and subclass of the Florida
 9 Retirement System; amending s. 121.72, F.S.; revising
 10 allocations to investment plan member accounts;
 11 providing a declaration of important state interest;
 12 providing an effective date.

13
 14 Be It Enacted by the Legislature of the State of Florida:

15
 16 Section 1. Paragraph (b) of subsection (13) of section
 17 121.091, Florida Statutes, is amended to read:

18 121.091 Benefits payable under the system.—Benefits may
 19 not be paid under this section unless the member has terminated
 20 employment as provided in s. 121.021(39) (a) or begun
 21 participation in the Deferred Retirement Option Program as
 22 provided in subsection (13), and a proper application has been
 23 filed in the manner prescribed by the department. The department
 24 may cancel an application for retirement benefits when the
 25 member or beneficiary fails to timely provide the information

26 | and documents required by this chapter and the department's
27 | rules. The department shall adopt rules establishing procedures
28 | for application for retirement benefits and for the cancellation
29 | of such application when the required information or documents
30 | are not received.

31 | (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
32 | subject to this section, the Deferred Retirement Option Program,
33 | hereinafter referred to as DROP, is a program under which an
34 | eligible member of the Florida Retirement System may elect to
35 | participate, deferring receipt of retirement benefits while
36 | continuing employment with his or her Florida Retirement System
37 | employer. The deferred monthly benefits shall accrue in the
38 | Florida Retirement System on behalf of the member, plus interest
39 | compounded monthly, for the specified period of the DROP
40 | participation, as provided in paragraph (c). Upon termination of
41 | employment, the member shall receive the total DROP benefits and
42 | begin to receive the previously determined normal retirement
43 | benefits. Participation in the DROP does not guarantee
44 | employment for the specified period of DROP. Participation in
45 | DROP by an eligible member beyond the initial 60-month period as
46 | authorized in this subsection shall be on an annual contractual
47 | basis for all participants.

48 | (b) Participation in DROP.—Except as provided in this
49 | paragraph, an eligible member may elect to participate in DROP
50 | for a period not to exceed a maximum of 60 calendar months.

51 1.a. ~~An eligible member may elect to participate in DROP~~
52 ~~for a period not to exceed a maximum of 60 calendar months.~~
53 ~~However,~~ Members who are instructional personnel employed by the
54 Florida School for the Deaf and the Blind and authorized by the
55 Board of Trustees of the Florida School for the Deaf and the
56 Blind, who are instructional personnel as defined in s.
57 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
58 school superintendent, or who are instructional personnel as
59 defined in s. 1012.01(2)(a) employed by a developmental research
60 school and authorized by the school's director, or if the school
61 has no director, by the school's principal, may participate in
62 DROP for up to 36 calendar months beyond the 60-month period.
63 Effective July 1, 2018, instructional personnel who are
64 authorized to extend DROP participation beyond the 60-month
65 period must have a termination date that is the last day of the
66 last calendar month of the school year within the DROP extension
67 granted by the employer. If, on July 1, 2018, the member's DROP
68 participation has already been extended for the maximum 36
69 calendar months and the extension period concludes before the
70 end of the school year, the member's DROP participation may be
71 extended through the last day of the last calendar month of that
72 school year. The employer shall notify the division of the
73 change in termination date and the additional period of DROP
74 participation for the affected instructional personnel.

75 b. Administrative personnel in grades K-12, as defined in

76 s. 1012.01(3), who have a DROP termination date on or after July
77 1, 2018, may be authorized to extend DROP participation beyond
78 the initial 60 calendar month period if the administrative
79 personnel's termination date is before the end of the school
80 year. Such administrative personnel may have DROP participation
81 extended until the last day of the last calendar month of the
82 school year in which their original DROP termination date
83 occurred if a date other than the last day of the last calendar
84 month of the school year is designated. The employer shall
85 notify the division of the change in termination date and the
86 additional period of DROP participation for the affected
87 administrative personnel.

88 c. Effective July 1, 2022, a member of the Special Risk
89 Class who is a law enforcement officer who meets the criteria in
90 s. 121.0515(3) (a) may participate in DROP for up to 36 calendar
91 months beyond the 60-month period if he or she enters DROP on or
92 before June 30, 2028.

93 2. Upon deciding to participate in DROP, the member shall
94 submit, on forms required by the division:

95 a. A written election to participate in DROP;

96 b. Selection of DROP participation and termination dates
97 that satisfy the limitations stated in paragraph (a) and
98 subparagraph 1. The termination date must be in a binding letter
99 of resignation to the employer establishing a deferred
100 termination date. The member may change the termination date

101 within the limitations of subparagraph 1., but only with the
 102 written approval of the employer;

103 c. A properly completed DROP application for service
 104 retirement as provided in this section; and

105 d. Any other information required by the division.

106 3. The DROP participant is a retiree under the Florida
 107 Retirement System for all purposes, except for paragraph (5) (f)
 108 and subsection (9) and ss. 112.3173, 112.363, 121.053, and
 109 121.122. DROP participation is final and may not be canceled by
 110 the participant after the first payment is credited during the
 111 DROP participation period. However, participation in DROP does
 112 not alter the participant's employment status, and the member is
 113 not deemed retired from employment until his or her deferred
 114 resignation is effective and termination occurs as defined in s.
 115 121.021.

116 4. Elected officers are eligible to participate in DROP
 117 subject to the following:

118 a. An elected officer who reaches normal retirement date
 119 during a term of office may defer the election to participate
 120 until the next succeeding term in that office. An elected
 121 officer who exercises this option may participate in DROP for up
 122 to 60 calendar months or no longer than the succeeding term of
 123 office, whichever is less.

124 b. An elected or a nonelected participant may run for a
 125 term of office while participating in DROP and, if elected,

HB 5007

2022

126 extend the DROP termination date accordingly; however, if such
127 additional term of office exceeds the 60-month limitation
128 established in subparagraph 1., and the officer does not resign
129 from office within such 60-month limitation, the retirement and
130 the participant's DROP is null and void as provided in sub-
131 subparagraph (c)5.d.

132 c. An elected officer who is dually employed and elects to
133 participate in DROP must terminate all employment relationships
134 as provided in s. 121.021(39) for the nonelected position within
135 the original 60-month period or maximum participation period as
136 provided in subparagraph 1. For DROP participation ending:

137 (I) Before July 1, 2010, the officer may continue
138 employment as an elected officer as provided in s. 121.053. The
139 elected officer shall be enrolled as a renewed member in the
140 Elected Officers' Class or the Regular Class, as provided in ss.
141 121.053 and 121.122, on the first day of the month after
142 termination of employment in the nonelected position and
143 termination of DROP. Distribution of the DROP benefits shall be
144 made as provided in paragraph (c).

145 (II) On or after July 1, 2010, the officer may continue
146 employment as an elected officer but must defer termination as
147 provided in s. 121.053.

148 Section 2. Subsections (4) and (5) of section 121.71,
149 Florida Statutes, are amended to read:

150 121.71 Uniform rates; process; calculations; levy.-

HB 5007

2022

151 (4) Required employer retirement contribution rates for
 152 each membership class and subclass of the Florida Retirement
 153 System for both retirement plans are as follows:

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021
155 Regular Class	<u>5.96%</u> 4.91%
156 Special Risk Class	<u>16.44%</u> 15.27%
157 Special Risk Administrative Support Class	<u>10.77%</u> 9.73%
158 Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys,	<u>9.31%</u> 8.49%

HB 5007

2022

160	Public Defenders	
	Elected Officers' Class-	
	Justices, Judges	<u>14.41%</u> 13.38%
161	Elected Officers' Class-	
	County Elected Officers	<u>11.30%</u> 10.28%
162	Senior Management <u>Service</u> Class	<u>7.70%</u> 6.49%
163	DROP	<u>7.79%</u> 7.23%
164		
165	(5) In order to address unfunded actuarial liabilities of	
166	the system, the required employer retirement contribution rates	
167	for each membership class and subclass of the Florida Retirement	
168	System for both retirement plans are as follows:	
169		
		Percentage of
		Gross
		Compensation,
		Effective
	Membership Class	July 1, <u>2022</u> 2021
170		
171		

HB 5007

2022

172	Regular Class	<u>4.23%</u> 4.19%
173	Special Risk Class	<u>9.67%</u> 8.90%
174	Special Risk Administrative Support Class	<u>26.16%</u> 26.31%
175	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>56.76%</u> 53.52%
176	Elected Officers' Class— Justices, Judges	<u>27.64%</u> 25.81%
177	Elected Officers' Class— County Elected Officers	<u>43.98%</u> 39.42%
178	Senior Management Service Class	<u>22.15%</u> 20.80%
179	DROP	<u>9.15%</u> 9.45%

180 Section 3. Subsection (5) of section 121.72, Florida
 181 Statutes, is amended and subsection (6) is added to that section
 182 to read:

183 121.72 Allocations to investment plan member accounts;
 184 percentage amounts.—

185 (5) Effective July 1, 2012, through June 30, 2022,
 186 allocations from the Florida Retirement System Contributions
 187 Clearing Trust Fund to investment plan member accounts are as
 188 follows:

189 Membership Class	Percentage of Gross Compensation
190	
191 Regular Class	6.30%
192 Special Risk Class	14.00%
193 Special Risk Administrative Support Class	7.95%
194 Elected Officers' Class—	
Legislators, Governor,	
Lt. Governor, Cabinet Officers,	9.38%

HB 5007

2022

195	State Attorneys, Public Defenders	
	Elected Officers' Class—	
	Justices, Judges	13.23%
196		
	Elected Officers' Class—	
	County Elected Officers	11.34%
197		
	Senior Management Service Class	7.67%
198		
199	<u>(6) Effective July 1, 2022, allocations from the Florida</u>	
200	<u>Retirement System Contributions Clearing Trust Fund to</u>	
201	<u>investment plan member accounts are as follows:</u>	
202		
	<u>Membership Class</u>	<u>Percentage of</u>
		<u>Gross</u>
		<u>Compensation</u>
203		
204	<u>Regular Class</u>	<u>9.30%</u>
205		
	<u>Special Risk Class</u>	<u>17.00%</u>
206		
	<u>Special Risk Administrative Support Class</u>	<u>10.95%</u>

207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222

Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet Officers,
State Attorneys, Public Defenders 12.38%

Elected Officers' Class—
Justices, Judges 16.23%

Elected Officers' Class—
County Elected Officers 14.34%

Senior Management Service Class 10.67%

Section 4. The Legislature finds that a proper and
legitimate state purpose is served when employees, officers, and
retirees of the state and its political subdivisions, and the
dependents, survivors, and beneficiaries of such employees,
officers, and retirees, are extended the basic protections
afforded by governmental retirement systems. These persons must
be provided benefits that are fair and adequate and that are
managed, administered, and funded in an actuarially sound manner
as required by s. 14, Article X of the State Constitution and
part VII of chapter 112, Florida Statutes. Therefore, the
Legislature determines and declares that this act fulfills an

HB 5007

2022

223 | important state interest.

224 | Section 5. This act shall take effect July 1, 2022.