

By Senator Hooper

21-00298A-23

2023224__

1 A bill to be entitled
 2 An act relating to Special Risk Class retirement date;
 3 amending s. 121.021, F.S.; revising the definition of
 4 "normal retirement date"; decreasing the age and years
 5 of service needed to reach the normal retirement date
 6 for certain members; amending ss. 121.091 and
 7 121.4501, F.S.; conforming provisions to changes made
 8 by this act; providing a declaration of important
 9 state interest; providing an effective date.

10
 11 Be It Enacted by the Legislature of the State of Florida:

12
 13 Section 1. Paragraph (b) of subsection (29) of section
 14 121.021, Florida Statutes, is amended to read:

15 121.021 Definitions.—The following words and phrases as
 16 used in this chapter have the respective meanings set forth
 17 unless a different meaning is plainly required by the context:

18 (29) "Normal retirement date" means the date a member
 19 attains normal retirement age and is vested, which is determined
 20 as follows:

21 (b) For ~~If a~~ Special Risk Class members ~~member initially~~
 22 enrolled:

23 ~~1. Before July 1, 2011:~~

24 1.a. The first day of the month the member attains age 55
 25 and completes the years of creditable service in the Special
 26 Risk Class equal to or greater than the years of service
 27 required for vesting;

28 2.b. The first day of the month following the date the
 29 member completes 25 years of creditable service in the Special

21-00298A-23

2023224__

30 Risk Class, regardless of age; or

31 ~~3.e.~~ The first day of the month following the date the
32 member completes 25 years of creditable service and attains age
33 52, which service may include a maximum of 4 years of military
34 service credit if such credit is not claimed under any other
35 system and the remaining years are in the Special Risk Class.

36 ~~2. On or after July 1, 2011:~~

37 ~~a. The first day of the month the member attains age 60 and~~
38 ~~completes the years of creditable service in the Special Risk~~
39 ~~Class equal to or greater than the years of service required for~~
40 ~~vesting;~~

41 ~~b. The first day of the month following the date the member~~
42 ~~completes 30 years of creditable service in the Special Risk~~
43 ~~Class, regardless of age; or~~

44 ~~e. The first day of the month following the date the member~~
45 ~~completes 30 years of creditable service and attains age 57,~~
46 ~~which service may include a maximum of 4 years of military~~
47 ~~service credit if such credit is not claimed under any other~~
48 ~~system and the remaining years are in the Special Risk Class.~~

49
50 For pension plan members, normal retirement age is attained on
51 the normal retirement date. For investment plan members, normal
52 retirement age is the date a member attains his or her normal
53 retirement date as provided in this section, or the date a
54 member is vested under the investment plan as provided in s.
55 121.4501(6), whichever is later.

56 Section 2. Subsection (3) and paragraph (a) of subsection
57 (13) of section 121.091, Florida Statutes, are amended to read:
58 121.091 Benefits payable under the system.—Benefits may not

21-00298A-23

2023224__

59 be paid under this section unless the member has terminated
60 employment as provided in s. 121.021(39) (a) or begun
61 participation in the Deferred Retirement Option Program as
62 provided in subsection (13), and a proper application has been
63 filed in the manner prescribed by the department. The department
64 may cancel an application for retirement benefits when the
65 member or beneficiary fails to timely provide the information
66 and documents required by this chapter and the department's
67 rules. The department shall adopt rules establishing procedures
68 for application for retirement benefits and for the cancellation
69 of such application when the required information or documents
70 are not received.

71 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or her
72 early retirement date, the member shall receive an immediate
73 monthly benefit that shall begin to accrue on the first day of
74 the month of the retirement date and be payable on the last day
75 of that month and each month thereafter during his or her
76 lifetime. Such benefit shall be calculated as follows:

77 (a) 1. For all Special Risk Class members or a member of the
78 Regular Class, Senior Management Service Class, or the Elected
79 Officers' Class initially enrolled+

80 ~~1.~~ before July 1, 2011, the amount of each monthly payment
81 shall be computed in the same manner as for a normal retirement
82 benefit, in accordance with subsection (1), but shall be based
83 on the member's average monthly compensation and creditable
84 service as of the member's early retirement date. The benefit so
85 computed shall be reduced by five-twelfths of 1 percent for each
86 complete month by which the early retirement date precedes the
87 normal retirement date of age 62 for a member of the Regular

21-00298A-23

2023224__

88 Class, Senior Management Service Class, or the Elected Officers'
89 Class, and age 55 for a member of the Special Risk Class, or age
90 52 if a Special Risk member has completed 25 years of creditable
91 service in accordance with s. 121.021(29)(b)3. ~~s.~~
92 ~~121.021(29)(b)1.c.~~

93 2. For a member of the Regular Class, Senior Management
94 Service Class, or the Elected Officers' Class initially enrolled
95 on or after July 1, 2011, the amount of each monthly payment
96 shall be computed in the same manner as for a normal retirement
97 benefit, in accordance with subsection (1), but shall be based
98 on the member's average monthly compensation and creditable
99 service as of the member's early retirement date. The benefit so
100 computed shall be reduced by five-twelfths of 1 percent for each
101 complete month by which the early retirement date precedes the
102 normal retirement date of age 65 for a member of the Regular
103 Class, Senior Management Service Class, or the Elected Officers'
104 Class, ~~and age 60 for a member of the Special Risk Class, or age~~
105 ~~57 if a special risk member has completed 30 years of creditable~~
106 ~~service in accordance with s. 121.021(29)(b)2.c.~~

107 (b) If the employment of a member is terminated by reason
108 of death within 10 years before normal retirement as described
109 in s. 121.021(29)(a)1.b. or s. 121.021(29)(a)2.b., the monthly
110 benefit payable to the member's beneficiary shall be calculated
111 in accordance with subsection (1), but must be based on average
112 monthly compensation and creditable service as of the date of
113 death. The benefit so computed shall be reduced by five-twelfths
114 of 1 percent for each complete month by which death precedes the
115 normal retirement date specified above or the date on which the
116 member would have attained the normal retirement date had he or

21-00298A-23

2023224__

117 she survived and continued his or her employment, whichever
118 provides a higher benefit.

119 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
120 subject to this section, the Deferred Retirement Option Program,
121 hereinafter referred to as DROP, is a program under which an
122 eligible member of the Florida Retirement System may elect to
123 participate, deferring receipt of retirement benefits while
124 continuing employment with his or her Florida Retirement System
125 employer. The deferred monthly benefits shall accrue in the
126 Florida Retirement System on behalf of the member, plus interest
127 compounded monthly, for the specified period of the DROP
128 participation, as provided in paragraph (c). Upon termination of
129 employment, the member shall receive the total DROP benefits and
130 begin to receive the previously determined normal retirement
131 benefits. Participation in the DROP does not guarantee
132 employment for the specified period of DROP. Participation in
133 DROP by an eligible member beyond the initial 60-month period as
134 authorized in this subsection shall be on an annual contractual
135 basis for all participants.

136 (a) *Eligibility of member to participate in DROP.*—All
137 active Florida Retirement System members in a regularly
138 established position, and all active members of the Teachers'
139 Retirement System established in chapter 238 or the State and
140 County Officers' and Employees' Retirement System established in
141 chapter 122, which are consolidated within the Florida
142 Retirement System under s. 121.011, are eligible to elect
143 participation in DROP if:

144 1. The member is not a renewed member under s. 121.122 or a
145 member of the State Community College System Optional Retirement

21-00298A-23

2023224__

146 Program under s. 121.051, the Senior Management Service Optional
147 Annuity Program under s. 121.055, or the optional retirement
148 program for the State University System under s. 121.35.

149 2. Except as provided in subparagraph 6., for all Special
150 Risk Class members and Regular Class, Senior Management Service
151 Class, or Elected Officers' Class members initially enrolled
152 before July 1, 2011, election to participate is made within 12
153 months immediately following the date on which the member first
154 reaches normal retirement date, or, for a member who reaches
155 normal retirement date based on service before he or she reaches
156 age 62, or age 55 for Special Risk Class members, election to
157 participate may be deferred to the 12 months immediately
158 following the date the member attains age 57, or age 52 for
159 Special Risk Class members. Except as provided in subparagraph
160 6., for Regular Class, Senior Management Service Class, or
161 Elected Officers' Class members initially enrolled on or after
162 July 1, 2011, election to participate is made within 12 months
163 immediately following the date on which the member first reaches
164 normal retirement date, or, for a member who reaches normal
165 retirement date based on service before he or she reaches age
166 ~~65, or age 60 for Special Risk Class members~~, election to
167 participate may be deferred to the 12 months immediately
168 following the date the member attains age ~~60, or age 55 for~~
169 ~~Special Risk Class members~~. A member who delays DROP
170 participation during the 12-month period immediately following
171 his or her maximum DROP deferral date, except as provided in
172 subparagraph 6., loses a month of DROP participation for each
173 month delayed. A member who fails to make an election within the
174 12-month limitation period forfeits all rights to participate in

21-00298A-23

2023224__

175 DROP. The member shall advise his or her employer and the
176 division in writing of the date DROP begins. The beginning date
177 may be subsequent to the 12-month election period but must be
178 within the original 60-month participation period provided in
179 subparagraph (b)1. When establishing eligibility to participate
180 in DROP, the member may elect to include or exclude any optional
181 service credit purchased by the member from the total service
182 used to establish the normal retirement date. A member who has
183 dual normal retirement dates is eligible to elect to participate
184 in DROP after attaining normal retirement date in either class.

185 3. The employer of a member electing to participate in
186 DROP, or employers if dually employed, shall acknowledge in
187 writing to the division the date the member's participation in
188 DROP begins and the date the member's employment and DROP
189 participation terminates.

190 4. Simultaneous employment of a member by additional
191 Florida Retirement System employers subsequent to the
192 commencement of a member's participation in DROP is permissible
193 if such employers acknowledge in writing a DROP termination date
194 no later than the member's existing termination date or the
195 maximum participation period provided in subparagraph (b)1.

196 5. A member may change employers while participating in
197 DROP, subject to the following:

198 a. A change of employment takes place without a break in
199 service so that the member receives salary for each month of
200 continuous DROP participation. If a member receives no salary
201 during a month, DROP participation ceases unless the employer
202 verifies a continuation of the employment relationship for such
203 member pursuant to s. 121.021(39) (b).

21-00298A-23

2023224__

204 b. The member and new employer notify the division of the
205 identity of the new employer on forms required by the division.

206 c. The new employer acknowledges, in writing, the member's
207 DROP termination date, which may be extended but not beyond the
208 maximum participation period provided in subparagraph (b)1.,
209 acknowledges liability for any additional retirement
210 contributions and interest required if the member fails to
211 timely terminate employment, and is subject to the adjustment
212 required in sub-subparagraph (c)5.d.

213 6. Effective July 1, 2001, for instructional personnel as
214 defined in s. 1012.01(2), election to participate in DROP may be
215 made at any time following the date on which the member first
216 reaches normal retirement date. The member shall advise his or
217 her employer and the division in writing of the date on which
218 DROP begins. When establishing eligibility of the member to
219 participate in DROP for the 60-month participation period
220 provided in subparagraph (b)1., the member may elect to include
221 or exclude any optional service credit purchased by the member
222 from the total service used to establish the normal retirement
223 date. A member who has dual normal retirement dates is eligible
224 to elect to participate in either class.

225 Section 3. Paragraph (b) of subsection (3) of section
226 121.4501, Florida Statutes, is amended to read:

227 121.4501 Florida Retirement System Investment Plan.—

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

229 (b) Notwithstanding paragraph (a), an eligible employee who
230 elects to participate in, or who defaults into, the investment
231 plan and establishes one or more individual member accounts may
232 elect to transfer to the investment plan a sum representing the

21-00298A-23

2023224__

233 present value of the employee's accumulated benefit obligation
234 under the pension plan, except as provided in paragraph (4) (b).
235 Upon transfer, all service credit earned under the pension plan
236 is nullified for purposes of entitlement to a future benefit
237 under the pension plan. A member may not transfer the
238 accumulated benefit obligation balance from the pension plan
239 after the time period for enrolling in the investment plan has
240 expired.

241 1. For purposes of this subsection, the present value of
242 the member's accumulated benefit obligation is based upon the
243 member's estimated creditable service and estimated average
244 final compensation under the pension plan, subject to
245 recomputation under subparagraph 2. For state employees, initial
246 estimates shall be based upon creditable service and average
247 final compensation as of midnight on June 30, 2002; for district
248 school board employees, initial estimates shall be based upon
249 creditable service and average final compensation as of midnight
250 on September 30, 2002; and for local government employees,
251 initial estimates shall be based upon creditable service and
252 average final compensation as of midnight on December 31, 2002.
253 The dates specified are the "estimate date" for these employees.
254 The actuarial present value of the employee's accumulated
255 benefit obligation shall be based on the following:

256 a. The discount rate and other relevant actuarial
257 assumptions used to value the Florida Retirement System Trust
258 Fund at the time the amount to be transferred is determined,
259 consistent with the factors provided in sub-subparagraphs b. and
260 c.

261 b. A benefit commencement age, based on the member's

21-00298A-23

2023224__

262 estimated creditable service as of the estimate date.

263 c. Except as provided under sub-subparagraph d., for a
264 member initially enrolled:

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

268 (A) Age 62; or

269 (B) The age the member would attain if the member completed
270 30 years of service with an employer, assuming the member worked
271 continuously from the estimate date, and disregarding any
272 vesting requirement that would otherwise apply under the pension
273 plan.

274 (II) On or after July 1, 2011, the benefit commencement age
275 is the younger of the following, but may not be younger than the
276 member's age as of the estimate date:

277 (A) Age 65; or

278 (B) The age the member would attain if the member completed
279 33 years of service with an employer, assuming the member worked
280 continuously from the estimate date, and disregarding any
281 vesting requirement that would otherwise apply under the pension
282 plan.

283 d. For members of the Special Risk Class and for members of
284 the Special Risk Administrative Support Class entitled to retain
285 the special risk normal retirement date:

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

289 (I) ~~(A)~~ Age 55; or

290 (II) ~~(B)~~ The age the member would attain if the member

21-00298A-23

2023224__

291 completed 25 years of service with an employer, assuming the
292 member worked continuously from the estimate date, and
293 disregarding any vesting requirement that would otherwise apply
294 under the pension plan.

295 ~~(II) Initially enrolled on or after July 1, 2011, the~~
296 ~~benefit commencement age is the younger of the following, but~~
297 ~~may not be younger than the member's age as of the estimate~~
298 ~~date:~~

299 ~~(A) Age 60; or~~

300 ~~(B) The age the member would attain if the member completed~~
301 ~~30 years of service with an employer, assuming the member worked~~
302 ~~continuously from the estimate date, and disregarding any~~
303 ~~vesting requirement that would otherwise apply under the pension~~
304 ~~plan.~~

305 e. The calculation must disregard vesting requirements and
306 early retirement reduction factors that would otherwise apply
307 under the pension plan.

308 2. For each member who elects to transfer moneys from the
309 pension plan to his or her account in the investment plan, the
310 division shall recompute the amount transferred under
311 subparagraph 1. within 60 days after the actual transfer of
312 funds based upon the member's actual creditable service and
313 actual final average compensation as of the initial date of
314 participation in the investment plan. If the recomputed amount
315 differs from the amount transferred by \$10 or more, the division
316 shall:

317 a. Transfer, or cause to be transferred, from the Florida
318 Retirement System Trust Fund to the member's account the excess,
319 if any, of the recomputed amount over the previously transferred

21-00298A-23

2023224__

320 amount together with interest from the initial date of transfer
321 to the date of transfer under this subparagraph, based upon the
322 effective annual interest equal to the assumed return on the
323 actuarial investment which was used in the most recent actuarial
324 valuation of the system, compounded annually.

325 b. Transfer, or cause to be transferred, from the member's
326 account to the Florida Retirement System Trust Fund the excess,
327 if any, of the previously transferred amount over the recomputed
328 amount, together with interest from the initial date of transfer
329 to the date of transfer under this subparagraph, based upon 6
330 percent effective annual interest, compounded annually, pro rata
331 based on the member's allocation plan.

332 3. If contribution adjustments are made as a result of
333 employer errors or corrections, including plan corrections,
334 following recomputation of the amount transferred under
335 subparagraph 1., the member is entitled to the additional
336 contributions or is responsible for returning any excess
337 contributions resulting from the correction. However, a return
338 of such erroneous excess pretax contribution by the plan must be
339 made within the period allowed by the Internal Revenue Service.
340 The present value of the member's accumulated benefit obligation
341 may not be recalculated.

342 4. As directed by the member, the state board shall
343 transfer or cause to be transferred the appropriate amounts to
344 the designated accounts within 30 days after the effective date
345 of the member's participation in the investment plan unless the
346 major financial markets for securities available for a transfer
347 are seriously disrupted by an unforeseen event that causes the
348 suspension of trading on a national securities exchange in the

21-00298A-23

2023224__

349 country where the securities were issued. In that event, the 30-
350 day period may be extended by a resolution of the state board.
351 Transfers are not commissionable or subject to other fees and
352 may be in the form of securities or cash, as determined by the
353 state board. Such securities are valued as of the date of
354 receipt in the member's account.

355 5. If the state board or the division receives notification
356 from the United States Internal Revenue Service that this
357 paragraph or any portion of this paragraph will cause the
358 retirement system, or a portion thereof, to be disqualified for
359 tax purposes under the Internal Revenue Code, the portion that
360 will cause the disqualification does not apply. Upon such
361 notice, the state board and the division shall notify the
362 presiding officers of the Legislature.

363 Section 4. The Legislature finds that a proper and
364 legitimate state purpose is served when employees and retirees
365 of the state and its political subdivisions, and the dependents,
366 survivors, and beneficiaries of such employees and retirees, are
367 extended the basic protections afforded by governmental
368 retirement systems that provide fair and adequate benefits and
369 that are managed, administered, and funded in an actuarially
370 sound manner as required by s. 14, Article X of the State
371 Constitution and part VII of chapter 112, Florida Statutes.
372 Therefore, the Legislature determines and declares that this act
373 fulfills an important state interest.

374 Section 5. This act shall take effect July 1, 2023.