

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; authorizing certain members of the
 9 Special Risk Class to elect Deferred Retirement Option
 10 Program participation within a specified time period;
 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:

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 16 Section 1. Paragraph (b) of subsection (29) of section
 17 121.021, Florida Statutes, is amended to read:

18 121.021 Definitions.—The following words and phrases as
 19 used in this chapter have the respective meanings set forth
 20 unless a different meaning is plainly required by the context:

21 (29) "Normal retirement date" means the date a member
 22 attains normal retirement age and is vested, which is determined
 23 as follows:

24 (b) For ~~If~~ a Special Risk Class members ~~member~~ initially
 25 enrolled:

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

27 1.a. The first day of the month the member attains age 55

28 and completes the years of creditable service in the Special

29 Risk Class equal to or greater than the years of service

30 required for vesting;

31 2.b. The first day of the month following the date the

32 member completes 25 years of creditable service in the Special

33 Risk Class, regardless of age; or

34 3.e. The first day of the month following the date the

35 member completes 25 years of creditable service and attains age

36 52, which service may include a maximum of 4 years of military

37 service credit if such credit is not claimed under any other

38 system and the remaining years are in the Special Risk Class.

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

40 ~~a. The first day of the month the member attains age 60~~

41 ~~and completes the years of creditable service in the Special~~

42 ~~Risk Class equal to or greater than the years of service~~

43 ~~required for vesting;~~

44 ~~b. The first day of the month following the date the~~

45 ~~member completes 30 years of creditable service in the Special~~

46 ~~Risk Class, regardless of age; or~~

47 ~~e. The first day of the month following the date the~~

48 ~~member completes 30 years of creditable service and attains age~~

49 ~~57, which service may include a maximum of 4 years of military~~

50 ~~service credit if such credit is not claimed under any other~~

51 ~~system and the remaining years are in the Special Risk Class.~~

52

53 For pension plan members, normal retirement age is attained on
54 the normal retirement date. For investment plan members, normal
55 retirement age is the date a member attains his or her normal
56 retirement date as provided in this section, or the date a
57 member is vested under the investment plan as provided in s.
58 121.4501(6), whichever is later.

59 Section 2. Subsection (3) and paragraph (a) of subsection
60 (13) of section 121.091, Florida Statutes, are amended to read:

61 121.091 Benefits payable under the system.—Benefits may
62 not be paid under this section unless the member has terminated
63 employment as provided in s. 121.021(39) (a) or begun
64 participation in the Deferred Retirement Option Program as
65 provided in subsection (13), and a proper application has been
66 filed in the manner prescribed by the department. The department
67 may cancel an application for retirement benefits when the
68 member or beneficiary fails to timely provide the information
69 and documents required by this chapter and the department's
70 rules. The department shall adopt rules establishing procedures
71 for application for retirement benefits and for the cancellation
72 of such application when the required information or documents
73 are not received.

74 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
75 her early retirement date, the member shall receive an immediate

76 monthly benefit that shall begin to accrue on the first day of
 77 the month of the retirement date and be payable on the last day
 78 of that month and each month thereafter during his or her
 79 lifetime. Such benefit shall be calculated as follows:

80 (a)1. For all special risk class members or a member of
 81 the Regular Class, Senior Management Service Class, or the
 82 Elected Officers' Class initially enrolled~~+~~

83 ~~1.~~ before July 1, 2011, the amount of each monthly payment
 84 shall be computed in the same manner as for a normal retirement
 85 benefit, in accordance with subsection (1), but shall be based
 86 on the member's average monthly compensation and creditable
 87 service as of the member's early retirement date. The benefit so
 88 computed shall be reduced by five-twelfths of 1 percent for each
 89 complete month by which the early retirement date precedes the
 90 normal retirement date of age 62 for a member of the Regular
 91 Class, Senior Management Service Class, or the Elected Officers'
 92 Class, and age 55 for a member of the Special Risk Class, or age
 93 52 if a Special Risk member has completed 25 years of creditable
 94 service in accordance with s. 121.021(29)(b)3. ~~s.~~
 95 ~~121.021(29)(b)1.e.~~

96 2. For a member of the Regular Class, Senior Management
 97 Service Class, or the Elected Officers' Class initially enrolled
 98 on or after July 1, 2011, the amount of each monthly payment
 99 shall be computed in the same manner as for a normal retirement
 100 benefit, in accordance with subsection (1), but shall be based

101 on the member's average monthly compensation and creditable
102 service as of the member's early retirement date. The benefit so
103 computed shall be reduced by five-twelfths of 1 percent for each
104 complete month by which the early retirement date precedes the
105 normal retirement date of age 65 for a member of the Regular
106 Class, Senior Management Service Class, or the Elected Officers'
107 Class, ~~and age 60 for a member of the Special Risk Class, or age~~
108 ~~57 if a special risk member has completed 30 years of creditable~~
109 ~~service in accordance with s. 121.021(29)(b)2.c.~~

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

122 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
123 subject to this section, the Deferred Retirement Option Program,
124 hereinafter referred to as DROP, is a program under which an
125 eligible member of the Florida Retirement System may elect to

126 participate, deferring receipt of retirement benefits while
127 continuing employment with his or her Florida Retirement System
128 employer. The deferred monthly benefits shall accrue in the
129 Florida Retirement System on behalf of the member, plus interest
130 compounded monthly, for the specified period of the DROP
131 participation, as provided in paragraph (c). Upon termination of
132 employment, the member shall receive the total DROP benefits and
133 begin to receive the previously determined normal retirement
134 benefits. Participation in the DROP does not guarantee
135 employment for the specified period of DROP. Participation in
136 DROP by an eligible member beyond the initial 60-month period as
137 authorized in this subsection shall be on an annual contractual
138 basis for all participants.

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

147 1. The member is not a renewed member under s. 121.122 or
148 a member of the State Community College System Optional
149 Retirement Program under s. 121.051, the Senior Management
150 Service Optional Annuity Program under s. 121.055, or the

151 optional retirement program for the State University System
152 under s. 121.35.

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

176 subparagraph 6., loses a month of DROP participation for each
177 month delayed. A member who fails to make an election within the
178 12-month limitation period forfeits all rights to participate in
179 DROP. The member shall advise his or her employer and the
180 division in writing of the date DROP begins. The beginning date
181 may be subsequent to the 12-month election period but must be
182 within the original 60-month participation period provided in
183 subparagraph (b)1. When establishing eligibility to participate
184 in DROP, the member may elect to include or exclude any optional
185 service credit purchased by the member from the total service
186 used to establish the normal retirement date. A member who has
187 dual normal retirement dates is eligible to elect to participate
188 in DROP after attaining normal retirement date in either class.

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

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

200 5. A member may change employers while participating in

201 DROP, subject to the following:

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

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

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

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

226 | from the total service used to establish the normal retirement
 227 | date. A member who has dual normal retirement dates is eligible
 228 | to elect to participate in either class.

229 | Section 3. Paragraph (b) of subsection (3) of section
 230 | 121.4501, Florida Statutes, is amended to read:

231 | 121.4501 Florida Retirement System Investment Plan.—

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

233 | (b) Notwithstanding paragraph (a), an eligible employee
 234 | who elects to participate in, or who defaults into, the
 235 | investment plan and establishes one or more individual member
 236 | accounts may elect to transfer to the investment plan a sum
 237 | representing the present value of the employee's accumulated
 238 | benefit obligation under the pension plan, except as provided in
 239 | paragraph (4)(b). Upon transfer, all service credit earned under
 240 | the pension plan is nullified for purposes of entitlement to a
 241 | future benefit under the pension plan. A member may not transfer
 242 | the accumulated benefit obligation balance from the pension plan
 243 | after the time period for enrolling in the investment plan has
 244 | expired.

245 | 1. For purposes of this subsection, the present value of
 246 | the member's accumulated benefit obligation is based upon the
 247 | member's estimated creditable service and estimated average
 248 | final compensation under the pension plan, subject to
 249 | recomputation under subparagraph 2. For state employees, initial
 250 | estimates shall be based upon creditable service and average

251 final compensation as of midnight on June 30, 2002; for district
252 school board employees, initial estimates shall be based upon
253 creditable service and average final compensation as of midnight
254 on September 30, 2002; and for local government employees,
255 initial estimates shall be based upon creditable service and
256 average final compensation as of midnight on December 31, 2002.
257 The dates specified are the "estimate date" for these employees.

258 The actuarial present value of the employee's accumulated
259 benefit obligation shall be based on the following:

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

265 b. A benefit commencement age, based on the member's
266 estimated creditable service as of the estimate date.

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

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

272 (A) Age 62; or

273 (B) The age the member would attain if the member
274 completed 30 years of service with an employer, assuming the
275 member worked continuously from the estimate date, and

276 | disregarding any vesting requirement that would otherwise apply
 277 | under the pension plan.

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

281 | (A) Age 65; or

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

287 | d. For members of the Special Risk Class and for members
 288 | of the Special Risk Administrative Support Class entitled to
 289 | retain the special risk normal retirement date:

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

293 | (I)(A) Age 55; or

294 | (II)(B) The age the member would attain if the member
 295 | completed 25 years of service with an employer, assuming the
 296 | member worked continuously from the estimate date, and
 297 | disregarding any vesting requirement that would otherwise apply
 298 | under the pension plan.

299 | ~~(II) Initially enrolled on or after July 1, 2011, the~~
 300 | ~~benefit commencement age is the younger of the following, but~~

301 ~~may not be younger than the member's age as of the estimate~~
 302 ~~date:~~

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

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

309 e. The calculation must disregard vesting requirements and
 310 early retirement reduction factors that would otherwise apply
 311 under the pension plan.

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

321 a. Transfer, or cause to be transferred, from the Florida
 322 Retirement System Trust Fund to the member's account the excess,
 323 if any, of the recomputed amount over the previously transferred
 324 amount together with interest from the initial date of transfer
 325 to the date of transfer under this subparagraph, based upon the

326 effective annual interest equal to the assumed return on the
327 actuarial investment which was used in the most recent actuarial
328 valuation of the system, compounded annually.

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

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

346 4. As directed by the member, the state board shall
347 transfer or cause to be transferred the appropriate amounts to
348 the designated accounts within 30 days after the effective date
349 of the member's participation in the investment plan unless the
350 major financial markets for securities available for a transfer

351 are seriously disrupted by an unforeseen event that causes the
352 suspension of trading on a national securities exchange in the
353 country where the securities were issued. In that event, the 30-
354 day period may be extended by a resolution of the state board.
355 Transfers are not commissionable or subject to other fees and
356 may be in the form of securities or cash, as determined by the
357 state board. Such securities are valued as of the date of
358 receipt in the member's account.

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

367 Section 4. Members of the Special Risk Class of the
368 Florida Retirement System who have not reached eligibility for
369 participation in the Deferred Retirement Option Program (DROP)
370 and who would be past their 12-month DROP election limitation
371 period upon enactment of this act may apply for participation in
372 DROP within the 12 months immediately following the effective
373 date of this act.

374 Section 5. The Legislature finds that a proper and
375 legitimate state purpose is served when employees and retirees

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376 of the state and its political subdivisions, and the dependents,
377 survivors, and beneficiaries of such employees and retirees, are
378 extended the basic protections afforded by governmental
379 retirement systems that provide fair and adequate benefits and
380 that are managed, administered, and funded in an actuarially
381 sound manner as required by s. 14, Art. X of the State
382 Constitution and part VII of chapter 112, Florida Statutes.
383 Therefore, the Legislature determines and declares that this act
384 fulfills an important state interest.

385 Section 6. This act shall take effect July 1, 2023.