

By the Committees on Appropriations; and Governmental Oversight and Accountability

576-03179-23

20237024c1

1 A bill to be entitled
2 An act relating to retirement; amending s. 112.363,
3 F.S.; providing that eligible retirees of the Florida
4 Retirement System pension plan must receive a certain
5 monthly retiree health insurance subsidy payment,
6 beginning on a specified date; specifying how such
7 payment is to be calculated; providing construction;
8 providing that eligible members of the Florida
9 Retirement System investment plan must receive a
10 certain monthly retiree health insurance subsidy
11 payment; specifying how such payment is to be
12 calculated; specifying that the member's spouse at the
13 time of the member's death is the member's
14 beneficiary; providing an exception; requiring the
15 employer of members of a state-administered retirement
16 plan to contribute a certain percentage of gross
17 compensation each pay period, beginning on a specified
18 date; amending ss. 121.052, 121.055, and 121.071,
19 F.S.; revising the employer contribution rates for the
20 retiree health insurance subsidy; amending s. 121.71,
21 F.S.; revising required employer retirement
22 contribution rates for each membership class and
23 subclass of the Florida Retirement System; providing a
24 declaration of important state interest; providing an
25 effective date.

26
27 Be It Enacted by the Legislature of the State of Florida:

28
29 Section 1. Paragraph (f) is added to subsection (3) of

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30 section 112.363, Florida Statutes, and paragraph (j) is added to
31 subsection (8) of that section, to read:

32 112.363 Retiree health insurance subsidy.—

33 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.—

34 (f)1. Beginning July 1, 2023, each eligible retiree of the
35 pension plan of the Florida Retirement System, or, if the
36 retiree is deceased, his or her beneficiary who is receiving a
37 monthly benefit from such retiree's account and who is a spouse,
38 or a person who meets the definition of joint annuitant in s.
39 121.021, shall receive a monthly retiree health insurance
40 subsidy payment equal to the number of years of creditable
41 service, as defined in s. 121.021, completed at the time of
42 retirement multiplied by \$7.50; however, an eligible retiree or
43 beneficiary may not receive a subsidy payment of more than \$225
44 or less than \$45. If there are multiple beneficiaries, the total
45 payment may not be greater than the payment to which the retiree
46 was entitled. The health insurance subsidy amount payable to any
47 person receiving the retiree health insurance subsidy payment on
48 July 1, 2023, may not be reduced solely by operation of this
49 subparagraph.

50 2. Beginning July 1, 2023, each eligible member of the
51 investment plan of the Florida Retirement System who has met the
52 requirements of this section, or, if the member is deceased, his
53 or her spouse who is the member's designated beneficiary, shall
54 receive a monthly retiree health insurance subsidy payment equal
55 to the number of years of creditable service, as provided in
56 this subparagraph, completed at the time of retirement,
57 multiplied by \$7.50; however, an eligible retiree or beneficiary
58 may not receive a subsidy payment of more than \$225 or less than

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59 \$45. For purposes of determining a member's creditable service
60 used to calculate the health insurance subsidy, a member's years
61 of service credit or fraction thereof must be based on the
62 member's work year as defined in s. 121.021(54). Credit must be
63 awarded for a full work year if health insurance subsidy
64 contributions have been made for each month in the member's work
65 year. In addition, all years of creditable service retained
66 under the Florida Retirement System Pension Plan must be
67 included as creditable service for purposes of this section.
68 Notwithstanding this section, the spouse at the time of death is
69 the member's beneficiary unless such member has designated a
70 different beneficiary subsequent to the member's most recent
71 marriage.

72 (8) CONTRIBUTIONS.—For purposes of funding the insurance
73 subsidy provided by this section:

74 (j) Beginning July 1, 2023, the employer of each member of
75 a state-administered retirement plan shall contribute 2.00
76 percent of gross compensation each pay period.

77
78 Such contributions shall be submitted to the Department of
79 Management Services and deposited in the Retiree Health
80 Insurance Subsidy Trust Fund.

81 Section 2. Paragraph (d) of subsection (7) of section
82 121.052, Florida Statutes, is amended to read:

83 121.052 Membership class of elected officers.—

84 (7) CONTRIBUTIONS.—

85 (d) The following table states the required employer
86 contribution on behalf of each member of the Elected Officers'
87 Class in terms of a percentage of the member's gross

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88 compensation. Such contribution constitutes the entire health
 89 insurance subsidy contribution with respect to each such member.
 90 A change in the contribution rate is effective with the first
 91 salary paid on or after the beginning date of the change. The
 92 retiree health insurance subsidy contribution rate is as
 93 follows:

94

Dates of Contribution Rate Changes	Contribution Rate
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95

96

October 1, 1987, through December 31, 1988	0.24%
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97

January 1, 1989, through December 31, 1993	0.48%
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98

January 1, 1994, through December 31, 1994	0.56%
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99

January 1, 1995, through June 30, 1998	0.66%
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100

July 1, 1998, through June 30, 2001	0.94%
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101

July 1, 2001, through June 30, 2013	1.11%
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July 1, 2013, through June 30, 2014	1.20%
July 1, 2014, through June 30, 2015	1.26%
Effective July 1, 2015, <u>through June 30, 2023</u>	1.66%
<u>Effective July 1, 2023</u>	<u>2.00%</u>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 3. Paragraph (d) of subsection (3) of section 121.055, Florida Statutes, is amended to read:

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

(3)

(d) The following table states the required employer contribution on behalf of each member of the Senior Management

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123 Service Class in terms of a percentage of the member's gross
 124 compensation. Such contribution constitutes the entire health
 125 insurance subsidy contribution with respect to each such member.
 126 A change in the contribution rate is effective with the first
 127 salary paid on or after the beginning date of the change. The
 128 retiree health insurance subsidy contribution rate is as
 129 follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30,	1.11%

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2013

138

July 1, 2013, through June 30,

2014

1.20%

139

July 1, 2014, through June 30,

2015

1.26%

140

141

~~Effective~~ July 1, 2015, through

June 30, 2023

1.66%

142

Effective July 1, 2023

2.00%

143

144

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 4. Subsection (4) of section 121.071, Florida Statutes, is amended to read:

121.071 Contributions.—Contributions to the system shall be made as follows:

(4) The following table states the required employer contribution on behalf of each member of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class in terms of a percentage of the member's gross compensation.

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158 Such contribution constitutes the entire health insurance
 159 subsidy contribution with respect to each such member. A change
 160 in the contribution rate is effective with the first salary paid
 161 on or after the beginning date of the change. The retiree health
 162 insurance subsidy contribution rate is as follows:

163	Dates of Contribution Rate Changes	Contribution Rate
164		
165	October 1, 1987, through December 31, 1988	0.24%
166	January 1, 1989, through December 31, 1993	0.48%
167	January 1, 1994, through December 31, 1994	0.56%
168	January 1, 1995, through June 30, 1998	0.66%
169	July 1, 1998, through June 30, 2001	0.94%
170	July 1, 2001, through June 30, 2013	1.11%
171		

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July 1, 2013, through June 30,
2014 1.20%

172

July 1, 2014, through June 30,
2015 1.26%

173

174

Effective July 1, 2015,
through June 30, 2023 1.66%

175

Effective July 1, 2023 2.00%

176

177

Such contributions shall be deposited by the administrator in
the Retiree Health Insurance Subsidy Trust Fund.

Section 5. Subsections (4) and (5) of section 121.71,

Florida Statutes, are amended to read:

121.71 Uniform rates; process; calculations; levy.—

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

186

	Percentage of Gross Compensation, Effective July 1, <u>2023</u> 2022
Membership Class	

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188

Regular Class 6.14% ~~5.96%~~

189

Special Risk Class 17.05% ~~16.44%~~

190

Special Risk
Administrative
Support Class 10.75% ~~10.77%~~

191

Elected Officers' Class—
Legislators, Governor,
Lt. Governor,
Cabinet Officers,
State Attorneys,
Public Defenders 9.69% ~~9.31%~~

192

Elected Officers' Class—
Justices, Judges 14.64% ~~14.41%~~

193

Elected Officers' Class—
County Elected Officers 11.74% ~~11.30%~~

194

Senior Management Service
Class 7.90% ~~7.70%~~

195

DROP 8.18% ~~7.79%~~

196

197 (5) In order to address unfunded actuarial liabilities of

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198 the system, the required employer retirement contribution rates
 199 for each membership class and subclass of the Florida Retirement
 200 System for both retirement plans are as follows:
 201

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2023</u> 2022
Regular Class	<u>4.72%</u> 4.23%
Special Risk Class	<u>10.83%</u> 9.67%
Special Risk Administrative Support Class	<u>25.02%</u> 26.16%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>49.85%</u> 56.76%
Elected Officers' Class— Justices, Judges	<u>27.63%</u> 27.64%

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208

Elected Officers' Class-

County Elected Officers 44.04% ~~43.98%~~

209

Senior Management Service

Class 23.61% ~~22.15%~~

210

DROP 10.01% ~~9.15%~~

211

212 Section 6. The Legislature finds that a proper and
 213 legitimate state purpose is served when employees, officers, and
 214 retirees of the state and its political subdivisions, and the
 215 dependents, survivors, and beneficiaries of such employees,
 216 officers, and retirees, are extended the basic protections
 217 afforded by governmental retirement systems. These persons must
 218 be provided benefits that are fair and adequate and that are
 219 managed, administered, and funded in an actuarially sound manner
 220 as required by s. 14, Article X of the State Constitution and
 221 part VII of chapter 112, Florida Statutes. Therefore, the
 222 Legislature determines and declares that this act fulfills an
 223 important state interest.

224

Section 7. This act shall take effect July 1, 2023.