

By Senator Rodriguez

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1 A bill to be entitled
2 An act relating to pension plan election under the
3 Florida Retirement System; amending s. 121.4501, F.S.;
4 authorizing certain eligible employees participating
5 in the Florida Retirement System to make a second
6 election to move back to the pension plan; requiring
7 the Division of Retirement to notify employees
8 eligible to make such election by a specified date;
9 providing requirements for such election; providing
10 that the cost of such election is deferred until the
11 member's retirement; authorizing that such cost be
12 amortized over a certain period of time; prohibiting
13 such cost from exceeding a specified percentage of the
14 member's retirement benefits; conforming cross-
15 references; amending s. 121.122, F.S.; conforming
16 cross-references; providing an effective date.

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18 Be It Enacted by the Legislature of the State of Florida:

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20 Section 1. Paragraphs (a) and (b) of subsection (4) of
21 section 121.4501, Florida Statutes, are amended, and paragraph
22 (g) is added to that subsection, to read:

23 121.4501 Florida Retirement System Investment Plan.—

24 (4) PARTICIPATION; ENROLLMENT.—

25 (a)1. Effective June 1, 2002, through February 28, 2003, a
26 90-day election period was provided to each eligible employee
27 participating in the Florida Retirement System, preceded by a
28 90-day education period, permitting each eligible employee to
29 elect membership in the investment plan. An employee who failed

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30 to elect the investment plan during the election period remained
31 in the pension plan. An eligible employee who was employed in a
32 regularly established position during the election period was
33 granted the option to make one subsequent election, as provided
34 in paragraphs (f) and (g) ~~paragraph (f)~~. With respect to an
35 eligible employee who did not participate in the initial
36 election period or who is initially employed in a regularly
37 established position after the close of the initial election
38 period but before January 1, 2018, such employee shall, by
39 default, be enrolled in the pension plan at the commencement of
40 employment and may, by the last business day of the 5th month
41 following the employee's month of hire, elect to participate in
42 the investment plan. The employee's election must be made in
43 writing or by electronic means and must be filed with the third-
44 party administrator. The election to participate in the
45 investment plan is irrevocable, except as provided in paragraphs
46 (f) and (g) ~~paragraph (f)~~.

47 a. If the employee files such election within the
48 prescribed time period, enrollment in the investment plan is
49 effective on the first day of employment. The retirement
50 contributions paid through the month of the employee plan change
51 shall be transferred to the investment program, and, effective
52 the first day of the next month, the employer and employee must
53 pay the applicable contributions based on the employee
54 membership class in the program.

55 b. An employee who fails to elect to participate in the
56 investment plan within the prescribed time period is deemed to
57 have elected to retain membership in the pension plan, and the
58 employee's option to elect to participate in the investment plan

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59 is forfeited.

60 2. With respect to employees who become eligible to
61 participate in the investment plan pursuant to s.
62 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
63 participate in the investment plan in lieu of retaining his or
64 her membership in the State Community College System Optional
65 Retirement Program or the State University System Optional
66 Retirement Program. The election must be made in writing or by
67 electronic means and must be filed with the third-party
68 administrator. This election is irrevocable, except as provided
69 in paragraphs (f) and (g) ~~paragraph (f)~~. Upon making such
70 election, the employee shall be enrolled as a member in the
71 investment plan, the employee's membership in the Florida
72 Retirement System is governed by the provisions of this part,
73 and the employee's participation in the State Community College
74 System Optional Retirement Program or the State University
75 System Optional Retirement Program terminates. The employee's
76 enrollment in the investment plan is effective on the first day
77 of the month for which a full month's employer and employee
78 contribution is made to the investment plan.

79 (b)1. With respect to employees who become eligible to
80 participate in the investment plan by reason of employment in a
81 regularly established position commencing on or after January 1,
82 2018, or who did not complete an election window before January
83 1, 2018, any such employee shall be enrolled in the pension plan
84 at the commencement of employment and may, by the last business
85 day of the eighth month following the employee's month of hire,
86 elect to participate in the pension plan or the investment plan.
87 Eligible employees may make a plan election only if they are

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88 earning service credit in an employer-employee relationship
89 consistent with s. 121.021(17) (b), excluding leaves of absence
90 without pay.

91 2. The employee's election must be made in writing or by
92 electronic means and must be filed with the third-party
93 administrator. The election to participate in the pension plan
94 or investment plan is irrevocable, except as provided in
95 paragraphs (f) and (g) ~~paragraph (f)~~.

96 3.a. Except as provided in subparagraph 4., if the employee
97 fails to make an election to either the pension plan or the
98 investment plan during the 8-month period following the month of
99 hire, the employee is deemed to have elected the investment plan
100 and shall default into the investment plan retroactively to the
101 employee's date of employment. The employee's option to
102 participate in the pension plan is forfeited, except as provided
103 in paragraphs (f) and (g) ~~paragraph (f)~~.

104 b. The amount of the employee and employer contributions
105 paid through the date of default to the investment plan shall be
106 transferred to the investment plan and shall be placed in a
107 default fund as designated by the State Board of Administration.
108 The employee may move the contributions once an account is
109 activated in the investment plan.

110 4. If the employee is employed in a position included in
111 the Special Risk Class and fails to make an election to either
112 the pension plan or the investment plan during the 8-month
113 period following the month of hire, the employee is deemed to
114 have elected the pension plan and shall default into the pension
115 plan retroactively to the employee's date of employment. The
116 employee's option to participate in the investment plan is

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117 forfeited, except as provided in paragraphs (f) and (g)
118 ~~paragraph (f)~~.

119 5. Effective the first day of the month after an eligible
120 employee makes a plan election of the pension plan or investment
121 plan, or the first day of the month after default, the employee
122 and employer shall pay the applicable contributions based on the
123 employee membership class in the program.

124 (g) Effective July 1, 2024, an eligible employee
125 participating in the Florida Retirement System who was enrolled
126 in the pension plan before 2002 and who moved to the investment
127 plan under paragraph (f) may choose to move back to the pension
128 plan while deferring the cost until retirement.

129 1. Eligible employees may elect to move back to the pension
130 plan under this paragraph only if they are earning service
131 credit in an employer-employee relationship consistent with s.
132 121.021(17)(b), excluding leaves of absence without pay.

133 2. The division shall notify employees who qualify under
134 this paragraph no later than July 30, 2024.

135 3. The election to move back to the pension plan must be
136 made in writing and filed with the third-party administrator
137 within 90 days after an eligible employee receives notice from
138 the division under subparagraph 2. Such elections are effective
139 on the first day of the month after the receipt of the election
140 by the third-party administrator.

141 4. The cost of moving back to the pension plan under this
142 paragraph is deferred until the member's retirement. If a member
143 is unable to pay the deferred cost, or the member terminates his
144 or her employment before retirement, such cost must be amortized
145 over a period of 10 years beginning in the year of the member's

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146 retirement, not to exceed 25 percent of the member's retirement
147 benefits.

148 Section 2. Paragraph (j) of subsection (3), paragraph (e)
149 of subsection (4), and paragraph (e) of subsection (5) of
150 section 121.122, Florida Statutes, are amended to read:

151 121.122 Renewed membership in system.—

152 (3) A retiree of the investment plan, the State University
153 System Optional Retirement Program, the Senior Management
154 Service Optional Annuity Program, or the State Community College
155 System Optional Retirement Program who is reemployed with a
156 covered employer in a regularly established position on or after
157 July 1, 2017, shall be enrolled as a renewed member of the
158 investment plan unless employed in a position eligible for
159 participation in the State University System Optional Retirement
160 Program as provided in subsection (4) or the State Community
161 College System Optional Retirement Program as provided in
162 subsection (5). The renewed member must satisfy the vesting
163 requirements and other provisions of this chapter.

164 (j) Notwithstanding s. 121.4501(4)(f) and (g) ~~s.~~
165 121.4501(4)(f), the renewed member is not eligible to elect
166 membership in the pension plan.

167 (4) A retiree of the investment plan, the State University
168 System Optional Retirement Program, the Senior Management
169 Service Optional Annuity Program, or the State Community College
170 System Optional Retirement Program who is reemployed on or after
171 July 1, 2017, in a regularly established position eligible for
172 participation in the State University System Optional Retirement
173 Program shall become a renewed member of the optional retirement
174 program. The renewed member must satisfy the vesting

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175 requirements and other provisions of this chapter. Once
176 enrolled, a renewed member remains enrolled in the optional
177 retirement program while employed in an eligible position for
178 the optional retirement program. If employment in a different
179 covered position results in the renewed member's enrollment in
180 the investment plan, the renewed member is no longer eligible to
181 participate in the optional retirement program unless employed
182 in a mandatory position under s. 121.35.

183 (e) Notwithstanding s. 121.4501(4)(f) and (g) ~~s.~~
184 ~~121.4501(4)(f)~~, the renewed member is not eligible to elect
185 membership in the pension plan.

186 (5) A retiree of the investment plan, the State University
187 System Optional Retirement Program, the Senior Management
188 Service Optional Annuity Program, or the State Community College
189 System Optional Retirement Program who is reemployed on or after
190 July 1, 2017, in a regularly established position eligible for
191 participation in the State Community College System Optional
192 Retirement Program shall become a renewed member of the optional
193 retirement program. The renewed member must satisfy the
194 eligibility requirements of this chapter and s. 1012.875 for the
195 optional retirement program. Once enrolled, a renewed member
196 remains enrolled in the optional retirement program while
197 employed in an eligible position for the optional retirement
198 program. If employment in a different covered position results
199 in the renewed member's enrollment in the investment plan, the
200 renewed member is no longer eligible to participate in the
201 optional retirement program.

202 (e) Notwithstanding s. 121.4501(4)(f) and (g) ~~s.~~
203 ~~121.4501(4)(f)~~, the renewed member is not eligible to elect

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204 membership in the pension plan.

205 Section 3. This act shall take effect July 1, 2024.