

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-01063A-25

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1 A bill to be entitled
2 An act relating to employer contributions to fund
3 retiree benefits; amending s. 121.053, F.S.;
4 authorizing an officer, except while serving as a
5 legislator, to remain in elective office and receive
6 accumulated DROP proceeds after the officer attains a
7 certain age; providing that, upon termination, the
8 officer receives accumulated DROP proceeds including
9 interest earned in accordance with a specified
10 provision; amending s. 121.091, F.S.; requiring the
11 Division of Retirement or the State Board of
12 Administration, as appropriate, to take steps to
13 recoup from the elected officer any DROP proceeds
14 distributed in accordance with a specified provision,
15 under specified circumstances; amending s. 121.71,
16 F.S.; revising required employer retirement
17 contribution rates for each membership class and
18 subclass of the Florida Retirement System; providing a
19 declaration of important state interest; providing an
20 effective date.

21
22 Be It Enacted by the Legislature of the State of Florida:

23
24 Section 1. Subsection (7) of section 121.053, Florida
25 Statutes, is amended to read:

26 121.053 Participation in the Elected Officers' Class for
27 retired members.—

28 (7) A member who is elected or appointed to an elective
29 office and who is participating in the Deferred Retirement

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30 Option Program is not subject to termination as defined in s.
31 121.021, or reemployment limitations as provided in s.
32 121.091(9), until the end of his or her current term of office
33 or, if the officer is consecutively elected or reelected to an
34 elective office eligible for coverage under the Florida
35 Retirement System, until he or she no longer holds an elective
36 office, as follows:

37 (a) At the end of the member's DROP period:

38 1. The officer's DROP account may not accrue additional
39 monthly benefits, but does continue to earn interest as provided
40 in s. 121.091(13). However, an officer whose DROP participation
41 begins on or after July 1, 2010, may not continue to earn such
42 interest.

43 2. Retirement contributions, except for unfunded actuarial
44 liability and health insurance subsidy contributions required in
45 ss. 121.71(5) and 121.76, are not required of the employer of
46 the elected officer, and additional retirement credit may not be
47 earned under the Florida Retirement System.

48 3. The officer, except while serving as a legislator, may
49 remain in elective office and receive his or her accumulated
50 DROP proceeds, including interest earned in accordance with
51 subparagraph 1., after attaining the age of 59 1/2 years.

52 (b) An elected officer may voluntarily terminate his or her
53 elective office at any time and receive his or her DROP
54 proceeds. However, until termination occurs, an elected officer
55 whose termination limitations are extended by this section is
56 ineligible for renewed membership in the system and may not
57 receive pension payments, ~~DROP lump sum payments,~~ or any other
58 state payment other than the statutorily determined salary,

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59 travel, and per diem for the elective office.

60 (c) Upon termination, the officer shall receive his or her
61 accumulated DROP account, including ~~plus~~ interest earned in
62 accordance with subparagraph (a)1., and shall accrue and
63 commence receiving monthly retirement benefits, which must be
64 paid on a prospective basis only.

65 Section 2. Subsection (5) of section 121.091, Florida
66 Statutes, is amended to read:

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

80 (5) TERMINATION BENEFITS.—A member whose employment is
81 terminated prior to retirement retains membership rights to
82 previously earned member-noncontributory service credit, and to
83 member-contributory service credit, if the member leaves the
84 member contributions on deposit in his or her retirement
85 account. If a terminated member receives a refund of member
86 contributions, such member may reinstate membership rights to
87 the previously earned service credit represented by the refund

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88 by completing 1 year of creditable service and repaying the
89 refunded member contributions, plus interest.

90 (a) A member whose employment is terminated for any reason
91 other than death or retirement before becoming vested is
92 entitled to the return of his or her accumulated contributions
93 as of the date of termination. Effective July 1, 2011, upon
94 termination of employment from all participating employers for 3
95 calendar months as defined in s. 121.021(39)(c) for any reason
96 other than retirement, a member may receive a refund of all
97 contributions he or she has made to the pension plan, subject to
98 the restrictions otherwise provided in this chapter. The refund
99 may be received as a lump-sum payment, a rollover to a qualified
100 plan, or a combination of these methods. Partial refunds are not
101 permitted. The refund may not include any interest earnings on
102 the contributions for a member of the pension plan. Employer
103 contributions made on behalf of the member are not refundable. A
104 member may not receive a refund of employee contributions if a
105 pending or an approved qualified domestic relations order is
106 filed against his or her retirement account. By obtaining a
107 refund of contributions, a member waives all rights under the
108 Florida Retirement System and the health insurance subsidy to
109 the service credit represented by the refunded contributions,
110 except the right to purchase his or her prior service credit in
111 accordance with s. 121.081(2).

112 (b) A member whose employment is terminated for any reason
113 other than death or retirement after becoming vested may elect
114 to receive a deferred monthly benefit which shall begin to
115 accrue on the first day of the month of normal or early
116 retirement and shall be payable on the last day of that month

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117 and each month thereafter during his or her lifetime. The amount
118 of monthly benefit shall be computed in the same manner as for a
119 normal retirement benefit in accordance with subsection (1) or
120 early retirement benefit in accordance with s. 121.021(30), but
121 based on average monthly compensation and creditable service as
122 of the date of termination.

123 (c) In lieu of the deferred monthly benefit provided in
124 paragraph (b), the terminated member may elect to receive a
125 lump-sum amount equal to his or her accumulated contributions as
126 of the date of termination. Effective July 1, 2011, upon
127 termination of employment from all participating employers for 3
128 calendar months as defined in s. 121.021(39)(c) for any reason
129 other than retirement, a member may receive a refund of all
130 contributions he or she has made to the pension plan, subject to
131 the restrictions otherwise provided in this chapter. Partial
132 refunds are not permitted. The refund may not include any
133 interest earnings on the contributions for a member of the
134 pension plan. Employer contributions made on behalf of the
135 member are not refundable. A member may not receive a refund of
136 employee contributions if a pending or an approved qualified
137 domestic relations order is filed against his or her retirement
138 account. By obtaining a refund of contributions, a member waives
139 all rights under the Florida Retirement System and the health
140 insurance subsidy to the service credit represented by the
141 refunded contributions, except the right to purchase his or her
142 prior service credit in accordance with s. 121.081(2).

143 (d) If any retired member dies without having received in
144 benefit payments an amount equal to his or her accumulated
145 contributions, there shall be payable to his or her designated

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146 beneficiary an amount equal to the excess, if any, of the
147 member's accumulated contributions over the total monthly
148 payments made to the member prior to the date of death.

149 (e) A member shall be deemed a terminated member when
150 termination of employment has occurred as provided in s.
151 121.021(39).

152 (f) Any member who has been found guilty by a verdict of a
153 jury, or by the court trying the case without a jury, of
154 committing, aiding, or abetting any embezzlement or theft from
155 his or her employer, bribery in connection with the employment,
156 or other felony specified in chapter 838, except ss. 838.15 and
157 838.16, committed prior to retirement, or who has entered a plea
158 of guilty or of nolo contendere to such crime, or any member
159 whose employment is terminated by reason of the member's
160 admitted commitment, aiding, or abetting of an embezzlement or
161 theft from his or her employer, bribery, or other felony
162 specified in chapter 838, except ss. 838.15 and 838.16, shall
163 forfeit all rights and benefits under this chapter, except the
164 return of his or her accumulated contributions as of the date of
165 termination.

166 (g) Any elected official who is convicted by the Senate of
167 an impeachable offense shall forfeit all rights and benefits
168 under this chapter, except the return of his or her accumulated
169 contributions as of the date of the conviction.

170 (h) Any member who, prior to retirement, is adjudged by a
171 court of competent jurisdiction to have violated any state law
172 against strikes by public employees, or who has been found
173 guilty by such court of violating any state law prohibiting
174 strikes by public employees, shall forfeit all rights and

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175 benefits under this chapter, except the return of his or her
176 accumulated contributions as of the date of the conviction.

177 (i) The division or the state board may not pay benefits to
178 any member convicted of a felony committed on or after October
179 1, 2008, defined in s. 800.04 against a victim younger than 16
180 years of age, or defined in chapter 794 against a victim younger
181 than 18 years of age, through the use or attempted use of power,
182 rights, privileges, duties, or position of the member's public
183 office or employment position. However, the division or the
184 state board shall return the member's accumulated contributions,
185 if any, that the member accumulated as of the date of
186 conviction.

187 (j) Any beneficiary who by a verdict of a jury or by the
188 court trying the case without a jury is found guilty, or who has
189 entered a plea of guilty or nolo contendere, of unlawfully and
190 intentionally killing or procuring the death of the member
191 forfeits all rights to the deceased member's benefits under this
192 chapter, and the benefits will be paid as if such beneficiary
193 had predeceased the decedent.

194 (k) Benefits may not be paid by the division or the state
195 board pending final resolution of such charges against a member
196 or beneficiary if the resolution of such charges could require
197 the forfeiture of benefits as provided in paragraph (f),
198 paragraph (g), paragraph (h), paragraph (i), paragraph (j), or
199 chapter 112.

200 (l) The division and the state board, as appropriate, must
201 take steps to recoup from the elected officer any DROP proceeds
202 distributed pursuant to s. 121.053(7)(a)3. if:

203 1. Such DROP proceeds were distributed before the elected

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204 officer's termination; and

205 2. The division or state board would be prohibited pursuant
 206 to paragraph (k) from making a distribution to the elected
 207 officer, absent the distribution to the elected officer pursuant
 208 to s. 121.053(7) (a) 3.

209 Section 3. Subsections (4) and (5) of section 121.71,
 210 Florida Statutes, are amended to read:

211 121.71 Uniform rates; process; calculations; levy.—

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

215

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2025</u> 2024
216	
217 Regular Class	<u>7.10%</u> 6.73%
218 Special Risk Class	<u>20.10%</u> 18.66%
219 Special Risk Administrative	
Support Class	<u>10.88%</u> 11.54%
220 Elected Officers' Class—	<u>10.04%</u> 10.70%

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Legislators, Governor,
 Lt. Governor,
 Cabinet Officers,
 State Attorneys,
 Public Defenders

221

Elected Officers' Class-
 Justices, Judges

15.62% ~~14.90%~~

222

Elected Officers' Class-
 County Elected Officers

11.79% ~~12.39%~~

223

Senior Management Service
 Class

8.73% ~~8.56%~~

224

DROP

9.37% ~~8.49%~~

225

226 (5) In order to address unfunded actuarial liabilities of
 227 the system, the required employer retirement contribution rates
 228 for each membership class and subclass of the Florida Retirement
 229 System for both retirement plans are as follows:

230

Percentage of
 Gross
 Compensation,
 Effective

Membership Class

July 1, 2025 ~~2024~~

231

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232

Regular Class 4.87% ~~4.84%~~

233

Special Risk Class 13.03% ~~12.07%~~

234

Special Risk
 Administrative
 Support Class 26.54% ~~26.22%~~

235

Elected Officers' Class—
 Legislators, Governor,
 Lt. Governor,
 Cabinet Officers,
 State Attorneys,
 Public Defenders 50.56% ~~50.21%~~

236

Elected Officers' Class—
 Justices, Judges 28.46% ~~28.49%~~

237

Elected Officers' Class—
 County Elected Officers 40.72% ~~44.23%~~

238

Senior Management Service
 Class 22.45% ~~23.90%~~

239

DROP 10.65% ~~10.64%~~

240

241

Section 4. The Legislature finds that a proper and

242

legitimate state purpose is served when employees, officers, and

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243 retirees of the state and its political subdivisions, and the
244 dependents, survivors, and beneficiaries of such employees,
245 officers, and retirees, are extended the basic protections
246 afforded by governmental retirement systems. These persons must
247 be provided benefits that are fair and adequate and that are
248 managed, administered, and funded in an actuarially sound manner
249 as required by s. 14, Article X of the State Constitution and
250 part VII of chapter 112, Florida Statutes. Therefore, the
251 Legislature determines and declares that this act fulfills an
252 important state interest.

253 Section 5. This act shall take effect July 1, 2025.