

By Senator Smith

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1 A bill to be entitled
2 An act relating to optional retirement programs;
3 amending ss. 121.051 and 121.35, F.S.; requiring that
4 the employer contribution rate for certain optional
5 retirement programs be equal to the employer
6 contribution rate for the Florida Retirement System
7 Investment Plan; requiring that contributions be
8 remitted to the designated providers in a specified
9 manner; providing an effective date.

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

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13 Section 1. Paragraph (c) of subsection (2) of section
14 121.051, Florida Statutes, is amended to read:

15 121.051 Participation in the system.—

16 (2) OPTIONAL PARTICIPATION.—

17 (c) Employees of public community colleges or charter
18 technical career centers sponsored by public community colleges,
19 designated in s. 1000.21(5), who are members of the Regular
20 Class of the Florida Retirement System and who comply with the
21 criteria set forth in this paragraph and s. 1012.875 may, in
22 lieu of participating in the Florida Retirement System, elect to
23 withdraw from the system altogether and participate in the State
24 Community College System Optional Retirement Program provided by
25 the employing agency under s. 1012.875.

26 1.a. Through June 30, 2001, the cost to the employer for
27 benefits under the optional retirement program equals the normal
28 cost portion of the employer retirement contribution which would
29 be required if the employee were a member of the pension plan's

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Regular Class, plus the portion of the contribution rate required by s. 112.363(8) which would otherwise be assigned to the Retiree Health Insurance Subsidy Trust Fund.

b. Effective July 1, 2001, through June 30, 2011, each employer shall contribute on behalf of each member of the optional program an amount equal to 10.43 percent of the employee's gross monthly compensation. The employer shall deduct an amount for the administration of the program.

c. Effective July 1, 2011, through June 30, 2012, each member shall contribute an amount equal to the employee contribution required under s. 121.71(3). The employer shall contribute on behalf of each program member an amount equal to the difference between 10.43 percent of the employee's gross monthly compensation and the employee's required contribution based on the employee's gross monthly compensation.

d. Effective July 1, 2012, each member shall contribute an amount equal to the employee contribution required under s. 121.71(3). Effective July 1, 2026, the employer shall contribute on behalf of each program member an amount equal to the employer contribution rate established under s. 121.72 for participants in the Florida Retirement System Investment Plan. Contributions must be remitted to the designated providers in the same manner as other retirement contributions ~~difference between 8.15 percent of the employee's gross monthly compensation and the employee's required contribution based on the employee's gross monthly compensation.~~

e. The employer shall contribute an additional amount to the Florida Retirement System Trust Fund equal to the unfunded actuarial accrued liability portion of the Regular Class

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59 contribution rate.

60 2. The decision to participate in the optional retirement
61 program is irrevocable as long as the employee holds a position
62 eligible for participation, except as provided in subparagraph

63 3. Any service creditable under the Florida Retirement System is
64 retained after the member withdraws from the system; however,
65 additional service credit in the system may not be earned while
66 a member of the optional retirement program.

67 3. An employee who has elected to participate in the
68 optional retirement program shall have one opportunity, at the
69 employee's discretion, to transfer from the optional retirement
70 program to the pension plan of the Florida Retirement System or
71 to the investment plan established under part II of this
72 chapter, subject to the terms of the applicable optional
73 retirement program contracts.

74 a. If the employee chooses to move to the investment plan,
75 any contributions, interest, and earnings creditable to the
76 employee under the optional retirement program are retained by
77 the employee in the optional retirement program, and the
78 applicable provisions of s. 121.4501(4) govern the election.

79 b. If the employee chooses to move to the pension plan of
80 the Florida Retirement System, the employee shall receive
81 service credit equal to his or her years of service under the
82 optional retirement program.

83 (I) The cost for such credit is the amount representing the
84 present value of the employee's accumulated benefit obligation
85 for the affected period of service. The cost shall be calculated
86 as if the benefit commencement occurs on the first date the
87 employee becomes eligible for unreduced benefits, using the

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discount rate and other relevant actuarial assumptions that were used to value the Florida Retirement System Pension Plan liabilities in the most recent actuarial valuation. The calculation must include any service already maintained under the pension plan in addition to the years under the optional retirement program. The present value of any service already maintained must be applied as a credit to total cost resulting from the calculation. The division must ensure that the transfer sum is prepared using a formula and methodology certified by an enrolled actuary.

(II) The employee must transfer from his or her optional retirement program account and from other employee moneys as necessary, a sum representing the present value of the employee's accumulated benefit obligation immediately following the time of such movement, determined assuming that attained service equals the sum of service in the pension plan and service in the optional retirement program.

4. Participation in the optional retirement program is limited to employees who satisfy the following eligibility criteria:

a. The employee is otherwise eligible for membership or renewed membership in the Regular Class of the Florida Retirement System, as provided in s. 121.021(11) and (12) or s. 121.122.

b. The employee is employed in a full-time position classified in the Accounting Manual for Florida's College System as:

(I) Instructional; or

(II) Executive Management, Instructional Management, or

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117 Institutional Management and the community college determines
118 that recruiting to fill a vacancy in the position is to be
119 conducted in the national or regional market, and the duties and
120 responsibilities of the position include the formulation,
121 interpretation, or implementation of policies, or the
122 performance of functions that are unique or specialized within
123 higher education and that frequently support the mission of the
124 community college.

125 c. The employee is employed in a position not included in
126 the Senior Management Service Class of the Florida Retirement
127 System as described in s. 121.055.

128 5. Members of the program are subject to the same
129 reemployment limitations, renewed membership provisions, and
130 forfeiture provisions applicable to regular members of the
131 Florida Retirement System under ss. 121.091(9), 121.122, and
132 121.091(5), respectively. A member who receives a program
133 distribution funded by employer and required employee
134 contributions is deemed to be retired from a state-administered
135 retirement system if the member is subsequently employed with an
136 employer that participates in the Florida Retirement System.

137 6. Eligible community college employees are compulsory
138 members of the Florida Retirement System until, pursuant to s.
139 1012.875, a written election to withdraw from the system and
140 participate in the optional retirement program is filed with the
141 program administrator and received by the division.

142 a. A community college employee whose program eligibility
143 results from initial employment shall be enrolled in the
144 optional retirement program retroactive to the first day of
145 eligible employment. The employer and employee retirement

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146 contributions paid through the month of the employee plan change
147 shall be transferred to the community college to the employee's
148 optional program account, and, effective the first day of the
149 next month, the employer shall pay the applicable contributions
150 based upon subparagraph 1.

151 b. A community college employee whose program eligibility
152 is due to the subsequent designation of the employee's position
153 as one of those specified in subparagraph 4., or due to the
154 employee's appointment, promotion, transfer, or reclassification
155 to a position specified in subparagraph 4., must be enrolled in
156 the program on the first day of the first full calendar month
157 that such change in status becomes effective. The employer and
158 employee retirement contributions paid from the effective date
159 through the month of the employee plan change must be
160 transferred to the community college to the employee's optional
161 program account, and, effective the first day of the next month,
162 the employer shall pay the applicable contributions based upon
163 subparagraph 1.

164 7. Effective July 1, 2003, through December 31, 2008, any
165 member of the optional retirement program who has service credit
166 in the pension plan of the Florida Retirement System for the
167 period between his or her first eligibility to transfer from the
168 pension plan to the optional retirement program and the actual
169 date of transfer may, during employment, transfer to the
170 optional retirement program a sum representing the present value
171 of the accumulated benefit obligation under the defined benefit
172 retirement program for the period of service credit. Upon
173 transfer, all service credit previously earned under the pension
174 plan during this period is nullified for purposes of entitlement

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to a future benefit under the pension plan.

Section 2. Paragraph (a) of subsection (4) of section 121.35, Florida Statutes, is amended to read:

121.35 Optional retirement program for the State University System.—

(4) CONTRIBUTIONS.—

(a)1. Through June 30, 2001, each employer shall contribute on behalf of each member of the optional retirement program an amount equal to the normal cost portion of the employer retirement contribution which would be required if the employee were a regular member of the Florida Retirement System Pension Plan, plus the portion of the contribution rate required in s. 112.363(8) that would otherwise be assigned to the Retiree Health Insurance Subsidy Trust Fund.

2. Effective July 1, 2001, through June 30, 2011, each employer shall contribute on behalf of each member of the optional retirement program an amount equal to 10.43 percent of the employee's gross monthly compensation.

3. Effective July 1, 2011, through June 30, 2012, each member of the optional retirement program shall contribute an amount equal to the employee contribution required in s. 121.71(3). The employer shall contribute on behalf of each such member an amount equal to the difference between 10.43 percent of the employee's gross monthly compensation and the amount equal to the employee's required contribution based on the employee's gross monthly compensation.

4. Effective July 1, 2012, each member of the optional retirement program shall contribute an amount equal to the employee contribution required in s. 121.71(3). Effective July

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204 1, 2026, the employer shall contribute on behalf of each such
205 member an amount equal to the employer contribution rate
206 established under s. 121.72 for participants in the Florida
207 Retirement System Investment Plan. Contributions must be
208 remitted to the designated providers in the same manner as other
209 retirement contributions ~~difference between 8.15 percent of the~~
210 ~~employee's gross monthly compensation and the amount equal to~~
211 ~~the employee's required contribution based on the employee's~~
212 ~~gross monthly compensation.~~

213 5. The payment of the contributions, including
214 contributions by the employee, shall be made by the employer to
215 the department, which shall forward the contributions to the
216 designated company or companies contracting for payment of
217 benefits for members of the program. However, such contributions
218 paid on behalf of an employee described in paragraph (3)(c) may
219 not be forwarded to a company and do not begin to accrue
220 interest until the employee has executed a contract and notified
221 the department. The department shall deduct an amount from the
222 contributions to provide for the administration of this program.

223 Section 3. This act shall take effect July 1, 2026.