

By Senator Smith

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A bill to be entitled

An act relating to optional retirement programs; amending ss. 121.051 and 121.35, F.S.; requiring that the employer contribution rate for certain optional retirement programs be equal to the employer contribution rate for the Florida Retirement System Investment Plan; requiring that contributions be remitted to the designated providers in a specified manner; providing an effective date.

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

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

121.051 Participation in the system.—

(2) OPTIONAL PARTICIPATION.—

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

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

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

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

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

45 d. Effective July 1, 2012, each member shall contribute an
46 amount equal to the employee contribution required under s.
47 121.71(3). Effective July 1, 2026, the employer shall contribute
48 on behalf of each program member an amount equal to the employer
49 contribution rate established under s. 121.72 for participants
50 in the Florida Retirement System Investment Plan. Contributions
51 must be remitted to the designated providers in the same manner
52 as other retirement contributions ~~difference between 8.15~~
53 ~~percent of the employee's gross monthly compensation and the~~
54 ~~employee's required contribution based on the employee's gross~~
55 ~~monthly compensation.~~

56 e. The employer shall contribute an additional amount to
57 the Florida Retirement System Trust Fund equal to the unfunded
58 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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88 discount rate and other relevant actuarial assumptions that were
89 used to value the Florida Retirement System Pension Plan
90 liabilities in the most recent actuarial valuation. The
91 calculation must include any service already maintained under
92 the pension plan in addition to the years under the optional
93 retirement program. The present value of any service already
94 maintained must be applied as a credit to total cost resulting
95 from the calculation. The division must ensure that the transfer
96 sum is prepared using a formula and methodology certified by an
97 enrolled actuary.

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

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

108 a. The employee is otherwise eligible for membership or
109 renewed membership in the Regular Class of the Florida
110 Retirement System, as provided in s. 121.021(11) and (12) or s.
111 121.122.

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

115 (I) Instructional; or

116 (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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175 to a future benefit under the pension plan.

176 Section 2. Paragraph (a) of subsection (4) of section
177 121.35, Florida Statutes, is amended to read:

178 121.35 Optional retirement program for the State University
179 System.—

180 (4) CONTRIBUTIONS.—

181 (a)1. Through June 30, 2001, each employer shall contribute
182 on behalf of each member of the optional retirement program an
183 amount equal to the normal cost portion of the employer
184 retirement contribution which would be required if the employee
185 were a regular member of the Florida Retirement System Pension
186 Plan, plus the portion of the contribution rate required in s.
187 112.363(8) that would otherwise be assigned to the Retiree
188 Health Insurance Subsidy Trust Fund.

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

193 3. Effective July 1, 2011, through June 30, 2012, each
194 member of the optional retirement program shall contribute an
195 amount equal to the employee contribution required in s.
196 121.71(3). The employer shall contribute on behalf of each such
197 member an amount equal to the difference between 10.43 percent
198 of the employee's gross monthly compensation and the amount
199 equal to the employee's required contribution based on the
200 employee's gross monthly compensation.

201 4. Effective July 1, 2012, each member of the optional
202 retirement program shall contribute an amount equal to the
203 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.