

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [HB 5205](#) **PCB SAB 26-04**

TITLE: Retirement

SPONSOR(S): State Administration Budget

Subcommittee, Maggard

COMPANION BILL: None

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Orig. Comm.: State Administration Budget](#)

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SUMMARY

Effect of the Bill:

The bill revises employer contribution rates for the normal costs and the unfunded actuarial liability (UAL) of the Florida Retirement System (FRS) based on the annual actuarial study for FY 2026-27.

Fiscal or Economic Impact:

The bill will significantly reduce employer costs due to the net decrease in employer contribution rates for the FRS.

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ANALYSIS

EFFECT OF THE BILL:

The bill conforms law to the House proposed 2026-2027 General Appropriations Act (GAA) as retirement contributions are included in the GAA.

The bill revises [s. 121.71, F.S.](#) to adjust employer contribution rates for the [FRS](#) based on the annual actuarial valuation. (Section [1](#))

The bill also provides for Legislative findings and that the Legislature determines and declares that the act fulfills an important state interest. (Section [2](#))

The bill takes effect upon becoming law.

The bill revises the employer contribution rates for the normal costs and the unfunded actuarial liability (UAL) of the FRS, as determined by the July 1, 2025 Annual Valuation, necessary to fund the program. The proposed employer contributions for Fiscal Year 2026-2027, compared to rates currently in effect, are contained in the table below.

Proposed and Current FRS Employer Contribution Rates¹

¹ Does not include the Health Insurance Subsidy Contribution (2.00 percent) or Administrative Fee (0.04 percent)

STORAGE NAME: h5205.SAB

DATE: 2/16/2026

Membership Class	"Blended" Normal Costs		Unfunded Actuarial Liability		Combined Contribution Rates	
	7/1/2025	7/1/2026	7/1/2025	7/1/2026	7/1/2025	7/1/2026
Regular Class	7.10%	7.11%	4.87%	4.42%	11.97%	11.53%
Special Risk Class	20.10%	19.93%	13.03%	12.60%	33.13%	32.53%
Special Risk	10.88%	10.85%	26.54%	27.11%	37.42%	37.96%
Administrative Class						
Elected Officer Class						
Leg/Gov/SAs/PDs	10.04%	10.30%	50.56%	51.43%	60.60%	61.73%
Judges	15.62%	15.54%	28.46%	28.40%	44.08%	43.94%
County Officers	11.79%	11.45%	40.72%	41.49%	52.51%	52.94%
Senior Management	8.73%	8.68%	22.45%	21.86%	31.18%	30.54%
DROP	9.37%	9.43%	10.65%	10.20%	20.02%	19.63%

The bill will significantly reduce employer costs due to the net decrease in employer contribution rates for the FRS. The combined employer contribution reduction to the Florida Retirement System for Fiscal Year 2026-2027 is illustrated in the following chart:

Employer Contribution Group	Estimated Decrease in Contributions
State Agencies	(\$31.7) Million
School Boards	(\$79.9) Million
State Universities	(\$28.5) Million
Colleges	(\$6.6) Million
Counties	(\$70.5) Million
Other	(\$14.2) Million
Total:	(\$231.4) Million

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Background

Florida Retirement System

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended again in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002.²

² DMS Florida Retirement System Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2025, at p. 33.

http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports [hereinafter Annual Report] (Last visited Jan. 12, 2026).

The FRS is a multiple-employer, contributory plan³ governed by the Florida Retirement System Act.⁴ As of June 30, 2025, the FRS provides retirement income benefits to 664,159 active members,⁵ 462,506 retired members and beneficiaries, and 30,800 members in DROP.⁶ It is the primary retirement plan for employees of state and county government agencies, district school boards, state colleges, and state universities. The FRS also serves as the retirement plan for the employees of the 186 cities, 151 special districts, and two independent hospitals that have elected to join the system.⁷

The Department of Management Services (DMS) must provide an annual actuarial valuation of the FRS and report the results to the Legislature by December 31 of each year. Thereafter, the Legislature uses the results of the actuarial valuation to establish uniform employer contribution rates during the next legislative session to ensure the FRS is funded in a sound actuarial manner.

Membership of the FRS is divided into the following membership classes:⁸

- Regular Class⁹ consists of 562,840 members (84.7 percent of the total 2025 FRS membership). This class is for all members who are not assigned to another class.
- Special Risk Class¹⁰ includes 79,529 members (12.0 percent). This class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency medical technicians, among others.
- Special Risk Administrative Support Class¹¹ has 97 members (0.015 percent). This class is for former Special Risk Class members who provide administrative support within an FRS special risk employing agency. Members of this class must maintain the certification required for their former Special Risk Class position and be subject to recall into those positions if needed.
- Elected Officers' Class¹² has 2,148 members (0.32 percent). This class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers.
- Senior Management Service Class¹³ has 7,871 members (1.2 percent). This class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service Class designation.

Each class is funded separately based upon the costs attributable to the members of that class.

Members of the FRS have two primary plan options available for participation:

- The investment plan, which is a defined contribution plan; and
- The pension plan, which is a defined benefit plan.

³ Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class members or 6 percent for Special Risk Class members. Members were again required to contribute to the system after June 30, 2011.

⁴ Ch. 121, F.S.

⁵ As of June 30, 2025, the FRS Pension Plan, which is a defined benefit plan, had 414,327 members, and the investment plan, which is a defined contribution plan, had 249,832 members. *Annual Report*, *supra* note 1, at p. 203.

⁶ *Id.*

⁷ *Id.*, at p. 261.

⁸ *Annual Report*, *supra* note 1, at p. 226.

⁹ S. [121.021\(12\), F.S.](#)

¹⁰ S. [121.0515, F.S.](#)

¹¹ The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the FRS. Section [121.0515\(8\), F.S.](#)

¹² S. [121.052, F.S.](#)

¹³ S. [121.055, F.S.](#)

Total FRS Membership by Plan

	2024	2025	Percent Change
Investment Plan	230,666	249,832	8.31%
Pension Plan	428,667	414,327	-3.35%
Total Membership	659,333	664,159	0.73%

Investment Plan

In 2000, the Legislature created the Public Employee Optional Retirement Program (Investment Plan), a defined contribution plan offered to eligible employees as an alternative to the FRS defined benefit plan. The investment plan was available for participation as of July 1, 2002.¹⁴ Benefits under the investment plan accrue in individual member accounts funded by employer and employee contributions. Investments are employee-directed into State Board of Administration (SBA) approved investment providers. Members of the investment plan contribute three percent of their salaries to their accounts¹⁵. The remainder of the allocation comes from employer contributions.

A member vests in the investment plan after one year with an FRS employer. Vested benefits are payable upon termination of employment or death as a lump-sum distribution, roll-over distribution, or periodic distribution. The investment plan also provides disability benefits, which is essentially an option to collect disability benefits as provided in the defined benefit plan.

The SBA is primarily responsible for administering the investment plan.¹⁶ The SBA is comprised of the Governor as chair, the Chief Financial Officer and the Attorney General.

Pension Plan (Defined Benefit Plan)

The pension plan is administered by the secretary of the Department of Management Services through the Division of Retirement. Investment management of retirement funds is handled by the State Board of Administration.

Contribution Rates

Each employee, of either retirement plan, is required to contribute three percent to their respective plan.¹⁷ FRS employers are responsible for contributing a percentage of a member's monthly salary to the FRS Contributions Clearing Account Trust Fund in the Division of Retirement to fund the program. The employer contribution is a "blended contribution rate" set by statute¹⁸, as amended by the Legislature based on an annual actuarial valuation. The rate consists of a blending of the actuarially determined contribution rates necessary to fund the pension plan's normal cost and the allocations being made into investment plan accounts. The purpose of the blending is to establish the same employer contribution rates regardless of whether an employee participates in the pension plan or the investment plan.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: State Administration Budget Subcommittee	12 Y, 0 N	2/16/2026	Topp	Helpling

¹⁴ Part II, chapter 121, F.S.

¹⁵ Section [121.71, F.S.](#)

¹⁶ Section [121.4501, F.S.](#)

¹⁷ Section [121.71\(3\), F.S.](#)

¹⁸ Sections [121.031, F.S.](#), and [121.71, F.S.](#)

