

**FOR CONSIDERATION** By the Committee on Governmental Oversight and Accountability

585-01731C-26

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A bill to be entitled

An act relating to retirement; amending s. 121.053, F.S.; authorizing an elected officer, except while serving as a legislator, to remain in elective office and receive accumulated Deferred Retirement Option Program (DROP) proceeds after the officer attains a certain age; providing that, upon termination, the officer receives accumulated DROP proceeds including interest earned in accordance with a specified provision; amending s. 121.091, F.S.; requiring the Division of Retirement or the State Board of Administration, as appropriate, to take steps to recoup from the elected officer any DROP proceeds distributed in accordance with a specified provision, under specified circumstances; amending s. 121.101, F.S.; revising the cost-of-living adjustment for eligible Special Risk Class retirees; defining the term "eligible Special Risk Class retiree"; amending s. 121.71, F.S.; revising required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System; providing a declaration of important state interest; providing an effective date.

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

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

## 121.053 Participation in the Elected Officers' Class for

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30 retired members.—

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

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

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

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

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

55       (b) An elected officer may voluntarily terminate his or her  
56 elective office at any time and receive his or her DROP  
57 proceeds. However, until termination occurs, an elected officer  
58 whose termination limitations are extended by this section is

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59       ineligible for renewed membership in the system and may not  
60       receive pension payments, ~~DROP lump sum payments~~, or any other  
61       state payment other than the statutorily determined salary,  
62       travel, and per diem for the elective office.

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

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

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

83       (5) TERMINATION BENEFITS.—A member whose employment is  
84       terminated prior to retirement retains membership rights to  
85       previously earned member-noncontributory service credit, and to  
86       member-contributory service credit, if the member leaves the  
87       member contributions on deposit in his or her retirement

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88 account. If a terminated member receives a refund of member  
89 contributions, such member may reinstate membership rights to  
90 the previously earned service credit represented by the refund  
91 by completing 1 year of creditable service and repaying the  
92 refunded member contributions, plus interest.

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

115 (b) A member whose employment is terminated for any reason  
116 other than death or retirement after becoming vested may elect

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117 to receive a deferred monthly benefit which shall begin to  
118 accrue on the first day of the month of normal or early  
119 retirement and shall be payable on the last day of that month  
120 and each month thereafter during his or her lifetime. The amount  
121 of monthly benefit shall be computed in the same manner as for a  
122 normal retirement benefit in accordance with subsection (1) or  
123 early retirement benefit in accordance with s. 121.021(30), but  
124 based on average monthly compensation and creditable service as  
125 of the date of termination.

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

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146 (d) If any retired member dies without having received in  
147 benefit payments an amount equal to his or her accumulated  
148 contributions, there shall be payable to his or her designated  
149 beneficiary an amount equal to the excess, if any, of the  
150 member's accumulated contributions over the total monthly  
151 payments made to the member prior to the date of death.

152 (e) A member shall be deemed a terminated member when  
153 termination of employment has occurred as provided in s.  
154 121.021(39).

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

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

173 (h) Any member who, prior to retirement, is adjudged by a  
174 court of competent jurisdiction to have violated any state law

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175 against strikes by public employees, or who has been found  
176 guilty by such court of violating any state law prohibiting  
177 strikes by public employees, shall forfeit all rights and  
178 benefits under this chapter, except the return of his or her  
179 accumulated contributions as of the date of the conviction.

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

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

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

203 (l) The division and the state board, as appropriate, must

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204 take steps to recoup from the elected officer any DROP proceeds  
205 distributed pursuant to s. 121.053(7)(a)3. if:

206 1. Such DROP proceeds were distributed before the elected  
207 officer's termination; and

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

212 Section 3. Present subsections (5) through (9) of section  
213 121.101, Florida Statutes, are redesignated as subsections (6)  
214 through (10), respectively, and a new subsection (5) is added to  
215 that section, to read:

216 121.101 Cost-of-living adjustment of benefits.—

217 (5)(a) Commencing July 1, 2026, and in lieu of any annual  
218 adjustment authorized in paragraph (4)(b) occurring after the  
219 fifth anniversary of retirement of an eligible Special Risk  
220 Class member whose effective retirement date is on or after July  
221 1, 2011, the adjusted monthly benefit of each eligible Special  
222 Risk Class retiree and annuitant shall be the amount of the  
223 monthly benefit being received on June 30 immediately preceding  
224 the adjustment date plus the greater of the amount determined by  
225 multiplying the benefit by the factor calculated pursuant to  
226 paragraph (4)(c) or the amount equal to 1.5 percent of this  
227 benefit.

228 (b) For purposes of this subsection, the term "eligible  
229 Special Risk Class retiree" means a retiree:

230 1. Initially enrolled in the Florida Retirement System  
231 prior to July 1, 2011, who has completed at least 72 calendar  
232 months of creditable service as a Special Risk Class member; or

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233       2. Initially enrolled in the Florida Retirement System on  
234       or after July 1, 2011, who has completed at least 96 calendar  
235       months of creditable service as a Special Risk Class member.

236       Section 4. Subsections (4) and (5) of section 121.71,  
237       Florida Statutes, are amended to read:

238       121.71 Uniform rates; process; calculations; levy.—

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

	Percentage of Gross Compensation, Effective July 1, <u>2026</u> <del>2025</del>
Membership Class	
Regular Class	<u>7.11%</u> <del>7.10%</del>
Special Risk Class	<u>21.58%</u> <del>20.10%</del>
Special Risk	
Administrative	
Support Class	<u>11.45%</u> <del>10.88%</del>
Elected Officers' Class—	
Legislators, Governor,	
Lt. Governor,	<u>10.30%</u> <del>10.04%</del>

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Cabinet Officers,  
State Attorneys,  
Public Defenders

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Elected Officers' Class—  
Justices, Judges 15.54% 15.62%

249

Elected Officers' Class—  
County Elected Officers 11.45% 11.79%

250

Senior Management Service  
Class 8.68% 8.73%

251

DROP 9.86% 9.37%

252

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

257

Percentage of  
Gross  
Compensation,  
Effective  
Membership Class July 1, 2026 2025

258

Regular Class 4.42% 4.87%

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260	Special Risk Class	<u>14.10%</u> <del>13.03%</del>
261	Special Risk	
	Administrative	
	Support Class	<u>28.28%</u> <del>26.54%</del>
262	Elected Officers' Class—	
	Legislators, Governor,	
	Lt. Governor,	
	Cabinet Officers,	
	State Attorneys,	
	Public Defenders	<u>51.43%</u> <del>50.56%</del>
263	Elected Officers' Class—	
	Justices, Judges	<u>28.40%</u> <del>28.46%</del>
264	Elected Officers' Class—	
	County Elected Officers	<u>41.49%</u> <del>40.72%</del>
265	Senior Management Service	
	Class	<u>21.86%</u> <del>22.45%</del>
266	DROP	<u>10.26%</u> <del>10.65%</del>
267	Section 5. <u>The Legislature finds that a proper and</u>	
268	<u>legitimate state purpose is served when employees, officers, and</u>	
269	<u>retirees of the state and its political subdivisions, and the</u>	
270	<u>dependents, survivors, and beneficiaries of such employees,</u>	
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272 officers, and retirees, are extended the basic protections  
273 afforded by governmental retirement systems. These persons must  
274 be provided benefits that are fair and adequate and that are  
275 managed, administered, and funded in an actuarially sound manner  
276 as required by s. 14, Article X of the State Constitution and  
277 part VII of chapter 112, Florida Statutes. Therefore, the  
278 Legislature determines and declares that this act fulfills an  
279 important state interest.

280       Section 6. This act shall take effect July 1, 2026.