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LEGISLATIVE ACTION

Senate

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House

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Floor: 7/RS/2R

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04/06/2011 05:57 PM

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Senator Latvala moved the following:

Senate Amendment (with ballot and title amendments)

Delete lines 1858 - 1863

and insert:

(c) *Benefits payable under DROP.*—

1. Effective on the date of DROP participation, the member's initial normal monthly benefit, including creditable service, optional form of payment, and average final compensation, and the effective date of retirement are fixed. The beneficiary established under the Florida Retirement System is the beneficiary eligible to receive any DROP benefits payable if the DROP participant dies before completing the period of DROP participation. If a joint annuitant predeceases the member,



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14 the member may name a beneficiary to receive accumulated DROP
15 benefits payable. The retirement benefit, the annual cost of
16 living adjustments provided in s. 121.101, and interest accrue
17 monthly in the Florida Retirement System Trust Fund.

18 a. For members initially enrolled in the system before July
19 1, 2011, the interest accrues at an effective annual rate of 6.5
20 percent compounded monthly, on the prior month's accumulated
21 ending balance, up to the month of termination or death, except
22 as provided in s. 121.053(7).

23 b. For members initially enrolled in the system on or after
24 July 1, 2011, the interest accrues at an effective annual rate
25 of 3 percent compounded monthly, on the prior month's
26 accumulated ending balance, up to the month of termination or
27 death, except as provided in s. 121.053(7).

28 2. Each employee who elects to participate in DROP may
29 elect to receive a lump-sum payment for accrued annual leave
30 earned in accordance with agency policy upon beginning
31 participation in DROP. The accumulated leave payment certified
32 to the division upon commencement of DROP shall be included in
33 the calculation of the member's average final compensation. The
34 employee electing the lump-sum payment is not eligible to
35 receive a second lump-sum payment upon termination, except to
36 the extent the employee has earned additional annual leave
37 which, combined with the original payment, does not exceed the
38 maximum lump-sum payment allowed by the employing agency's
39 policy or rules. An early lump-sum payment shall be based on the
40 hourly wage of the employee at the time he or she begins
41 participation in DROP. If the member elects to wait and receive
42 a lump-sum payment upon termination of DROP and termination of



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43 employment with the employer, any accumulated leave payment made
44 at that time may not be included in the member's retirement
45 benefit, which was determined and fixed by law when the employee
46 elected to participate in DROP.

47 3. The effective date of DROP participation and the
48 effective date of retirement of a DROP participant shall be the
49 first day of the month selected by the member to begin
50 participation in DROP, provided such date is properly
51 established, with the written confirmation of the employer, and
52 the approval of the division, on forms required by the division.

53 4. Normal retirement benefits and any interest ~~shall~~
54 continue to accrue in DROP until the established termination
55 date of DROP or until the member participant terminates
56 employment or dies before ~~prior to~~ such date, except as provided
57 in s. 121.053(7). Although individual DROP accounts may ~~shall~~
58 not be established, a separate accounting of each member's
59 ~~participant's~~ accrued benefits under DROP shall be calculated
60 and provided to the member participants.

61 5. At the conclusion of the member's participation in the
62 ~~participant's~~ DROP, the division shall distribute the member's
63 ~~participant's~~ total accumulated DROP benefits, subject to the
64 following:

65 a. The division shall receive verification by the member's
66 ~~participant's~~ employer or employers that the member participant
67 has terminated all employment relationships as provided in s.
68 121.021(39).

69 b. The terminated DROP participant or, if deceased, the
70 member's ~~participant's~~ named beneficiary, shall elect on forms
71 provided by the division to receive payment of the DROP benefits



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72 in accordance with one of the options listed below. If a member
73 ~~participant~~ or beneficiary fails to elect a method of payment
74 within 60 days after termination of DROP, the division shall pay
75 a lump sum as provided in sub-sub-subparagraph (I).

76 (I) Lump sum.—All accrued DROP benefits, plus interest,
77 less withholding taxes remitted to the Internal Revenue Service,
78 shall be paid to the DROP participant or surviving beneficiary.

79 (II) Direct rollover.—All accrued DROP benefits, plus
80 interest, shall be paid from DROP directly to the custodian of
81 an eligible retirement plan as defined in s. 402(c)(8)(B) of the
82 Internal Revenue Code. However, in the case of an eligible
83 rollover distribution to the surviving spouse of a deceased
84 member participant, an eligible retirement plan is an individual
85 retirement account or an individual retirement annuity as
86 described in s. 402(c)(9) of the Internal Revenue Code.

87 (III) Partial lump sum.—A portion of the accrued DROP
88 benefits shall be paid to DROP participant or surviving spouse,
89 less withholding taxes remitted to the Internal Revenue Service,
90 and the remaining DROP benefits must be transferred directly to
91 the custodian of an eligible retirement plan as defined in s.
92 402(c)(8)(B) of the Internal Revenue Code. However, in the case
93 of an eligible rollover distribution to the surviving spouse of
94 a deceased member participant, an eligible retirement plan is an
95 individual retirement account or an individual retirement
96 annuity as described in s. 402(c)(9) of the Internal Revenue
97 Code. The proportions must be specified by the DROP participant
98 or surviving beneficiary.

99 c. The form of payment selected by the DROP participant or
100 surviving beneficiary must comply with the minimum distribution



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101 requirements of the Internal Revenue Code.

102 d. A DROP participant who fails to terminate all employment
103 relationships as provided in s. 121.021(39) shall be deemed as
104 not retired, and the DROP election is null and void. Florida
105 Retirement System membership shall be reestablished
106 retroactively to the date of the commencement of DROP, and each
107 employer with whom the member ~~participant~~ continues employment
108 must pay to the Florida Retirement System Trust Fund the
109 difference between the DROP contributions paid in paragraph (i)
110 and the contributions required for the applicable Florida
111 Retirement System class of membership during the period the
112 member participated in DROP, plus 6.5 percent interest
113 compounded annually.

114 6. The retirement benefits of any DROP participant who
115 terminates all employment relationships as provided in s.
116 121.021(39) but is reemployed in violation of the reemployment
117 provisions of subsection (9) are ~~shall be~~ suspended during those
118 months in which the retiree is in violation. Any retiree in
119 violation of this subparagraph and any employer that employs or
120 appoints such person without notifying the division ~~of~~
121 ~~Retirement~~ to suspend retirement benefits are jointly and
122 severally liable for any benefits paid during the reemployment
123 limitation period. The employer must have a written statement
124 from the retiree that he or she is not retired from a state-
125 administered retirement system. Any retirement benefits received
126 by a retiree while employed in violation of the reemployment
127 limitations must be repaid to the Florida Retirement System
128 Trust Fund, and his or her retirement benefits shall remain
129 suspended until payment is made. Benefits suspended beyond the



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130 end of the reemployment limitation period apply toward repayment
131 of benefits received in violation of the reemployment
132 limitation.

133 7. The accrued benefits of any DROP participant, and any
134 contributions accumulated under the program, are not subject to
135 assignment, execution, attachment, or any legal process
136 ~~whatsoever~~, except for qualified domestic relations court orders
137 ~~by a court of competent jurisdiction~~, income deduction orders as
138 provided in s. 61.1301, and federal income tax levies.

139 8. DROP participants are not eligible for disability
140 retirement benefits as provided in subsection (4).

141
142 ===== B A L L O T S T A T E M E N T A M E N D M E N T =====

143 And the ballot statement is amended as follows:

144 Delete lines 1622 - 1625

145 and insert:

146 paragraph (d) of subsection (9), paragraphs (a) and (c) of
147 subsection (13), and paragraph (d) of subsection (14) of section
148 121.091, Florida Statutes, are amended to read:

149
150 ===== T I T L E A M E N D M E N T =====

151 And the title is amended as follows:

152 Delete lines 59 - 60

153 and insert:

154 revising the interest rate accruing on DROP benefits
155 after a certain date; conforming