



338372

LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
02/18/2014	.	
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The Committee on Community Affairs (Simpson) recommended the following:

Senate Amendment

Between lines 491 and 492
insert:

(e) Eligible employees may elect to move between plans only if they are earning service credit in an employer-employee relationship consistent with s. 121.021(17) (b), excluding leaves of absence without pay. Such elections are effective on the first day of the month following receipt of the election by the third-party administrator. This paragraph is contingent upon



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11 approval by the Internal Revenue Service.
12 1. If the employee chooses to move from the pension plan to
13 the investment plan, s. 121.4501(3) governs the transfer.
14 2. If the employee chooses to move from the pension plan or
15 investment plan to the cash balance plan, subsection (2) governs
16 the transfer.
17 3. If the employee chooses to move from the cash balance
18 plan to the investment plan and establishes one or more
19 individual member accounts, the employee may elect to transfer a
20 sum representing the balance of the member's cash balance
21 accounts to the investment plan. Upon transfer, all service
22 credit earned under the cash balance plan is nullified for
23 purposes of entitlement to a future benefit under the cash
24 balance plan.
25 4. If an employee participating in the Special Risk Class
26 chooses to move to the pension plan, the employee must transfer
27 from his or her investment plan account or cash balance accounts
28 and from other employee moneys as necessary, a sum representing
29 the present value of the employee's accumulated benefit
30 obligation immediately following the time of such movement,
31 determined by assuming that attained service equals the sum of
32 service in the pension plan, service in the investment plan, and
33 service in the cash balance plan. Benefit commencement occurs on
34 the first date the employee is eligible for unreduced benefits
35 using the discount rate and other relevant actuarial assumptions
36 that were used to value the pension plan liabilities in the most
37 recent actuarial valuation. For an employee who, at the time of
38 the election, already maintains an accrued benefit amount in the
39 pension plan, the then-present value of the accrued benefit is



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40 deemed part of the required transfer amount. The division must
41 ensure that the transfer sum is prepared using a formula and
42 methodology certified by an enrolled actuary. A refund of
43 employee contributions or additional member payments made which
44 exceed the employee contributions that would have accrued had
45 the member remained in the pension plan and not transferred to
46 the investment plan or cash balance plan is not permitted.

47 5. An employee's ability to transfer from the pension plan
48 to the investment plan or cash balance plan, and the ability of
49 a current employee to have the option to later transfer back
50 into the pension plan, shall be deemed a significant system
51 amendment. Pursuant to s. 121.031(4), any resulting unfunded
52 liability arising from actual original transfers from the
53 pension plan to the investment plan must be amortized within 30
54 plan years as a separate unfunded actuarial base independent of
55 the reserve stabilization mechanism described in s.
56 121.031(3)(f). For the first 25 years, a direct amortization
57 payment may not be calculated for this base. During this period,
58 the separate base shall be used to offset the impact of
59 employees exercising their option to transfer back into the
60 pension plan. The actuarial funded status of the pension plan is
61 not affected by such second program elections in a significant
62 manner after due recognition of the separate unfunded actuarial
63 base. Following the initial 25-year period, any remaining
64 balance of the original separate base shall be amortized over
65 the remaining 5 years of the required 30-year amortization
66 period.

67 6. If an employee participating in the Special Risk Class
68 chooses to transfer from the investment plan or cash balance



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69 plan to the pension plan and retains an excess account balance
70 in the investment plan after satisfying the buy-in requirements
71 under this paragraph, the excess may not be distributed until
72 the member retires from the pension plan. The excess account
73 balance may be rolled over to the pension plan and used to
74 purchase service credit or upgrade creditable service in the
75 pension plan.