

Committee on Governmental Oversight and Accountability

CS/SB 7024 — Retirement

by Appropriations Committee and Governmental Oversight and Accountability Committee

The bill makes changes to the Florida Retirement System and the Retiree Health Insurance Subsidy.

The bill changes the normal retirement date for Special Risk Class members who enrolled on or after July 1, 2011, to age 55 with 8 years of service or at any age with 25 years of service in the Special Risk Class.

The bill also makes three changes to the Deferred Retirement Option Program (DROP), effective upon becoming a law. These changes:

- Allow all FRS members, regardless of class membership and occupation, to enroll in DROP at any time after reaching the normal retirement date, rather than within the 1-year period immediately following their normal retirement date.
- Extend the maximum time a member can participate in DROP from 5 years to 8 years, regardless of class membership and occupation, and from 8 years to 10 years for certain K-12 instructional personnel.
- Increase the DROP interest rate from 1.3 percent to 4 percent on DROP accumulations held on or after July 1, 2023.

The bill increases the employer-paid contributions to Investment Plan member accounts by 2 percent of the member's compensation.

The bill establishes the employer-paid contribution rates for each class of employee and officer participating in the FRS beginning July 1, 2023. These rates should fund the normal cost as well as the amortized unfunded actuarial liabilities of the Florida Retirement System.

The bill increases the monthly retiree health insurance subsidy (HIS), from \$5 to \$7.50 for each year of the recipient's service. The maximum HIS benefit is now \$225 per month, up from \$150 per month. The minimum subsidy an eligible retiree can receive is also increased from \$30 per month to \$45 per month. These benefits are funded by an increase from 1.66 percent to 2 percent of payroll of the employers participating in the FRS.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect upon becoming law, except as otherwise provided.

Vote: Senate 38-0; House 112-0