

Agenda Order

Tab 2	SPB 7010 by GO; Roth Contribution Plans in Deferred Compensation Programs
--------------	--

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA
GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY
Senator Mayfield, Chair
Senator DiCeglie, Vice Chair

MEETING DATE: Tuesday, December 2, 2025
TIME: 10:00 a.m.—12:00 noon
PLACE: *Toni Jennings Committee Room*, 110 Senate Building

MEMBERS: Senator Mayfield, Chair; Senator DiCeglie, Vice Chair; Senators Arrington, Bracy Davis, Brodeur, Grall, McClain, Polsky, and Rodriguez

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Presentations by the following regarding fleet management: Department of Agriculture and Consumer Services Fish and Wildlife Conservation Commission Department of Highway Safety and Motor Vehicles		Presented
Consideration of proposed bill:			
2	SPB 7010	Roth Contribution Plans in Deferred Compensation Programs; Authorizing the state deferred compensation plan and any deferred compensation plan offered by a county, a municipality, or other political subdivision, or a county constitutional officer, to offer a qualified Roth contribution program; ratifying the actions by the Chief Financial Officer which permitted contributions to a qualified Roth contribution program under the state's deferred compensation plan; providing for retroactive application, etc.	Submitted and Reported Favorably as Committee Bill Yeas 7 Nays 0
Other Related Meeting Documents			

FLEET MANAGEMENT TRACKING SYSTEM



Florida Department of Agriculture and Consumer Services
Commissioner Wilton Simpson

FDACS Current Fleet

- ❖ \$804,000 for the operation of a department wide tracking solution
- ❖ 2,613 wheeled passenger vehicles
- ❖ Vehicles are spread across multiple divisions throughout the state





Intent

- ❖ Emergency management
- ❖ Route optimization
- ❖ Tracking usage and condition of fleet:
 - ❖ Location
 - ❖ Past travel history
 - ❖ Fuel usage
 - ❖ Idle time
 - ❖ Driver behavior (speed, braking, cornering)
 - ❖ Collision detection



Implementation

- ❖ Began pilot program on 14 vehicles in August
- ❖ Over 1,250 trackers installed (48% complete)
- ❖ Development of policies, procedures, and training
- ❖ Configuration of live time fleet alerts
 - ❖ Increase efficiency and reduce costs
 - ❖ Optimize routes and reduce unnecessary miles driven
 - ❖ Increase safety for both our staff and the public
 - ❖ Reduce fuel consumption and idle time
 - ❖ Extend vehicle life by staying ahead of maintenance
 - ❖ Provide accurate, consistent data on vehicle usage across the department



Demo



12/02/2025

Meeting Date

Governmental Oversight & Accountability

Committee

The Florida Senate

APPEARANCE RECORD

Deliver both copies of this form to
Senate professional staff conducting the meeting

Bill Number or Topic

Amendment Barcode (if applicable)

Name **Justin Eichermuller**

Phone **(850) 617-7700**

Address **400 S. Monroe Street**
Street

Email

Tallahassee

FL

32399

City

State

Zip

Speaking: ☐ For ☐ Against ☒ Information **OR** Waive Speaking: ☐ In Support ☐ Against

PLEASE CHECK ONE OF THE FOLLOWING:

☒ I am appearing without
compensation or sponsorship.

☐ I am a registered lobbyist,
representing:

☐ I am not a lobbyist, but received
something of value for my appearance
(travel, meals, lodging, etc.),
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

Fleet Management



Senate Governmental Oversight and Accountability Committee

December 2, 2025

Philip Stone, Chief Operating Officer

Florida Fish and Wildlife Conservation Commission



FWC Mission

Managing fish and wildlife resources for their long-term well-being and the benefit of people.



Fleet Statistics

Total Assets: 4,255

- Airboats
- Aircraft
- ATVs
- Heavy Equipment
- Vehicles
- Vessels
- Vehicles: 2,323
 - Passenger, Light, Medium, Heavy Duty
- Law Enforcement Vehicles: 1,193



Vehicle Acquisitions



Total Vehicle Acquisitions: 731*

**Florida Department of
Management Services criteria is
used for determining replacement
eligibility.*

- FY 22/23: 124
- FY 23/24: 272
- FY 24/25: 303
- Year to date: 32



Fleet Tracking Systems

- **FleetWave**
3,019 assets are currently managed in the FleetWave system: airboats, aircraft, heavy equipment, vehicles, and vessels
- **Samsara**
2,125 assets are currently managed in the Samsara system: ATVs, trailers, airboats, aircraft, heavy equipment, vehicles, and vessels



FleetWave

Metrics Tracked

- Vehicle-Related Costs
- Vehicle Replacement
- General Fleet Reporting

Data Input

- Users manually enter vehicle data (odometer readings and maintenance costs) monthly
- WEX integration
 - Allows for daily fuel transaction uploads
 - Reduces the need for manual input



Samsara



Metrics Tracked

- Real-Time Location Tracking
- Vehicle Diagnostics
- Vehicle-Related Costs
- Vehicle Replacement
- General Fleet Reporting

Data Input

- Real-time visibility for odometer readings, fuel levels and engine diagnostics
- WEX integration
 - Allows for daily fuel transaction uploads
 - Reduces the need for manual input



Thank You



Legislative Affairs Director:
Jessica Melkun
Jessica.Melkun@MyFWC.com
850-487-3795



The Florida Senate

APPEARANCE RECORD

Deliver both copies of this form to
Senate professional staff conducting the meeting

12/2/25

Meeting Date

Gov O+A

Committee

Fleet Presentation

Bill Number or Topic

Amendment Barcode (if applicable)

Name

Philip Stone

Phone

850-487-3795

Address

620 S. Meridian St

Street

Email

philip.T.stone@myfwc.com

Tallahassee

City

FL

State

Zip

Speaking:

☐

For

☐

Against

☒

Information

OR

Waive Speaking:

☐

In Support

☐

Against

PLEASE CHECK ONE OF THE FOLLOWING:

☒

I am appearing without
compensation or sponsorship.

☐

I am a registered lobbyist,
representing:

☐

I am not a lobbyist, but received
something of value for my appearance
(travel, meals, lodging, etc.),
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)



FLHSMV FLEET OPERATIONS OVERVIEW

Senate Governmental Oversight and Accountability

December 2, 2025

FLEET STATISTICS

The department's fleet reflects our ongoing mission.

- 3,066 total vehicles
- 94% of our fleet assets are dedicated to Law Enforcement.
- 6% is allocated to our Motorist Services Division and our Division of Administrative Services.



FLHSMV Division	VEHICLES
Florida Highway Patrol	2,890
Motorist Services	144
Administrative Services	32
TOTAL	3,066

FY 24/25	Transactions	Costs
WEX Fuel	354k	\$13 million
WEX Maintenance*	16k	\$10 million

Vehicle Summary	
Average Mileage	91,300
Average Age	5.3 years

*WEX Vehicle maintenance records **do not** include P-Card and Purchase Orders.

DEPARTMENT OF MANAGEMENT SERVICES AUTHORITY

Florida Statute 287.16:

This statute governs the **centralized management of motor vehicles** owned or leased by the state. It assigns the **Department of Management Services (DMS)** the responsibility for overseeing the acquisition, use, maintenance, and disposal of state vehicles. Agencies like **FLHSMV** must comply with DMS rules when managing their fleets.

FAC 60B-1.010:

This rule outlines **definitions and responsibilities** under the **State Vehicle Use Program**, reinforcing DMS's authority and detailing agency obligations, including reporting, compliance, and operational standards.

FLEET LIFECYCLE



ACQUISITION



INSTALLATION



MAINTENANCE/FUEL



REPLACEMENT



DISPOSAL/SALVAGE



FLHSMV VEHICLE MAINTENANCE PROCESS

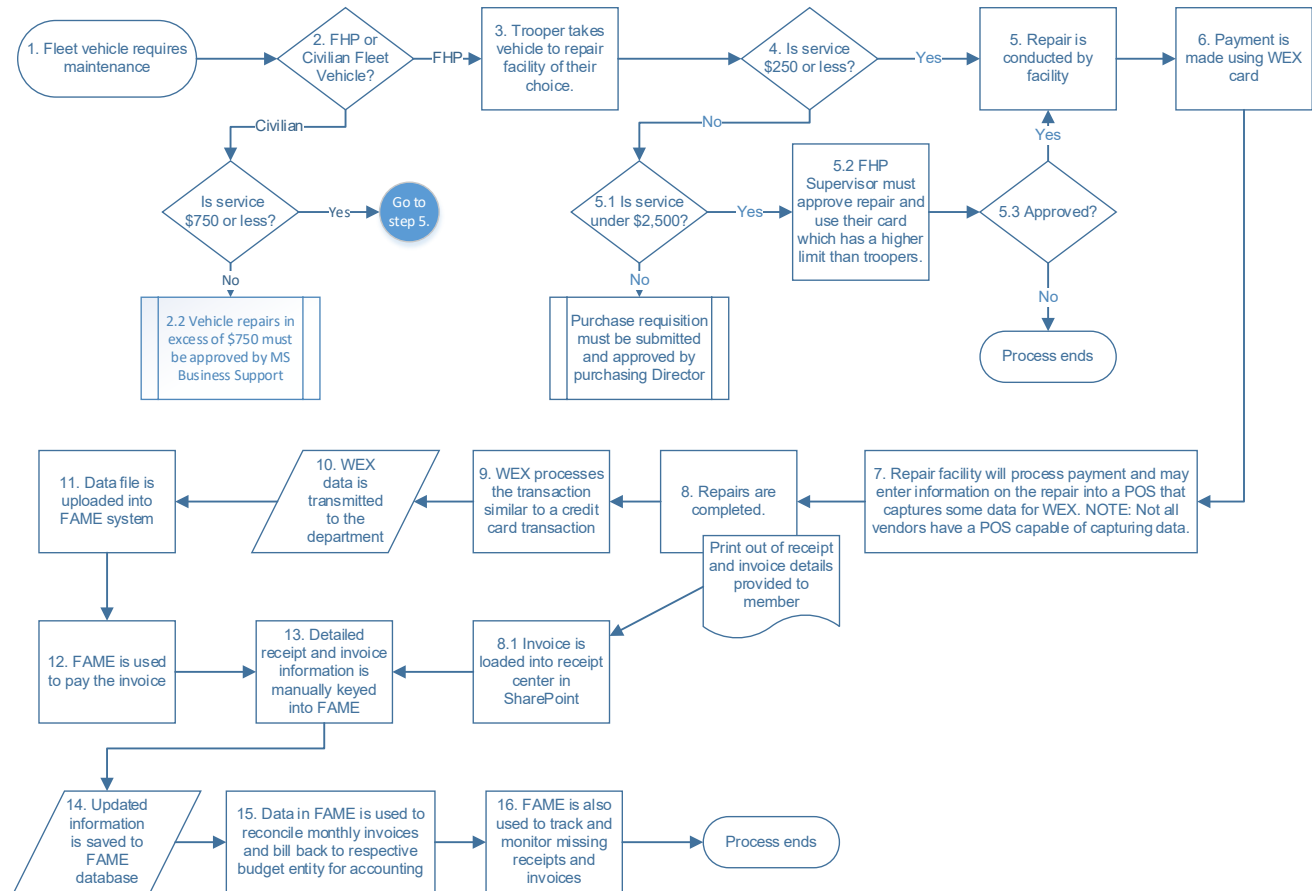
Fueling a vehicle is done through the Wright Express Card (WEX).

Repairs under \$250 are performed with WEX card if the merchant has a terminal.

Supervisors have WEX cards with higher limits.

Emergency repairs more than \$2,500 require prior approval.

Scheduled maintenance more than \$2,500 will be completed using a purchase order in MyFlorida MarketPlace.



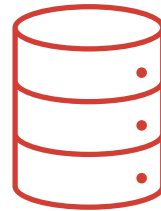
FLEET DATA SYSTEMS ARE FRAGMENTED

There is currently no comprehensive, centralized repository of fleet data.

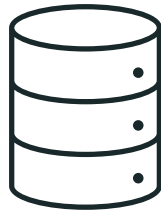
FLEETWAVE Serves as a statewide repository of vehicles, mileage, fuel costs and the condition of the vehicle with maintenance records.

FLEETWAVE data represents a snapshot in time.

FLHSMV uses a combination of internal processes to effectively manage our fleet operations.



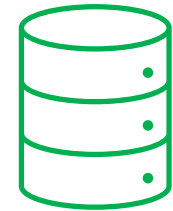
WEX



FLAIR/DFS



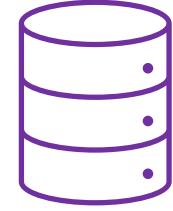
P-CARD



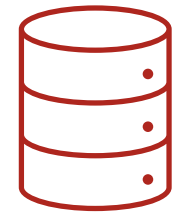
FLEETWAVE



Centralized,
comprehensive
database to manage
fleet operations



SMARTCOP



MyFlorida
Marketplace

DATA COLLECTION AND REPORTING

Due to the limitations of FLEETWAVE, FLHSMV has developed internal processes to bridge the gaps:

Custom reporting and manual reconciliation across WEX, P-Card and purchase order data.

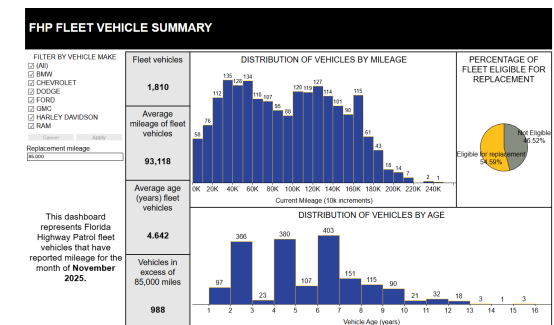
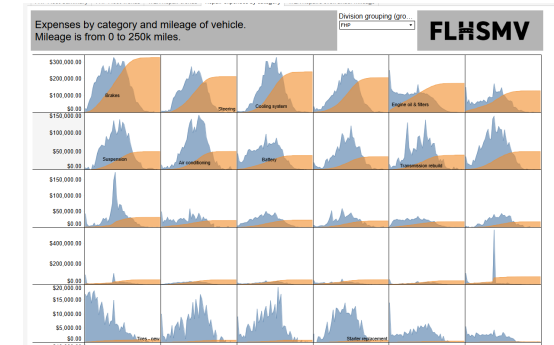
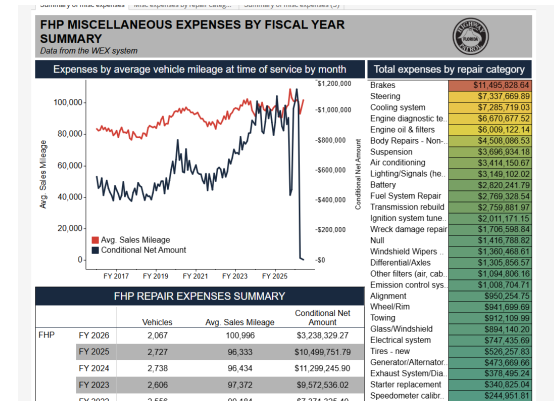
FLEETWAVE contains the same data as WEX, but WEX offers easier access and greater detail.

Each month invoices must be reconciled internally within the department.

Most errors originate from manual data collection or paper processes.

The department developed custom reports, dashboard and alerts to manage our fleet operations.

Fleet operations improvement is one of the department's DOGE efforts. However, lack of centralized, accurate, up-to-date data has slowed progress.



2026-2027 Legislative Budget Request

\$750,000 Improving Fleet Efficiency

- Automate key operational processes, including receipt collection, data categorization for reporting.
- Establish a central repository for all vehicle maintenance records, including fuel receipts.
- Provide proactive vehicle maintenance alerts, integrated telematics, automated mileage capture, and near real-time access to vehicle details.
- Utilizes a device connecting to vehicles harness to capture essential vehicle statistics such as mileage, real-time maintenance alerts for critical indicators including oil lifespan, tire pressure, and battery charge. It will also provide alerts for connected peripherals, such as lights, and monitor vehicle interior temperature for K-9 safety.
- Reduces manual effort and improve data accuracy with Optical Character Recognition (OCR) capabilities for automated receipt capture.

Thank You

**Jonas Marquez
Director of Legislative Affairs
Office: 850-617-3112
JonasMarquez@flhsmv.gov**

The Florida Senate

APPEARANCE RECORD

*DFLEET
Presentation*

Meeting Date

Bill Number or Topic

Deliver both copies of this form to
Senate professional staff conducting the meeting

Committee

Amendment Barcode (if applicable)

Name

Phone

Address

Email

Street

City

State

Zip

Speaking:

☐

For

☐

Against

☒

Information

OR

Waive Speaking:

☐

In Support

☐

Against

PLEASE CHECK ONE OF THE FOLLOWING:

☒

I am appearing without
compensation or sponsorship.

☐

I am a registered lobbyist,
representing:

☐

I am not a lobbyist, but received
something of value for my appearance
(travel, meals, lodging, etc.),
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate
APPEARANCE RECORD

Deliver both copies of this form to
Senate professional staff conducting the meeting

Klet Presentation

Bill Number or Topic

12/2/25

Meeting Date

Gov. Acct

Committee

Name

Captain Nathan Stidham

Phone

850-417-3100

Address

2900 Apalachee Pkwy

Email

nathanstidham@flsm.org

Street

Tally FL

City

State

Zip

Speaking:

☐

For

☐

Against

☒

Information

OR

Waive Speaking:

☐

In Support

☐

Against

PLEASE CHECK ONE OF THE FOLLOWING:

☐

I am appearing without
compensation or sponsorship.

☐

I am a registered lobbyist,
representing:

☐

I am not a lobbyist, but received
something of value for my appearance
(travel, meals, lodging, etc.),
sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. §11.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: SPB 7010

INTRODUCER: Governmental Oversight and Accountability Committee

SUBJECT: Roth Contribution Plans in Deferred Compensation Programs

DATE: December 2, 2025

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Harmsen	McVaney		GO Submitted as Comm. Bill/Fav

I. Summary:

SPB 7010 grants specific authority to the Department of Financial Services (DFS) and local governments and constitutional officers to offer post-tax Roth 457(b) options within any deferred compensation plan established pursuant to s. 112.215, F.S. This broader grant of authority takes effect upon becoming a law but operates retroactively to January 1, 2026.

In 2010, the federal government allowed governmental 457(b) deferred compensation plans to adopt a Roth investment option in addition to their existing pre-tax investment options. However, section 112.215, F.S., the state deferred compensation law, was not modified to authorize this change to the legislatively authorized deferred compensation plans. Citing the change to federal law, the DFS updated its Deferred Compensation Plan document by rule in May 2013 to allow a Roth investment option under its Deferred Compensation Plan.¹ In July 2024, the DFS began enrolling interested Deferred Compensation Plan participants in the Roth investment option.²

The Legislature granted the DFS limited authority to allow Roth contributions into the Deferred Compensation Plan for the 2025-2026 fiscal year only. Participants eligible to make such contributions are limited to those participants who made Roth contributions prior to July 1, 2025. This limited authority is set to expire on July 1, 2026.³ As a result, the DFS limited Roth contributions to only those participants who made similar contributions within the Deferred Compensation Plan prior to July 1, 2025.⁴

¹ See Rule 69C-6.003, Form DFS-J3-1176, F.A.C. (May 2013), <https://flrules.org/Gateway/reference.asp?No=Ref-02725> (last visited Nov. 7, 2025).

² Florida Department of Financial Services, *Florida Deferred Compensation Plan Launches 457b Pre-Tax and Roth for State Employees* (Jun. 11, 2024), <https://www.myfloridacfo.com/news/newsletter/past-issues/news-details/2024/06/11/florida-deferred-compensation-plan-launches-457b-pre-tax-and-roth-for-state-employees> (last visited Nov. 20, 2025).

³ Chapter 2025-199, s. 71, Laws of Fla.

⁴ Florida Bureau of Deferred Compensation, *Urgent Legislative Update-Important Changes to 457(b) Roth Contributions Effective July 1, 2025*, <https://myfloridacfo.com/docs-sf/deferred-compensation-libraries/dc-documents/misc/urgent-2025-legislative-update-sb2502.pdf> (last visited Nov. 7, 2025).

This bill ratifies the DFS' prior actions with respect to the Roth option under the state Deferred Compensation Plan.

The impact on state and local government expenditures is indeterminate.

The bill takes effect upon becoming a law but operates retroactively to January 1, 2026.

II. Present Situation:

Florida Deferred Compensation Plan

In 1978, Congress authorized the creation of a deferred compensation plan as a retirement savings plan to allow public sector employees to supplement any existing retirement and pension benefits by saving and investing pre-tax income through a tax-deferred voluntary salary contribution.⁵ The employer acts as the plan sponsor and contracts with investment providers. The participant employee makes contributions into an investment vehicle made available through a deferred compensation plan and bears the investment risk.

Section 112.215, F.S., directs the Chief Financial Officer to implement and administer a deferred compensation plan for government employees.⁶ The original and current statutes regarding the implementation and administration of the deferred compensation plans made no mention of the federal laws. There is no specific statutory direction to comply with the federal Section 457(b) of the Internal Revenue Code or its regulations. Rather the primary statutory limitation on the state deferred compensation plan is that the compensation deferred (not paid to the employee) may not be included in the employee's taxable income under federal or state law until the compensation is actually received by the employee under the terms of the plan.⁷ This deferred compensation is transferred to investment providers for investment as directed by the employee. The deferred compensation and the associated investment earnings will be subject to the federal taxation upon distribution from the plan. Local governments and officers are also authorized to implement and administer local deferred compensation plans for their employees. Likewise, the primary statutory limitation on these local deferred compensation plans is that the compensation deferred may not be subject to federal or state income tax until the compensation is actually received by the employee.

While the language in s. 112.215, F.S., closely mirrors and clearly contemplates adoption of a state deferred compensation plan pursuant to Section 457(b) of the Internal Revenue Code (as the federal law existed at the time of approval by the Internal Revenue Service), the original and current statutes make no specific reference to that provision, nor to the Internal Revenue Code

⁵ Internal Revenue Service, *IRC 457(b) Deferred Compensation Plans*, <https://www.irs.gov/retirement-plans/irc-457b-deferred-compensation-plans> (last visited Nov. 6, 2025). *See also*, 26 U.S.C. s. 457.

⁶ A government employee is any person employed by the state of Florida, or any governmental unit of the state, including any state agency, county, municipality, or other political subdivision of the state; any special district or water management district; any state university or Florida College System institution; or any constitutional county officer under s. 1(d), Art. VIII of the State Constitution for which compensation or statutory fees are paid. Section 112.215(2), F.S.

⁷ *See* s. 112.215(6)(a), F.S.

more generally where employee deductions are concerned.⁸ The 1975 language does specifically state that:

Notwithstanding any other provision of this act or any other provision of law to the contrary, any sum deferred under the deferred compensation program shall not be included for the purposes of computation of any income taxes withheld on behalf of any employee.⁹

Florida, through the DFS' Division of Treasury and Bureau of Deferred Compensation, administers a deferred compensation plan for its government employees. A government employee's eligibility to enroll in the State of Florida Deferred Compensation Plan (Deferred Compensation Plan) is subject to his or her employer's election to participate. As of September 30, 2025, the Deferred Compensation Plan has 95,942 accounts with an average of 42,067 of those accounts representing actively contributing participants. The Plan's assets total \$5,967,631,276.40.¹⁰

The Deferred Compensation Plan was commissioned in 1982,¹¹ and the IRS deemed it an eligible state deferred compensation plan as defined in section 457 of the Internal Revenue Code in 1988.¹² The Deferred Compensation Plan was approved with the following characteristics:

- The plan allows a participant to elect to defer compensation until his or her separation from state employment or an unforeseeable emergency.
- The plan sets a maximum amount that a participant may defer for each taxable year.
- The plan provides for a catch-up computation for the last three taxable years before a participant reaches normal retirement age, allowing contributions above the normal limit during that time.
- The plan maintains all property and all income attributable to amounts deferred by a plan participant as property of the State, subject only to claims by the State's general creditors. This protects participants' contributions until the time at which they separate from employment from the State or are otherwise eligible to claim those deferred contributions.
- The plan provides that any amount of compensation deferred under the plan, and any income attributable to that amount deferred, shall be includable in gross income only for the taxable year in which the compensation is paid or otherwise made available to the participant or his or her beneficiary.

⁸ A cross-reference to a specific statute incorporates the language of the referenced statute as it existed at the time the reference was enacted, unaffected by any subsequent amendments to or repeal of the incorporated statute. *Brown v. U.S.*, 602 U.S. 101, 116 (2024) and *Overstreet v. Blum*, 227 So.2d 197 (Fla. 1969). In contrast, as a general rule, a cross-reference to a general body of law (without reference to a specific statute) incorporates the referenced statute as it existed at the time the reference was enacted, unaffected by any subsequent amendments to or repeal of the incorporated statute. See *Williams v. State ex. Rel. Newberger*, 100 Fla. 1567, 125 So. 358 (1930), rev'd on other grounds on rehearing, 100 Fla. 1570, 131 So. 864 (1930); *Reino v. State*, 352 So. 2d 853 (Fla. 1977).

⁹ Ch. 75-295 (1975), Laws of Fla.

¹⁰ Florida Bureau of Deferred Compensation, *Plan Watch Booklet 2025* at 5-6, <https://www.myfloridacfo.com/docs-sf/deferred-compensation-libraries/dc-documents/publications/plan-watch-booklet.pdf> (last visited Nov. 6, 2025).

¹¹ Florida Bureau of Deferred Compensation, *Plan Watch Booklet 2025* at 1, <https://www.myfloridacfo.com/docs-sf/deferred-compensation-libraries/dc-documents/publications/plan-watch-booklet.pdf> (last visited Nov. 6, 2025).

¹² Internal Revenue Service, *Memo regarding State of Florida Deferred Compensation Plans* (Oct. 26, 1988), on file with the Committee on Governmental Oversight and Accountability.

Roth 457(b) Governmental Deferred Compensation Plan

A Roth 457(b) account is a separate account in a 457(b) government-sponsored deferred compensation plan to which a participant makes designated Roth contributions. Unlike standard pre-tax contributions made to a 457(b) plan, Roth contributions are not excluded from an employee's gross income but are instead taxed at the time they are contributed to the account. Qualified distributions made from a Roth account, including its earnings, are excluded from gross income at the time of withdrawal (and are therefore not taxed at the time of an eligible withdrawal). Under federal law, if a Roth investment option is available as part of their plan, an employee may generally designate all, none, or a portion of his or her 457(b) deferred compensation deferrals for investment in a Roth account.¹³ An employee may not access his or her Roth 457(b) account (and its earnings) until at least five years elapsed since the employee's first designated Roth contribution and either the employee reaches age 59.5, is qualified as disabled, or dies.¹⁴

In 2010, the federal Small Business Jobs and Credit Act allowed government-sponsored deferred compensation plans to offer and classify Roth (post-tax) contributions as elective deferrals under their plans.¹⁵ However, section 112.215, F.S., the state deferred compensation law, was not amended to authorize this change. Indeed, today, s. 112.215, F.S., still requires that the deferred compensation plan become effective only after the CFO is satisfied by opinion from the appropriate federal authority that "the compensation deferred thereunder and/or the investment products purchased pursuant to the plan will not be included in the employee's taxable income under federal or state law until it is actually received by such employee..." The only mention of 26 U.S.C. s. 457 of the Internal Revenue Code within s. 112.215, F.S., occurs wherein direction is given to hold participants' moneys "accrued or accruing under and pursuant to s. 26 U.S.C. s. 457 and the deferred compensation plan provided for therein and adopted by this state..."

Citing the 2010 change to federal law, the DFS updated its Deferred Compensation Plan document by rule in May 2013 to allow a Roth investment option under its Deferred Compensation Plan.¹⁶ However, it was not until July 2024 that the DFS began enrolling interested Deferred Compensation Plan participants in the Roth investment option.¹⁷ This rule change allowing all Deferred Compensation Plan participants to make post-tax Roth

¹³ 26 U.S.C. s. 402A(b)(1) defines and permits such Roth contribution programs under 457(b) deferred compensation programs. The standard contribution limit for both Roth 457(b) and 457(b) Deferred Compensation Plans for the year 2025 is \$23,500. Internal Revenue Service, *COLA Increases for Dollar Limitations on Benefits and Contributions* (Aug. 26, 2025), <https://www.irs.gov/retirement-plans/cola-increases-for-dollar-limitations-on-benefits-and-contributions> (last visited Nov. 6, 2025).

¹⁴ Internal Revenue Service, *Retirement Topics – Designated Roth Account* (Aug. 26, 2025), <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-designated-roth-account> (last visited Nov. 6, 2025).

¹⁵ Trucker Huss, *New Law Permits Conversion of Pre-Tax and Other Accounts to Designated Roth Account Within 401(k), 403(b) and Governmental 457(b) Plans*, <https://www.truckerhuss.com/2010/10/new-law-permits-conversion-of-pre-tax-and-other-accounts-to-designated-roth-account-within-401k-403b-and-governmental-457b-plans/> (last visited Nov. 25, 2025).

¹⁶ See Rule 69C-6.003, Form DFS-J3-1176, F.A.C. (May 2013), available at <https://flrules.org/Gateway/reference.asp?No=Ref-02725> (last visited Nov. 20, 2025).

¹⁷ Florida Department of Financial Services, *Florida Deferred Compensation Plan Launches 457b Pre-Tax and Roth for State Employees* (Jun. 11, 2024), <https://www.myfloridacfo.com/news/newsletter/past-issues/news-details/2024/06/11/florida-deferred-compensation-plan-launches-457b-pre-tax-and-roth-for-state-employees> (last visited Nov. 7, 2025).

contributions appears to have been made in contravention to the enabling statute's limitation of the Plan to pre-tax contributions only.

In response, the Legislature granted the DFS limited and remedial authority to allow employee Roth contributions into the Deferred Compensation Plan for the 2025-2026 fiscal year only. Such contributions are limited to those employees who had made Roth contributions prior to July 1, 2025. This limited statutory grant of authority is intended to allow existing Deferred Compensation Plan participants who had made Roth contributions to continue those contributions and to provide time for the Legislature to contemplate a broader and more permanent grant of such authority impacting all participants. This limited grant of authority is set to expire on July 1, 2026.¹⁸ As a result, the DFS limited Roth contributions to only those participants who made similar contributions within the Deferred Compensation Plan prior to July 1, 2025.¹⁹

Additionally, section 71 of chapter 2025-199, Laws of Florida, requires the DFS to submit a report to the Legislature by December 1, 2025, to plan a transition of any after-tax contributions and their earnings out of the state deferred compensation plan. The DFS submitted a report in compliance with this provision on November 24, 2025, wherein it concludes that it can neither take corrective actions to remove investments from the Roth option within the scope of the Internal Revenue Code, nor force the Roth participants to clear their investments from their Roth accounts.²⁰ This proposal would leave a portion of Roth (after-tax) investments in the Deferred Compensation Plan.

Application of SECURE 2.0 to Roth Investments

Effective January 1, 2024, the federal SECURE 2.0 Act amended the Internal Revenue Code's catch-up contributions provisions to require a high-earning plan participant (whose FICA wages exceed \$145,000 in the preceding year) to make catch-up contributions as designated post-tax Roth contributions, rather than pre-tax deferred compensation contributions. Catch-up contributions are higher contributions that governmental 457(b) deferred compensation plan participants may make in limited instances, usually based on age.²¹ While this new requirement on high-earning participants to use post-tax Roth contributions for catch-up became effective in 2024, IRS Notice 2023-62 provided for a two-year administrative transition period, resulting in an actual effective date of January 1, 2026.²²

¹⁸ Chapter 2025-199, s. 71, Laws of Fla.

¹⁹ Florida Bureau of Deferred Compensation, *Urgent Legislative Update-Important Changes to 457(b) Roth Contributions Effective July 1, 2025*, <https://myfloridacfo.com/docs-sf/deferred-compensation-libraries/dc-documents/misc/urgent-2025-legislative-update-sb2502.pdf> (last visited Nov. 7, 2025).

²⁰ E-mail from Morgan Husbands, Florida Department of Financial Services, *Roth Contributions Report for Legislature* (Nov. 24, 2025)(on file with the Senate Committee on Governmental Oversight and Accountability).

²¹ Internal Revenue Service, *Issue Snapshot- Section 457(b) plan of governmental and tax-exempt employers- Catch-up contributions* (Apr. 8, 2025), <https://www.irs.gov/retirement-plans/issue-snapshot-section-457b-plan-of-governmental-and-tax-exempt-employers-catch-up-contributions> (last visited Nov. 7, 2025).

²² However, the special catch-up contribution allowed during the three years prior to normal retirement age are exempt from the Roth-only requirement. Sarah Sise, Lauren Schuster, et.al, QUARLES, *SECURE 2.0 Act Retirement Plan Update: Roth Catch-Up Contributions in 2026* (Nov. 4, 2025), <https://www.quarles.com/newsroom/publications/secure-2-0-act-retirement-plan-update-roth-catch-up-contributions-in-2026>. See also, Kevin Nolt, TRUCKER & HUSS, *The Roth Catch-Up Regulations are Final: What You Need to Know!*, <https://www.truckerhuss.com/newsletter/roth-catchup-regulations/#footnotes1> (last visited Nov. 19, 2025), and Kim Boberg, et.al, Groom Law Group, *IRS Issues Final Regulations on Catch-Up Rule Changes*

The IRS' nondiscrimination rule²³ requires that a deferred compensation plan be made equally available to all of the plan sponsor's employees. The rule has also been interpreted to require that plans that offer a Roth investment option to high-earners (who are subject to a requirement that they make those contributions to a Roth account), must also offer all catch-up eligible participants – those who will be age 50 or older in a given year – the ability to make catch-up contributions on a Roth basis.²⁴ If the plan does not offer a Roth investment option, then those high-earner participants required to make their catch-up contributions to a Roth account are excluded from the ability to make catch-up contributions except to the extent that government-sponsored 457(b) deferred compensation plans are exempt from the Roth-only requirement for the purposes of the standard ("special") catch-up.²⁵ While this exclusion of high-earners from the ability to make the same dollar amount of catch-up contributions as other plan participants would generally violate the universal availability rule, a Federal Regulation effective November 17, 2025 allows it.²⁶

III. Effect of Proposed Changes:

Section 1 amends s. 112.215, F.S., to grant specific statutory authority to the CFO, for purposes of the state deferred compensation plan, and to any officer administering a local deferred compensation plan, to offer a post-tax Roth contribution program in accordance with section 402A of the United States Internal Revenue Code as part of their deferred compensation plan. This will authorize the Bureau of Deferred Compensation and any other deferred compensation plan operated under s. 112.215, F.S., to accept post-tax Roth contributions on behalf of its Deferred Compensation Plan participants.

Section 2 repeals section 71 of Chapter 2025-199, Laws of Florida, which, for the 2025-2026 fiscal year, grants statutory authority to DFS to allow Roth contributions under the Deferred Compensation Plan to those employees who had made Roth contributions prior to July 1, 2025.

Section 3 ratifies the prior actions of the CFO that permitted, for purposes of the state Deferred Compensation Plan, contributions to a qualified Roth contribution program, beginning July 1, 2024. This ratification addresses the rulemaking undertaken by the DFS in 2013, and subsequent thereto, the actual establishment of the Roth option under the Deferred Compensation Plan, and the enrollment of participants into Roth contribution plan.

Section 4 makes the effect of the bill retroactive to January 1, 2026.

The bill takes effect upon becoming a law.

(Sept. 18, 2025), (<https://www.groom.com/resources/irs-issues-final-regulations-on-catch-up-rule-changes/>) (last visited Nov. 19, 2025).

²³ 26 U.S.C. §1.414(v)-4, as applied to 26 U.S.C. 403(b)(12)(A)(ii).

²⁴ Elizabeth Drake, Allison Ullman, GROOM LAW GROUP, *IRS Issues Much Anticipated Guidance on Catch-Up Contributions* (Jan. 14, 2025), https://www.groom.com/resources/irs-issues-much-anticipated-guidance-on-catch-up-contributions/?utm_source=vuture&utm_medium=email&utm_campaign=employers&utm_content=catch+up+irs+final (last visited Nov. 19, 2025).

²⁵ 26 CFR §1.414(v)-2(c)3.B (2025), <https://www.govinfo.gov/content/pkg/FR-2025-09-16/pdf/2025-17865.pdf> (last visited Nov. 25, 2025).

²⁶ 26 CFR §1.414(v)-2(b)2 (2025).

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

Not applicable. The bill does not require municipalities or counties to spend funds, reduce the authority of municipalities or counties to raise revenue, or reduce the percentage of state tax shared with municipalities and counties.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

With the broader statutory authority to accept both pre-tax contributions and post-tax Roth contributions, government employees will be permitted to choose to invest their deferred compensation funds in either a pre- or post-tax option.

The Bureau of Deferred Compensation reports that federal law may forestall the Bureau's ability to allow any deferred compensation participants to make catch-up contributions if it is not granted authority to offer the Roth investment option. However, recent federal guidance on the matter appears to allow deferred compensation plans to continue to offer pre-tax catch-up contribution opportunities to employees who have FICA wages of less than \$145,000 in the prior tax year, even if high-earner employees are prohibited from making catch-up contributions in the same pre-tax manner as a result of the plan's lack of a post-tax Roth investment option.²⁷

²⁷ “[A]n applicable employer plan that does not have a qualified Roth contribution program would be allowed to permit catch-up eligible participants who are not subject to the Roth catch-up requirement to make catch-up contributions even though catch-up eligible participants who are subject to the Roth catch-up requirement would not be permitted to make catch-up contributions.” Internal Revenue Service, *Catch-Up Contributions*, 90 Fed. Reg. at 2651 (Jan. 13, 2025), <https://www.govinfo.gov/content/pkg/FR-2025-09-16/pdf/2025-17865.pdf> (last visited Nov. 25, 2025).

C. Government Sector Impact:

The Department of Financial Services may incur costs associated with updating information technology software to administer the use of post-tax Roth contributions in the state deferred compensation plan consistent with state law.

VI. Technical Deficiencies:

None.

VII. Related Issues:**Catch-Up Contributions**

- The Age 50 Catch-Up allows participants who are 50 or older to contribute up to \$7,500 per taxable year (for a total of \$31,000) in 2025.²⁸ For tax year 2024, 2,175 Florida Deferred Compensation Plan participants used this catch-up, with an average contribution of \$28,861.33.²⁹
- The Pre-retirement Catch-Up (also called the “super” catch-up) allows a deferred compensation plan member who is age 60-63 to make an additional contribution of up to \$11,250 in tax year 2025.³⁰ Once a participant turns 64, they revert to the standard age 50 catch-up contribution limit. This catch-up cannot be combined with the special catch-up (discussed below). This allows the plan member to defer up to \$34,750 in tax year 2025. During tax year 2025, 79 Florida Deferred Compensation Plan participants, out of 5,089 eligible participants signed up for this catch-up.³¹
- The Traditional Catch-Up (also called the “special catch-up”) allows participants who are within three years of their normal retirement age³² to make a maximum catch-up contribution of the lesser of double the standard deferral limit (equal to \$23,500 in the 2025 tax year), or the sum of the standard deferral (for tax year 2025, \$23,500, or the total amount of your wages, if less than \$23,500) plus the amount of standard deferrals a participant could have contributed in prior years, but did not.³³ This “underutilized limitation” does not include foregone catch-up contributions. The traditional catch-up cannot be used in the same tax year as the age 50 catch-up or the pre-retirement catch-up.

²⁸ Florida Bureau of Deferred Compensation, *2025 Contribution Limits*, https://www.myfloridacfo.com/docs-sf/deferred-compensation-libraries/dc-documents/administrative-documents/contribution-limits.pdf?sfvrsn=21f610e7_34 (last visited Nov. 19, 2025).

²⁹ November 6, 2025 Deferred Compensation Plan Advisory Council Meeting.

³⁰ 26 CFR §1.414(v)-1(c)(2)(i)(b). *See also*, Mary Graf, VOYA FINANCIAL, *Preparing Employers for the Age 60-63 Catch-Up Contribution Provision*, <https://www.voya.com/voya-insights/preparing-employers-new-age-60-63-catch-contribution-provision> (last visited Nov. 20, 2025).

³¹ November 6, 2025 Deferred Compensation Plan Advisory Council Meeting.

³² Normal retirement age is the earlier of age 65 or the age that the participant has a right to retire and receive full benefits under the governmental retirement plan—but no later than age 70.5.

³³ Internal Revenue Service, *Issue Snapshot- Section 457(b) Plan of Governmental and Tax-Exempt Employers—Catch-Up Contributions* (Apr. 8, 2025), <https://www.irs.gov/retirement-plans/issue-snapshot-section-457b-plan-of-governmental-and-tax-exempt-employers-catch-up-contributions> (last visited Nov. 20, 2025).

The 2025 taxable year's regular deferral limit and three catch-up limits are summarized below:

Regular Deferral Limit	\$23,500
Age 50+ Catch-Up	\$7,500 (\$31,000 total)
Age 60-63 Catch-Up (Pre-Retirement)	\$11,250 (\$34,750 total)
Traditional Catch-Up	Up to \$47,000 total

VIII. Statutes Affected:

This bill substantially amends section 112.215 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-01228A-26

20267010pb

A bill to be entitled

An act relating to Roth contribution plans in deferred compensation programs; amending s. 112.215, F.S.; authorizing the state deferred compensation plan and any deferred compensation plan offered by a county, a municipality, or other political subdivision, or a county constitutional officer, to offer a qualified Roth contribution program; repealing s. 71 of chapter 2025-199, Laws of Florida, relating to employee contributions to the state deferred compensation plan; ratifying the actions by the Chief Financial Officer which permitted contributions to a qualified Roth contribution program under the state's deferred compensation plan; providing for retroactive application; providing an effective date.

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

Section 1. Subsection (15) is added to section 112.215, Florida Statutes, to read:

112.215 Government employees; deferred compensation program.—

(15) Notwithstanding the requirements in paragraphs (6) (a) and (b) that deferred compensation not be included in the employee's taxable income until actually received by the employee under the terms of the plan, a deferred compensation plan established pursuant to this section may offer to all eligible employees a qualified Roth contribution program in accordance with s. 402A of the Internal Revenue Code.

Page 1 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

585-01228A-26

20267010pb

Section 2. Section 71 of chapter 2025-199, Laws of Florida, is repealed.

Section 3. The Legislature hereby ratifies the actions of the Chief Financial Officer which permitted, for purposes of the state deferred compensation plan established pursuant to s. 112.215, Florida Statutes, contributions to a qualified Roth contribution program in accordance with section 402A of the Internal Revenue Code beginning July 1, 2024.

Section 4. This act shall operate retroactively to January 1, 2026.

Section 5. This act shall take effect upon becoming a law.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

Internal Revenue Service

Department of the Treasury

Index Nos: 0457-0000

Washington, DC 20224

Mr. Lee Avirett
State of Florida
Department of Insurance and
Treasurer
Room 134, Larson Building
Tallahassee, FL 32399-0300

Person to Contact:
Mrs. R. Morton
Telephone Number:
(202) 566-3060

Refer Reply to:
CC:EE:1 - TR-2612-88

Date:

OCT 26 1988

State X = State of Florida
Department of Insurance and Treasurer
EIN: 59-6001874

Dear Mr. Avirett:

This is in reply to a letter dated September 21, 1988, and prior correspondence, requesting a ruling that the State X Deferred Compensation Plans, as amended on May 12, 1988, is an eligible state deferred compensation plan under section 457 of the Internal Revenue Code and the Income Tax Regulations thereunder.

Under the plan a participant may elect to defer compensation he would have received for services to State X in any taxable year until separation from service with State X or until the occurrence of an unforeseeable emergency. The election to defer compensation must be made prior to the period for which the compensation is earned. The plan provides for a maximum amount that may be deferred by a participant in any taxable year and also provide for a catch-up computation for amounts deferred for one or more of the participant's last three taxable years ending before he attains normal retirement age under the plan. The amounts that may be deferred under the annual maximum limitation and the catch-up provision are within the limitations set out in section 457 of the Code.

A participant may elect a method by which his deferred amounts will be distributed by choosing one of several benefit payout options specified in the plan. This election must be made prior to the time any such amounts become payable to the participant. In addition, a participant may request a method by which his deferred amounts will be invested.

Mr. Lee Avirett

The plan further provides that all amounts deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights will remain (until made available to the participant or beneficiary) solely the property and rights of State X, subject only to the claims of State X's general creditors. The rights of any participant or beneficiary to payments pursuant to the plan are nonassignable.

Section 457 of the Code provides rules for the deferral of compensation by an individual participating in an eligible state deferred compensation plan (as defined in section 457(b)).

Section 457(a) of the Code provides that in the case of a participant in an eligible state deferred compensation plan, any amount of compensation deferred under the plan and any income attributable to the amounts so deferred shall be includible in gross income only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary.

Based upon the provisions of the plan summarized above, we conclude as follows:

1. The State X Deferred Compensation Plan is an eligible state deferred compensation plan as defined in section 457 of the Code of 1986.
2. Amounts of compensation deferred under the plan, including any income attributable to the deferred compensation, will be includible in gross income for the taxable year or years in which such amounts are paid or otherwise made available to an employee or an employee's beneficiary in accordance with the terms of the plan.

No opinion is expressed concerning the timing of the inclusion in income of amounts deferred under any deferred compensation plan other than the State X plan which shall be transferred to the State X plan.

No opinion is expressed, also, with respect to the timing of the inclusion in income of amounts deferred under the State X plan by independent contractors performing services for State X.

Mr. Lee Avirett

The plan further provides that all amounts deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights will remain (until made available to the participant or beneficiary) solely the property and rights of State X, subject only to the claims of State X's general creditors. The rights of any participant or beneficiary to payments pursuant to the plan are nonassignable.

Section 457 of the Code provides rules for the deferral of compensation by an individual participating in an eligible state deferred compensation plan (as defined in section 457(b)).

Section 457(a) of the Code provides that in the case of a participant in an eligible state deferred compensation plan, any amount of compensation deferred under the plan and any income attributable to the amounts so deferred shall be includible in gross income only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary.

Based upon the provisions of the plan summarized above, we conclude as follows:

1. The State X Deferred Compensation Plan is an eligible state deferred compensation plan as defined in section 457 of the Code of 1986.
2. Amounts of compensation deferred under the plan, including any income attributable to the deferred compensation, will be includible in gross income for the taxable year or years in which such amounts are paid or otherwise made available to an employee or an employee's beneficiary in accordance with the terms of the plan.

No opinion is expressed concerning the timing of the inclusion in income of amounts deferred under any deferred compensation plan other than the State X plan which shall be transferred to the State X plan.

No opinion is expressed, also, with respect to the timing of the inclusion in income of amounts deferred under the State X plan by independent contractors performing services for State X.

Harmsen, Jessie

From: Husbands, Morgan <Morgan.Husbands@myfloridacfo.com>
Sent: Monday, November 24, 2025 10:23 AM
To: Office of Senator Albritton; Perez, Daniel
Cc: Harmsen, Jessie; McVaney, Joe; Thomas, Tom; Knudson, James; Hamon, Kurt; Brackett, Daniel; Collins, Tanner; Fennell, Scott; Isham, Rosemary; Christian, Hannah; Letarte, Christie; Hamby, Tom
Subject: Roth Contributions Report - SB 2502 Implementation
Attachments: Roth Contributions Report for Legislature .pdf

Good morning,

Pursuant to section 71 of Implementing the 2025-2026 General Appropriations Act, the Division of Treasury within the Department of Financial Services is required to submit to the Legislature by December 1, 2025, a plan to transition any after-tax contributions and earnings thereon out of the state deferred compensation plan. Attached is the required plan.

Please let us know if you have any questions.

Morgan Husbands

Deputy Director of Policy

Florida Department of Financial Services

(o): 850-413-4911

morgan.husbands@myfloridacfo.com

Please note that Florida has a broad public records law. Most written communications to or from state officials regarding state business are considered to be public records and will be made available to the public and the media upon request. Therefore, your e-mail message may be subject to public disclosure.

I. Executive Summary

Senate Bill 2502 (2025 Legislative Session) directs the Division of Treasury to submit a plan to transition the after-tax (“Roth”) contributions out of the state’s Section 457(b) Deferred Compensation Plan (“Plan”). This report provides in depth discussion of transition or correction options and explains the legal and administrative hurdles associated with same.

Roth contributions are after-tax payroll deferrals that grow tax-free and are eligible for tax-free qualified retirement distributions if specific requirements are met (e.g., 5-year holding period and age 59½, death, or disability). There are limited circumstances under which Roth contributions can be transferred out of a governmental plan established under IRC § 457(b), these include self-correction, rollover, transfer, and distribution due to a qualifying event.

After a comprehensive review of the Internal Revenue Code, Treasury Regulations, and applicable IRS guidance, it is the Division’s conclusion that the only viable option is to allow the Roth contributions to remain in the Plan until a qualifying distribution event occurs.

II. Background

The State of Florida offers the Plan to eligible employees. The Plan is a governmental deferred compensation plan authorized under Internal Revenue Code (IRC) § 457(b) and is administered in compliance with applicable federal regulations. Under IRC § 457(b), a governmental employer may offer tax-deferred retirement contributions for its employees. The law permits the inclusion of designated Roth contributions, provided that the Plan, within its plan document, authorizes them, and they are administered in compliance with IRS regulations.

The Plan was established pursuant to section 112.215, Florida Statutes. In 2014 Designated Roth contributions were authorized in the plan document under Fla. Admin. Code Ann. R. 69C-6.003, form DFS J3- 1176. Designated Roth contributions, which are after-tax elective deferrals, were implemented under the Plan in May 2024. Concerns have been raised regarding section 112.215(6), Florida Statutes, which seems to limit contributions to the state deferred compensation plan to tax-deferred (pre-tax) deferrals. As such, the legislature directed the Division in Senate Bill 2502 (2025 Legislative Session) to submit a plan to transition the Roth contributions out of the Plan.

III. Transition Options

a. Correction of Plan Error

The IRS provides limited avenues for correcting plan errors. Under IRC § 457(b)(6) and Treasury Regulation § 1.457-9, governmental plan sponsors are permitted to self-correct certain plan and operational failures without IRS approval as outlined in Revenue Procedure 2019-19. Furthermore, governmental sponsors may, under limited and discretionary circumstances, submit requests for IRS correction of eligible failures under

Revenue Procedure 2021-30, Section 4.09. Ineligible issues, such as document failures or issues not caused by error, cannot be corrected via self-correction. Eligible failures for self-correction generally include failure to follow the terms of the plan, excluding eligible participants, omitting contributions required by the plan, certain loan administration errors.

Roth contributions were implemented and administered in accordance with the terms of the plan document. Contributions were properly accounted for, and no participants were excluded or misclassified. There is no evidence of a failure to follow the Plan's terms, nor a failure to comply with IRC § 457(b) or related Treasury Regulations. Because no operational or plan failure occurred, there is no basis for self-correction or voluntary correction. A submission to the IRS for voluntary correction would be improper and unlikely to be accepted, as the IRS retains full discretion and does not accept submissions absent a clear compliance failure.

Even if a voluntary correction pathway were available (which it is not), pursuing it could create the following risks:

- **Participant Tax Liability:** Participants could incur premature distribution taxes and penalties, such as early distribution taxes. Participants could also be unduly burdened by the need to file amended tax forms.
- **Administrative Burden and Legal Exposure:** Improper corrections could lead to litigation, fiduciary exposure, or increased compliance scrutiny.

Since there is no correctable failure under the IRS's guidance, there is no basis to "transition" or "recharacterize" Roth contributions through correction.

b. Rollover and Transfer

Under federal law, "transfers" involving governmental 457(b) plans are addressed in various forms. The IRS and Treasury Regulations recognize several distinct types of movements of funds under these plans:

- Plan-to-plan transfers between eligible governmental 457(b) plans.
- Transfers for the purchase of permissive past service credit, typically into a defined benefit (pension) plan.
- Rollovers to or from other qualified plans or IRAs, but only in limited circumstances.

Each of these transfer types is subject to specific legal and regulatory constraints, including restrictions on timing, participant eligibility, and the type of receiving plan. Specifically, under Treasury Regulations § 1.457-10(b), (e), Roth contributions held within a governmental 457(b) plan cannot be rolled over or transferred to another qualified plan or IRA unless certain criteria are met. A transfer is permitted only if the participant has separated from service, is using the funds to purchase prior service credit

in a defined benefit plan (i.e., pension plan), or is moving their account to another governmental deferred compensation plan sponsored by the same employer (e.g., when an employer replaces one plan with another). Rollovers are permitted only upon the occurrence of a qualifying distributable event. These events include separation from service, death, disability, attainment of age 70½ (if allowed by the Plan), or becoming subject to required minimum distribution rules under IRC § 401(a)(9). Notably, the Division cannot create or compel a distributable event to facilitate a rollover.

In addition to these federal restrictions, the Plan does not permit in-service rollovers or transfers of designated Roth contributions to external retirement plans, such as Roth IRAs or designated Roth accounts in 401(k) or 403(b) plans. The Plan document does not authorize participants to elect such rollovers while actively employed and before meeting one of the federal distributable events. Therefore, even if federal law were to allow such transfers under limited circumstances, the Plan's own provisions independently prohibit them.

The practical effect of these dual limitations—federal law and plan design—is that designated Roth contributions must remain in the Plan until a qualifying distribution event occurs. Attempting to amend the Plan to force a rollover would likely violate IRS rules and expose the Plan to compliance risks, including potential disqualification under IRC § 457(b). Moreover, initiating a forced or involuntary transfer without participant consent or outside of a lawful distribution context could create significant legal exposure and undermine participant tax protections.

c. Eligible Distribution

Federal law strictly limits the distribution of funds from 457(b) plans. Distributions are permitted under Treasury Regulation § 1.457-6 only upon severance from employment, attainment of age 70½ (if permitted by the Plan), death, unforeseeable emergency, or required minimum distributions under IRC § 401(a)(9). The Plan cannot authorize distributions outside of these events, and the Division does not have the legal authority to require or accelerate a distribution for the purpose of removing Roth balances. Any attempt to mandate an early distribution would violate federal law and could jeopardize the Plan's compliance status under IRC § 457(b).

This option entails allowing existing Roth balances to remain in the Plan until such balances are distributed in accordance with these federal qualifying events. Participants would continue to manage their Roth accounts under the terms of the Plan, and distributions would occur over time as individuals retire, separate from service, reach qualifying age, or experience another permitted event.

Because section 112.215 does not appear to require the removal of Roth assets already accepted into the Plan, this approach provides a practical, lawful method of addressing the legislative directive. Existing Roth contributions and their earnings would remain in the Plan under normal plan administration until participants are eligible to take distributions. This avoids triggering early withdrawal penalties, protects the tax-

advantaged status of participant accounts, and maintains compliance with federal 457(b) rules.

IV. Conclusion and Recommendation

Based on a comprehensive review of applicable statutory and regulatory requirements, the Division cannot transition Roth contributions out of the 457(b) Plan through correction, rollover, or transfer mechanisms. There is no evidence of a plan or operational failure that would warrant correction under IRS procedures, and the Plan's terms, as well as federal law, do not authorize rollovers or transfers of Roth assets absent a qualifying distributable event. Additionally, the Division cannot compel participants to take distributions, as federal regulations strictly limit distributions to specific qualifying events.

Given these constraints, the only feasible option is to allow existing Roth balances to remain in the Plan until they are lawfully distributed over time in accordance with federal qualifying events.

This approach balances compliance with both state statutory requirements and federal tax regulations, minimizes administrative disruption, and respects the rights and expectations of Plan participants.

V. Argument for the Continuation of Designated Roth Contributions

The authorization of Roth Contributions pursuant to Internal Revenue Code (IRC) § 457(b) is a common practice for 457(b) plans. The recent federal Secure 2.0 legislation requiring high earners to make catch-up contributions on an after tax, Roth basis has encouraged many plan administrators to allow Roth contributions. Plans that do not elect to allow Roth contributions may not allow participants to utilize the age-based catch-up limits that help participants bolster their retirement savings. Federal 457(b) discrimination laws prohibit limiting participation in catch-up contribution limits. Therefore, if Roth is not available to all plan participants, age-based catch-up provisions cannot be allowed.

Beyond catch-up contributions, Roth contributions offer significant advantages for all participants. Because contributions are made on an after-tax basis, earnings and qualified withdrawals grow tax-free, providing long-term financial benefits, particularly for participants whose current incomes place them in lower tax brackets but who may face higher taxes in retirement. Roth contributions also provide flexibility in retirement planning, enabling participants to manage taxable income strategically and better plan for Social Security, Medicare, and other financial considerations. Additionally, Roth contributions support estate planning goals, as they may be passed on to heirs in a tax-efficient manner and encourages consistent participation in the Plan by offering state employees a valuable tax-free growth option across all age groups.

Participants in the Plan have shown considerable interest in both Designated Roth contributions and age-based catch-up limits. It is the Divisions conclusion that

discontinuing Roth contributions and age-based catch-up would be detrimental to participants' ability to fully utilize the Plan and achieve their retirement savings goals.



Florida Senate

Kristen Arrington

Senator, District 25

District Office:

3 Courthouse Square
Room 219
Kissimmee, FL, 34741
(407) 846-5187

Tallahassee Office:

210 Senate Building
404 S. Monroe St.
Tallahassee, FL 32399-
1300
(850) 487-5025

Staff:

Zoe Karabenick
Senior Legislative Aide

Monica Smith
District Legislative
Aide

Ana Villalobos
District Legislative
Aide

Francis Briones
District Legislative
Aide

Committees:

Vice Chair of
Commerce & Tourism
Committee

Appropriations
Committee on
Agriculture,
Environment, and
General Government

Appropriations
Committee on
Transportation,
Tourism, and Economic
Development

Environment and
Natural Resources

Fiscal Policy

Governmental
Oversight and
Accountability

Transportation

December 1, 2025

The Honorable Debbie Mayfield
302 Senate Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Dear Chair Mayfield,

I am respectfully requesting to be excused from tomorrow's Governmental Oversight and Accountability Committee meeting. I sincerely apologize for the late notice.

Thank you for your consideration. Please do not hesitate to reach out should you have any questions.

Respectfully,

Senator Kristen Arrington

CC: Senator Nick DiCeglie, Vice Chair
Joe McVane, Staff Director
Tamra Redig, Committee Administrative Assistant



THE FLORIDA SENATE
SENATOR ERIN GRALL
District 29

Ben Albritton
President of the Senate

Jason Brodeur
President Pro Tempore

December 1st, 2025

Dear Chair Mayfield,

I respectfully request an excused absence from the Committee on Governmental Oversight and Accountability on December 2, 2025 at 10:00 A.M.

Thank you for your consideration,

A handwritten signature in blue ink that reads "Erin K. Grall".

Senator Erin Grall
Florida Senate, District 29

REPLY TO:

- ☐ 3209 Virginia Avenue, Suite A149, Fort Pierce, Florida 34981 (772) 595-1398
- ☐ 306 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5029

Senate's Website: www.flsenate.gov

KATHLEEN PASSIDOMO
President of the Senate

DENNIS BAXLEY
President Pro Tempore

CourtSmart Tag Report

Room: SB 110

Case No.:

Type:

Caption: Senate Governmental Oversight and Accountability Committee

Judge:

Started: 12/2/2025 10:02:08 AM

Ends: 12/2/2025 10:35:02 AM

Length: 00:32:55

10:02:22 AM Chair Mayfield calls meeting to order
10:02:24 AM Roll Call
10:02:47 AM Chair Mayfield makes opening remarks
10:03:05 AM Pledge of Allegiance
10:03:54 AM Tab 1, Presentations by various Departments regarding Fleet Management
10:04:26 AM Presentation by Justin Eichermuller, Department of Agriculture and Consumer Services
10:13:53 AM Questions:
10:13:58 AM Senator Bracy-Davis
10:14:23 AM Justin Eichermuller responds
10:15:05 AM Question by Senator Mayfield
10:15:12 AM Justin Eichermuller responds
10:16:20 AM Presentation by Philip Stone, Fish and Wildlife Conservation Commission
10:16:35 AM Philip Stone, CFO
10:22:32 AM Presentation by Larry Gowen (Chief Performance Officer), Department of Highway Safety and Motor Vehicles
10:32:17 AM Questions:
10:32:23 AM Vice Chair DiCeglie
10:32:55 AM Presentation by Captain Nathan Stidham, Florida Highway Patrol
10:33:29 AM Tab 2, Consideration of proposed bill: SPB 7010 by Governmental Oversight and Accountability
10:33:42 AM Jessie Harmsen explains the SPB
10:34:27 AM Vice Chair DiCeglie moves to submit SPB 7010 as a committee bill
10:34:28 AM Roll Call
10:34:46 AM Chair Mayfield reports the SPB
10:34:54 AM Vice Chair DiCeglie moves to adjourn
10:34:56 AM Meeting adjourned