

THE FLORIDA SENATE
2011 SUMMARY OF LEGISLATION PASSED
Committee on Budget

SB 2100 — Retirement

by Budget Committee

The bill provides for the following changes with respect to the Florida Retirement System (FRS):

- Effective July 1, 2011, requires three percent employee contribution for all FRS members. DROP participants are not required to pay employee contributions.
- For employees initially enrolled on or after July 1, 2011, the definition of “average final compensation” means the average of the 8 highest fiscal years of compensation for creditable service prior to retirement, for purposes of calculation of retirement benefits. For employees initially enrolled prior to July 1, 2011, the definition of “average final compensation” continues to be the average of the 5 highest fiscal years of compensation.
- For employees initially enrolled in the pension plan on or after July 1, 2011, such members will vest in 100 percent of employer contributions upon completion of 8 years of creditable service. For existing employees, vesting will remain at 6 years of creditable service.
- For employees initially enrolled on or after July 1, 2011, increases the normal retirement age and years of service requirements, as follows:
For Special Risk Class: Increases the age from 55 to 60 years of age; and increases the years of creditable service from 25 to 30.
For all other classes: Increases the age from 62 to 65 years of age; and increases the years of creditable service from 30 to 33 years.
- Maintains DROP; however, employees entering DROP on or after July 1, 2011 will earn interest at a reduced accrual rate of 1.3%. For employees currently in DROP or entering before July 1, 2011, the interest rate remains 6.5%.
- Eliminates the cost-of-living adjustment (COLA) for service earned on or after July 1, 2011. Subject to the availability of funding and the Legislature enacting sufficient employer contributions specifically for the purpose of funding the reinstatement of the COLA, the new COLA formula will expire effective June 30, 2016, and the current 3 percent cost-of-living adjustment will be reinstated.
- To implement the bill for the 2011-12 fiscal year, funds the Division of Retirement with four positions and \$207,070 in recurring funds and \$31,184 in non-recurring funds.

If approved by the Governor, these provisions take effect June 30, 2011.

Vote: Senate 24-13; House 80-39