

1 A bill to be entitled
2 An act relating to retirement; creating the
3 Florida Defined Contribution Retirement Study
4 Commission; providing for membership; providing
5 powers and duties of the commission; providing
6 an effective date.

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8 WHEREAS, pursuant to chapter 97-296, Laws of Florida,
9 the Workforce 2000 Study Commission complete a comprehensive
10 study comparing employee benefits in the public and private
11 sectors, and

12 WHEREAS, the appropriate application of a defined
13 contribution plan in the Florida Retirement System might
14 enable a more efficient use of public tax dollars while
15 providing additional choices for the workforce, and

16 WHEREAS, the initiative to create a defined benefit
17 retirement plan for members of the Florida Retirement System
18 can be accomplished through a review of all the components of
19 public-employee compensation, and

20 WHEREAS, the proper relationship of salary and benefit
21 compensation is acritical issue in personnel administration
22 policies in the public sector, NOW, THEREFORE,

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

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26 Section 1. (1) There is created the Florida Defined
27 Contribution Retirement Study Commission for the purpose of
28 advising the Legislature and the Governor on measures in the
29 formulation and implementation of an optional portable
30 retirement program.

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1 (a) The commission shall consist of 20 members, as
2 follows:
3 1. Two legislators appointed by the President of the
4 Senate;
5 2. Two legislators appointed by the Speaker of the
6 House of Representatives;
7 3. One employee of the Governors Office of Planning
8 and Budgeting, appointed by the Governor;
9 4. The President of the Senate and the Speaker of the
10 House of Representatives shall appoint the following
11 commission members based upon the recommendations of each of
12 the respective employer or employee member organizations:
13 a. Three members representing the financial services
14 industry, to include a provider of mutual funds, a provider of
15 insurance/annuity products, and a provider from a financial
16 services company;
17 b. One member representing the Division of Retirement;
18 c. One member representing the State Board of
19 Administration;
20 d. One member representing municipality members of the
21 Florida Retirement System;
22 e. Two members representing counties, one representing
23 the employer, and one representing the non-managerial,
24 nonsupervisory employees;
25 f. Four members representing education, one school
26 board member, one superintendent or administrator, and two
27 teachers;
28 g. One member representing state employees;
29 h. One member representing the special risk class of
30 the Florida Retirement System;
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1 i. One member representing any special district which
2 participates in the Florida Retirement System.

3 (2) The Commission shall be co-chaired by one
4 Representative and one Senator.

5 (3) It is the duty of the commission to:

6 (a) Review existing defined benefit and defined
7 contribution pension plans, taking into consideration:

8 1. The proper relationship of employer and employee
9 contributions to any alternate plan;

10 2. Any effects on the existing retirement plan
11 resulting from implementation of a new retirement plan,
12 including, but not limited to:

13 a. Vesting rights and portability options;

14 b. Other factors influencing the demand for either
15 program; and

16 c. Considering the effect of implementing the optional
17 defined contribution plan, including affect on unfunded
18 accrued liabilities of existing defined benefit plans.

19 3. Review of a study performed by the Florida
20 Retirement System on credit for transferring funds from the
21 existing retirement plan to an optional retirement plan.

22 (b) Recommend and address:

23 1. The role and obligations for educating employees
24 regarding the differences and advantages of the two plans, and
25 regarding their investment choices;

26 2. Program administration and its cost, and who shall
27 bear the cost; and

28 3. The offering of plans independently, or as a group.

29 (4) The commission shall make its recommendation in an
30 official report, adopted by the commission and transmitted to
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1 the Governor, the President of the Senate, and the Speaker of
2 the House of Representatives by January 1, 1999.

3 (5) Commission members shall be appointed by June 1,
4 1998 and shall convene to organize immediately after the
5 appointments have been completed.

6 (6) Members of the commission shall serve without
7 compensation. Members of the commission shall be entitled to
8 receive reimbursement for travel and per diem as provided in
9 section 112.061, Florida Statutes, while carrying out official
10 business of the commission.

11 (7) The commission shall hold meetings when deemed
12 necessary.

13 Section 2. The Division of Retirement shall furnish
14 funds necessary for the completion of the study.

15 Section 3. This act shall effect upon becoming a law.
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