

CHAMBER ACTION

1 The Governmental Operations Committee recommends the following:

2
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to the Florida Retirement System; amending
7 s. 121.091, F.S.; increasing the period of time in which
8 members of the system who are employed as certain
9 administrative personnel in grades K-12 may participate in
10 the Deferred Retirement Option Program; providing a
11 declaration of important state interest; providing an
12 effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

15
16 Section 1. Paragraphs (a) and (b) of subsection (13) of
17 section 121.091, Florida Statutes, are amended to read:

18 121.091 Benefits payable under the system.--Benefits may
19 not be paid under this section unless the member has terminated
20 employment as provided in s. 121.021(39)(a) or begun
21 participation in the Deferred Retirement Option Program as
22 provided in subsection (13), and a proper application has been
23 filed in the manner prescribed by the department. The department

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24 | may cancel an application for retirement benefits when the
25 | member or beneficiary fails to timely provide the information
26 | and documents required by this chapter and the department's
27 | rules. The department shall adopt rules establishing procedures
28 | for application for retirement benefits and for the cancellation
29 | of such application when the required information or documents
30 | are not received.

31 | (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general, and
32 | subject to the provisions of this section, the Deferred
33 | Retirement Option Program, hereinafter referred to as the DROP,
34 | is a program under which an eligible member of the Florida
35 | Retirement System may elect to participate, deferring receipt of
36 | retirement benefits while continuing employment with his or her
37 | Florida Retirement System employer. The deferred monthly
38 | benefits shall accrue in the System Trust Fund on behalf of the
39 | participant, plus interest compounded monthly, for the specified
40 | period of the DROP participation, as provided in paragraph (c).
41 | Upon termination of employment, the participant shall receive
42 | the total DROP benefits and begin to receive the previously
43 | determined normal retirement benefits. Participation in the DROP
44 | does not guarantee employment for the specified period of DROP.
45 | Participation in the DROP by an eligible member beyond the
46 | initial 60-month period as authorized in this subsection shall
47 | be on an annual contractual basis for all participants.

48 | (a) Eligibility of member to participate in the DROP.--All
49 | active Florida Retirement System members in a regularly
50 | established position, and all active members of either the
51 | Teachers' Retirement System established in chapter 238 or the

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52 State and County Officers' and Employees' Retirement System
53 established in chapter 122 which systems are consolidated within
54 the Florida Retirement System under s. 121.011, are eligible to
55 elect participation in the DROP provided that:

56 1. The member is not a renewed member of the Florida
57 Retirement System under s. 121.122, or a member of the State
58 Community College System Optional Retirement Program under s.
59 121.051, the Senior Management Service Optional Annuity Program
60 under s. 121.055, or the optional retirement program for the
61 State University System under s. 121.35.

62 2. Except as provided in subparagraph 6., election to
63 participate is made within 12 months immediately following the
64 date on which the member first reaches normal retirement date,
65 or, for a member who reaches normal retirement date based on
66 service before he or she reaches age 62, or age 55 for Special
67 Risk Class members, election to participate may be deferred to
68 the 12 months immediately following the date the member attains
69 57, or age 52 for Special Risk Class members. For a member who
70 first reached normal retirement date or the deferred eligibility
71 date described above prior to the effective date of this
72 section, election to participate shall be made within 12 months
73 after the effective date of this section. A member who fails to
74 make an election within such 12-month limitation period shall
75 forfeit all rights to participate in the DROP. The member shall
76 advise his or her employer and the division in writing of the
77 date on which the DROP shall begin. Such beginning date may be
78 subsequent to the 12-month election period, but must be within
79 the 60-month or, with respect to members who are instructional

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80 | personnel employed by the Florida School for the Deaf and the
81 | Blind and who have received authorization by the Board of
82 | Trustees of the Florida School for the Deaf and the Blind to
83 | participate in the DROP beyond 60 months, or who are
84 | instructional personnel as defined in s. 1012.01(2)(a)-(d) or
85 | administrative personnel as defined in s. 1012.01(3)(c) in
86 | grades K-12 and who have received authorization by the district
87 | school superintendent to participate in the DROP beyond 60
88 | months, the 96-month limitation period as provided in
89 | subparagraph (b)1. When establishing eligibility of the member
90 | to participate in the DROP for the 60-month or, with respect to
91 | members who are instructional personnel employed by the Florida
92 | School for the Deaf and the Blind and who have received
93 | authorization by the Board of Trustees of the Florida School for
94 | the Deaf and the Blind to participate in the DROP beyond 60
95 | months, or who are instructional personnel as defined in s.
96 | 1012.01(2)(a)-(d) or administrative personnel as defined in s.
97 | 1012.01(3)(c) in grades K-12 and who have received authorization
98 | by the district school superintendent to participate in the DROP
99 | beyond 60 months, the 96-month maximum participation period, the
100 | member may elect to include or exclude any optional service
101 | credit purchased by the member from the total service used to
102 | establish the normal retirement date. A member with dual normal
103 | retirement dates shall be eligible to elect to participate in
104 | DROP within 12 months after attaining normal retirement date in
105 | either class.

106 | 3. The employer of a member electing to participate in the
107 | DROP, or employers if dually employed, shall acknowledge in

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108 writing to the division the date the member's participation in
109 the DROP begins and the date the member's employment and DROP
110 participation will terminate.

111 4. Simultaneous employment of a participant by additional
112 Florida Retirement System employers subsequent to the
113 commencement of participation in the DROP shall be permissible
114 provided such employers acknowledge in writing a DROP
115 termination date no later than the participant's existing
116 termination date or the 60-month limitation period as provided
117 in subparagraph (b)1.

118 5. A DROP participant may change employers while
119 participating in the DROP, subject to the following:

120 a. A change of employment must take place without a break
121 in service so that the member receives salary for each month of
122 continuous DROP participation. If a member receives no salary
123 during a month, DROP participation shall cease unless the
124 employer verifies a continuation of the employment relationship
125 for such participant pursuant to s. 121.021(39)(b).

126 b. Such participant and new employer shall notify the
127 division on forms required by the division as to the identity of
128 the new employer.

129 c. The new employer shall acknowledge, in writing, the
130 participant's DROP termination date, which may be extended but
131 not beyond the original 60-month or, with respect to members who
132 are instructional personnel employed by the Florida School for
133 the Deaf and the Blind and who have received authorization by
134 the Board of Trustees of the Florida School for the Deaf and the
135 Blind to participate in the DROP beyond 60 months, or who are

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136 instructional personnel as defined in s. 1012.01(2)(a)-(d) or
137 administrative personnel as defined in s. 1012.01(3)(c) in
138 grades K-12 and who have received authorization by the district
139 school superintendent to participate in the DROP beyond 60
140 months, the 96-month period provided in subparagraph (b)1.,
141 shall acknowledge liability for any additional retirement
142 contributions and interest required if the participant fails to
143 timely terminate employment, and shall be subject to the
144 adjustment required in sub-subparagraph (c)5.d.

145 6. Effective July 1, 2001, for instructional personnel as
146 defined in s. 1012.01(2), election to participate in the DROP
147 shall be made at any time following the date on which the member
148 first reaches normal retirement date. The member shall advise
149 his or her employer and the division in writing of the date on
150 which the Deferred Retirement Option Program shall begin. When
151 establishing eligibility of the member to participate in the
152 DROP for the 60-month or, with respect to members who are
153 instructional personnel employed by the Florida School for the
154 Deaf and the Blind and who have received authorization by the
155 Board of Trustees of the Florida School for the Deaf and the
156 Blind to participate in the DROP beyond 60 months, or who are
157 instructional personnel as defined in s. 1012.01(2)(a)-(d) or
158 administrative personnel as defined in s. 1012.01(3)(c) in
159 grades K-12 and who have received authorization by the district
160 school superintendent to participate in the DROP beyond 60
161 months, the 96-month maximum participation period, as provided
162 in subparagraph (b)1., the member may elect to include or
163 exclude any optional service credit purchased by the member from

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164 the total service used to establish the normal retirement date.
165 A member with dual normal retirement dates shall be eligible to
166 elect to participate in either class.

167 (b) Participation in the DROP.--

168 1. An eligible member may elect to participate in the DROP
169 for a period not to exceed a maximum of 60 calendar months or,
170 with respect to members who are instructional personnel employed
171 by the Florida School for the Deaf and the Blind and who have
172 received authorization by the Board of Trustees of the Florida
173 School for the Deaf and the Blind to participate in the DROP
174 beyond 60 months, or who are instructional personnel as defined
175 in s. 1012.01(2)(a)-(d) or administrative personnel as defined
176 in s. 1012.01(3)(c) in grades K-12 and who have received
177 authorization by the district school superintendent to
178 participate in the DROP beyond 60 calendar months, 96 calendar
179 months immediately following the date on which the member first
180 reaches his or her normal retirement date or the date to which
181 he or she is eligible to defer his or her election to
182 participate as provided in subparagraph (a)2. However, a member
183 who has reached normal retirement date prior to the effective
184 date of the DROP shall be eligible to participate in the DROP
185 for a period of time not to exceed 60 calendar months or, with
186 respect to members who are instructional personnel employed by
187 the Florida School for the Deaf and the Blind and who have
188 received authorization by the Board of Trustees of the Florida
189 School for the Deaf and the Blind to participate in the DROP
190 beyond 60 months, or who are instructional personnel as defined
191 in s. 1012.01(2)(a)-(d) or administrative personnel as defined

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192 | in s. 1012.01(3)(c) in grades K-12 and who have received
 193 | authorization by the district school superintendent to
 194 | participate in the DROP beyond 60 calendar months, 96 calendar
 195 | months immediately following the effective date of the DROP,
 196 | except a member of the Special Risk Class who has reached normal
 197 | retirement date prior to the effective date of the DROP and
 198 | whose total accrued value exceeds 75 percent of average final
 199 | compensation as of his or her effective date of retirement shall
 200 | be eligible to participate in the DROP for no more than 36
 201 | calendar months immediately following the effective date of the
 202 | DROP.

203 | 2. Upon deciding to participate in the DROP, the member
 204 | shall submit, on forms required by the division:

205 | a. A written election to participate in the DROP;

206 | b. Selection of the DROP participation and termination
 207 | dates, which satisfy the limitations stated in paragraph (a) and
 208 | subparagraph 1. Such termination date shall be in a binding
 209 | letter of resignation with the employer, establishing a deferred
 210 | termination date. The member may change the termination date
 211 | within the limitations of subparagraph 1., but only with the
 212 | written approval of his or her employer;

213 | c. A properly completed DROP application for service
 214 | retirement as provided in this section; and

215 | d. Any other information required by the division.

216 | 3. The DROP participant shall be a retiree under the
 217 | Florida Retirement System for all purposes, except for paragraph
 218 | (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053,
 219 | and 121.122. However, participation in the DROP does not alter

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220 the participant's employment status and such employee shall not
221 be deemed retired from employment until his or her deferred
222 resignation is effective and termination occurs as provided in
223 s. 121.021(39).

224 4. Elected officers shall be eligible to participate in
225 the DROP subject to the following:

226 a. An elected officer who reaches normal retirement date
227 during a term of office may defer the election to participate in
228 the DROP until the next succeeding term in that office. Such
229 elected officer who exercises this option may participate in the
230 DROP for up to 60 calendar months or a period of no longer than
231 such succeeding term of office, whichever is less.

232 b. An elected or a nonelected participant may run for a
233 term of office while participating in DROP and, if elected,
234 extend the DROP termination date accordingly, except, however,
235 if such additional term of office exceeds the 60-month
236 limitation established in subparagraph 1., and the officer does
237 not resign from office within such 60-month limitation, the
238 retirement and the participant's DROP shall be null and void as
239 provided in sub-subparagraph (c)5.d.

240 c. An elected officer who is dually employed and elects to
241 participate in DROP shall be required to satisfy the definition
242 of termination within the 60-month or, with respect to members
243 who are instructional personnel employed by the Florida School
244 for the Deaf and the Blind and who have received authorization
245 by the Board of Trustees of the Florida School for the Deaf and
246 the Blind to participate in the DROP beyond 60 months, or who
247 are instructional personnel as defined in s. 1012.01(2)(a)-(d)

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248 | or administrative personnel as defined in s. 1012.01(3)(c) in
249 | grades K-12 and who have received authorization by the district
250 | school superintendent to participate in the DROP beyond 60
251 | months, the 96-month limitation period as provided in
252 | subparagraph 1. for the nonelected position and may continue
253 | employment as an elected officer as provided in s. 121.053. The
254 | elected officer will be enrolled as a renewed member in the
255 | Elected Officers' Class or the Regular Class, as provided in ss.
256 | 121.053 and 121.122, on the first day of the month after
257 | termination of employment in the nonelected position and
258 | termination of DROP. Distribution of the DROP benefits shall be
259 | made as provided in paragraph (c).

260 | Section 2. The Legislature finds that a proper and
261 | legitimate state purpose is served when employees and retirees
262 | of the state and of its political subdivisions, and the
263 | dependents, survivors, and beneficiaries of such employees and
264 | retirees, are extended the basic protections afforded by
265 | governmental retirement systems that provide fair and adequate
266 | benefits and that are managed, administered, and funded in an
267 | actuarially sound manner as required by s. 14, Art. X of the
268 | State Constitution and part VII of chapter 112, Florida
269 | Statutes. Therefore, the Legislature determines and declares
270 | that the provisions of this act fulfill an important state
271 | interest.

272 | Section 3. This act shall take effect upon becoming a law.