

By the Committee on Community Affairs

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1 A bill to be entitled
2 An act relating to the Florida Retirement System;
3 providing a directive to the Division of Law Revision
4 and Information; creating s. 121.601, F.S.; providing
5 definitions; creating s. 121.602, F.S.; requiring the
6 Trustees of the State Board of Administration to
7 establish the Florida Retirement System Cash Balance
8 Plan; requiring employees and employers to make
9 contributions for funding the plan; providing that the
10 plan provide a lump-sum or annuity benefit; providing
11 procedures for employees who are members of the
12 pension plan or investment plan before a certain date
13 to transfer to the cash balance plan; providing
14 procedures for employees employed after a certain date
15 to be enrolled in the investment plan or cash balance
16 plan; providing for the distribution of employee and
17 employer contributions and credits to the cash balance
18 plan; providing for the establishment of employee
19 annuity savings accounts and employer retirement
20 annuity accounts; providing vesting requirements;
21 providing for the payment of benefits, including
22 disability and death benefits, and the designation of
23 a beneficiary; providing for the purchase of
24 creditable service; providing eligibility for the
25 retiree health insurance subsidy and social security
26 coverage; providing for the education of members about
27 the cash balance plan and requiring the state board to
28 provide certain information to members on a quarterly
29 basis; requiring the plan to conform to Internal

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30 Revenue Code requirements; authorizing the state board
31 to adopt rules relating to maintaining federal status;
32 providing for plan administration and imposing
33 fiduciary standards on such management; requiring an
34 annual actuarial analysis of the plan; directing the
35 Investment Advisory Council to make recommendations to
36 the board of directors; requiring the development and
37 adoption of an Investment Policy Statement; amending
38 s. 112.363, F.S., relating to the retiree health
39 insurance subsidy; conforming provisions to changes
40 made by the act; amending ss. 121.011 and 121.012,
41 F.S.; conforming cross-references; amending s.
42 121.021, F.S.; revising the definition of "Florida
43 Retirement System" to conform to changes made by the
44 act; amending s. 121.051, F.S.; prohibiting employees
45 from enrolling in the pension plan after a certain
46 date; providing exceptions; amending s. 121.052, F.S.;
47 prohibiting elected officials from joining the Senior
48 Management Service Class after a specified date;
49 amending s. 121.055, F.S.; prohibiting an elected
50 official eligible for membership in the Elected
51 Officers' Class from enrolling in Senior Management
52 Service Class or Senior Management Service Optional
53 Annuity Program; closing the Senior Management Service
54 Optional Annuity Program to new members after a
55 specified date; amending s. 121.091, F.S., relating to
56 benefits payable under the Florida Retirement System;
57 conforming provisions to changes made by the act;
58 amending s. 121.151, F.S., relating to the investment

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59 of retirement funds; conforming provisions to changes
60 made by the act; amending s. 121.35, F.S.; authorizing
61 participants in the optional retirement program for
62 the State University System to enroll in the cash
63 balance plan as of a specified date; amending s.
64 121.4501, F.S., relating to the Florida Retirement
65 System Investment Plan; limiting the ability of
66 members to enroll in the pension plan after a
67 specified date; consolidating provisions relating to
68 past plan elections; providing for certain employees
69 enrolled in the pension or investment plan to transfer
70 to the cash balance plan; providing for the
71 administration of the cash balance plan; revising the
72 education component to include the cash balance plan;
73 making conforming changes; amending s. 121.70, F.S.,
74 relating to legislative purposes for funding
75 retirement benefits; conforming provisions to changes
76 made by the act; amending s. 121.71, F.S., relating to
77 the calculation of contribution rates; conforming
78 provisions to changes made by the act; creating s.
79 121.721, F.S.; establishing contribution rates for the
80 cash balance plan; specifying how interest credit
81 rates are to be calculated; amending s. 121.73, F.S.;
82 expanding the section relating to allocations for
83 disability coverage to also include coverage for
84 members killed in the line of duty; conforming
85 provisions to changes made by the act; amending s.
86 121.74, F.S.; conforming provisions to changes made by
87 the act; amending s. 121.76, F.S.; conforming a

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88 reference; amending s. 121.78, F.S.; revising
89 provisions relating to the payment and distribution of
90 contributions to accommodate members of the cash
91 balance plan; amending s. 213.136, F.S.; conforming
92 provisions to changes made by the act; amending ss.
93 238.072, and 413.051, F.S.; conforming cross-
94 references; providing that the act fulfils an
95 important state interest; adjusting the required
96 employer contribution rates for the unfunded actuarial
97 liability of the Florida Retirement System for select
98 classes; providing a directive to the Division of Law
99 Revision and Information; requiring the state board to
100 request a determination letter from the Internal
101 Revenue Service; providing an effective date.

102
103 Be It Enacted by the Legislature of the State of Florida:

104
105 Section 1. The Division of Law Revision and Information is
106 directed to redesignate present part III of chapter 121, Florida
107 Statutes, consisting of ss. 121.70-121.78, Florida Statutes, as
108 part IV, and to create a new part III of chapter 121, Florida
109 Statutes, consisting of ss. 121.601 and 121.602, Florida
110 Statutes, to be entitled "Florida Retirement System Cash Balance
111 Plan."

112 Section 2. Section 121.601, Florida Statutes, is created to
113 read:

114 121.601 Definitions.—As used in this part, the term:

115 (1) "Active member" means a member who is actively employed
116 by a participating employer.

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117 (2) "Annuity savings account" means the account maintained
118 for member contributions.

119 (3) "Approved provider" means a private sector company that
120 is selected and approved by the state board to offer annuity
121 products to the cash balance plan.

122 (4) "Cash balance plan" means the Florida Retirement System
123 Cash Balance Plan created under this part.

124 (5) "Covered employment" means employment in a regularly
125 established position as defined in s. 121.021(52).

126 (6) "Covered position" means a position with a covered
127 employer that is eligible for membership in the Florida
128 Retirement System.

129 (7) "De minimis account" means an account containing
130 employer and employee contributions of up to \$5,000 made under
131 this chapter.

132 (8) "Electronic means" means telephone transmission if the
133 required information is received on a recorded line, or the
134 Internet if the required information is captured online.

135 (9) "Eligible employee" means an officer or employee, as
136 defined in s. 121.021(11), who:

137 (a) Is a member of, or is eligible for membership in, the
138 Florida Retirement System, including a renewed member of the
139 Florida Retirement System initially enrolled before July 1,
140 2010; or

141 (b) Participates in, or is eligible to participate in, the
142 Senior Management Service Optional Annuity Program established
143 under s. 121.055(6), the State Community College System Optional
144 Retirement Program established under s. 121.051(2)(c), or the
145 State University System Optional Retirement Program established

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146 under s. 121.35.

147
148 The term does not include a member participating in the Deferred
149 Retirement Option Program established under s. 121.091(13), a
150 retiree of a state-administered retirement system initially
151 reemployed in a regularly established position on or after July
152 1, 2010, or a compulsory participant of the State University
153 System Optional Retirement Program established under s. 121.35.

154 (10) "Member" or "employee" means an eligible employee who
155 enrolls in the cash balance plan as provided in this section, or
156 a beneficiary or alternate payee of a member or employee.

157 (11) "Member contributions" or "employee contributions"
158 means the sum of all amounts deducted from the salary of a
159 member by his or her employer in accordance with s. 121.71(3)
160 and credited to his or her individual annuity savings account in
161 the cash balance plan, plus any interest credits on such amounts
162 and any contributions specified in s. 121.602(4), (5), and (6).

163 (12) "Normal retirement age" means the date a member
164 attains his or her normal retirement date as provided in this
165 section, or the date a member is vested, whichever is later.

166 (13) "Normal retirement date" means the date a member
167 attains normal retirement age and is vested pursuant to this
168 part.

169 (14) "Quarter" means the 3-month period ending on the last
170 business day of September, December, March, and June of each
171 fiscal year.

172 (15) "Retiree" means a former member of the cash balance
173 plan who has terminated employment and taken a benefit as
174 provided in s. 121.602(8), other than a mandatory distribution

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175 of a de minimis account authorized by the state board or a
176 minimum required distribution provided pursuant to s. 401(a) of
177 the Internal Revenue Code.

178 (16) "Retirement annuity account" means the account
179 established for the employer credits of a member.

180 (17) "Terminated" or "termination" occurs when a member
181 ceases all employment relationships with participating employers
182 for 3 calendar months. However, if a member is employed by a
183 participating employer within the next 6 calendar months,
184 termination is deemed not to have occurred. A leave of absence
185 constitutes a continuation of the employment relationship,
186 except that a leave of absence without pay due to disability may
187 constitute termination if such member applies for and is
188 approved for disability retirement in accordance with s.
189 121.602(9). The department or state board may require other
190 evidence of termination as it deems necessary.

191 (18) "Vested" or "vesting" means the guarantee that a
192 member is eligible to receive a future retirement benefit upon
193 completion of the required years of service for the employee's
194 class of membership even though the member may have terminated
195 covered employment before reaching the normal or early
196 retirement date. Under the cash balance plan, a member is deemed
197 to be vested and to have met the required years of service after
198 completing 5 years of creditable service.

199 Section 3. Section 121.602, Florida Statutes, is created to
200 read:

201 121.602 Florida Retirement System Cash Balance Plan.-

202 (1) CREATION.-The Trustees of the State Board of
203 Administration shall establish a cash balance program called the

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204 "Florida Retirement System Cash Balance Plan" for members of the
205 Florida Retirement System under which retirement benefits will
206 be provided for eligible employees who elect to participate in
207 the plan.

208 (a) The plan must be a qualified governmental plan pursuant
209 to ss. 401(a) and 414(d) of the Internal Revenue Code and
210 related regulations. Assets of the plan shall be held in trust
211 for the Florida Retirement System. The employer and employee
212 shall make contributions, as provided in this section and ss.
213 121.571 and 121.71, to the Florida Retirement System Cash
214 Balance Trust Fund for funding the benefits of the plan.

215 (b) The state board shall establish a retirement annuity
216 account for each member of the cash balance plan, which shall be
217 credited with employer credits plus interest credits on the
218 employer credits. The retirement annuity account shall be used
219 to determine the amount of a lump-sum distribution or an annuity
220 benefit for a vested member upon retirement as provided under
221 this part.

222 (c) The state board shall establish an annuity savings
223 account for each member of the plan, which shall be credited
224 with employee contributions plus interest credits on the
225 employee contributions. For a vested member, the annuity savings
226 account shall be used to fund the member's lump-sum distribution
227 or annuity benefits upon retirement.

228 (d) The design and administration of the plan must comply
229 with all applicable provisions of the Internal Revenue Code. The
230 Legislature may amend the plan to comply with applicable federal
231 laws and regulations.

232 (2) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.-

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233 (a) A member of the pension plan or the investment plan who
234 is employed in a regularly established position with a
235 participating employer may elect to:

236 1. Retain membership in the pension plan or investment
237 plan; or

238 2. Make a one-time transfer to the cash balance plan at any
239 time during his or her active career under the Florida
240 Retirement System in which he or she is earning service credit
241 in an employer-employee relationship consistent with s.
242 121.021(17)(b), excluding leaves of absence without pay. Such
243 election is effective the first day of the month following the
244 receipt of the election by the third-party administrator and is
245 not subject to requirements regarding an employer-employee
246 relationship or receipt of contributions for the eligible
247 employee in the effective month except when the election is
248 received by the administrator. This one-time career transfer is
249 irrevocable, and no other subsequent transfer is allowed.

250 (b) A member who uses the one-time transfer under
251 subparagraph (a)2. to enroll in the cash balance plan may elect
252 to:

253 1. Retain all service credit earned under the pension plan
254 or the investment plan as credited under the Florida Retirement
255 System and is entitled to a deferred benefit upon termination
256 from the pension plan or investment plan. However, the election
257 to enroll in the cash balance plan terminates the active
258 membership of the member in the pension plan or investment plan,
259 and the service of a member who has transferred to the cash
260 balance plan is creditable for purposes of vesting only, and not
261 creditable for purposes of benefit accrual under the pension

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262 plan or the investment plan; or

263 2. Elect to transfer a sum representing the present value
264 of the member's accumulated benefit obligation under the pension
265 plan or the value of the member's investment plan account to the
266 cash balance plan. Such election is effective the first day of
267 the month following receipt of the election by the third-party
268 administrator. Upon transfer, all service credit earned under
269 the pension plan or investment plan is nullified for purposes of
270 entitlement to a future benefit under the pension plan or
271 investment plan. Any amount transferred, regardless of the
272 original source of the contributions, shall be deemed to be
273 employer credits in the cash balance plan.

274 (c) If the eligible employee elects to transfer his or her
275 accumulated benefit obligation to the cash balance plan under
276 subparagraph (b)2., and:

277 1. The employee is a member of the pension plan, the
278 employee must transfer the present value of the accumulated
279 benefit obligation under the pension plan.

280 a. For purposes of this paragraph, the present value of the
281 member's accumulated benefit obligation is based upon the
282 member's estimated creditable service and estimated average
283 final compensation under the pension plan, subject to
284 recalculation under sub-subparagraph b. The actuarial present
285 value of the member's accumulated benefit obligation is based on
286 the following:

287 (I) The discount rate and other relevant actuarial
288 assumptions used to value the Florida Retirement System Trust
289 Fund at the time the amount to be transferred is determined,
290 consistent with sub-sub-subparagraph (II).

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291 (II) The member's benefit commencement age, based on the
292 member's estimated creditable service as of the estimate date.

293 (A) Except as provided under sub-sub-sub-subparagraph (B),
294 the benefit commencement age is the younger of the following,
295 which may not be younger than the member's age as of the
296 estimate date:

297 i. For a member initially enrolled before July 1, 2011, age
298 62 or the age the member would attain if the member completed 30
299 years of service with an employer, assuming that the member
300 worked continuously from the estimate date, and disregarding any
301 vesting requirement that would otherwise apply under the pension
302 plan.

303 ii. For a member enrolled on or after July 1, 2011, age 65
304 or the age the member would attain if the member completed 33
305 years of service with an employer, assuming that the member
306 worked continuously from the estimate date, and disregarding any
307 vesting requirement that would otherwise apply under the pension
308 plan.

309 (B) The benefit commencement age for members of the Special
310 Risk Class and for members of the Special Risk Administrative
311 Support Class entitled to retain the special risk normal
312 retirement date is the younger of the following, which may not
313 be younger than the member's age as of the estimate date:

314 i. For a member initially enrolled before July 1, 2011, age
315 55 or the age the member would attain if the member completed 25
316 years of service with an employer, assuming that the member
317 worked continuously from the estimate date, and disregarding any
318 vesting requirement that would otherwise apply under the pension
319 plan.

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320 ii. For a member enrolled on or after July 1, 2011, age 60
321 or the age the member would attain if the member completed 30
322 years of service with an employer, assuming that the member
323 worked continuously from the estimate date, and disregarding any
324 vesting requirement that would otherwise apply under the pension
325 plan.

326 (III) The calculation disregards vesting requirements and
327 early retirement reduction factors that would otherwise apply
328 under the pension plan.

329 b. The division shall recalculate the amount transferred
330 under sub-subparagraph a. within 60 days after the actual
331 transfer of funds based upon the member's actual creditable
332 service and actual final average compensation as of the initial
333 date of participation in the cash balance plan. If the
334 recalculated amount differs from the amount transferred by \$10
335 or more, the division shall:

336 (I) Transfer from the Florida Retirement System Trust Fund
337 to the member's account the excess, if any, of the recalculated
338 amount over the previously transferred amount plus any interest
339 from the initial date of transfer to the date of transfer under
340 this subparagraph, based upon the effective annual interest rate
341 equal to the assumed return on the actuarial investment which
342 was used in the most recent actuarial valuation of the system,
343 compounded annually.

344 (II) Transfer, or cause to be transferred, from the
345 member's account to the Florida Retirement System Trust Fund the
346 excess, if any, of the previously transferred amount over the
347 recalculated amount, plus any interest from the initial date of
348 transfer to the date of transfer under this subparagraph, based

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349 upon a 6 percent effective annual interest rate, compounded
350 annually, pro rata based on the member's allocation under the
351 cash balance plan.

352 c. If contribution adjustments are made due to any employer
353 errors or corrections, including plan corrections, following
354 recalculation of the amount transferred under this subparagraph,
355 the member is entitled to the additional contributions or is
356 responsible for returning any excess contributions resulting
357 from the correction. A return of such erroneous excess pretax
358 contribution by the plan must be made within the period allowed
359 by the Internal Revenue Service. The present value of the
360 member's accumulated benefit obligation may not be recalculated.

361 2. The employee is a member of the investment plan, the
362 employee must transfer the sum representing the account balance
363 of the investment plan as of the transfer date.

364 a. Upon receipt of the employee contributions from the
365 member's investment plan account, the contributions shall be
366 credited to the annuity savings account of the member.

367 b. Upon receipt of the employer contributions from the
368 member's investment plan account, the contributions shall be
369 credited to the retirement annuity account of the member.

370 c. Within 60 days after the transfer date, the third-party
371 administrator shall transfer any residual contributions due to
372 the member of the cash balance plan for the benefit of the
373 member and credited to the retirement annuity account or the
374 annuity savings account of the member, as applicable.

375 d. If contribution adjustments are made due to employer
376 errors or corrections, including plan corrections, following
377 calculation of the amount transferred under this subparagraph,

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378 the member is entitled to the additional contributions or shall
379 return any excess contributions resulting from the correction. A
380 return of such erroneous excess pretax contribution by the plan
381 must be made within the period allowed by the Internal Revenue
382 Service.

383 3. As directed by the member, the state board shall
384 transfer the appropriate amounts to the cash balance plan within
385 30 days after the effective date of the member's participation
386 in the cash balance plan, unless the major financial markets for
387 securities available for a transfer are seriously disrupted by
388 an unforeseen event that causes the suspension of trading on the
389 national securities exchange in the country where the securities
390 were issued. In that event, the 30-day period may be extended by
391 a resolution of the board. Transfers are not commissionable or
392 subject to other fees and may be in the form of securities or
393 cash, as determined by the board. Such securities are valued as
394 of the date of receipt in the member's account.

395 4. If the state board receives notification from the
396 Internal Revenue Service that this paragraph or any portion of
397 this paragraph will cause the Florida Retirement System, or a
398 portion thereof, to be disqualified for tax purposes under the
399 Internal Revenue Code, the portion that will cause the
400 disqualification does not apply. Upon such notice, the board or
401 the division shall notify the presiding officers of the
402 Legislature.

403 (3) PARTICIPATION; ENROLLMENT.—

404 (a) An eligible employee who is initially employed on or
405 after July 1, 2015, in a covered position eligible to
406 participate in the Special Risk Class and who is earning service

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407 credit in an employer-employee relationship that is consistent
408 with s. 121.021(17)(b), excluding leaves of absence without pay,
409 shall be enrolled in the cash balance plan at the commencement
410 of employment.

411 1. The employee must elect to participate in the pension
412 plan, cash balance plan, or investment plan by the last business
413 day of the 8th month following the employee's month of hire. The
414 employee's election must be in writing or by electronic means
415 and filed with the third-party administrator.

416 2. If the employee files such election within the
417 prescribed time period, enrollment in the pension plan, cash
418 balance plan, or the investment plan is effective on the 1st day
419 of employment. The retirement contributions paid through the
420 month of the employee plan change shall be transferred to the
421 pension plan, cash balance plan, or investment plan, and,
422 effective the 1st day of the next month, the employer and
423 employee shall pay the applicable contributions based on the
424 employee membership class in the plan.

425 3. If the employee fails to make an election of the cash
426 balance plan or investment plan by the last business day of the
427 8th month following the employee's month of hire, the employee
428 is deemed to have elected the investment plan and will be
429 defaulted into the investment plan retroactively to the
430 employee's date of employment.

431 4. The amount of the employee and employer contributions
432 paid before the default to the investment plan shall be
433 transferred to the investment plan and placed in a default fund
434 as designated by the state board. The employee may move the
435 contributions once an account is activated in the investment

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436 plan.

437 5. After the prescribed time period during which an
438 eligible employee can elect participation in the pension plan,
439 cash balance plan, or the investment plan, or after the month
440 following such election, if sooner, the employee shall have one
441 opportunity to move between the pension plan, investment plan,
442 and the cash balance plan. If the employee is no longer eligible
443 to participate in the Special Risk Class at the time of such
444 election, the employee may only elect to move to the investment
445 plan or the cash balance plan. Such elections are effective on
446 the first day of the month following the receipt of the election
447 by the third-party administrator. This paragraph is contingent
448 upon approval by the Internal Revenue Service.

449 (b) An eligible employee who is initially employed on or
450 after July 1, 2015, in a covered position eligible to
451 participate in a class other than the Special Risk Class and who
452 is earning service credit in an employer-employee relationship
453 that is consistent with s. 121.021(17) (b), excluding leaves of
454 absence without pay, shall be enrolled in the cash balance plan
455 at the commencement of employment.

456 1. The employee must elect to participate in the cash
457 balance plan or the investment plan by the last business day of
458 the 8th month following the employee's month of hire. The
459 employee's election must be in writing or by electronic means
460 and filed with the third-party administrator.

461 2. If the employee files such election within the
462 prescribed time period, enrollment in the cash balance plan or
463 the investment plan is effective on the 1st day of employment.
464 The retirement contributions paid through the month of the

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465 employee plan change shall be transferred to the cash balance
466 plan or the investment plan, and, effective the 1st day of the
467 next month, the employer and employee shall pay the applicable
468 contributions based on the employee membership class in the
469 plan.

470 3. If the employee fails to make an election of the cash
471 balance plan or investment plan by the last business day of the
472 8th month following the employee's month of hire, the employee
473 is deemed to have elected the investment plan and will be
474 defaulted into the investment plan retroactively to the
475 employee's date of employment.

476 4. The amount of the employee and employer contributions
477 paid before the default to the investment plan shall be
478 transferred to the investment plan and placed in a default fund
479 as designated by the state board. The employee may move the
480 contributions once an account is activated in the investment
481 plan.

482 5. After the prescribed time period during which an
483 eligible employee can elect the cash balance plan or the
484 investment plan, or after the month following such election, if
485 sooner, the employee shall have one opportunity to choose to
486 move between the investment plan and the cash balance plan. If
487 the employee is eligible to participate in the Special Risk
488 Class at the time of such election, the employee may also elect
489 to move to the pension plan. Such elections are effective on the
490 first day of the month following the receipt of the election by
491 the third-party administrator. This paragraph is contingent upon
492 approval by the Internal Revenue Service.

493 (c) An employee who becomes eligible to participate in the

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494 cash balance plan pursuant to s. 121.051(2)(c)3. or s.
495 121.35(3)(i) may elect to participate in the cash balance plan
496 in lieu of retaining his or her membership in the State
497 Community College System Optional Retirement Program or the
498 State University System Optional Retirement Program.

499 1. The election must be made in writing or by electronic
500 means and filed with the third-party administrator.

501 2. Upon making such election, the employee shall be
502 enrolled as a member of the cash balance plan, the employee's
503 membership in the Florida Retirement System shall be governed by
504 this part, and the employee's participation in the State
505 Community College System Optional Retirement Program or the
506 State University System Optional Retirement Program terminates.

507 3. The employee's enrollment in the cash balance plan is
508 effective on the first day of the month for which a full month's
509 employer and employee contribution is made to the cash balance
510 plan.

511 (d) A retiree who is initially reemployed in a regularly
512 established position on or after July 1, 2010, is not eligible
513 to be enrolled in renewed membership in the Florida Retirement
514 System except as provided in s. 121.122.

515 (e) Eligible employees may elect to move between plans only
516 if they are earning service credit in an employer-employee
517 relationship consistent with s. 121.021(17)(b), excluding leaves
518 of absence without pay. Such elections are effective on the
519 first day of the month following receipt of the election by the
520 third-party administrator. This paragraph is contingent upon
521 approval by the Internal Revenue Service.

522 1. If the employee chooses to move from the pension plan to

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523 the investment plan, s. 121.4501(3) governs the transfer.

524 2. If the employee chooses to move from the pension plan or
525 investment plan to the cash balance plan, subsection (2) governs
526 the transfer.

527 3. If the employee chooses to move from the cash balance
528 plan to the investment plan and establishes one or more
529 individual member accounts, the employee may elect to transfer a
530 sum representing the balance of the member's cash balance
531 accounts to the investment plan. Upon transfer, all service
532 credit earned under the cash balance plan is nullified for
533 purposes of entitlement to a future benefit under the cash
534 balance plan.

535 4. If an employee participating in the Special Risk Class
536 chooses to move to the pension plan, the employee must transfer
537 from his or her investment plan account or cash balance accounts
538 and from other employee moneys as necessary, a sum representing
539 the present value of the employee's accumulated benefit
540 obligation immediately following the time of such movement,
541 determined by assuming that attained service equals the sum of
542 service in the pension plan, service in the investment plan, and
543 service in the cash balance plan. Benefit commencement occurs on
544 the first date the employee is eligible for unreduced benefits
545 using the discount rate and other relevant actuarial assumptions
546 that were used to value the pension plan liabilities in the most
547 recent actuarial valuation. For an employee who, at the time of
548 the election, already maintains an accrued benefit amount in the
549 pension plan, the then-present value of the accrued benefit is
550 deemed part of the required transfer amount. The division must
551 ensure that the transfer sum is prepared using a formula and

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552 methodology certified by an enrolled actuary. A refund of
553 employee contributions or additional member payments made which
554 exceed the employee contributions that would have accrued had
555 the member remained in the pension plan and not transferred to
556 the investment plan or cash balance plan is not permitted.

557 5. An employee's ability to transfer from the pension plan
558 to the investment plan or cash balance plan, and the ability of
559 a current employee to have the option to later transfer back
560 into the pension plan, shall be deemed a significant system
561 amendment. Pursuant to s. 121.031(4), any resulting unfunded
562 liability arising from actual original transfers from the
563 pension plan to the investment plan must be amortized within 30
564 plan years as a separate unfunded actuarial base independent of
565 the reserve stabilization mechanism described in s.
566 121.031(3)(f). For the first 25 years, a direct amortization
567 payment may not be calculated for this base. During this period,
568 the separate base shall be used to offset the impact of
569 employees exercising their option to transfer back into the
570 pension plan. The actuarial funded status of the pension plan is
571 not affected by such second program elections in a significant
572 manner after due recognition of the separate unfunded actuarial
573 base. Following the initial 25-year period, any remaining
574 balance of the original separate base shall be amortized over
575 the remaining 5 years of the required 30-year amortization
576 period.

577 6. If an employee participating in the Special Risk Class
578 chooses to transfer from the investment plan or cash balance
579 plan to the pension plan and retains an excess account balance
580 in the investment plan after satisfying the buy-in requirements

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581 under this paragraph, the excess may not be distributed until
582 the member retires from the pension plan. The excess account
583 balance may be rolled over to the pension plan and used to
584 purchase service credit or upgrade creditable service in the
585 pension plan.

586 (4) CONTRIBUTIONS AND CREDITS.—

587 (a) The employee and employer shall make the required
588 contributions to the cash balance plan based on a percentage of
589 the employee's gross monthly compensation, as provided in s.
590 121.71.

591 (b) Employee contributions shall be deposited into the
592 annuity savings account of the member pursuant to s. 121.721,
593 and employer contributions shall be deposited into the
594 retirement savings account pursuant to s. 121.721.

595 (c) A member may not make voluntary contributions to the
596 cash balance plan.

597 (d) The state board, acting as a fiduciary to the cash
598 balance plan, must ensure that all plan assets are held in a
599 trust pursuant to s. 401 of the Internal Revenue Code. The
600 fiduciary must ensure that such contributions are allocated as
601 follows:

602 1. The employer and employee contribution portions
603 earmarked for member retirement annuity and annuity savings
604 accounts shall be credited to the appropriate account.

605 2. The employer contribution portion earmarked for
606 administrative and educational expenses shall be transferred to
607 the Florida Retirement System Cash Balance Plan Trust Fund.

608 3. The employer contribution portion earmarked for
609 disability benefits shall be transferred to the Florida

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610 Retirement System Trust Fund.

611 4. The employer contribution portions earmarked for
612 amortization of the unfunded actuarial liability of the pension
613 plan and the cash balance plan shall be transferred to the
614 Florida Retirement System Trust Fund.

615 (e) The third-party administrator shall monitor and notify
616 employers of the maximum contribution levels allowed for members
617 under the Internal Revenue Code. If a member contributes to any
618 other tax-deferred plan, the member must ensure that total
619 contributions made to the cash balance plan and to any other
620 such plan do not exceed the federally allowed maximum.

621 (5) ANNUITY SAVINGS ACCOUNT CREDITS.—A member's annuity
622 savings account is the sum of the member's mandatory credits
623 plus the interest credits on those credits.

624 (a) The service credits shall be credited as provided in s.
625 121.71 on a monthly basis.

626 (b) The interest credits shall be credited as provided in
627 s. 121.721. The Legislature reserves the right to prospectively
628 change the interest credits.

629 (c) The member's annuity savings account is vested from the
630 date the employee becomes a member of the cash balance plan.

631 (6) EMPLOYER RETIREMENT ANNUITY CREDITS.—A member's
632 retirement annuity account is the sum of all employer credits to
633 the account plus the interest credits on those credits.

634 (a) The service credits shall be credited on a monthly
635 basis as provided in s. 121.71.

636 (b) The interest credits shall be credited as provided in
637 s. 121.721. The Legislature expressly reserves the right to
638 prospectively change the interest credits.

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639 (7) VESTING REQUIREMENTS.—

640 (a) A member is fully and immediately vested in all
641 employee credits plus interest credits paid to an annuity
642 savings account as provided in subsection (5).

643 (b) A member is vested in all employer credits plus
644 interest credits paid to the retirement annuity account on
645 behalf of the member as provided in subsection (6), upon
646 completion of 5 years of creditable service.

647 1. If a member has not vested in the member's retirement
648 annuity account at termination, has not withdrawn such member's
649 annuity savings account, and is reemployed as an eligible
650 employee within 15 years after the member's most recent
651 termination, such member's prior years of service, employer
652 credits, and interest credits are restored upon reemployment.

653 2. If a member has not vested in the member's retirement
654 annuity account at termination and has not withdrawn such
655 member's annuity savings account, but is not reemployed as an
656 eligible employee within 15 years after the member's most recent
657 termination, any nonvested employer credits and interest
658 credits, including accompanying service credit, are forfeited.

659 (c) A member is vested in any benefits transferred from the
660 pension plan or investment plan to the cash balance plan upon
661 meeting the vesting requirements of the member's membership
662 class set forth in s. 121.021(45) or s. 121.4501(6), as
663 applicable. The third-party administrator shall notify the
664 member when the member has satisfied the vesting period.

665 1. If a member has not vested in the benefit transferred
666 from the pension plan or investment plan at termination of
667 employment, has not withdrawn such member's annuity savings

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668 account, and is reemployed as an eligible employee within 15
669 years after such member's most recent termination, the member's
670 prior years of service, employer credits, and interest credits
671 are restored upon reemployment.

672 2. If a member is not vested in the benefit transferred
673 from the pension plan or investment plan at termination of
674 employment, has not withdrawn such member's annuity savings
675 account, and is not reemployed as an eligible employee within 15
676 years after such member's most recent termination, such member's
677 prior years of service, employer credits, and interest credits
678 shall be forfeited.

679 (d) If the member elects to receive any of his or her
680 vested annuity savings account upon termination of employment as
681 provided in s. 121.021(39) (a), except for a mandatory
682 distribution of a de minimis account authorized by the state
683 board or a minimum required distribution provided under s.
684 401(a) (9) of the Internal Revenue Code, the member shall forfeit
685 all nonvested retirement annuity credits, interest credits, and
686 accompanying service credit paid on behalf of the member to the
687 cash balance plan.

688 (8) BENEFITS PAYMENTS.-

689 (a) Benefits may not be paid under the cash balance plan
690 unless the member has terminated employment or is deceased and a
691 proper application prescribed by the state board has been filed
692 by the member or beneficiary.

693 (b) If a member elects to receive his or her benefits upon
694 termination of employment, the member must submit a written
695 application or an application by electronic means to the third-
696 party administrator indicating his or her preferred benefit

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697 payment date and selecting an authorized method of benefit
698 payment as provided in paragraph (d). The member may defer
699 receipt of benefits until he or she chooses to make such
700 application, subject to federal requirements.

701 (c) The state board may cancel an application for
702 retirement benefits if the member or beneficiary fails to timely
703 provide the information and documents required by this chapter
704 and the rules of the board. The state board shall adopt rules
705 establishing procedures for the application for retirement
706 benefits and for the cancellation of such application if the
707 required information or documents are not received.

708 (d) Upon receipt by the third-party administrator of a
709 properly executed application for benefit payments, the total
710 accumulated benefit is payable to the member pro rata across all
711 Florida Retirement System benefit sources as:

712 1. A lump-sum or partial benefit payment to the member;
713 2. A lump-sum direct rollover benefit payment whereby all
714 accrued benefits, plus interest credits, are paid from the
715 member's account directly to the custodian of an eligible
716 retirement plan, as defined in s. 402(c)(8)(B) of the Internal
717 Revenue Code, on behalf of the member;

718 3. An annuity with a guaranteed benefit under any one of
719 the options offered under the investment plan; or

720 4. A combination of 1.-3.

721 (e) The benefit payment method selected by the member or
722 beneficiary, and the retirement of the member, are final and
723 irrevocable at the time a benefit payment is cashed, deposited,
724 or transferred to another financial institution. Any additional
725 service that remains unclaimed at retirement may not be claimed

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726 or purchased, and the type of retirement may not be changed,
727 except that if a member recovers from a disability, the member
728 may subsequently request benefits under subsection (9).

729 (f) Benefits in the form of vested accumulations as
730 described in subsection (7) are payable in accordance with all
731 of the following terms and conditions:

732 1. Benefits are payable only to a member, an alternate
733 payee of a qualified domestic relations order, or a beneficiary.

734 2. Benefits shall be paid by the third-party administrator
735 or designated approved providers in accordance with the law, the
736 contracts, and any applicable state board rule or policy.

737 3. The member must be terminated from all employment as
738 provided in s. 121.021(39).

739 4. Benefit payments may not be made until the member has
740 been terminated for 3 calendar months.

741 5. If a member or former member of the Florida Retirement
742 System receives an invalid benefit payment, such person must
743 repay the full amount within 90 days after receipt of final
744 notification by the state board or the third-party administrator
745 that the benefit payment was invalid, or, in lieu of repayment,
746 the member must terminate employment from all participating
747 employers.

748 a. If the member or former member fails to repay the full
749 invalid benefit payment within 90 days after receipt of final
750 notification, the person may be deemed retired from the cash
751 balance plan by the board and is subject to s. 121.122. If such
752 person is deemed retired, any joint and several liability set
753 out in s. 121.091(9)(d)2. is void, and the board, the
754 department, or the employing agency is not liable for interest

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755 credits on contributions that have not been deposited into the
756 person's cash balance account in the cash balance plan, pending
757 resolution of the invalid benefit payment.

758 b. The member or former member who has been deemed retired
759 or who has been determined by the board to have taken an invalid
760 benefit payment may appeal the agency decision through the
761 complaint process under s. 121.4501(8)(g). As used in this
762 subparagraph, the term "invalid benefit payment" means any
763 payment from an account in the cash balance plan which is taken
764 in violation of this section or s. 121.091(9).

765 (g) Benefits, including the annuity savings account, are
766 not payable under the cash balance plan for employee hardships,
767 unforeseeable emergencies, loans, medical expenses, educational
768 expenses, purchase of a principal residence, payments necessary
769 to prevent eviction from or foreclosure on an employee's
770 principal residence, or any other reason except a requested
771 distribution for retirement, a mandatory de minimis account
772 distribution authorized by the third-party administrator, or a
773 required minimum distribution provided pursuant to the Internal
774 Revenue Code.

775 (h) The state board may cash out a de minimis account of a
776 member who has been terminated from Florida Retirement System
777 employment for a minimum of 6 calendar months. Such cash-out
778 must be a complete lump-sum liquidation of the vested account
779 balance, subject to the Internal Revenue Code, or a lump-sum
780 direct rollover distribution paid directly to the custodian of
781 an eligible retirement plan, as defined by the code, on behalf
782 of the member.

783 (i) If any instrument issued for the payment of retirement

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784 benefits under this section is not presented for payment within
785 180 days after the last day of the month in which it was
786 originally issued, the third-party administrator or other
787 authorized agent of the state board shall cancel the instrument
788 and credit the amount of the instrument to the Florida
789 Retirement System Cash Balance Plan Trust Fund. Any amounts so
790 credited to the trust fund, not including earnings thereon, are
791 payable upon proper application as provided in this section
792 within 10 years after the last day of the month in which the
793 financial instrument was originally issued, after which time
794 such amounts and any earnings attributable to employer
795 retirement annuity credits are forfeited. Any forfeited amounts
796 are assets of the trust fund and not subject to chapter 717.

797 (j) A member may not receive a distribution of employee
798 contributions if a pending qualified domestic relations order is
799 filed against the member's cash balance plan account.

800 (k) The benefits payable to any person under the cash
801 balance plan, and any contributions and credits accumulated
802 under the plan, are not subject to assignment, execution,
803 attachment, or any legal process, except for qualified domestic
804 relations orders, income deduction orders as provided in s.
805 61.1301, and federal income tax levies.

806 (9) DISABILITY BENEFITS.—

807 (a) For any member of the cash balance plan who becomes
808 totally and permanently disabled, benefits must be paid in
809 accordance with the following:

810 1. The member may elect to receive benefits pursuant to s.
811 121.591(2); or

812 2. The member may elect to receive the vested balance of

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813 his or her cash balance annuity savings account and the vested
814 balance of his or her retirement annuity account.

815 (b) Pursuant to s. 121.73, an employer shall contribute a
816 percentage of gross monthly compensation to provide disability
817 coverage for active members in the cash balance plan.

818 (10) DEATH BENEFITS.—Under the cash balance plan:

819 (a) Survivor benefits of a deceased member are payable in
820 accordance with the following terms and conditions:

821 1. To the extent vested, benefits are payable only to a
822 member's beneficiary or beneficiaries as designated by the
823 member as provided in subsection (11).

824 2. Benefits shall be paid by the third-party administrator
825 or designated approved providers in accordance with the law, the
826 contracts, and any applicable rule or policy of the state board.

827 (b) In the event of a member's death, all vested
828 accumulations as described in subsections (5) and (6), less
829 withholding taxes remitted to the Internal Revenue Service,
830 shall be distributed as provided in paragraph (c) or as
831 described in subsection (8) as if the member retired on the date
832 of death. No other death benefits are available for survivors of
833 members, except for benefits, or coverage for benefits, as are
834 otherwise provided by law or separately provided by the
835 employer, at the employer's discretion.

836 (c) Upon receipt by the third-party administrator of a
837 properly executed application for the distribution of benefits,
838 the total accumulated benefit is payable by the administrator to
839 the member's surviving beneficiary or beneficiaries as:

840 1. A lump-sum distribution payable to the beneficiary or
841 beneficiaries as provided in subsection (11);

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842 2. An eligible rollover distribution, if allowed, on behalf
843 of the surviving beneficiary of a deceased member, whereby all
844 accrued benefits, plus interest credits, are paid from the
845 deceased member's account directly to the custodian of an
846 eligible retirement plan, as described in s. 402(c)(8)(B) of the
847 Internal Revenue Code, on behalf of the surviving beneficiary;

848 3. An annuity with a guaranteed benefit under any one of
849 the options offered under the investment plan; or

850 4. A combination of 1.-3.

851 (d) Notwithstanding any other provision of this chapter:

852 1. The surviving spouse of any member killed in the line of
853 duty may receive a monthly benefit equal to one-half of the
854 monthly salary that was received by the member at the time of
855 death for the rest of the surviving spouse's lifetime if all
856 service and interest credits that have accumulated in the
857 member's accounts are transferred to the pension plan; or, if
858 the member had vested, the surviving spouse may elect to receive
859 a benefit as provided in paragraph (c). Benefits provided by
860 this paragraph supersede any other distribution that may have
861 been provided by the member's designation of beneficiary.

862 2. If the surviving spouse of a member killed in the line
863 of duty dies, the monthly payments that would have been payable
864 to the surviving spouse had the surviving spouse lived shall be
865 paid for the use and benefit of the member's child or children
866 younger than 18 years of age and unmarried until the 18th
867 birthday of the member's youngest child.

868 3. If a member killed in the line of duty leaves no
869 surviving spouse but is survived by a child or children younger
870 than 18 years of age, the benefits normally payable to a

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871 surviving spouse under subparagraph 1. shall be paid for the use
872 and benefit of the member's child or children younger than 18
873 years of age and unmarried until the 18th birthday of the
874 member's youngest child.

875

876 This paragraph does not abrogate other applicable provisions of
877 state or federal law providing for payment of death benefits.

878 (11) DESIGNATION OF BENEFICIARIES.—Section 121.4501(20)
879 governs the designation of beneficiaries for the cash balance
880 plan.

881 (12) PURCHASE OF CREDITABLE SERVICE.—

882 (a) Creditable service of a member includes military
883 service in the Armed Forces of the United States as provided
884 under s. 121.111(1).

885 (b) A member may purchase creditable service for up to 2
886 work years of authorized leaves of absence, including any leaves
887 of absence covered under the Family Medical Leave Act as
888 provided under s. 121.121.

889 (c) Except as provided in this subsection, no other service
890 for periods of employment may be purchased by or on behalf of a
891 member.

892 (13) RETIREE HEALTH INSURANCE SUBSIDY.—All eligible
893 employees who are members of the cash balance plan are eligible
894 to receive the retiree health insurance subsidy, subject to s.
895 112.363.

896 (14) SOCIAL SECURITY COVERAGE.—Social security coverage
897 shall be provided for all eligible employees who become members
898 of the cash balance plan. Any modification of the present
899 agreement with the Social Security Administration, or referendum

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900 required under the Social Security Act, for the purpose of
901 providing social security coverage for a member shall be
902 requested by the state agency in compliance with the applicable
903 provisions of the Social Security Act. However, retroactive
904 social security coverage for service with the employer before
905 December 1, 1970, may not be provided for a member who was not
906 covered under the agreement as of November 30, 1970.

907 (15) CASH BALANCE PLAN EDUCATION.—Section 121.4501(10)
908 governs the education of members who are in the cash balance
909 plan.

910 (16) MEMBER INFORMATION REQUIREMENTS.—Each quarter the
911 state board shall provide each member of the cash balance plan a
912 quarterly statement of benefits which provides the member with
913 basic data about the member's retirement account. At a minimum,
914 the statement must include:

915 (a) The member's accrued service credit;

916 (b) The member's balance of the retirement annuity account
917 and the annuity savings account at the close of the current
918 quarter and previous quarter;

919 (c) Itemized account contributions for the quarter;

920 (d) Any posted interest credits earned on the account;

921 (e) The amount of the account in which the member is fully
922 vested; and

923 (f) The amount of the account in which the member is not
924 fully vested.

925 (17) FEDERAL REQUIREMENTS.—

926 (a) This section shall be construed, and the cash balance
927 plan shall be administered, so as to comply with the Internal
928 Revenue Code and specifically with plan qualification

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929 requirements imposed on governmental plans under 26 U.S.C. s.
930 401(a) of the code. The state board may adopt rules reasonably
931 necessary to establish or maintain the qualified status of the
932 cash balance plan under the Internal Revenue Code and to
933 implement and administer the plan in compliance with the code
934 and as designated under this part; however, the state board may
935 not adopt any rule that makes a substantive change to the cash
936 balance plan as designed under this part.

937 (b) Any provision of this chapter which is susceptible to
938 more than one construction shall be interpreted in favor of the
939 construction most likely to satisfy requirements imposed by s.
940 401(a) of the Internal Revenue Code.

941 (c) Credits payable under this section for any limitation
942 year may not exceed the maximum amount allowable for qualified
943 cash balance plans under applicable provisions of the Internal
944 Revenue Code. If an employee who is enrolled in the cash balance
945 plan participates in any other plan that is maintained by the
946 participating employer, benefits that accrue under the cash
947 balance plan are considered primary for any aggregate limitation
948 applicable under s. 415 of the code.

949 (18) CASH BALANCE PLAN ADMINISTRATION.—Section 121.4501(8)
950 also governs the administration of the cash balance plan.

951 (19) STATEMENT OF FIDUCIARY STANDARDS AND
952 RESPONSIBILITIES.—Investment of cash balance plan assets shall
953 be made for the sole interest and exclusive purpose of providing
954 benefits to members and beneficiaries and defraying reasonable
955 expenses of administering the plan. The plan's assets shall be
956 invested on behalf of the plan members with the care, skill, and
957 diligence that a prudent person acting in a like manner would

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958 undertake. The performance of the investment duties specified in
959 this subsection must comply with the fiduciary standards set
960 forth in the Employee Retirement Income Security Act of 1974 at
961 29 U.S.C. s. 1104(a)(1)(A)-(C). In case of conflict with other
962 provisions of law authorizing investments, the investment and
963 fiduciary standards specified in this subsection prevail.

964 (20) ACTUARIAL STUDY.—Pursuant to s. 121.031, an annual
965 actuarial valuation and appraisal of the liability of the cash
966 balance plan shall be conducted, and the required credits
967 necessary to discharge any liability and maintain the plan on an
968 actuarial reserve basis shall be provided to the Legislature by
969 December 31 before the next legislative session. Such study
970 shall be conducted by a qualified actuary employed or retained
971 by the state board.

972 (21) INVESTMENT ADVISORY COUNCIL.—The Investment Advisory
973 Council, created pursuant to s. 215.444, shall make
974 recommendations to the board regarding investment policy,
975 strategy, and procedures for the cash balance plan.

976 (22) INVESTMENT POLICY STATEMENT.—In making investments for
977 the cash balance plan pursuant to ss. 215.44-215.53, the board
978 may not make investments that are not in conformance with the
979 Florida Retirement System Cash Balance Plan Investment Policy
980 Statement (IPS) as developed by the executive director and
981 approved by the board. The IPS must, at a minimum, include the
982 investment objectives of the Cash Balance Plan Trust Fund, types
983 of securities in which the board may invest, and evaluation
984 criteria for measuring the investment performance of the fund.

985 (a) The executive director of the board may present
986 recommended changes to the IPS, as necessary, for the board's

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987 approval.

988 (b) The executive director shall first present the proposed
989 IPS and any subsequent recommended changes to the approved IPS
990 to the Investment Advisory Council for review. The council shall
991 present the results of its review to the board before the
992 board's final approval of the IPS or changes in the IPS.

993 Section 4. Paragraph (b) of subsection (2) of section
994 112.363, Florida Statutes, is amended to read:

995 112.363 Retiree health insurance subsidy.—

996 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE SUBSIDY.—

997 (b) For purposes of this section, a person is deemed
998 retired from a state-administered retirement system when he or
999 she terminates employment with all employers participating in
1000 the Florida Retirement System as described in s. 121.021(39)
1001 and:

1002 1. For a member of the investment plan established under
1003 part II of chapter 121, the member participant meets the age or
1004 service requirements to qualify for normal retirement as set
1005 forth in s. 121.021(29) and meets the definition of retiree in
1006 s. 121.4501(2).

1007 2. For a member of the ~~Florida Retirement System~~ pension
1008 plan established under part I of chapter 121, or an ~~any~~ employee
1009 who maintains creditable service under both the pension plan and
1010 the investment plan or under both the pension plan and the cash
1011 balance plan, the member begins drawing retirement benefits from
1012 the pension plan.

1013 3. For a member of the cash balance plan established under
1014 part III of chapter 121, the member meets the age or service
1015 requirements to qualify for normal retirement as set forth in s.

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1016 121.021(29) and meets the definition of retiree in s. 121.601.

1017 4. For a member of both the investment plan and the cash
 1018 balance plan, the member meets the definition of retiree in s.
 1019 121.601 and begins drawing benefits from the cash balance plan.

1020 Section 5. Paragraph (h) of subsection (3) of section
 1021 121.011, Florida Statutes, is amended to read:

1022 121.011 Florida Retirement System.—

1023 (3) PRESERVATION OF RIGHTS.—

1024 (h) Effective July 1, 2011, the retirement system shall
 1025 require employer and employee contributions as provided in s.
 1026 121.071 and part IV ~~III~~ of this chapter.

1027 Section 6. Section 121.012, Florida Statutes, is amended to
 1028 read:

1029 121.012 Inclusive provisions.—The provisions of part I of
 1030 this chapter apply ~~shall be applicable~~ to parts II, and III, and
 1031 IV to the extent such provisions are not inconsistent with, or
 1032 duplicative of, the provisions of parts II, and III, and IV.

1033 Section 7. Subsection (3) of section 121.021, Florida
 1034 Statutes, is amended to read:

1035 121.021 Definitions.—The following words and phrases as
 1036 used in this chapter have the respective meanings set forth
 1037 unless a different meaning is plainly required by the context:

1038 (3) "Florida Retirement System" or "system" means the
 1039 general retirement system established by this chapter,
 1040 including, but not limited to: ~~;~~

1041 (a) The defined benefit program administered under this
 1042 part, referred to as the "Florida Retirement System Pension
 1043 Plan" or "pension plan" ~~;~~ ; ~~and~~

1044 (b) The defined contribution program administered under

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1045 part II of this chapter, referred to as the "Florida Retirement
1046 System Investment Plan" or "investment plan-"; and

1047 (c) The cash balance program established under part III of
1048 this chapter, referred to as the "Florida Retirement System Cash
1049 Balance Plan" or "cash balance plan."

1050 Section 8. Paragraph (c) of subsection (2) of section
1051 121.051, Florida Statutes, is amended, present subsections (3)
1052 through (9) of that section are redesignated as subsections (4)
1053 through (10), and a new subsection (3) is added to that section,
1054 to read:

1055 121.051 Participation in the system.-

1056 (2) OPTIONAL PARTICIPATION.-

1057 (c) Employees of public community colleges or charter
1058 technical career centers sponsored by public community colleges,
1059 designated in s. 1000.21(3), who are members of the Regular
1060 Class of the Florida Retirement System and who comply with the
1061 criteria set forth in this paragraph and s. 1012.875 may, in
1062 lieu of participating in the Florida Retirement System, elect to
1063 withdraw from the system altogether and participate in the State
1064 Community College System Optional Retirement Program provided by
1065 the employing agency under s. 1012.875.

1066 1.a. Through June 30, 2001, the cost to the employer for
1067 benefits under the optional retirement program equals the normal
1068 cost portion of the employer retirement contribution which would
1069 be required if the employee were a member of the pension plan's
1070 Regular Class, plus the portion of the contribution rate
1071 required by s. 112.363(8) which would otherwise be assigned to
1072 the Retiree Health Insurance Subsidy Trust Fund.

1073 b. Effective July 1, 2001, through June 30, 2011, each

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1074 employer shall contribute on behalf of each member of the
1075 optional program an amount equal to 10.43 percent of the
1076 employee's gross monthly compensation. The employer shall deduct
1077 an amount for the administration of the program.

1078 c. Effective July 1, 2011, through June 30, 2012, each
1079 member shall contribute an amount equal to the employee
1080 contribution required under s. 121.71(3). The employer shall
1081 contribute on behalf of each program member an amount equal to
1082 the difference between 10.43 percent of the employee's gross
1083 monthly compensation and the employee's required contribution
1084 based on the employee's gross monthly compensation.

1085 d. Effective July 1, 2012, each member shall contribute an
1086 amount equal to the employee contribution required under s.
1087 121.71(3). The employer shall contribute on behalf of each
1088 program member an amount equal to the difference between 8.15
1089 percent of the employee's gross monthly compensation and the
1090 employee's required contribution based on the employee's gross
1091 monthly compensation.

1092 e. The employer shall contribute an additional amount to
1093 the Florida Retirement System Trust Fund equal to the unfunded
1094 actuarial accrued liability portion of the Regular Class
1095 contribution rate.

1096 2. The decision to participate in the optional retirement
1097 program is irrevocable as long as the employee holds a position
1098 eligible for participation, except as provided in subparagraph
1099 3. Any service creditable under the Florida Retirement System is
1100 retained after the member withdraws from the system; however,
1101 additional service credit in the system may not be earned while
1102 a member of the optional retirement program.

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1103 3. Effective July 1, 2003, through June 30, 2015, an
1104 employee who has elected to participate in the optional
1105 retirement program shall have one opportunity, at the employee's
1106 discretion, to transfer from the optional retirement program to
1107 the pension plan under this part ~~of the Florida Retirement~~
1108 ~~System~~ or to the investment plan established under part II of
1109 this chapter, subject to the terms of the applicable optional
1110 retirement program contracts. Except as provided in subsection
1111 (3), an employee participating in the optional retirement
1112 program on or after July 1, 2015, is not eligible to transfer to
1113 the Florida Retirement System.

1114 a. If the employee chooses to move to the investment plan,
1115 any contributions, interest, and earnings creditable to the
1116 employee under the optional retirement program are retained by
1117 the employee in the optional retirement program, and the
1118 applicable provisions of s. 121.4501(4) govern the election.

1119 b. If the employee chooses to move to the pension plan ~~of~~
1120 ~~the Florida Retirement System,~~ the employee shall receive
1121 service credit equal to his or her years of service under the
1122 optional retirement program.

1123 (I) The cost for such credit is the amount representing the
1124 present value of the employee's accumulated benefit obligation
1125 for the affected period of service. The cost shall be calculated
1126 as if the benefit commencement occurs on the first date the
1127 employee becomes eligible for unreduced benefits, using the
1128 discount rate and other relevant actuarial assumptions that were
1129 used to value the Florida Retirement System Pension Plan
1130 liabilities in the most recent actuarial valuation. The
1131 calculation must include any service already maintained under

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1132 the pension plan in addition to the years under the optional
1133 retirement program. The present value of any service already
1134 maintained must be applied as a credit to total cost resulting
1135 from the calculation. The division must ensure that the transfer
1136 sum is prepared using a formula and methodology certified by an
1137 enrolled actuary.

1138 (II) The employee shall ~~must~~ transfer from his or her
1139 optional retirement program account and from other employee
1140 moneys as necessary, a sum representing the present value of the
1141 employee's accumulated benefit obligation immediately following
1142 the time of such movement, determined assuming that attained
1143 service equals the sum of service in the pension plan and
1144 service in the optional retirement program.

1145 4. Participation in the optional retirement program is
1146 limited to employees who satisfy the following eligibility
1147 criteria:

1148 a. The employee is otherwise eligible for membership or
1149 renewed membership in the Regular Class of the Florida
1150 Retirement System, as provided in s. 121.021(11) and (12) or s.
1151 121.122.

1152 b. The employee is employed in a full-time position
1153 classified in the Accounting Manual for Florida's Public
1154 Community Colleges as:

1155 (I) Instructional; or

1156 (II) Executive Management, Instructional Management, or
1157 Institutional Management and the community college determines
1158 that recruiting to fill a vacancy in the position is to be
1159 conducted in the national or regional market, and the duties and
1160 responsibilities of the position include the formulation,

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1161 interpretation, or implementation of policies, or the
1162 performance of functions that are unique or specialized within
1163 higher education and that frequently support the mission of the
1164 community college.

1165 c. The employee is employed in a position not included in
1166 the Senior Management Service Class of the Florida Retirement
1167 System as described in s. 121.055.

1168 5. Members of the program are subject to the same
1169 reemployment limitations, renewed membership provisions, and
1170 forfeiture provisions applicable to regular members of the
1171 Florida Retirement System under ss. 121.091(9), 121.122, and
1172 121.091(5), respectively. A member who receives a program
1173 distribution funded by employer and required employee
1174 contributions is deemed to be retired from a state-administered
1175 retirement system if the member is subsequently employed with an
1176 employer that participates in the Florida Retirement System.

1177 6. Eligible community college employees are compulsory
1178 members of the Florida Retirement System until, pursuant to s.
1179 1012.875, a written election to withdraw from the system and
1180 participate in the optional retirement program is filed with the
1181 program administrator and received by the division.

1182 a. A community college employee whose program eligibility
1183 results from initial employment shall be enrolled in the
1184 optional retirement program retroactive to the first day of
1185 eligible employment. The employer and employee retirement
1186 contributions paid through the month of the employee plan change
1187 shall be transferred to the community college to the employee's
1188 optional program account, and, effective the first day of the
1189 next month, the employer shall pay the applicable contributions

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1190 based upon subparagraph 1.

1191 b. A community college employee whose program eligibility
1192 is due to the subsequent designation of the employee's position
1193 as one of those specified in subparagraph 4., or due to the
1194 employee's appointment, promotion, transfer, or reclassification
1195 to a position specified in subparagraph 4., must be enrolled in
1196 the program on the first day of the first full calendar month
1197 that such change in status becomes effective. The employer and
1198 employee retirement contributions paid from the effective date
1199 through the month of the employee plan change must be
1200 transferred to the community college to the employee's optional
1201 program account, and, effective the first day of the next month,
1202 the employer shall pay the applicable contributions based upon
1203 subparagraph 1.

1204 7. Effective July 1, 2003, through December 31, 2008, any
1205 member of the optional retirement program who has service credit
1206 in the pension plan ~~of the Florida Retirement System~~ for the
1207 period between his or her first eligibility to transfer from the
1208 pension plan to the optional retirement program and the actual
1209 date of transfer may, during employment, transfer to the
1210 optional retirement program a sum representing the present value
1211 of the accumulated benefit obligation under the defined benefit
1212 retirement program for the period of service credit. Upon
1213 transfer, all service credit previously earned under the pension
1214 plan during this period is nullified for purposes of entitlement
1215 to a future benefit under the pension plan.

1216 (3) OPTIONAL PLAN MEMBERSHIP IN FLORIDA RETIREMENT SYSTEM.—

1217 (a) Effective July 1, 2015, all eligible employees, except
1218 those eligible to withdraw from the Florida Retirement System

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1219 under s. 121.052(3)(d) or s. 121.055(1)(b)2. or those eligible
 1220 for optional retirement programs under s. 121.051(1)(a), s.
 1221 121.051(2)(c), or s. 121.35, who initially enrolled on or after
 1222 July 1, 2015, are not eligible to enroll in the pension plan.

1223 (b) Employees eligible to withdraw from the Florida
 1224 Retirement System under s. 121.052(3)(d) or s. 121.055(1)(b)2.
 1225 may withdraw from the system or participate in the investment
 1226 plan or the cash balance plan as provided under those sections.
 1227 Employees eligible for optional retirement programs under s.
 1228 121.051(2)(c) or s. 121.35 may participate in the optional
 1229 retirement program, the investment plan, or the cash balance
 1230 plan as provided under those sections. Eligible employees
 1231 required to participate in the optional retirement program under
 1232 s. 121.35 pursuant to s. 121.051(1)(a) must elect to participate
 1233 in the investment plan or the cash balance plan if employed in a
 1234 position not eligible for the optional retirement program.

1235 Section 9. Paragraph (c) of subsection (3) of section
 1236 121.052, Florida Statutes, is amended to read:

1237 121.052 Membership class of elected officers.—

1238 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective July
 1239 1, 1990, participation in the Elected Officers' Class shall be
 1240 compulsory for elected officers listed in paragraphs (2)(a)-(d)
 1241 and (f) assuming office on or after said date, unless the
 1242 elected officer elects membership in another class or withdraws
 1243 from the Florida Retirement System as provided in paragraphs
 1244 (3)(a)-(d):

1245 (c) Before July 1, 2015, an ~~any~~ elected officer may, within
 1246 6 months after assuming office, or within 6 months after this
 1247 act becomes a law for serving elected officers, elect membership

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1248 in the Senior Management Service Class as provided in s. 121.055
1249 in lieu of membership in the Elected Officers' Class. ~~Any~~ Such
1250 election does not affect ~~made by a county elected officer shall~~
1251 ~~have no effect upon~~ the statutory limit on the number of
1252 nonelective full-time positions that may be designated by a
1253 local agency employer for inclusion in the Senior Management
1254 Service Class under s. 121.055(1)(b)1.

1255 Section 10. Paragraph (f) of subsection (1) and paragraph
1256 (c) of subsection (6) of section 121.055, Florida Statutes, are
1257 amended to read:

1258 121.055 Senior Management Service Class.—There is hereby
1259 established a separate class of membership within the Florida
1260 Retirement System to be known as the "Senior Management Service
1261 Class," which shall become effective February 1, 1987.

1262 (1)

1263 (f) Effective July 1, 1997, through June 30, 2015:

1264 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and
1265 4., an elected state officer eligible for membership in the
1266 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
1267 elects membership in the Senior Management Service Class under
1268 s. 121.052(3)(c) may, within 6 months after assuming office or
1269 within 6 months after this act becomes a law for serving elected
1270 state officers, elect to participate in the Senior Management
1271 Service Optional Annuity Program, as provided in subsection (6),
1272 in lieu of membership in the Senior Management Service Class.

1273 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
1274 4., an elected officer of a local agency employer eligible for
1275 membership in the Elected Officers' Class under s. 121.052(2)(d)
1276 who elects membership in the Senior Management Service Class

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1277 under s. 121.052(3)(c) may, within 6 months after assuming
1278 office, or within 6 months after this act becomes a law for
1279 serving elected officers of a local agency employer, elect to
1280 withdraw from the Florida Retirement System, as provided in
1281 subparagraph (b)2., in lieu of membership in the Senior
1282 Management Service Class.

1283 3. A retiree of a state-administered retirement system who
1284 is initially reemployed in a regularly established position on
1285 or after July 1, 2010, as an elected official eligible for the
1286 Elected Officers' Class may not be enrolled in renewed
1287 membership in the Senior Management Service Class or in the
1288 Senior Management Service Optional Annuity Program as provided
1289 in subsection (6), and may not withdraw from the Florida
1290 Retirement System as a renewed member as provided in
1291 subparagraph (b)2., as applicable, in lieu of membership in the
1292 Senior Management Service Class.

1293 4. On or after July 1, 2015, an elected officer eligible
1294 for membership in the Elected Officers' Class may not be
1295 enrolled in the Senior Management Service Class or in the Senior
1296 Management Service Optional Annuity Program except as provided
1297 in subsection (6).

1298 (6)

1299 (c) *Participation.*—

1300 1. An eligible employee who is employed on or before
1301 February 1, 1987, may elect to participate in the optional
1302 annuity program in lieu of participating in the Senior
1303 Management Service Class. Such election must be made in writing
1304 and filed with the department and the personnel officer of the
1305 employer on or before May 1, 1987. An eligible employee who is

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1306 employed on or before February 1, 1987, and who fails to make an
1307 election to participate in the optional annuity program by May
1308 1, 1987, shall be deemed to have elected membership in the
1309 Senior Management Service Class.

1310 2. Except as provided in subparagraph 6., an employee who
1311 becomes eligible to participate in the optional annuity program
1312 by reason of initial employment commencing after February 1,
1313 1987, may, within 90 days after the date of commencing
1314 employment, elect to participate in the optional annuity
1315 program. Such election must be made in writing and filed with
1316 the personnel officer of the employer. An eligible employee who
1317 does not within 90 days after commencing employment elect to
1318 participate in the optional annuity program shall be deemed to
1319 have elected membership in the Senior Management Service Class.

1320 3. A person who is appointed to a position in the Senior
1321 Management Service Class and who is a member of an existing
1322 retirement system or the Special Risk or Special Risk
1323 Administrative Support Classes of the Florida Retirement System
1324 may elect to remain in such system or class in lieu of
1325 participating in the Senior Management Service Class or optional
1326 annuity program. Such election must be made in writing and filed
1327 with the department and the personnel officer of the employer
1328 within 90 days after such appointment. An eligible employee who
1329 fails to make an election to participate in the existing system,
1330 the Special Risk Class of the Florida Retirement System, the
1331 Special Risk Administrative Support Class of the Florida
1332 Retirement System, or the optional annuity program shall be
1333 deemed to have elected membership in the Senior Management
1334 Service Class.

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1335 4. Except as provided in subparagraph 5., an employee's
1336 election to participate in the optional annuity program is
1337 irrevocable if the employee continues to be employed in an
1338 eligible position and continues to meet the eligibility
1339 requirements set forth in this paragraph.

1340 5. Effective from July 1, 2002, through September 30, 2002,
1341 an active employee in a regularly established position who has
1342 elected to participate in the Senior Management Service Optional
1343 Annuity Program has one opportunity to choose to move from the
1344 Senior Management Service Optional Annuity Program to the
1345 Florida Retirement System Pension Plan.

1346 a. The election must be made in writing and must be filed
1347 with the department and the personnel officer of the employer
1348 before October 1, 2002, or, in the case of an active employee
1349 who is on a leave of absence on July 1, 2002, within 90 days
1350 after the conclusion of the leave of absence. This election is
1351 irrevocable.

1352 b. The employee shall receive service credit under the
1353 pension plan equal to his or her years of service under the
1354 Senior Management Service Optional Annuity Program. The cost for
1355 such credit is the amount representing the present value of that
1356 employee's accumulated benefit obligation for the affected
1357 period of service.

1358 c. The employee must transfer the total accumulated
1359 employer contributions and earnings on deposit in his or her
1360 Senior Management Service Optional Annuity Program account. If
1361 the transferred amount is not sufficient to pay the amount due,
1362 the employee must pay a sum representing the remainder of the
1363 amount due. The employee may not retain ~~any~~ employer

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1364 contributions or earnings from the Senior Management Service
1365 Optional Annuity Program account.

1366 6. A retiree of a state-administered retirement system who
1367 is initially reemployed on or after July 1, 2010, may not renew
1368 membership in the Senior Management Service Optional Annuity
1369 Program.

1370 7. Effective July 1, 2015, the Senior Management Service
1371 Optional Annuity Program is closed to new members. Members
1372 enrolled in the program before July 1, 2015, may retain their
1373 membership in the program.

1374 Section 11. Paragraph (d) of subsection (9) of section
1375 121.091, Florida Statutes, is amended to read:

1376 121.091 Benefits payable under the system.—Benefits may not
1377 be paid under this section unless the member has terminated
1378 employment as provided in s. 121.021(39) (a) or begun
1379 participation in the Deferred Retirement Option Program as
1380 provided in subsection (13), and a proper application has been
1381 filed in the manner prescribed by the department. The department
1382 may cancel an application for retirement benefits when the
1383 member or beneficiary fails to timely provide the information
1384 and documents required by this chapter and the department's
1385 rules. The department shall adopt rules establishing procedures
1386 for application for retirement benefits and for the cancellation
1387 of such application when the required information or documents
1388 are not received.

1389 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.—

1390 (d) This subsection applies to a retiree ~~retirees~~, as
1391 defined in s. 121.4501(2) ~~7~~ of the Florida Retirement System
1392 Investment Plan and s. 121.601 of the Florida Retirement System

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1393 Cash Balance Plan, subject to the following conditions:

1394 1. A retiree may not be reemployed with an employer
 1395 participating in the Florida Retirement System until such person
 1396 has been retired for 6 calendar months.

1397 2. A retiree employed in violation of this subsection and
 1398 an employer that employs or appoints such person are jointly and
 1399 severally liable for reimbursement of any benefits paid to the
 1400 retirement trust fund from which the benefits were paid. The
 1401 employer must have a written statement from the retiree that he
 1402 or she is not retired from a state-administered retirement
 1403 system.

1404 Section 12. Section 121.151, Florida Statutes, is amended
 1405 to read:

1406 121.151 Investments.—The Board of Administration, created
 1407 by authority of the State Constitution, shall invest and
 1408 reinvest available funds of the System Trust Fund and the
 1409 Florida Retirement System Cash Balance Plan Trust Fund in
 1410 accordance with ~~the provisions of~~ ss. 215.44-215.53.

1411 Section 13. Paragraph (c) of subsection (3) of section
 1412 121.35, Florida Statutes, is amended to read:

1413 121.35 Optional retirement program for the State University
 1414 System.—

1415 (3) ELECTION OF OPTIONAL PROGRAM.—

1416 (c) An ~~Any~~ employee who becomes eligible to participate in
 1417 the optional retirement program on or after January 1, 1993,
 1418 shall be a compulsory participant of the program unless such
 1419 employee elects membership in the Florida Retirement System.
 1420 Such election must ~~shall~~ be made in writing and filed with the
 1421 personnel officer of the employer. An ~~Any~~ eligible employee who

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1422 fails to make such election within the prescribed time period
1423 shall be deemed to have elected to participate in the optional
1424 retirement program.

1425 1. An ~~Any~~ employee whose optional retirement program
1426 eligibility results from initial employment before July 1, 2015,
1427 shall be enrolled in the program at the commencement of
1428 employment. If, within 90 days after commencement of employment,
1429 the employee elects membership in the Florida Retirement System,
1430 such membership is ~~shall be~~ effective retroactive to the date of
1431 commencement of employment as provided in s. 121.4501(4).

1432 2. An employee whose optional retirement program
1433 eligibility results from initial employment on or after July 1,
1434 2015, shall be enrolled in the program at the commencement of
1435 employment. If, within 90 days after commencement of employment,
1436 the employee elects membership in the Florida Retirement System,
1437 such membership is effective retroactive to the date of
1438 commencing employment as provided in s. 121.602(3).

1439 ~~3.2.~~ An ~~Any~~ employee whose optional retirement program
1440 eligibility results from a change in status due to the
1441 subsequent designation of the employee's position as one of
1442 those specified in paragraph (2) (a) or due to the employee's
1443 appointment, promotion, transfer, or reclassification to a
1444 position specified in paragraph (2) (a) shall be enrolled in the
1445 optional retirement program upon such change in status and ~~shall~~
1446 ~~be~~ notified by the employer of such action. If, within 90 days
1447 after the date of such notification, the employee elects to
1448 retain membership in the Florida Retirement System, such
1449 continuation of membership is ~~shall be~~ retroactive to the date
1450 of the change in status.

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1451 ~~4.3.~~ Notwithstanding subparagraphs 1., 2., and 3. the
1452 ~~provisions of this paragraph,~~ effective July 1, 1997, an any
1453 employee who is eligible to participate in the Optional
1454 Retirement Program and who fails to execute a contract with one
1455 of the approved companies and to notify the department in
1456 writing as provided in subsection (4) within 90 days after the
1457 date of eligibility shall be deemed to have elected membership
1458 in the Florida Retirement System, except as provided in s.
1459 121.051(1) (a). This provision ~~shall~~ also applies ~~apply~~ to an any
1460 employee who terminates employment in an eligible position
1461 before executing the required investment annuity contract and
1462 notifying the department. Such membership ~~is~~ shall be
1463 retroactive to the date of eligibility, and all appropriate
1464 contributions shall be transferred to the Florida Retirement
1465 System Trust Fund and the Health Insurance Subsidy Trust Fund.

1466 Section 14. Subsection (4), paragraph (a) of subsection
1467 (5), paragraphs (c), (g), and (h) of subsection (10), and
1468 paragraph (a) of subsection (15) of section 121.4501, Florida
1469 Statutes, are amended to read:

1470 121.4501 Florida Retirement System Investment Plan.—

1471 (4) PARTICIPATION; ENROLLMENT.—

1472 (a)1. Effective June 1, 2002, through February 28, 2003, a
1473 90-day election period was provided to each eligible employee
1474 participating in the Florida Retirement System, preceded by a
1475 90-day education period, allowing each eligible employee to
1476 elect membership in the investment plan; an employee who failed
1477 to elect the investment plan during the election period remained
1478 in the pension plan. An eligible employee who was employed in a
1479 regularly established position during the election period was

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1480 granted the option to make one subsequent election, as provided
1481 in paragraph (e). With respect to an eligible employee who did
1482 not participate in the initial election period or who is
1483 employed initially in a regularly established position after the
1484 close of the initial election period but before July 1, 2015, on
1485 June 1, 2002, by a state employer:

1486 a. ~~Any such employee may elect to participate in the~~
1487 ~~investment plan in lieu of retaining his or her membership in~~
1488 ~~the pension plan. The election must be made in writing or by~~
1489 ~~electronic means and must be filed with the third-party~~
1490 ~~administrator by August 31, 2002, or, in the case of an active~~
1491 ~~employee who is on a leave of absence on April 1, 2002, by the~~
1492 ~~last business day of the 5th month following the month the leave~~
1493 ~~of absence concludes. This election is irrevocable, except as~~
1494 ~~provided in paragraph (g). Upon making such election, the~~
1495 ~~employee shall be enrolled as a member of the investment plan,~~
1496 ~~the employee's membership in the Florida Retirement System is~~
1497 ~~governed by the provisions of this part, and the employee's~~
1498 ~~membership in the pension plan terminates. The employee's~~
1499 ~~enrollment in the investment plan is effective the first day of~~
1500 ~~the month for which a full month's employer contribution is made~~
1501 ~~to the investment plan.~~

1502 b. ~~Any such employee who fails to elect to participate in~~
1503 ~~the investment plan within the prescribed time period is deemed~~
1504 ~~to have elected to retain membership in the pension plan, and~~
1505 ~~the employee's option to elect to participate in the investment~~
1506 ~~plan is forfeited.~~

1507 2. ~~With respect to employees who become eligible to~~
1508 ~~participate in the investment plan by reason of employment in a~~

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1509 ~~regularly established position with a state employer commencing~~
1510 ~~after April 1, 2002:~~

1511 ~~a.~~ Any such employee shall, by default, be enrolled in the
1512 pension plan at the commencement of employment, and may, by the
1513 last business day of the 5th month following the employee's
1514 month of hire, elect to participate in the investment plan. The
1515 employee's election must be ~~made~~ in writing or by electronic
1516 means and ~~must be~~ filed with the third-party administrator. The
1517 election to participate in the investment plan is irrevocable,
1518 except as provided in paragraph (e) ~~(g)~~.

1519 ~~a.b.~~ If the employee files such election within the
1520 prescribed time period, enrollment in the investment plan is
1521 effective on the first day of employment. The retirement
1522 contributions paid through the month of the employee plan change
1523 shall be transferred to the investment program, and, effective
1524 the first day of the next month, the employer and employee must
1525 pay the applicable contributions based on the employee
1526 membership class in the program.

1527 ~~b.c.~~ An employee who fails to elect to participate in the
1528 investment plan within the prescribed time period is deemed to
1529 have elected to retain membership in the pension plan, and the
1530 employee's option to elect to participate in the investment plan
1531 is forfeited.

1532 ~~2.3.~~ With respect to employees who become eligible to
1533 participate in the investment plan pursuant to s.
1534 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
1535 participate in the investment plan in lieu of retaining his or
1536 her membership in the State Community College System Optional
1537 Retirement Program or the State University System Optional

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1538 Retirement Program. The election must be ~~made~~ in writing or by
1539 electronic means and ~~must be~~ filed with the third-party
1540 administrator. This election is irrevocable, except as provided
1541 in paragraph (g). Upon making such election, the employee shall
1542 be enrolled as a member in the investment plan, the employee's
1543 membership in the Florida Retirement System is governed by the
1544 provisions of this part, and the employee's participation in the
1545 State Community College System Optional Retirement Program or
1546 the State University System Optional Retirement Program
1547 terminates. The employee's enrollment in the investment plan is
1548 effective on the first day of the month for which a full month's
1549 employer and employee contribution is made to the investment
1550 plan.

1551 ~~4. For purposes of this paragraph, "state employer" means~~
1552 ~~any agency, board, branch, commission, community college,~~
1553 ~~department, institution, institution of higher education, or~~
1554 ~~water management district of the state, which participates in~~
1555 ~~the Florida Retirement System for the benefit of certain~~
1556 ~~employees.~~

1557 ~~(b)1. With respect to an eligible employee who is employed~~
1558 ~~in a regularly established position on September 1, 2002, by a~~
1559 ~~district school board employer:~~

1560 ~~a. Any such employee may elect to participate in the~~
1561 ~~investment plan in lieu of retaining his or her membership in~~
1562 ~~the pension plan. The election must be made in writing or by~~
1563 ~~electronic means and must be filed with the third party~~
1564 ~~administrator by November 30, or, in the case of an active~~
1565 ~~employee who is on a leave of absence on July 1, 2002, by the~~
1566 ~~last business day of the 5th month following the month the leave~~

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1567 ~~of absence concludes. This election is irrevocable, except as~~
1568 ~~provided in paragraph (g). Upon making such election, the~~
1569 ~~employee shall be enrolled as a member of the investment plan,~~
1570 ~~the employee's membership in the Florida Retirement System is~~
1571 ~~governed by the provisions of this part, and the employee's~~
1572 ~~membership in the pension plan terminates. The employee's~~
1573 ~~enrollment in the investment plan is effective the first day of~~
1574 ~~the month for which a full month's employer contribution is made~~
1575 ~~to the investment program.~~

1576 ~~b. Any such employee who fails to elect to participate in~~
1577 ~~the investment plan within the prescribed time period is deemed~~
1578 ~~to have elected to retain membership in the pension plan, and~~
1579 ~~the employee's option to elect to participate in the investment~~
1580 ~~plan is forfeited.~~

1581 ~~2. With respect to employees who become eligible to~~
1582 ~~participate in the investment plan by reason of employment in a~~
1583 ~~regularly established position with a district school board~~
1584 ~~employer commencing after July 1, 2002:~~

1585 ~~a. Any such employee shall, by default, be enrolled in the~~
1586 ~~pension plan at the commencement of employment, and may, by the~~
1587 ~~last business day of the 5th month following the employee's~~
1588 ~~month of hire, elect to participate in the investment plan. The~~
1589 ~~employee's election must be made in writing or by electronic~~
1590 ~~means and must be filed with the third party administrator. The~~
1591 ~~election to participate in the investment plan is irrevocable,~~
1592 ~~except as provided in paragraph (g).~~

1593 ~~b. If the employee files such election within the~~
1594 ~~prescribed time period, enrollment in the investment plan is~~
1595 ~~effective on the first day of employment. The employer~~

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1596 ~~retirement contributions paid through the month of the employee~~
1597 ~~plan change shall be transferred to the investment plan, and,~~
1598 ~~effective the first day of the next month, the employer shall~~
1599 ~~pay the applicable contributions based on the employee~~
1600 ~~membership class in the investment plan.~~

1601 ~~e. Any such employee who fails to elect to participate in~~
1602 ~~the investment plan within the prescribed time period is deemed~~
1603 ~~to have elected to retain membership in the pension plan, and~~
1604 ~~the employee's option to elect to participate in the investment~~
1605 ~~plan is forfeited.~~

1606 ~~3. For purposes of this paragraph, "district school board~~
1607 ~~employer" means any district school board that participates in~~
1608 ~~the Florida Retirement System for the benefit of certain~~
1609 ~~employees, or a charter school or charter technical career~~
1610 ~~center that participates in the Florida Retirement System as~~
1611 ~~provided in s. 121.051(2)(d).~~

1612 ~~(c)1. With respect to an eligible employee who is employed~~
1613 ~~in a regularly established position on December 1, 2002, by a~~
1614 ~~local employer:~~

1615 ~~a. Any such employee may elect to participate in the~~
1616 ~~investment plan in lieu of retaining his or her membership in~~
1617 ~~the pension plan. The election must be made in writing or by~~
1618 ~~electronic means and must be filed with the third party~~
1619 ~~administrator by February 28, 2003, or, in the case of an active~~
1620 ~~employee who is on a leave of absence on October 1, 2002, by the~~
1621 ~~last business day of the 5th month following the month the leave~~
1622 ~~of absence concludes. This election is irrevocable, except as~~
1623 ~~provided in paragraph (g). Upon making such election, the~~
1624 ~~employee shall be enrolled as a participant of the investment~~

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1625 ~~plan, the employee's membership in the Florida Retirement System~~
1626 ~~is governed by the provisions of this part, and the employee's~~
1627 ~~membership in the pension plan terminates. The employee's~~
1628 ~~enrollment in the investment plan is effective the first day of~~
1629 ~~the month for which a full month's employer contribution is made~~
1630 ~~to the investment plan.~~

1631 ~~b. Any such employee who fails to elect to participate in~~
1632 ~~the investment plan within the prescribed time period is deemed~~
1633 ~~to have elected to retain membership in the pension plan, and~~
1634 ~~the employee's option to elect to participate in the investment~~
1635 ~~plan is forfeited.~~

1636 ~~2. With respect to employees who become eligible to~~
1637 ~~participate in the investment plan by reason of employment in a~~
1638 ~~regularly established position with a local employer commencing~~
1639 ~~after October 1, 2002:~~

1640 ~~a. Any such employee shall, by default, be enrolled in the~~
1641 ~~pension plan at the commencement of employment, and may, by the~~
1642 ~~last business day of the 5th month following the employee's~~
1643 ~~month of hire, elect to participate in the investment plan. The~~
1644 ~~employee's election must be made in writing or by electronic~~
1645 ~~means and must be filed with the third party administrator. The~~
1646 ~~election to participate in the investment plan is irrevocable,~~
1647 ~~except as provided in paragraph (g).~~

1648 ~~b. If the employee files such election within the~~
1649 ~~prescribed time period, enrollment in the investment plan is~~
1650 ~~effective on the first day of employment. The employer~~
1651 ~~retirement contributions paid through the month of the employee~~
1652 ~~plan change shall be transferred to the investment plan, and,~~
1653 ~~effective the first day of the next month, the employer shall~~

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1654 ~~pay the applicable contributions based on the employee~~
1655 ~~membership class in the investment plan.~~

1656 ~~e. Any such employee who fails to elect to participate in~~
1657 ~~the investment plan within the prescribed time period is deemed~~
1658 ~~to have elected to retain membership in the pension plan, and~~
1659 ~~the employee's option to elect to participate in the investment~~
1660 ~~plan is forfeited.~~

1661 ~~3. For purposes of this paragraph, "local employer" means~~
1662 ~~any employer not included in paragraph (a) or paragraph (b).~~

1663 ~~(b)(d)~~ Contributions available for self-direction by a
1664 member who has not selected one or more specific investment
1665 products shall be allocated as prescribed by the state board.
1666 The third-party administrator shall notify the member at least
1667 quarterly that the member should take an affirmative action to
1668 make an asset allocation among the investment products.

1669 ~~(c)(e)~~ On or after July 1, 2011, a member of the pension
1670 plan who obtains a refund of employee contributions retains his
1671 or her prior plan choice upon return to employment in a
1672 regularly established position with a participating employer.

1673 ~~(d)(f)~~ A member of the investment plan who takes a
1674 distribution of any contributions from his or her investment
1675 plan account is considered a retiree. A retiree who is initially
1676 reemployed in a regularly established position on or after July
1677 1, 2010, is not eligible to be enrolled in renewed membership.

1678 ~~(e)(g)~~ After the period during which an eligible employee,
1679 who initially enrolled before July 1, 2015, had the choice to
1680 elect the pension plan or the investment plan, or the month
1681 following the receipt of the eligible employee's plan election,
1682 if sooner, the employee shall have one opportunity, at the

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1683 employee's discretion, to ~~choose to~~ move from the pension plan
1684 to the investment plan or from the investment plan to the
1685 pension plan. Eligible employees may elect to move between plans
1686 only if they are earning service credit in an employer-employee
1687 relationship consistent with s. 121.021(17) (b), excluding leaves
1688 of absence without pay. Effective July 1, 2005, such elections
1689 are effective on the first day of the month following the
1690 receipt of the election by the third-party administrator and are
1691 not subject to the requirements regarding an employer-employee
1692 relationship or receipt of contributions for the eligible
1693 employee in the effective month, except when the election is
1694 received by the ~~third-party~~ administrator. This paragraph is
1695 contingent upon approval by the Internal Revenue Service.

1696 1. If the employee chooses to move to the investment plan,
1697 the provisions of subsection (3) govern the transfer.

1698 2. If the employee chooses to move to the pension plan, the
1699 employee must transfer from his or her investment plan account,
1700 and from other employee moneys as necessary, ~~a sum representing~~
1701 the present value of that employee's accumulated benefit
1702 obligation immediately following the time of such movement,
1703 determined assuming that attained service equals the sum of
1704 service in the pension plan and service in the investment plan.
1705 Benefit commencement occurs on the first date the employee is
1706 eligible for unreduced benefits, using the discount rate and
1707 other relevant actuarial assumptions that were used to value the
1708 pension plan liabilities in the most recent actuarial valuation.
1709 For an any employee who, at the time of the second election,
1710 already maintains an accrued benefit amount in the pension plan,
1711 the then-present value of the accrued benefit is deemed part of

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1712 the required transfer amount. The division must ensure that the
1713 transfer sum is prepared using a formula and methodology
1714 certified by an enrolled actuary. A refund of any employee
1715 contributions or additional member payments made which exceed
1716 the employee contributions that would have accrued had the
1717 member remained in the pension plan and not transferred to the
1718 investment plan is not permitted.

1719 3. Notwithstanding subparagraph 2., an employee who chooses
1720 to move to the pension plan and who became eligible to
1721 participate in the investment plan by reason of employment in a
1722 regularly established position with a state employer after June
1723 1, 2002; a district school board employer after September 1,
1724 2002; or a local employer after December 1, 2002, must transfer
1725 from his or her investment plan account, and from other employee
1726 moneys as necessary, a sum representing the employee's actuarial
1727 accrued liability. A refund of ~~any~~ employee contributions or
1728 additional member participant payments made which exceed the
1729 employee contributions that would have accrued had the member
1730 remained in the pension plan and not transferred to the
1731 investment plan is not permitted.

1732 4. An employee's ability to transfer from the pension plan
1733 to the investment plan pursuant to paragraph (a) and this
1734 paragraph ~~paragraphs (a) - (d)~~, and the ability of a current
1735 employee to have an option to later transfer back into the
1736 pension plan under subparagraph 2., shall be deemed a
1737 significant system amendment. Pursuant to s. 121.031(4), any
1738 resulting unfunded liability arising from actual original
1739 transfers from the pension plan to the investment plan must be
1740 amortized within 30 plan years as a separate unfunded actuarial

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1741 base independent of the reserve stabilization mechanism defined
1742 in s. 121.031(3)(f). For the first 25 years, a direct
1743 amortization payment may not be calculated for this base. During
1744 this 25-year period, the separate base shall be used to offset
1745 the impact of employees exercising their second program election
1746 under this paragraph. The actuarial funded status of the pension
1747 plan ~~is will~~ not be affected by such second program elections in
1748 any significant manner, after due recognition of the separate
1749 unfunded actuarial base. Following the initial 25-year period,
1750 any remaining balance of the original separate base shall be
1751 amortized over the remaining 5 years of the required 30-year
1752 amortization period.

1753 5. If the employee chooses to transfer from the investment
1754 plan to the pension plan and retains an excess account balance
1755 in the investment plan after satisfying the buy-in requirements
1756 under this paragraph, the excess may not be distributed until
1757 the member retires from the pension plan. The excess account
1758 balance may be rolled over to the pension plan and used to
1759 purchase service credit or upgrade creditable service in the
1760 pension plan.

1761 (f) An employee initially enrolled before July 1, 2015,
1762 shall have one opportunity in his or her working career, at the
1763 employee's discretion, to transfer from the pension plan to the
1764 cash balance plan or from the investment plan to the cash
1765 balance plan as provided in s. 121.602(2). An eligible employee
1766 may elect to transfer between plans only if he or she is earning
1767 service credit in an employer-employee relationship consistent
1768 with s. 121.021(17)(b), excluding leaves of absence without pay.
1769 Such elections are effective on the first day of the month

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1770 following the receipt of the election by the third-party
1771 administrator and are not subject to the requirements regarding
1772 an employer-employee relationship or receipt of contributions
1773 for the eligible employee in the effective month, except when
1774 the election is received by the administrator. This one-time
1775 career transfer is irrevocable, and no other transfer is
1776 allowed. If the employee chooses to transfer from the investment
1777 plan or from the pension plan to the cash balance plan, s.
1778 121.602(2) governs the transfer.

1779 (g) Except as otherwise provided in s. 121.602(3)(a) and
1780 (e), an employee initially enrolled on or after July 1, 2015, is
1781 not eligible to enroll in the pension plan.

1782 (5) CONTRIBUTIONS.—

1783 (a) The employee and employer shall make the required
1784 contributions to the investment plan based on a percentage of
1785 the employee's gross monthly compensation, as provided in part
1786 IV ~~III~~ of this chapter.

1787 (10) EDUCATION COMPONENT.—

1788 (c) The state board, in coordination with the department,
1789 shall provide for an initial and ongoing transfer education
1790 component to provide system members with information necessary
1791 to make informed plan choice decisions. The transfer education
1792 component must include, but is not limited to, information on:

1793 1. The amount of money available to a member for
1794 transferring to the investment plan or the cash balance plan ~~to~~
1795 ~~transfer to the defined contribution program.~~

1796 2. The features of and differences between the pension
1797 plan, the investment plan, and the cash balance plan ~~and the~~
1798 ~~defined contribution program~~, both generally and specifically,

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1799 as those differences may affect the member.

1800 3. The expected benefit available if the member were to
1801 retire under each of the retirement plans ~~programs~~, based on
1802 appropriate alternative sets of assumptions.

1803 4. The rate of return from investments in the investment
1804 plan ~~defined contribution program~~ and the period of time over
1805 which such rate of return must be achieved to equal or exceed
1806 the expected monthly benefit payable to the member under the
1807 pension plan or the benefit payable to the member under the cash
1808 balance plan.

1809 5. The historical rates of return for the investment
1810 alternatives available in the investment plan ~~defined~~
1811 ~~contribution programs~~.

1812 6. The benefits and historical rates of return on
1813 investments available in a typical deferred compensation plan or
1814 a typical plan under s. 403(b) of the Internal Revenue Code for
1815 which the employee may be eligible.

1816 7. The program choices available to employees of the State
1817 University System and the comparative benefits of each available
1818 program, if applicable.

1819 8. Payout options available in each of the retirement plans
1820 ~~programs~~.

1821 (g) Funding for education of new employees may reflect
1822 administrative costs to the investment plan and the cash balance
1823 ~~pension~~ plan.

1824 (h) Pursuant to subsection (8), all Florida Retirement
1825 System employers have an obligation to regularly communicate the
1826 existence of the ~~two~~ Florida Retirement System plans and the
1827 plan choice in the natural course of administering their

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1828 personnel functions, using the educational materials supplied by
1829 the state board and the Department of Management Services.

1830 (15) STATEMENT OF FIDUCIARY STANDARDS AND
1831 RESPONSIBILITIES.—

1832 (a) Investment of ~~defined contribution~~ plan assets shall be
1833 made for the sole interest and exclusive purpose of providing
1834 benefits to members and beneficiaries and defraying reasonable
1835 expenses of administering the plan. The plan's program's assets
1836 shall be invested on behalf of the ~~program~~ members with the
1837 care, skill, and diligence that a prudent person acting in a
1838 like manner would undertake. The performance of the investment
1839 duties set forth in this paragraph must ~~shall~~ comply with the
1840 fiduciary standards set forth in the Employee Retirement Income
1841 Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C). In case
1842 of conflict with other provisions of law authorizing
1843 investments, the investment and fiduciary standards set forth in
1844 this subsection ~~shall~~ prevail.

1845 Section 15. Section 121.70, Florida Statutes, is amended to
1846 read:

1847 121.70 Legislative purpose and intent.—

1848 (1) This part provides for a uniform system for funding
1849 benefits provided under the Florida Retirement System Pension
1850 Plan established under part I of this chapter, ~~(referred to in~~
1851 ~~this part as the pension plan)~~ and under the Florida Retirement
1852 System Investment Plan established under part II of this
1853 chapter, and under the Florida Retirement System Cash Balance
1854 Plan established under part III of this chapter ~~(referred to in~~
1855 ~~this part as the investment plan)~~. The Legislature recognizes
1856 and declares that the Florida Retirement System is a single

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1857 retirement system, consisting of three ~~two~~ retirement plans and
1858 other nonintegrated programs. Employees and employers
1859 participating in the Florida Retirement System collectively
1860 shall make ~~shall be responsible for making~~ contributions to
1861 support the benefits provided under the three ~~both~~ plans. The
1862 employees and employers shall make contributions based upon a
1863 uniform or blended contribution rate system ~~rates~~ determined as
1864 a percentage of the employee's gross monthly compensation for
1865 the employee's class or subclass of Florida Retirement System
1866 membership, irrespective of the retirement plan in which the
1867 individual employee is enrolled. ~~This shall be known as a~~
1868 ~~uniform or blended contribution rate system.~~

1869 (2) In establishing a uniform contribution rate system, it
1870 is the intent of the Legislature to:

1871 (a) Provide greater stability and certainty in financial
1872 planning and budgeting for Florida Retirement System employers
1873 by eliminating the fiscal instability that would be caused by
1874 multiple ~~dual~~ rates coupled with employee-selected plan
1875 participation;

1876 (b) Provide greater fiscal equity and uniformity for system
1877 employers by effectively distributing the financial burden and
1878 benefit of short-term system deficits and surpluses,
1879 respectively, in proportion to total system payroll; and

1880 (c) Allow employees to make their retirement plan selection
1881 decisions free of circumstances that may cause employers to
1882 favor one plan choice over another.

1883 Section 16. Subsections (1), (3), (4), and (5) of section
1884 121.71, Florida Statutes, are amended to read:

1885 121.71 Uniform rates; process; calculations; levy.-

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1886 (1) In conducting the system actuarial study required under
 1887 s. 121.031, the actuary shall follow all specified requirements
 1888 ~~specified~~ to determine, by Florida Retirement System employee
 1889 membership class, the dollar contribution amounts necessary for
 1890 the next fiscal year for the pension plan and the cash balance
 1891 plan as determined by independent valuations of each plan. ~~In~~
 1892 ~~addition,~~ The actuary shall also determine, by Florida
 1893 Retirement System membership class, based on an estimate for the
 1894 next fiscal year of the gross compensation of employees
 1895 participating in the investment plan, the dollar contribution
 1896 amounts necessary to make the allocations required under ss.
 1897 121.72 and 121.73. For each employee membership class and
 1898 subclass, the actuarial study must establish a uniform rate
 1899 necessary to fund the benefit obligations under the ~~both~~ Florida
 1900 Retirement System retirement plans by dividing the sum of total
 1901 dollars required by the estimated gross compensation of members
 1902 in the ~~both~~ plans.

1903 (3) Required employee retirement contribution rates for
 1904 each membership class and subclass of the Florida Retirement
 1905 System for the ~~both~~ retirement plans are as follows:

1906

	Percentage of
	Gross
	Compensation,
	Effective
Membership Class	July 1, 2011

1907

1908

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1909	Regular Class	3.00%
1910	Special Risk Class	3.00%
1911	Special Risk Administrative Support Class	3.00%
1912	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	3.00%
1913	Elected Officers' Class— Justices, Judges	3.00%
1914	Elected Officers' Class— County Elected Officers	3.00%
1915	Senior Management Service Class	3.00%
1916	DROP	0.00%
1917	(4) Required employer retirement contribution rates for	
1918	each membership class and subclass of the Florida Retirement	
1919	System for both retirement plans are as follows:	

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1920

Percentage of
Gross
Compensation,
Effective
July 1, 2013

Membership Class

1921

1922

Regular Class

3.53%

1923

Special Risk Class

11.00%

1924

Special Risk
Administrative
Support Class

4.17%

1925

Elected Officers' Class—
Legislators, Governor,
Lt. Governor,
Cabinet Officers,
State Attorneys,
Public Defenders

6.52%

1926

Elected Officers' Class—
Justices, Judges

10.05%

1927

Elected Officers' Class—
County Elected Officers

8.44%

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1928

Senior Management Class 4.81%

1929

DROP 4.63%

1930

1931 (5) In order to address unfunded actuarial liabilities of
 1932 the system, the required employer retirement contribution rates
 1933 for each membership class and subclass of the Florida Retirement
 1934 System ~~for both retirement plans~~ are as follows:

1935

Percentage of
 Gross
 Compensation,
 Effective
 July 1, 2013

Membership Class

1936

1937

Regular Class 2.19%

1938

Special Risk Class 6.83%

1939

Special Risk
 Administrative
 Support Class 30.56%

1940

Elected Officers' Class—
 Legislators, Governor,
 Lt. Governor, 24.85%

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Cabinet Officers,
State Attorneys,
Public Defenders

1941

Elected Officers' Class-
Justices, Judges

17.00%

1942

Elected Officers' Class-
County Elected Officers

23.36%

1943

Senior Management Service
Class

12.27%

1944

DROP

7.01%

1945

1946 Section 17. Section 121.721, Florida Statutes, is created
1947 to read:

1948 121.721 Credits to cash balance plan member accounts and
1949 interest on accounts; percentage amounts.-

1950 (1) The service credits established in this section shall
1951 be used to fund retirement benefits under the cash balance plan
1952 and shall be transferred monthly by the Division of Retirement
1953 from the Florida Retirement System Contributions Clearing Trust
1954 Fund to the Cash Balance Plan Trust Fund and credited to each
1955 participating member's account based on the membership class of
1956 the member.

1957 (2) The service credits are stated as a percentage of each
1958 cash balance plan member's gross compensation for the calendar
1959 month. A change in a contribution percentage is effective the

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1960 1st day of the month for which retirement contributions may be
 1961 made on or after the beginning date of the change. Credit
 1962 percentages may be modified by general law.

1963 (3) Employer and member credits as provided under s.
 1964 121.602 (5) and (6) shall be accounted for separately.

1965 (4) Credit allocations from the Florida Retirement System
 1966 Contributions Clearing Account Trust Fund to the cash balance
 1967 plan member annuity savings account for each member of the cash
 1968 balance plan are as follows:

1969

1970
 1971
 1972
 1973
 1974

<u>Membership Class</u>	<u>Percentage of Gross Compensation, Effective July 1, 2015</u>
<u>Regular Class</u>	<u>3.00%</u>
<u>Special Risk Class</u>	<u>3.00%</u>
<u>Special Risk Administrative Support Class</u>	<u>3.00%</u>
<u>Elected Officers' Class— Legislators, Governor, Lt. Governor,</u>	<u>3.00%</u>

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1975	<u>Cabinet Officers,</u> <u>State Attorneys,</u> <u>Public Defenders</u>	
1976	<u>Elected Officers' Class-</u> <u>Justices, Judges</u>	<u>3.00%</u>
1977	<u>Elected Officers' Class-</u> <u>County Elected Officers</u>	<u>3.00%</u>
1978	<u>Senior Management Service</u> <u>Class</u>	<u>3.00%</u>
1979	<u>(5) Service credit allocations from the Florida Retirement</u>	
1980	<u>System Contributions Clearing Account Trust Fund to the cash</u>	
1981	<u>balance plan employer retirement annuity account for each member</u>	
1982	<u>of the cash balance plan are as follows:</u>	
1983	<u>Membership Class</u>	<u>Percentage</u> <u>of Gross</u> <u>Compensation,</u> <u>Effective</u> <u>July 1, 2015</u>
1984	<u>Regular Class</u>	<u>3.05%</u>
1985	<u>Special Risk Class</u>	<u>9.30%</u>
1986		

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1987	<u>Special Risk</u> <u>Administrative</u> <u>Support Class</u>	 <u>3.05%</u>
1988	<u>Elected Officers' Class-</u> <u>Legislators, Governor,</u> <u>Lt. Governor,</u> <u>Cabinet Officers,</u> <u>State Attorneys,</u> <u>Public Defenders</u>	 <u>5.58%</u>
1989	<u>Elected Officers' Class-</u> <u>Justices, Judges</u>	 <u>9.11%</u>
1990	<u>Elected Officers' Class-</u> <u>County Elected Officers</u>	 <u>7.55%</u>
1991	<u>Senior Management Service</u> <u>Class</u>	 <u>4.28%</u>
1992	<u>(6) (a) Beginning July 1, 2015, each member of the cash</u>	
1993	<u>balance plan may be credited with interest credits on the</u>	
1994	<u>balance of the member's accounts.</u>	
1995	<u>(b) Effective July 1, 2015, the guaranteed interest credits</u>	
1996	<u>payable on the balance of each member's retirement annuity</u>	
1997	<u>account and annuity savings account accrues at an effective</u>	
1998	<u>annual rate of 2 percent, compounded monthly and credited</u>	
1999	<u>monthly based on the prior month's accumulated ending balances.</u>	
2000	<u>Such interest credits must be posted to member accounts by the</u>	

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2001 15th business day of the following month.

2002 (c) Effective July 1, 2015, additional interest credits
2003 shall be credited as follows:

2004 1. If the annual rate of return on investments of the cash
2005 balance plan assets for the prior plan year did not exceed 2
2006 percent, no additional interest credits shall be allowed.

2007 2. If the annual rate of return on investments of the cash
2008 balance plan assets for the prior plan year was greater than 2
2009 percent, additional interest credits are payable on each
2010 member's retirement annuity account and annuity savings account
2011 equal to 75 percent of the difference between the annual rate of
2012 return and 2 percent.

2013 3. All additional interest credits payable under this
2014 paragraph shall be allocated on the 15th business day of
2015 November following the close of the plan year based on the
2016 member's account balances as of the preceding June 30.

2017 (d) To be eligible for an interest credit, the member must
2018 have an account balance at the time the interest credit is
2019 posted to the account. Interest credits may not be awarded to a
2020 member who has taken a full distribution of the member's
2021 accounts or who has annuitized the member's accumulated total
2022 account balance before interest credits are posted.

2023 (e) Notwithstanding paragraphs (b) and (c), interest
2024 credits may not be granted on the member's nonvested account
2025 balances following the end of the second plan year after the
2026 member has terminated without meeting the vesting requirements
2027 of the cash balance plan.

2028 Section 18. Section 121.73, Florida Statutes, is amended to
2029 read:

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2030 121.73 Allocations for member disability coverage and
2031 coverage for members killed in the line of duty; percentage
2032 amounts.—

2033 (1) The allocations established in:

2034 (a) Subsection (3) shall be used to provide disability
2035 coverage for members in the investment plan and ~~shall be~~
2036 transferred monthly by the Division of Retirement from the
2037 Florida Retirement System Contributions Clearing Trust Fund to
2038 the disability account of the Florida Retirement System Trust
2039 Fund.

2040 (b) Subsection (4) shall be used to provide disability
2041 coverage for members in the cash balance plan and transferred
2042 monthly by the Division of Retirement from the Florida
2043 Retirement System Contributions Clearing Trust Fund to the
2044 disability account of the Florida Retirement System Cash Balance
2045 Plan Trust Fund.

2046 (2) The allocations contained in this section are stated as
2047 a percentage of each investment plan or cash balance plan
2048 member's gross compensation for the calendar month. A change in
2049 a contribution percentage is effective the 1st ~~first~~ day of the
2050 month for which retirement contributions may be made on or after
2051 the beginning date of the change. Contribution percentages may
2052 be modified by general law.

2053 (3) Effective July 1, 2002, allocations from the Florida
2054 Retirement System Contributions Clearing Trust Fund to provide
2055 disability coverage for members in the investment plan, and to
2056 offset the costs of administering such ~~said~~ coverage, are as
2057 follows:
2058

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Membership Class

Percentage of Gross
Compensation

2059

2060

Regular Class

0.25%

2061

Special Risk Class

1.33%

2062

Special Risk Administrative
Support Class

0.45%

2063

Elected Officers' Class—
Legislators, Governor,
Lt. Governor, Cabinet
Officers,
State Attorneys, Public
Defenders

0.41%

2064

Elected Officers' Class—
Justices, Judges

0.73%

2065

Elected Officers' Class—
County Elected Officers

0.41%

2066

Senior Management Service
Class

0.26%

2067

2068

(4) Allocations from the Florida Retirement System

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2069 Contributions Clearing Trust Fund to provide disability coverage
 2070 for members in the cash balance plan and to offset costs of
 2071 administering such coverage, are as follows:
 2072

<u>Membership Class</u>	<u>Percentage of Gross Compensation Effective July 1, 2015</u>
2073	
2074	
2075 <u>Regular Class</u>	<u>0.26%</u>
2076 <u>Special Risk Class</u>	<u>0.95%</u>
2077 <u>Special Risk Administrative Support Class</u>	<u>0.26%</u>
2078 <u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>0.24%</u>
2079 <u>Elected Officers' Class— Justices, Judges</u>	<u>0.47%</u>
<u>Elected Officers' Class— County Elected Officers</u>	<u>0.27%</u>

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2080

Senior Management Service

Class

0.21%

2081

2082

(5) The allocations established in this subsection shall be transferred monthly by the Division of Retirement from the Florida Retirement System Contributions Clearing Trust Fund to the in-line-of-duty death account of the Florida Retirement System Cash Balance Plan Trust Fund and shall be used to provide coverage for members of the cash balance plan killed in the line of duty. The allocations are as follows:

2089

Percentage of Gross
Compensation

Membership Class

Effective July 1, 2015

2090

2091

Regular Class

0.09%

2092

Special Risk Class

0.25%

2093

Special Risk Administrative

Support Class

0.09%

2094

Elected Officers' Class-

Legislators, Governor,

Lt. Governor, Cabinet

Officers,

0.14%

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State Attorneys, Public
Defenders

2095

Elected Officers' Class--
Justices, Judges

0.18%

2096

Elected Officers' Class--
County Elected Officers

0.16%

2097

Senior Management Service
Class

0.11%

2098

2099

2100 Section 19. Section 121.74, Florida Statutes, is amended to
2101 read:

2102 121.74 Administrative and educational expenses.—In addition
2103 to contributions required to fund member accounts under ss.
2104 121.71 and 121.73, effective July 1, 2010, through June 30,
2105 2014, employers participating in the Florida Retirement System
2106 shall contribute an employer assessment amount equal to 0.03
2107 percent of the payroll reported for each class or subclass of
2108 Florida Retirement System membership. Effective July 1, 2014,
2109 the employer assessment is ~~the contribution rate shall be~~ 0.04
2110 percent of the payroll reported for each class or subclass of
2111 membership. The amount assessed ~~contributed~~ shall be transferred
2112 by the Division of Retirement from the Florida Retirement System
2113 Contributions Clearing Trust Fund to the State Board of
2114 Administration's Administrative Trust Fund to offset the costs
2115 of administering the investment plan and the cash balance plan

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2116 and the costs of providing educational services to members of
2117 the Florida Retirement System. Approval of the trustees is
2118 required before the expenditure of these funds. Payments for
2119 third-party administrative or educational expenses shall be made
2120 only pursuant to the terms of the approved contracts for such
2121 services.

2122 Section 20. Section 121.76, Florida Statutes, is amended to
2123 read:

2124 121.76 Contributions for social security and for retiree
2125 health insurance subsidy.—Contributions required under this part
2126 shall be made or deducted, as ~~may be~~ appropriate, for each pay
2127 period and are in addition to employer and member contributions
2128 required for social security and the Retiree Health Insurance
2129 Subsidy Trust Fund as provided under ~~parts I and II~~ of this
2130 chapter.

2131 Section 21. Subsection (3) of section 121.78, Florida
2132 Statutes, is amended to read:

2133 121.78 Payment and distribution of contributions.—

2134 (3) (a) Employee and employer contributions and accompanying
2135 payroll data received after the 5th working day of the month are
2136 considered late. The division employer shall assess the employer
2137 ~~be assessed by the division of Retirement~~ a penalty of 1 percent
2138 of the contributions due for each calendar month or part thereof
2139 that the contributions or accompanying payroll data are late.
2140 Proceeds from the ~~1 percent~~ assessment ~~against contributions~~
2141 made on behalf of members of the pension plan shall ~~must~~ be
2142 deposited in the Florida Retirement System Trust Fund, and
2143 proceeds from the ~~1 percent~~ assessment ~~against contributions~~
2144 made on behalf of members of the investment plan shall be

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2145 transferred to the third-party administrator for deposit into
2146 member accounts, as provided in paragraph (c). Proceeds from the
2147 assessment made on behalf of members of the cash balance plan
2148 shall be credited to the Florida Retirement System Cash Balance
2149 Plan Trust Fund.

2150 (b) Retirement contributions paid for a prior period shall
2151 be charged a delinquent fee of 1 percent for each calendar month
2152 or part thereof that the contributions should have been paid.
2153 This includes prior period contributions due to incorrect wages
2154 and contributions from an earlier report or wages and
2155 contributions that should have been reported but were not. The
2156 delinquent assessments may not be waived. Proceeds from the
2157 delinquent fee made on behalf of members of the pension plan
2158 shall be deposited into the Florida Retirement System Trust
2159 Fund. Proceeds from the delinquent fee made on behalf of members
2160 of the investment plan shall be transferred to the third-party
2161 administrator for deposit into member accounts. Proceeds from
2162 the delinquent fee made on behalf of members of the cash balance
2163 plan shall be deposited into the Florida Retirement System Cash
2164 Balance Plan Trust Fund to be credited to the annuity savings
2165 account and retirement savings accounts of the members.

2166 (c) If employee contributions or contributions made by an
2167 employer on behalf of members of the investment plan or
2168 accompanying payroll data are not received within the calendar
2169 month they are due, including, but not limited to, contribution
2170 adjustments as a result of employer errors or corrections, and
2171 if that delinquency results in market losses to members, the
2172 employer shall reimburse each member's account for market losses
2173 resulting from the late contributions. If a member has

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2174 terminated employment and taken a distribution, the member is
2175 responsible for returning any excess contributions erroneously
2176 provided by employers, adjusted for any investment gain or loss
2177 incurred during the period such excess contributions were in the
2178 member's account. The state board or its designated agent shall
2179 communicate to terminated members any obligation to repay such
2180 excess contribution amounts. However, the state board, its
2181 designated agents, the Florida Retirement System Investment Plan
2182 Trust Fund, the department, or the Florida Retirement System
2183 Trust Fund may not incur any loss or gain as a result of an
2184 employer's correction of such excess contributions. The third-
2185 party administrator, hired by the state board pursuant to s.
2186 121.4501(8), shall calculate the market losses for each affected
2187 member. If contributions made on behalf of members of the
2188 investment plan or accompanying payroll data are not received
2189 within the calendar month due, the employer shall also pay the
2190 cost of the third-party administrator's calculation and
2191 reconciliation adjustments resulting from the late
2192 contributions. The third-party administrator shall notify the
2193 employer of the results of the calculations and the total amount
2194 due from the employer for such losses and the costs of
2195 calculation and reconciliation. The employer shall remit to the
2196 division of ~~Retirement~~ the amount due within 30 working days
2197 after the date of the penalty notice sent by the division. The
2198 division shall transfer that amount to the third-party
2199 administrator, which shall deposit proceeds from the 1 percent
2200 assessment and from individual market losses into member
2201 accounts, as appropriate. The state board may adopt rules to
2202 administer the provisions regarding late contributions, late

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2203 submission of payroll data, the process for reimbursing member
2204 accounts for resultant market losses, and the penalties charged
2205 to the employers.

2206 (d) If a cash balance plan member has terminated employment
2207 and taken a benefit payment, the member is responsible for
2208 returning any excess contributions erroneously provided by
2209 employers. The state board or its designated agent shall
2210 communicate to terminated members their obligation to repay
2211 excess contribution amounts. However, the state board, its
2212 designated agents, the Florida Retirement System Cash Balance
2213 Plan Trust Fund, or the department may not incur any loss as a
2214 result of an employer's correction of the excess contributions.

2215 (e)~~(d)~~ If employee contributions reported by an employer on
2216 behalf of members are reduced as a result of employer errors or
2217 corrections, and the member has terminated employment and taken
2218 a refund, ~~or~~ distribution, or benefit payment, the employer
2219 shall be billed and is responsible for recovering from the
2220 member any excess contributions erroneously provided by the
2221 employer.

2222 (f)~~(e)~~ Assessments Delinquency fees specified in paragraph
2223 (a) may be waived by the division, with regard to pension plan
2224 contributions, and by the state board, with regard to investment
2225 plan or cash balance plan contributions, only if, in the opinion
2226 of the division or the board, as appropriate, exceptional
2227 circumstances beyond the employer's control prevented remittance
2228 by the prescribed due date notwithstanding the employer's good
2229 faith efforts to effect delivery. Such a waiver of delinquency
2230 may be granted an employer only once each plan year.

2231 (g)~~(f)~~ If the employer submits excess employer or employee

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2232 contributions, the employer shall receive a credit to be applied
 2233 against future contributions owed. The employer is responsible
 2234 for reimbursing the member for any excess contributions
 2235 submitted if a ~~any~~ return of such an erroneous excess pretax
 2236 contribution by the program is made within 1 year after making
 2237 erroneous contributions or such other period allowed under
 2238 applicable Internal Revenue guidance.

2239 (h) ~~(g)~~ If contributions made by an employer on behalf of
 2240 members in the investment plan are delayed in posting to member
 2241 accounts due to acts of God beyond the control of the division
 2242 ~~of Retirement~~, the state board, or the third-party
 2243 administrator, as applicable, market losses resulting from the
 2244 late contributions are not payable to the members.

2245 Section 22. Subsection (10) of section 216.136, Florida
 2246 Statutes, is amended to read:

2247 216.136 Consensus estimating conferences; duties and
 2248 principals.-

2249 (10) FLORIDA RETIREMENT SYSTEM ACTUARIAL ASSUMPTION
 2250 CONFERENCE.-The Florida Retirement System Actuarial Assumption
 2251 Conference shall develop official information with respect to
 2252 the economic and noneconomic assumptions and funding methods of
 2253 the Florida Retirement System necessary to perform the ~~system~~
 2254 actuarial studies ~~study~~ undertaken pursuant to ss. ~~s.~~ 121.031(3)
 2255 and 121.602(20). Such information must ~~shall~~ include: an
 2256 analysis of the actuarial assumptions and actuarial methods used
 2257 in the studies ~~study~~ and a determination of whether changes to
 2258 the assumptions or methods need to be made due to experience
 2259 changes or revised future forecasts.

2260 Section 23. Section 238.072, Florida Statutes, is amended

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2261 to read:

2262 238.072 Special service provisions for extension
 2263 personnel.—All state and county cooperative extension personnel
 2264 holding appointments by the United States Department of
 2265 Agriculture for extension work in agriculture and home economics
 2266 in this state who are joint representatives of the University of
 2267 Florida and the United States Department of Agriculture, as
 2268 provided in s. 121.051(8) ~~s. 121.051(7)~~, who are members of the
 2269 Teachers' Retirement System, chapter 238, and who are prohibited
 2270 from transferring to and participating in the Florida Retirement
 2271 System, chapter 121, may retire with full benefits upon
 2272 completion of 30 years of creditable service and shall be
 2273 considered to have attained normal retirement age under this
 2274 chapter, any law to the contrary notwithstanding. In order to
 2275 comply with ~~the provisions of~~ s. 14, Art. X of the State
 2276 Constitution, any liability accruing to the Florida Retirement
 2277 System Trust Fund as a result of ~~the provisions of~~ this section
 2278 shall be paid on an annual basis from the General Revenue Fund.

2279 Section 24. Subsection (11) of section 413.051, Florida
 2280 Statutes, is amended to read:

2281 413.051 Eligible blind persons; operation of vending
 2282 stands.—

2283 (11) Effective July 1, 1996, blind licensees who remain
 2284 members of the Florida Retirement System pursuant to s.
 2285 121.051(7)(b)1. must ~~s. 121.051(6)(b)1.~~ shall pay any
 2286 unappropriated retirement costs from their net profits or from
 2287 program income. ~~Within 30 days after the effective date of this~~
 2288 ~~act,~~ Each blind licensee who is eligible to maintain membership
 2289 in the Florida Retirement System under s. 121.051(7)(b)1. ~~s.~~

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2290 ~~121.051(6)(b)1.~~, but who elects to withdraw from the system as
2291 provided in s. 121.051(7)(b)3. ~~s. 121.051(6)(b)3.~~, must, on or
2292 before July 31, 1996, notify the Division of Blind Services and
2293 the Department of Management Services in writing of his or her
2294 election to withdraw. Failure to timely notify the divisions
2295 shall be deemed a decision to remain a compulsory member of the
2296 Florida Retirement System. However, if, at any time after July
2297 1, 1996, sufficient funds are not paid by a blind licensee to
2298 cover the required contribution to the Florida Retirement
2299 System, that blind licensee shall become ineligible to
2300 participate in the Florida Retirement System on the last day of
2301 the first month for which no contribution is made or the amount
2302 contributed is insufficient to cover the required contribution.
2303 For any blind licensee who becomes ineligible to participate ~~in~~
2304 ~~the Florida Retirement System~~ as described in this subsection,
2305 no creditable service shall be earned under the Florida
2306 Retirement System for any period following the month that
2307 retirement contributions ceased to be reported. However, ~~any~~
2308 such person may participate in the Florida Retirement System in
2309 the future if employed by a participating employer in a covered
2310 position.

2311 Section 25. The Legislature finds that a proper and
2312 legitimate state purpose is served when employees and retirees
2313 of the state and its political subdivisions, and the dependents,
2314 survivors, and beneficiaries of such employees and retirees, are
2315 extended the basic protections afforded by governmental
2316 retirement systems. These persons must be provided benefits that
2317 are fair and adequate and that are managed, administered, and
2318 funded in an actuarially sound manner, as required by s. 14,

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2319 Article X of the State Constitution and part VII of chapter 112,
2320 Florida Statutes. Therefore, the Legislature determines and
2321 declares that this act fulfills an important state interest.

2322 Section 26. (1) Effective July 1, 2015, in order to fund
2323 the benefit changes provided in this act, the required employer
2324 contribution rates for the unfunded actuarial liability of the
2325 Florida Retirement System established in s. 121.75(5), Florida
2326 Statutes, shall be adjusted as follows:

2327 (a) Elected Officers' Class.—Rates for Legislators, the
2328 Governor, the Lieutenant Governor, Cabinet Officers, State
2329 Attorneys, and Public Defenders shall be increased by .
2330 percentage points.

2331 (b) Elected Officers' Class.—Rates for County Elected
2332 Officers shall be increased by . percentage points.

2333 (c) Senior Management Service Class.—Rates for the Senior
2334 Management Service Class shall be increased by . percentage
2335 points.

2336 (2) The adjustments provided in subsection (1) are in
2337 addition to all other changes to such contribution rates which
2338 may be enacted into law to take effect on July 1, 2013, and July
2339 1, 2015. The Division of Law Revision and Information is
2340 requested to adjust accordingly the contribution rates provided
2341 in s. 121.71, Florida Statutes.

2342 Section 27. (1) The State Board of Administration shall
2343 request a determination letter as soon as practicable from the
2344 Internal Revenue Service as to whether this act or any portion
2345 of this act will cause the Florida Retirement System to be
2346 disqualified for tax purposes under the Internal Revenue Code.
2347 If the Internal Revenue Service refuses to act upon such

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2348 request, a legal opinion from a qualified tax attorney or firm
2349 may be substituted for the determination letter.

2350 (2) If the board receives notification from the Internal
2351 Revenue Service that this act or any portion of this act will
2352 cause the Florida Retirement System to be disqualified, the
2353 portion that will cause the disqualification does not apply.
2354 Upon such notice, the board shall notify the presiding officers
2355 of the Legislature.

2356 Section 28. This act shall take effect July 1, 2015.