

1 A bill to be entitled

2 An act relating to the Florida Retirement System;
3 amending s. 121.021, F.S.; revising the definition of
4 "vested" or "vesting"; providing that a member
5 initially enrolled in the Florida Retirement System
6 after a certain date is vested in the pension plan
7 after 10 years of creditable service; amending s.
8 121.051, F.S.; providing for compulsory membership in
9 the Florida Retirement System Investment Plan for
10 employees in the Elected Officers' Class or the Senior
11 Management Service Class initially enrolled after a
12 specified date; amending s. 121.052, F.S.; prohibiting
13 members of the Elected Officers' Class from joining
14 the Senior Management Service Class after a specified
15 date; amending s. 121.055, F.S.; prohibiting an
16 elected official eligible for membership in the
17 Elected Officers' Class from enrolling in the Senior
18 Management Service Class or in the Senior Management
19 Service Optional Annuity Program; closing the Senior
20 Management Optional Annuity Program to new members
21 after a specified date; amending s. 121.091, F.S.;
22 increasing the service time required to qualify for
23 disability benefits to 10 years for members enrolled
24 in the pension plan on or after a specified date;
25 revising provisions to conform to changes made by the
26 act; amending s. 121.4501, F.S.; requiring certain

HB 7173

2014

27 employees initially enrolled in the Florida Retirement
28 System on or after a specified date to be compulsory
29 members of the investment plan; revising the
30 definition of "member" or "employee"; enrolling
31 certain employees in the pension plan from their date
32 of hire until they are automatically enrolled in the
33 investment plan or timely elect enrollment in the
34 pension plan; providing certain members with a
35 specified time to choose participation in the pension
36 plan or the investment plan; providing for the
37 transfer of certain contributions; revising a
38 provision relating to acknowledgement of an employee's
39 election to participate in the investment plan;
40 revising the education component; conforming
41 provisions and cross-references to changes made by the
42 act; amending s. 121.591, F.S.; increasing the service
43 time required to qualify for disability benefits to 10
44 years for members enrolled in the investment plan on
45 or after a specified date; amending ss. 238.072 and
46 413.051, F.S.; conforming cross-references; providing
47 that the act fulfills an important state interest;
48 providing an effective date.

49

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

51

52 Section 1. Subsection (45) of section 121.021, Florida

53 Statutes, is amended to read:

54 121.021 Definitions.—The following words and phrases as
55 used in this chapter have the respective meanings set forth
56 unless a different meaning is plainly required by the context:

57 (45) "Vested" or "vesting" means the guarantee that a
58 member is eligible to receive a future retirement benefit upon
59 completion of the required years of creditable service for the
60 employee's class of membership, even though the member may have
61 terminated covered employment before reaching normal or early
62 retirement date. Being vested does not entitle a member to a
63 disability benefit. Provisions governing entitlement to
64 disability benefits are set forth under s. 121.091(4).

65 (a) Effective July 1, 2001, through June 30, 2011, a 6-
66 year vesting requirement shall be implemented for the Florida
67 Retirement System Pension Plan:

68 1. Any member employed in a regularly established position
69 on July 1, 2001, who completes or has completed a total of 6
70 years of creditable service is considered vested.

71 2. Any member initially enrolled in the Florida Retirement
72 System before July 1, 2001, but not employed in a regularly
73 established position on July 1, 2001, shall be deemed vested
74 upon completion of 6 years of creditable service if such member
75 is employed in a covered position for at least 1 work year after
76 July 1, 2001. However, a member is not required to complete more
77 years of creditable service than would have been required for
78 that member to vest under retirement laws in effect before July

HB 7173

2014

79 1, 2001.

80 3. Any member initially enrolled in the Florida Retirement
81 System on July 1, 2001, through June 30, 2011, shall be deemed
82 vested upon completion of 6 years of creditable service.

83 (b) Any member initially enrolled in the Florida
84 Retirement System on ~~or after~~ July 1, 2011, through June 30,
85 2015, shall be vested in the pension plan upon completion of 8
86 years of creditable service.

87 (c) Any member initially enrolled in the Florida
88 Retirement System on or after July 1, 2015, shall be vested in
89 the pension plan upon completion of 10 years of creditable
90 service.

91 Section 2. Subsections (3) through (9) of section 121.051,
92 Florida Statutes, are renumbered as subsections (4) through
93 (10), respectively, and a new subsection (3) is added to that
94 section, to read:

95 121.051 Participation in the system.—

96 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.—

97 (a) Employees initially enrolled on or after July 1, 2015,
98 in positions covered by the Elected Officers' Class or the
99 Senior Management Service Class are compulsory members of the
100 investment plan, except those who withdraw from the system under
101 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
102 in an optional retirement program under paragraph (1)(a),
103 paragraph (2)(c), or s. 121.35. Investment plan membership
104 continues if there is subsequent employment in a position

HB 7173

2014

105 covered by another membership class. Membership in the pension
106 plan is not permitted except as provided in s. 121.591(2).
107 Employees initially enrolled in the Florida Retirement System
108 prior to July 1, 2015, may retain their membership in the
109 pension plan or investment plan and are eligible to use the
110 election opportunity specified in s. 121.4501(4)(f). Employees
111 initially enrolled on or after July 1, 2015, in positions
112 covered by the Elected Officers' Class or the Senior Management
113 Service Class are not eligible to use the election opportunity
114 specified in s. 121.4501(4)(f).

115 (b) Employees eligible to withdraw from the system under
116 s. 121.052(3)(d) or s. 121.055(1)(b)2. may choose to withdraw
117 from the system or to participate in the investment plan as
118 provided in these sections. Employees eligible for optional
119 retirement programs under paragraph (2)(c) or s. 121.35 may
120 choose to participate in the optional retirement program or the
121 investment plan as provided in this paragraph or this section.
122 Eligible employees required to participate pursuant to (1)(a) in
123 the optional retirement program as provided under s. 121.35 must
124 participate in the investment plan when employed in a position
125 not eligible for the optional retirement program.

126 Section 3. Paragraph (c) of subsection (3) of section
127 121.052, Florida Statutes, is amended to read:

128 121.052 Membership class of elected officers.—

129 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective
130 July 1, 1990, participation in the Elected Officers' Class shall

131 be compulsory for elected officers listed in paragraphs (2) (a)-
 132 (d) and (f) assuming office on or after said date, unless the
 133 elected officer elects membership in another class or withdraws
 134 from the Florida Retirement System as provided in paragraphs
 135 (3) (a)-(d) :

136 (c) Before July 1, 2015, any elected officer may, within 6
 137 months after assuming office, or within 6 months after this act
 138 becomes a law for serving elected officers, elect membership in
 139 the Senior Management Service Class as provided in s. 121.055 in
 140 lieu of membership in the Elected Officers' Class. Any such
 141 election made by a county elected officer shall have no effect
 142 upon the statutory limit on the number of nonelective full-time
 143 positions that may be designated by a local agency employer for
 144 inclusion in the Senior Management Service Class under s.
 145 121.055(1) (b)1.

146 Section 4. Paragraph (f) of subsection (1) and paragraph
 147 (c) of subsection (6) of section 121.055, Florida Statutes, are
 148 amended to read:

149 121.055 Senior Management Service Class.—There is hereby
 150 established a separate class of membership within the Florida
 151 Retirement System to be known as the "Senior Management Service
 152 Class," which shall become effective February 1, 1987.

153 (1)

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

155 1. Except as provided in subparagraphs ~~subparagraph~~ 3. and
 156 4., an elected state officer eligible for membership in the

157 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
 158 elects membership in the Senior Management Service Class under
 159 s. 121.052(3)(c) may, within 6 months after assuming office or
 160 within 6 months after this act becomes a law for serving elected
 161 state officers, elect to participate in the Senior Management
 162 Service Optional Annuity Program, as provided in subsection (6),
 163 in lieu of membership in the Senior Management Service Class.

164 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
 165 4., an elected officer of a local agency employer eligible for
 166 membership in the Elected Officers' Class under s. 121.052(2)(d)
 167 who elects membership in the Senior Management Service Class
 168 under s. 121.052(3)(c) may, within 6 months after assuming
 169 office, or within 6 months after this act becomes a law for
 170 serving elected officers of a local agency employer, elect to
 171 withdraw from the Florida Retirement System, as provided in
 172 subparagraph (b)2., in lieu of membership in the Senior
 173 Management Service Class.

174 3. A retiree of a state-administered retirement system who
 175 is initially reemployed in a regularly established position on
 176 or after July 1, 2010, as an elected official eligible for the
 177 Elected Officers' Class may not be enrolled in renewed
 178 membership in the Senior Management Service Class or in the
 179 Senior Management Service Optional Annuity Program as provided
 180 in subsection (6), and may not withdraw from the Florida
 181 Retirement System as a renewed member as provided in
 182 subparagraph (b)2., as applicable, in lieu of membership in the

183 Senior Management Service Class.

184 4. On or after July 1, 2015, an elected official eligible
 185 for membership in the Elected Officers' Class may not enroll in
 186 the Senior Management Service Class or in the Senior Management
 187 Service Optional Annuity Program as provided in subsection (6).

188 (6)

189 (c) Participation.—

190 1. An eligible employee who is employed on or before
 191 February 1, 1987, may elect to participate in the optional
 192 annuity program in lieu of participating in the Senior
 193 Management Service Class. Such election must be made in writing
 194 and filed with the department and the personnel officer of the
 195 employer on or before May 1, 1987. An eligible employee who is
 196 employed on or before February 1, 1987, and who fails to make an
 197 election to participate in the optional annuity program by May
 198 1, 1987, shall be deemed to have elected membership in the
 199 Senior Management Service Class.

200 2. Except as provided in subparagraph 6., an employee who
 201 becomes eligible to participate in the optional annuity program
 202 by reason of initial employment commencing after February 1,
 203 1987, may, within 90 days after the date of commencing
 204 employment, elect to participate in the optional annuity
 205 program. Such election must be made in writing and filed with
 206 the personnel officer of the employer. An eligible employee who
 207 does not within 90 days after commencing employment elect to
 208 participate in the optional annuity program shall be deemed to

HB 7173

2014

209 have elected membership in the Senior Management Service Class.
210 3. A person who is appointed to a position in the Senior
211 Management Service Class and who is a member of an existing
212 retirement system or the Special Risk or Special Risk
213 Administrative Support Classes of the Florida Retirement System
214 may elect to remain in such system or class in lieu of
215 participating in the Senior Management Service Class or optional
216 annuity program. Such election must be made in writing and filed
217 with the department and the personnel officer of the employer
218 within 90 days after such appointment. An eligible employee who
219 fails to make an election to participate in the existing system,
220 the Special Risk Class of the Florida Retirement System, the
221 Special Risk Administrative Support Class of the Florida
222 Retirement System, or the optional annuity program shall be
223 deemed to have elected membership in the Senior Management
224 Service Class.

225 4. Except as provided in subparagraph 5., an employee's
226 election to participate in the optional annuity program is
227 irrevocable if the employee continues to be employed in an
228 eligible position and continues to meet the eligibility
229 requirements set forth in this paragraph.

230 5. Effective from July 1, 2002, through September 30,
231 2002, an active employee in a regularly established position who
232 has elected to participate in the Senior Management Service
233 Optional Annuity Program has one opportunity to choose to move
234 from the Senior Management Service Optional Annuity Program to

235 the Florida Retirement System Pension Plan.

236 a. The election must be made in writing and must be filed
237 with the department and the personnel officer of the employer
238 before October 1, 2002, or, in the case of an active employee
239 who is on a leave of absence on July 1, 2002, within 90 days
240 after the conclusion of the leave of absence. This election is
241 irrevocable.

242 b. The employee shall receive service credit under the
243 pension plan equal to his or her years of service under the
244 Senior Management Service Optional Annuity Program. The cost for
245 such credit is the amount representing the present value of that
246 employee's accumulated benefit obligation for the affected
247 period of service.

248 c. The employee must transfer the total accumulated
249 employer contributions and earnings on deposit in his or her
250 Senior Management Service Optional Annuity Program account. If
251 the transferred amount is not sufficient to pay the amount due,
252 the employee must pay a sum representing the remainder of the
253 amount due. The employee may not retain any employer
254 contributions or earnings from the Senior Management Service
255 Optional Annuity Program account.

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

260 7. Effective July 1, 2015, the Senior Management Service

261 Optional Annuity Program is closed to new members. Members
 262 enrolled in the Senior Management Service Optional Annuity
 263 Program before July 1, 2015, may retain their membership in the
 264 annuity program.

265 Section 5. Paragraph (a) of subsection (4) of section
 266 121.091, Florida Statutes, is amended to read:

267 121.091 Benefits payable under the system.—Benefits may
 268 not be paid under this section unless the member has terminated
 269 employment as provided in s. 121.021(39) (a) or begun
 270 participation in the Deferred Retirement Option Program as
 271 provided in subsection (13), and a proper application has been
 272 filed in the manner prescribed by the department. The department
 273 may cancel an application for retirement benefits when the
 274 member or beneficiary fails to timely provide the information
 275 and documents required by this chapter and the department's
 276 rules. The department shall adopt rules establishing procedures
 277 for application for retirement benefits and for the cancellation
 278 of such application when the required information or documents
 279 are not received.

280 (4) DISABILITY RETIREMENT BENEFIT.—

281 (a) Disability retirement; entitlement and effective
 282 date.—

283 1.a. A member who becomes totally and permanently
 284 disabled, as defined in paragraph (b), after completing 5 years
 285 of creditable service, or a member who becomes totally and
 286 permanently disabled in the line of duty regardless of service,

287 is entitled to a monthly disability benefit; except that any
288 member with less than 5 years of creditable service on July 1,
289 1980, or any person who becomes a member of the Florida
290 Retirement System on or after such date must have completed 10
291 years of creditable service before becoming totally and
292 permanently disabled in order to receive disability retirement
293 benefits for any disability which occurs other than in the line
294 of duty. However, if a member employed on July 1, 1980, who has
295 less than 5 years of creditable service as of that date becomes
296 totally and permanently disabled after completing 5 years of
297 creditable service and is found not to have attained fully
298 insured status for benefits under the federal Social Security
299 Act, such member is entitled to a monthly disability benefit.

300 b. Effective July 1, 2001, a member of the pension plan
301 initially enrolled before July 1, 2015, who becomes totally and
302 permanently disabled, as defined in paragraph (b), after
303 completing 8 years of creditable service, or a member who
304 becomes totally and permanently disabled in the line of duty
305 regardless of service, is entitled to a monthly disability
306 benefit.

307 c. Effective July 1, 2015, a member of the pension plan
308 initially enrolled on or after July 1, 2015, who becomes totally
309 and permanently disabled, as defined in paragraph (b), after
310 completing 10 years of creditable service, or a member who
311 becomes totally and permanently disabled in the line of duty
312 regardless of service, is entitled to a monthly disability

HB 7173

2014

313 benefit.

314 2. If the division has received from the employer the
315 required documentation of the member's termination of
316 employment, the effective retirement date for a member who
317 applies and is approved for disability retirement shall be
318 established by rule of the division.

319 3. For a member who is receiving Workers' Compensation
320 payments, the effective disability retirement date may not
321 precede the date the member reaches Maximum Medical Improvement
322 (MMI), unless the member terminates employment before reaching
323 MMI.

324 Section 6. Subsection (1), paragraph (i) of subsection
325 (2), paragraph (b) of subsection (3), subsection (4), paragraph
326 (c) of subsection (5), subsection (8), and paragraphs (a), (b),
327 (c), and (h) of subsection (10) of section 121.4501, Florida
328 Statutes, are amended to read:

329 121.4501 Florida Retirement System Investment Plan.—

330 (1) The Trustees of the State Board of Administration
331 shall establish a defined contribution program called the
332 "Florida Retirement System Investment Plan" or "investment plan"
333 for members of the Florida Retirement System under which
334 retirement benefits will be provided for eligible employees who
335 elect to participate in the program and for employees initially
336 enrolled on or after July 1, 2015, in positions covered by the
337 Elected Officers' Class or the Senior Management Service Class
338 and are compulsory members of the investment plan unless the

339 member withdraws from the system under s. 121.052(3)(d) or s.
340 121.055(1)(b)2., or participates in an optional retirement
341 program under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35.
342 Investment plan membership continues if there is subsequent
343 employment in a position covered by another membership class.

344 The retirement benefits shall be provided through member-
345 directed investments, in accordance with s. 401(a) of the
346 Internal Revenue Code and related regulations. The employer and
347 employee shall make contributions, as provided in this section
348 and ss. 121.571 and 121.71, to the Florida Retirement System
349 Investment Plan Trust Fund toward the funding of benefits.

350 (2) DEFINITIONS.—As used in this part, the term:

351 (i) "Member" or "employee" means an eligible employee who
352 enrolls in, or is defaulted into, the investment plan as
353 provided in subsection (4), a terminated Deferred Retirement
354 Option Program member as described in subsection (21), or a
355 beneficiary or alternate payee of a member or employee.

356 (3) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.—

357 (b) Notwithstanding paragraph (a), an eligible employee
358 who elects to participate in, or is defaulted into, the
359 investment plan and establishes one or more individual member
360 accounts may elect to transfer to the investment plan a sum
361 representing the present value of the employee's accumulated
362 benefit obligation under the pension plan, except as provided in
363 paragraph (4)(b). Upon transfer, all service credit earned under
364 the pension plan is nullified for purposes of entitlement to a

365 future benefit under the pension plan. A member may not transfer
366 the accumulated benefit obligation balance from the pension plan
367 after the time period for enrolling in the investment plan has
368 expired.

369 1. For purposes of this subsection, the present value of
370 the member's accumulated benefit obligation is based upon the
371 member's estimated creditable service and estimated average
372 final compensation under the pension plan, subject to
373 recomputation under subparagraph 2. For state employees, initial
374 estimates shall be based upon creditable service and average
375 final compensation as of midnight on June 30, 2002; for district
376 school board employees, initial estimates shall be based upon
377 creditable service and average final compensation as of midnight
378 on September 30, 2002; and for local government employees,
379 initial estimates shall be based upon creditable service and
380 average final compensation as of midnight on December 31, 2002.
381 The dates specified are the "estimate date" for these employees.
382 The actuarial present value of the employee's accumulated
383 benefit obligation shall be based on the following:

384 a. The discount rate and other relevant actuarial
385 assumptions used to value the Florida Retirement System Trust
386 Fund at the time the amount to be transferred is determined,
387 consistent with the factors provided in sub-subparagraphs b. and
388 c.

389 b. A benefit commencement age, based on the member's
390 estimated creditable service as of the estimate date.

391 c. Except as provided under sub-subparagraph d., for a
 392 member initially enrolled:

393 (I) Before July 1, 2011, the benefit commencement age is
 394 the younger of the following, but may not be younger than the
 395 member's age as of the estimate date:

396 (A) Age 62; or

397 (B) The age the member would attain if the member
 398 completed 30 years of service with an employer, assuming the
 399 member worked continuously from the estimate date, and
 400 disregarding any vesting requirement that would otherwise apply
 401 under the pension plan.

402 (II) On or after July 1, 2011, the benefit commencement
 403 age is the younger of the following, but may not be younger than
 404 the member's age as of the estimate date:

405 (A) Age 65; or

406 (B) The age the member would attain if the member
 407 completed 33 years of service with an employer, assuming the
 408 member worked continuously from the estimate date, and
 409 disregarding any vesting requirement that would otherwise apply
 410 under the pension plan.

411 d. For members of the Special Risk Class and for members
 412 of the Special Risk Administrative Support Class entitled to
 413 retain the special risk normal retirement date:

414 (I) Initially enrolled before July 1, 2011, the benefit
 415 commencement age is the younger of the following, but may not be
 416 younger than the member's age as of the estimate date:

417 (A) Age 55; or

418 (B) The age the member would attain if the member
 419 completed 25 years of service with an employer, assuming the
 420 member worked continuously from the estimate date, and
 421 disregarding any vesting requirement that would otherwise apply
 422 under the pension plan.

423 (II) Initially enrolled on or after July 1, 2011, the
 424 benefit commencement age is the younger of the following, but
 425 may not be younger than the member's age as of the estimate
 426 date:

427 (A) Age 60; or

428 (B) The age the member would attain if the member
 429 completed 30 years of service with an employer, assuming the
 430 member worked continuously from the estimate date, and
 431 disregarding any vesting requirement that would otherwise apply
 432 under the pension plan.

433 e. The calculation must disregard vesting requirements and
 434 early retirement reduction factors that would otherwise apply
 435 under the pension plan.

436 2. For each member who elects to transfer moneys from the
 437 pension plan to his or her account in the investment plan, the
 438 division shall recompute the amount transferred under
 439 subparagraph 1. within 60 days after the actual transfer of
 440 funds based upon the member's actual creditable service and
 441 actual final average compensation as of the initial date of
 442 participation in the investment plan. If the recomputed amount

HB 7173

2014

443 differs from the amount transferred by \$10 or more, the division
444 shall:

445 a. Transfer, or cause to be transferred, from the Florida
446 Retirement System Trust Fund to the member's account the excess,
447 if any, of the recomputed amount over the previously transferred
448 amount together with interest from the initial date of transfer
449 to the date of transfer under this subparagraph, based upon the
450 effective annual interest equal to the assumed return on the
451 actuarial investment which was used in the most recent actuarial
452 valuation of the system, compounded annually.

453 b. Transfer, or cause to be transferred, from the member's
454 account to the Florida Retirement System Trust Fund the excess,
455 if any, of the previously transferred amount over the recomputed
456 amount, together with interest from the initial date of transfer
457 to the date of transfer under this subparagraph, based upon 6
458 percent effective annual interest, compounded annually, pro rata
459 based on the member's allocation plan.

460 3. If contribution adjustments are made as a result of
461 employer errors or corrections, including plan corrections,
462 following recomputation of the amount transferred under
463 subparagraph 1., the member is entitled to the additional
464 contributions or is responsible for returning any excess
465 contributions resulting from the correction. However, any return
466 of such erroneous excess pretax contribution by the plan must be
467 made within the period allowed by the Internal Revenue Service.
468 The present value of the member's accumulated benefit obligation

469 shall not be recalculated.

470 4. As directed by the member, the state board shall
471 transfer or cause to be transferred the appropriate amounts to
472 the designated accounts within 30 days after the effective date
473 of the member's participation in the investment plan unless the
474 major financial markets for securities available for a transfer
475 are seriously disrupted by an unforeseen event that causes the
476 suspension of trading on any national securities exchange in the
477 country where the securities were issued. In that event, the 30-
478 day period may be extended by a resolution of the state board.
479 Transfers are not commissionable or subject to other fees and
480 may be in the form of securities or cash, as determined by the
481 state board. Such securities are valued as of the date of
482 receipt in the member's account.

483 5. If the state board or the division receives
484 notification from the United States Internal Revenue Service
485 that this paragraph or any portion of this paragraph will cause
486 the retirement system, or a portion thereof, to be disqualified
487 for tax purposes under the Internal Revenue Code, the portion
488 that will cause the disqualification does not apply. Upon such
489 notice, the state board and the division shall notify the
490 presiding officers of the Legislature.

491 (4) PARTICIPATION; ENROLLMENT.—

492 (a)1. Effective June 1, 2002, through February 28, 2003, a
493 90-day election period was provided to each eligible employee
494 participating in the Florida Retirement System, preceded by a

HB 7173

2014

495 90-day education period, permitting each eligible employee to
496 elect membership in the investment plan, and an employee who
497 failed to elect the investment plan during the election period
498 remained in the pension plan. An eligible employee who was
499 employed in a regularly established position during the election
500 period was granted the option to make one subsequent election,
501 as provided in paragraph (f). With respect to an eligible
502 employee who did not participate in the initial election period
503 or who is initially ~~employee who is~~ employed in a regularly
504 established position after the close of the initial election
505 period but before July 1, 2015, on June 1, 2002, by a state
506 ~~employer:~~

507 ~~a. Any such employee may elect to participate in the~~
508 ~~investment plan in lieu of retaining his or her membership in~~
509 ~~the pension plan. The election must be made in writing or by~~
510 ~~electronic means and must be filed with the third-party~~
511 ~~administrator by August 31, 2002, or, in the case of an active~~
512 ~~employee who is on a leave of absence on April 1, 2002, by the~~
513 ~~last business day of the 5th month following the month the leave~~
514 ~~of absence concludes. This election is irrevocable, except as~~
515 ~~provided in paragraph (g). Upon making such election, the~~
516 ~~employee shall be enrolled as a member of the investment plan,~~
517 ~~the employee's membership in the Florida Retirement System is~~
518 ~~governed by the provisions of this part, and the employee's~~
519 ~~membership in the pension plan terminates. The employee's~~
520 ~~enrollment in the investment plan is effective the first day of~~

HB 7173

2014

521 ~~the month for which a full month's employer contribution is made~~
522 ~~to the investment plan.~~

523 ~~b. Any such employee who fails to elect to participate in~~
524 ~~the investment plan within the prescribed time period is deemed~~
525 ~~to have elected to retain membership in the pension plan, and~~
526 ~~the employee's option to elect to participate in the investment~~
527 ~~plan is forfeited.~~

528 ~~2. With respect to employees who become eligible to~~
529 ~~participate in the investment plan by reason of employment in a~~
530 ~~regularly established position with a state employer commencing~~
531 ~~after April 1, 2002:~~

532 ~~a. Any such employee shall, by default, be enrolled in the~~
533 ~~pension plan at the commencement of employment, and may, by the~~
534 ~~last business day of the 5th month following the employee's~~
535 ~~month of hire, elect to participate in the investment plan. The~~
536 ~~employee's election must be made in writing or by electronic~~
537 ~~means and must be filed with the third-party administrator. The~~
538 ~~election to participate in the investment plan is irrevocable,~~
539 ~~except as provided in paragraph (f) ~~(g)~~.~~

540 ~~a.b.~~ If the employee files such election within the
541 prescribed time period, enrollment in the investment plan is
542 effective on the first day of employment. The retirement
543 contributions paid through the month of the employee plan change
544 shall be transferred to the investment program, and, effective
545 the first day of the next month, the employer and employee must
546 pay the applicable contributions based on the employee

547 membership class in the program.

548 ~~b.e.~~ An employee who fails to elect to participate in the
549 investment plan within the prescribed time period is deemed to
550 have elected to retain membership in the pension plan, and the
551 employee's option to elect to participate in the investment plan
552 is forfeited.

553 ~~2.3.~~ With respect to employees who become eligible to
554 participate in the investment plan pursuant to s.
555 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
556 participate in the investment plan in lieu of retaining his or
557 her membership in the State Community College System Optional
558 Retirement Program or the State University System Optional
559 Retirement Program. The election must be made in writing or by
560 electronic means and must be filed with the third-party
561 administrator. This election is irrevocable, except as provided
562 in paragraph (f) ~~(g)~~. Upon making such election, the employee
563 shall be enrolled as a member in the investment plan, the
564 employee's membership in the Florida Retirement System is
565 governed by the provisions of this part, and the employee's
566 participation in the State Community College System Optional
567 Retirement Program or the State University System Optional
568 Retirement Program terminates. The employee's enrollment in the
569 investment plan is effective on the first day of the month for
570 which a full month's employer and employee contribution is made
571 to the investment plan.

572 (b)1. With respect to employees who become eligible to

573 participate in the investment plan, except as provided in
574 paragraph (g), by reason of employment in a regularly
575 established position commencing on or after July 1, 2015, any
576 such employee shall be enrolled in the pension plan at the
577 commencement of employment and may, by the last business day of
578 the 8th month following the employee's month of hire, elect to
579 participate in the pension plan or the investment plan. Eligible
580 employees may make a plan election only if they are earning
581 service credit in an employer-employee relationship consistent
582 with s. 121.021(17)(b), excluding leaves of absence without pay.

583 2. The employee's election must be made in writing or by
584 electronic means and must be filed with the third-party
585 administrator. The election to participate in the pension plan
586 or investment plan is irrevocable, except as provided in
587 paragraph (f).

588 3. If the employee fails to make an election of the
589 pension plan or investment plan within 8 months following the
590 month of hire, the employee is deemed to have elected the
591 investment plan and will be defaulted into the investment plan
592 retroactively to the employee's date of employment. The
593 employee's option to participate in the pension plan is
594 forfeited, except as provided in paragraph (f).

595 4. The amount of the employee and employer contributions
596 paid before the default to the investment plan shall be
597 transferred to the investment plan and shall be placed in a
598 default fund as designated by the State Board of Administration.

HB 7173

2014

599 The employee may move the contributions once an account is
600 activated in the investment plan.

601 5. Effective the first day of the month after an eligible
602 employee makes a plan election of the pension plan or investment
603 plan, or after the month of default to the investment plan, the
604 employee and employer shall pay the applicable contributions
605 based on the employee membership class in the program.

606 ~~4. For purposes of this paragraph, "state employer" means~~
607 ~~any agency, board, branch, commission, community college,~~
608 ~~department, institution, institution of higher education, or~~
609 ~~water management district of the state, which participates in~~
610 ~~the Florida Retirement System for the benefit of certain~~
611 ~~employees.~~

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

615 ~~a. Any such employee may elect to participate in the~~
616 ~~investment plan in lieu of retaining his or her membership in~~
617 ~~the pension plan. The election must be made in writing or by~~
618 ~~electronic means and must be filed with the third party~~
619 ~~administrator by November 30, or, in the case of an active~~
620 ~~employee who is on a leave of absence on July 1, 2002, by the~~
621 ~~last business day of the 5th month following the month the leave~~
622 ~~of absence concludes. This election is irrevocable, except as~~
623 ~~provided in paragraph (g). Upon making such election, the~~
624 ~~employee shall be enrolled as a member of the investment plan,~~

625 ~~the employee's membership in the Florida Retirement System is~~
626 ~~governed by the provisions of this part, and the employee's~~
627 ~~membership in the pension plan terminates. The employee's~~
628 ~~enrollment in the investment plan is effective the first day of~~
629 ~~the month for which a full month's employer contribution is made~~
630 ~~to the investment program.~~

631 ~~b. Any such employee who fails to elect to participate in~~
632 ~~the investment plan within the prescribed time period is deemed~~
633 ~~to have elected to retain membership in the pension plan, and~~
634 ~~the employee's option to elect to participate in the investment~~
635 ~~plan is forfeited.~~

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

640 ~~a. Any such employee shall, by default, be enrolled in the~~
641 ~~pension plan at the commencement of employment, and may, by the~~
642 ~~last business day of the 5th month following the employee's~~
643 ~~month of hire, elect to participate in the investment plan. The~~
644 ~~employee's election must be made in writing or by electronic~~
645 ~~means and must be filed with the third-party administrator. The~~
646 ~~election to participate in the investment plan is irrevocable,~~
647 ~~except as provided in paragraph (g).~~

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

651 ~~retirement contributions paid through the month of the employee~~
652 ~~plan change shall be transferred to the investment plan, and,~~
653 ~~effective the first day of the next month, the employer shall~~
654 ~~pay the applicable contributions based on the employee~~
655 ~~membership class in the investment plan.~~

656 ~~e. Any such employee who fails to elect to participate in~~
657 ~~the investment plan within the prescribed time period is deemed~~
658 ~~to have elected to retain membership in the pension plan, and~~
659 ~~the employee's option to elect to participate in the investment~~
660 ~~plan is forfeited.~~

661 ~~3. For purposes of this paragraph, "district school board~~
662 ~~employer" means any district school board that participates in~~
663 ~~the Florida Retirement System for the benefit of certain~~
664 ~~employees, or a charter school or charter technical career~~
665 ~~center that participates in the Florida Retirement System as~~
666 ~~provided in s. 121.051(2) (d).~~

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

670 ~~a. Any such employee may elect to participate in the~~
671 ~~investment plan in lieu of retaining his or her membership in~~
672 ~~the pension plan. The election must be made in writing or by~~
673 ~~electronic means and must be filed with the third party~~
674 ~~administrator by February 28, 2003, or, in the case of an active~~
675 ~~employee who is on a leave of absence on October 1, 2002, by the~~
676 ~~last business day of the 5th month following the month the leave~~

677 ~~of absence concludes. This election is irrevocable, except as~~
678 ~~provided in paragraph (g). Upon making such election, the~~
679 ~~employee shall be enrolled as a participant of the investment~~
680 ~~plan, the employee's membership in the Florida Retirement System~~
681 ~~is governed by the provisions of this part, and the employee's~~
682 ~~membership in the pension plan terminates. The employee's~~
683 ~~enrollment in the investment plan is effective the first day of~~
684 ~~the month for which a full month's employer contribution is made~~
685 ~~to the investment plan.~~

686 ~~b. Any such employee who fails to elect to participate in~~
687 ~~the investment plan within the prescribed time period is deemed~~
688 ~~to have elected to retain membership in the pension plan, and~~
689 ~~the employee's option to elect to participate in the investment~~
690 ~~plan is forfeited.~~

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

695 ~~a. Any such employee shall, by default, be enrolled in the~~
696 ~~pension plan at the commencement of employment, and may, by the~~
697 ~~last business day of the 5th month following the employee's~~
698 ~~month of hire, elect to participate in the investment plan. The~~
699 ~~employee's election must be made in writing or by electronic~~
700 ~~means and must be filed with the third party administrator. The~~
701 ~~election to participate in the investment plan is irrevocable,~~
702 ~~except as provided in paragraph (g).~~

703 ~~b. If the employee files such election within the~~
704 ~~prescribed time period, enrollment in the investment plan is~~
705 ~~effective on the first day of employment. The employer~~
706 ~~retirement contributions paid through the month of the employee~~
707 ~~plan change shall be transferred to the investment plan, and,~~
708 ~~effective the first day of the next month, the employer shall~~
709 ~~pay the applicable contributions based on the employee~~
710 ~~membership class in the investment plan.~~

711 ~~e. Any such employee who fails to elect to participate in~~
712 ~~the investment plan within the prescribed time period is deemed~~
713 ~~to have elected to retain membership in the pension plan, and~~
714 ~~the employee's option to elect to participate in the investment~~
715 ~~plan is forfeited.~~

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

718 ~~(c)(d)~~ Contributions available for self-direction by a
719 member who has not selected one or more specific investment
720 products shall be allocated as prescribed by the state board.
721 The third-party administrator shall notify the member at least
722 quarterly that the member should take an affirmative action to
723 make an asset allocation among the investment products.

724 ~~(d)(e)~~ On or after July 1, 2011, a member of the pension
725 plan who obtains a refund of employee contributions retains his
726 or her prior plan choice upon return to employment in a
727 regularly established position with a participating employer.

728 ~~(e)(f)~~ A member of the investment plan who takes a

729 distribution of any contributions from his or her investment
730 plan account is considered a retiree. A retiree who is initially
731 reemployed in a regularly established position on or after July
732 1, 2010, is not eligible to be enrolled in renewed membership.

733 (f)~~(g)~~ After the period during which an eligible employee
734 had the choice to elect the pension plan or the investment plan,
735 or the month following the receipt of the eligible employee's
736 plan election, if sooner, the employee shall have one
737 opportunity, at the employee's discretion, to choose to move
738 from the pension plan to the investment plan or from the
739 investment plan to the pension plan. Eligible employees may
740 elect to move between plans only if they are earning service
741 credit in an employer-employee relationship consistent with s.
742 121.021(17)(b), excluding leaves of absence without pay.
743 Effective July 1, 2005, such elections are effective on the
744 first day of the month following the receipt of the election by
745 the third-party administrator and are not subject to the
746 requirements regarding an employer-employee relationship or
747 receipt of contributions for the eligible employee in the
748 effective month, except when the election is received by the
749 third-party administrator. This paragraph is contingent upon
750 approval by the Internal Revenue Service. This paragraph does
751 not apply to compulsory investment plan members under paragraph
752 (g).

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

755 2. If the employee chooses to move to the pension plan,
756 the employee must transfer from his or her investment plan
757 account, and from other employee moneys as necessary, a sum
758 representing the present value of that employee's accumulated
759 benefit obligation immediately following the time of such
760 movement, determined assuming that attained service equals the
761 sum of service in the pension plan and service in the investment
762 plan. Benefit commencement occurs on the first date the employee
763 is eligible for unreduced benefits, using the discount rate and
764 other relevant actuarial assumptions that were used to value the
765 pension plan liabilities in the most recent actuarial valuation.
766 For any employee who, at the time of the second election,
767 already maintains an accrued benefit amount in the pension plan,
768 the then-present value of the accrued benefit is deemed part of
769 the required transfer amount. The division must ensure that the
770 transfer sum is prepared using a formula and methodology
771 certified by an enrolled actuary. A refund of any employee
772 contributions or additional member payments made which exceed
773 the employee contributions that would have accrued had the
774 member remained in the pension plan and not transferred to the
775 investment plan is not permitted.

776 3. Notwithstanding subparagraph 2., an employee who
777 chooses to move to the pension plan and who became eligible to
778 participate in the investment plan by reason of employment in a
779 regularly established position with a state employer after June
780 1, 2002; a district school board employer after September 1,

781 2002; or a local employer after December 1, 2002, must transfer
782 from his or her investment plan account, and from other employee
783 moneys as necessary, a sum representing the employee's actuarial
784 accrued liability. A refund of any employee contributions or
785 additional member ~~participant~~ payments made which exceed the
786 employee contributions that would have accrued had the member
787 remained in the pension plan and not transferred to the
788 investment plan is not permitted.

789 4. An employee's ability to transfer from the pension plan
790 to the investment plan pursuant to paragraphs (a) and (b) ~~(a)~~
791 ~~(d)~~, and the ability of a current employee to have an option to
792 later transfer back into the pension plan under subparagraph 2.,
793 shall be deemed a significant system amendment. Pursuant to s.
794 121.031(4), any resulting unfunded liability arising from actual
795 original transfers from the pension plan to the investment plan
796 must be amortized within 30 plan years as a separate unfunded
797 actuarial base independent of the reserve stabilization
798 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
799 direct amortization payment may not be calculated for this base.
800 During this 25-year period, the separate base shall be used to
801 offset the impact of employees exercising their second program
802 election under this paragraph. The actuarial funded status of
803 the pension plan will not be affected by such second program
804 elections in any significant manner, after due recognition of
805 the separate unfunded actuarial base. Following the initial 25-
806 year period, any remaining balance of the original separate base

807 shall be amortized over the remaining 5 years of the required
808 30-year amortization period.

809 5. If the employee chooses to transfer from the investment
810 plan to the pension plan and retains an excess account balance
811 in the investment plan after satisfying the buy-in requirements
812 under this paragraph, the excess may not be distributed until
813 the member retires from the pension plan. The excess account
814 balance may be rolled over to the pension plan and used to
815 purchase service credit or upgrade creditable service in the
816 pension plan.

817 (g)1. All employees initially enrolled on or after July 1,
818 2015, in positions covered by the Elected Officers' Class or the
819 Senior Management Service Class are compulsory members of the
820 investment plan, except those who withdraw from the system under
821 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
822 in an optional retirement program under s. 121.051(1)(a), s.
823 121.051(2)(c), or s. 121.35. Employees eligible to withdraw from
824 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2. may
825 choose to withdraw from the system or to participate in the
826 investment plan as provided in those sections. Employees
827 eligible for optional retirement programs under s. 121.051(2)(c)
828 or s. 121.35, except as provided in s. 121.051(1)(a), may choose
829 to participate in the optional retirement program or the
830 investment plan as provided in those sections. Investment plan
831 membership continues if there is subsequent employment in a
832 position covered by another membership class. Membership in the

HB 7173

2014

833 pension plan is not permitted except as provided in s.
834 121.591(2). Employees initially enrolled in the Florida
835 Retirement System prior to July 1, 2015, may retain their
836 membership in the pension plan or investment plan and are
837 eligible to use the election opportunity specified in s.
838 121.4501(4) (f).

839 2. Employees initially enrolled on or after July 1, 2015,
840 in a position covered by the Elected Officers' Class or the
841 Senior Management Service Class are not permitted to use the
842 election opportunity specified in paragraph (f).

843 3. The amount of retirement contributions paid by the
844 employee and employer, as required under s. 121.72, shall be
845 placed in a default fund as designated by the state board, until
846 an account is activated in the investment plan, at which time
847 the member may move the contributions from the default fund to
848 other funds provided in the investment plan.

849 (5) CONTRIBUTIONS.—

850 (c) The state board, acting as plan fiduciary, must ensure
851 that all plan assets are held in a trust, pursuant to s. 401 of
852 the Internal Revenue Code. The fiduciary must ensure that such
853 contributions are allocated as follows:

854 1. The employer and employee contribution portion
855 earmarked for member accounts shall be used to purchase
856 interests in the appropriate investment vehicles as specified by
857 the member, or in accordance with paragraph (4) (c) ~~(4) (d)~~.

858 2. The employer contribution portion earmarked for

HB 7173

2014

859 administrative and educational expenses shall be transferred to
860 the Florida Retirement System Investment Plan Trust Fund.

861 3. The employer contribution portion earmarked for
862 disability benefits shall be transferred to the Florida
863 Retirement System Trust Fund.

864 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
865 shall be administered by the state board and affected employers.
866 The state board may require oaths, by affidavit or otherwise,
867 and acknowledgments from persons in connection with the
868 administration of its statutory duties and responsibilities for
869 the investment plan. An oath, by affidavit or otherwise, may not
870 be required of a member at the time of enrollment.

871 Acknowledgment of an employee's election to participate in the
872 program shall be no greater than necessary to confirm the
873 employee's election except for members initially enrolled on or
874 after July 1, 2015, as provided in paragraph (4) (g). The state
875 board shall adopt rules to carry out its statutory duties with
876 respect to administering the investment plan, including
877 establishing the roles and responsibilities of affected state,
878 local government, and education-related employers, the state
879 board, the department, and third-party contractors. The
880 department shall adopt rules necessary to administer the
881 investment plan in coordination with the pension plan and the
882 disability benefits available under the investment plan.

883 (a)1. The state board shall select and contract with a
884 third-party administrator to provide administrative services if

885 those services cannot be competitively and contractually
886 provided by the division. With the approval of the state board,
887 the third-party administrator may subcontract to provide
888 components of the administrative services. As a cost of
889 administration, the state board may compensate any such
890 contractor for its services, in accordance with the terms of the
891 contract, as is deemed necessary or proper by the board. The
892 third-party administrator may not be an approved provider or be
893 affiliated with an approved provider.

894 2. These administrative services may include, but are not
895 limited to, enrollment of eligible employees, collection of
896 employer and employee contributions, disbursement of
897 contributions to approved providers in accordance with the
898 allocation directions of members; services relating to
899 consolidated billing; individual and collective recordkeeping
900 and accounting; asset purchase, control, and safekeeping; and
901 direct disbursement of funds to and from the third-party
902 administrator, the division, the state board, employers,
903 members, approved providers, and beneficiaries. This section
904 does not prevent or prohibit a bundled provider from providing
905 any administrative or customer service, including accounting and
906 administration of individual member benefits and contributions;
907 individual member recordkeeping; asset purchase, control, and
908 safekeeping; direct execution of the member's instructions as to
909 asset and contribution allocation; calculation of daily net
910 asset values; direct access to member account information; or

911 periodic reporting to members, at least quarterly, on account
912 balances and transactions, if these services are authorized by
913 the state board as part of the contract.

914 (b)1. The state board shall select and contract with one
915 or more organizations to provide educational services. With
916 approval of the state board, the organizations may subcontract
917 to provide components of the educational services. As a cost of
918 administration, the state board may compensate any such
919 contractor for its services in accordance with the terms of the
920 contract, as is deemed necessary or proper by the board. The
921 education organization may not be an approved provider or be
922 affiliated with an approved provider.

923 2. Educational services shall be designed by the state
924 board and department to assist employers, eligible employees,
925 members, and beneficiaries in order to maintain compliance with
926 United States Department of Labor regulations under s. 404(c) of
927 the Employee Retirement Income Security Act of 1974 and to
928 assist employees in their choice of pension plan or investment
929 plan retirement alternatives. Educational services include, but
930 are not limited to, disseminating educational materials;
931 providing retirement planning education; explaining the pension
932 plan and the investment plan; and offering financial planning
933 guidance on matters such as investment diversification,
934 investment risks, investment costs, and asset allocation. An
935 approved provider may also provide educational information,
936 including retirement planning and investment allocation

937 information concerning its products and services.

938 (c)1. In evaluating and selecting a third-party
939 administrator, the state board shall establish criteria for
940 evaluating the relative capabilities and qualifications of each
941 proposed administrator. In developing such criteria, the state
942 board shall consider:

943 a. The administrator's demonstrated experience in
944 providing administrative services to public or private sector
945 retirement systems.

946 b. The administrator's demonstrated experience in
947 providing daily valued recordkeeping to defined contribution
948 programs.

949 c. The administrator's ability and willingness to
950 coordinate its activities with employers, the state board, and
951 the division, and to supply to such employers, the board, and
952 the division the information and data they require, including,
953 but not limited to, monthly management reports, quarterly member
954 reports, and ad hoc reports requested by the department or state
955 board.

956 d. The cost-effectiveness and levels of the administrative
957 services provided.

958 e. The administrator's ability to interact with the
959 members, the employers, the state board, the division, and the
960 providers; the means by which members may access account
961 information, direct investment of contributions, make changes to
962 their accounts, transfer moneys between available investment

963 vehicles, and transfer moneys between investment products; and
964 any fees that apply to such activities.

965 f. Any other factor deemed necessary by the state board.

966 2. In evaluating and selecting an educational provider,
967 the state board shall establish criteria under which it shall
968 consider the relative capabilities and qualifications of each
969 proposed educational provider. In developing such criteria, the
970 state board shall consider:

971 a. Demonstrated experience in providing educational
972 services to public or private sector retirement systems.

973 b. Ability and willingness to coordinate its activities
974 with the employers, the state board, and the division, and to
975 supply to such employers, the board, and the division the
976 information and data they require, including, but not limited
977 to, reports on educational contacts.

978 c. The cost-effectiveness and levels of the educational
979 services provided.

980 d. Ability to provide educational services via different
981 media, including, but not limited to, the Internet, personal
982 contact, seminars, brochures, and newsletters.

983 e. Any other factor deemed necessary by the state board.

984 3. The establishment of the criteria shall be solely
985 within the discretion of the state board.

986 (d) The state board shall develop the form and content of
987 any contracts to be offered under the investment plan. In
988 developing the contracts, the board shall consider:

HB 7173

2014

989 1. The nature and extent of the rights and benefits to be
990 afforded in relation to the contributions required under the
991 plan.

992 2. The suitability of the rights and benefits provided and
993 the interests of employers in the recruitment and retention of
994 eligible employees.

995 (e)1. The state board may contract for professional
996 services, including legal, consulting, accounting, and actuarial
997 services, deemed necessary to implement and administer the
998 investment plan. The state board may enter into a contract with
999 one or more vendors to provide low-cost investment advice to
1000 members, supplemental to education provided by the third-party
1001 administrator. All fees under any such contract shall be paid by
1002 those members who choose to use the services of the vendor.

1003 2. The department may contract for professional services,
1004 including legal, consulting, accounting, and actuarial services,
1005 deemed necessary to implement and administer the investment plan
1006 in coordination with the pension plan. The department, in
1007 coordination with the state board, may enter into a contract
1008 with the third-party administrator in order to coordinate
1009 services common to the various programs within the Florida
1010 Retirement System.

1011 (f) The third-party administrator may not receive direct
1012 or indirect compensation from an approved provider, except as
1013 specifically provided for in the contract with the state board.

1014 (g) The state board shall receive and resolve member

1015 complaints against the program, the third-party administrator,
 1016 or any program vendor or provider; shall resolve any conflict
 1017 between the third-party administrator and an approved provider
 1018 if such conflict threatens the implementation or administration
 1019 of the program or the quality of services to employees; and may
 1020 resolve any other conflicts. The third-party administrator shall
 1021 retain all member records for at least 5 years for use in
 1022 resolving any member conflicts. The state board, the third-party
 1023 administrator, or a provider is not required to produce
 1024 documentation or an audio recording to justify action taken with
 1025 regard to a member if the action occurred 5 or more years before
 1026 the complaint is submitted to the state board. It is presumed
 1027 that all action taken 5 or more years before the complaint is
 1028 submitted was taken at the request of the member and with the
 1029 member's full knowledge and consent. To overcome this
 1030 presumption, the member must present documentary evidence or an
 1031 audio recording demonstrating otherwise.

1032 (10) EDUCATION COMPONENT.—

1033 (a) The state board, in coordination with the department,
 1034 shall provide for an education component for eligible employees
 1035 ~~system members~~ in a manner consistent with the provisions of
 1036 this subsection ~~section~~. ~~The education component must be~~
 1037 ~~available to eligible employees at least 90 days prior to the~~
 1038 ~~beginning date of the election period for the employees of the~~
 1039 ~~respective types of employers.~~

1040 (b) The education component must provide system members

1041 with impartial and balanced information about plan choices
1042 except for members initially enrolled on or after July 1, 2015,
1043 as provided in paragraph (4) (g). The education component must
1044 involve multimedia formats. Program comparisons must, to the
1045 greatest extent possible, be based upon the retirement income
1046 that different retirement programs may provide to the member.
1047 The state board shall monitor the performance of the contract to
1048 ensure that the program is conducted in accordance with the
1049 contract, applicable law, and the rules of the state board.

1050 (c) The state board, in coordination with the department,
1051 shall provide for an initial and ongoing transfer education
1052 component to provide system members except for those members
1053 initially enrolled on or after July 1, 2015, as provided in
1054 paragraph (4) (g), with information necessary to make informed
1055 plan choice decisions. The transfer education component must
1056 include, but is not limited to, information on:

1057 1. The amount of money available to a member to transfer
1058 to the defined contribution program.

1059 2. The features of and differences between the pension
1060 plan and the defined contribution program, both generally and
1061 specifically, as those differences may affect the member.

1062 3. The expected benefit available if the member were to
1063 retire under each of the retirement programs, based on
1064 appropriate alternative sets of assumptions.

1065 4. The rate of return from investments in the defined
1066 contribution program and the period of time over which such rate

HB 7173

2014

1067 of return must be achieved to equal or exceed the expected
1068 monthly benefit payable to the member under the pension plan.

1069 5. The historical rates of return for the investment
1070 alternatives available in the defined contribution programs.

1071 6. The benefits and historical rates of return on
1072 investments available in a typical deferred compensation plan or
1073 a typical plan under s. 403(b) of the Internal Revenue Code for
1074 which the employee may be eligible.

1075 7. The program choices available to employees of the State
1076 University System and the comparative benefits of each available
1077 program, if applicable.

1078 8. Payout options available in each of the retirement
1079 programs.

1080 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
1081 ~~System employers have an obligation to regularly communicate the~~
1082 ~~existence of the two Florida Retirement System plans and the~~
1083 ~~plan choice in the natural course of administering their~~
1084 ~~personnel functions, using the educational materials supplied by~~
1085 ~~the state board and the Department of Management Services.~~

1086 Section 7. Paragraph (b) of subsection (2) of section
1087 121.591, Florida Statutes, is amended to read:

1088 121.591 Payment of benefits.—Benefits may not be paid
1089 under the Florida Retirement System Investment Plan unless the
1090 member has terminated employment as provided in s.
1091 121.021(39) (a) or is deceased and a proper application has been
1092 filed as prescribed by the state board or the department.

HB 7173

2014

1093 Benefits, including employee contributions, are not payable
1094 under the investment plan for employee hardships, unforeseeable
1095 emergencies, loans, medical expenses, educational expenses,
1096 purchase of a principal residence, payments necessary to prevent
1097 eviction or foreclosure on an employee's principal residence, or
1098 any other reason except a requested distribution for retirement,
1099 a mandatory de minimis distribution authorized by the
1100 administrator, or a required minimum distribution provided
1101 pursuant to the Internal Revenue Code. The state board or
1102 department, as appropriate, may cancel an application for
1103 retirement benefits if the member or beneficiary fails to timely
1104 provide the information and documents required by this chapter
1105 and the rules of the state board and department. In accordance
1106 with their respective responsibilities, the state board and the
1107 department shall adopt rules establishing procedures for
1108 application for retirement benefits and for the cancellation of
1109 such application if the required information or documents are
1110 not received. The state board and the department, as
1111 appropriate, are authorized to cash out a de minimis account of
1112 a member who has been terminated from Florida Retirement System
1113 covered employment for a minimum of 6 calendar months. A de
1114 minimis account is an account containing employer and employee
1115 contributions and accumulated earnings of not more than \$5,000
1116 made under the provisions of this chapter. Such cash-out must be
1117 a complete lump-sum liquidation of the account balance, subject
1118 to the provisions of the Internal Revenue Code, or a lump-sum

HB 7173

2014

1119 direct rollover distribution paid directly to the custodian of
1120 an eligible retirement plan, as defined by the Internal Revenue
1121 Code, on behalf of the member. Any nonvested accumulations and
1122 associated service credit, including amounts transferred to the
1123 suspense account of the Florida Retirement System Investment
1124 Plan Trust Fund authorized under s. 121.4501(6), shall be
1125 forfeited upon payment of any vested benefit to a member or
1126 beneficiary, except for de minimis distributions or minimum
1127 required distributions as provided under this section. If any
1128 financial instrument issued for the payment of retirement
1129 benefits under this section is not presented for payment within
1130 180 days after the last day of the month in which it was
1131 originally issued, the third-party administrator or other duly
1132 authorized agent of the state board shall cancel the instrument
1133 and credit the amount of the instrument to the suspense account
1134 of the Florida Retirement System Investment Plan Trust Fund
1135 authorized under s. 121.4501(6). Any amounts transferred to the
1136 suspense account are payable upon a proper application, not to
1137 include earnings thereon, as provided in this section, within 10
1138 years after the last day of the month in which the instrument
1139 was originally issued, after which time such amounts and any
1140 earnings attributable to employer contributions shall be
1141 forfeited. Any forfeited amounts are assets of the trust fund
1142 and are not subject to chapter 717.

1143 (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided
1144 under this subsection are payable in lieu of the benefits that

1145 would otherwise be payable under the provisions of subsection
1146 (1). Such benefits must be funded from employer contributions
1147 made under s. 121.571, transferred employee contributions and
1148 funds accumulated pursuant to paragraph (a), and interest and
1149 earnings thereon.

1150 (b) Disability retirement; entitlement.—

1151 1.a. A member of the investment plan initially enrolled
1152 before July 1, 2015, who becomes totally and permanently
1153 disabled, as defined in paragraph (d), after completing 8 years
1154 of creditable service, or a member who becomes totally and
1155 permanently disabled in the line of duty regardless of length of
1156 service, is entitled to a monthly disability benefit.

1157 b. A member of the investment plan initially enrolled on
1158 or after July 1, 2015, who becomes totally and permanently
1159 disabled, as defined in paragraph (d), after completing 10 years
1160 of creditable service, or a member who becomes totally and
1161 permanently disabled in the line of duty regardless of service,
1162 is entitled to a monthly disability benefit.

1163 2. In order for service to apply toward the 8 years of
1164 creditable service required for regular disability benefits, or
1165 toward the creditable service used in calculating a service-
1166 based benefit as provided under paragraph (g), the service must
1167 be creditable service as described below:

1168 a. The member's period of service under the investment
1169 plan shall be considered creditable service, except as provided
1170 in subparagraph d.

1171 b. If the member has elected to retain credit for service
 1172 under the pension plan as provided under s. 121.4501(3), all
 1173 such service shall be considered creditable service.

1174 c. If the member elects to transfer to his or her member
 1175 accounts a sum representing the present value of his or her
 1176 retirement credit under the pension plan as provided under s.
 1177 121.4501(3), the period of service under the pension plan
 1178 represented in the present value amounts transferred shall be
 1179 considered creditable service, except as provided in
 1180 subparagraph d.

1181 d. If a member has terminated employment and has taken
 1182 distribution of his or her funds as provided in subsection (1),
 1183 all creditable service represented by such distributed funds is
 1184 forfeited for purposes of this subsection.

1185 Section 8. Section 238.072, Florida Statutes, is amended
 1186 to read:

1187 238.072 Special service provisions for extension
 1188 personnel.—All state and county cooperative extension personnel
 1189 holding appointments by the United States Department of
 1190 Agriculture for extension work in agriculture and home economics
 1191 in this state who are joint representatives of the University of
 1192 Florida and the United States Department of Agriculture, as
 1193 provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
 1194 Teachers' Retirement System, chapter 238, and who are prohibited
 1195 from transferring to and participating in the Florida Retirement
 1196 System, chapter 121, may retire with full benefits upon

1197 completion of 30 years of creditable service and shall be
 1198 considered to have attained normal retirement age under this
 1199 chapter, any law to the contrary notwithstanding. In order to
 1200 comply with the provisions of s. 14, Art. X of the State
 1201 Constitution, any liability accruing to the Florida Retirement
 1202 System Trust Fund as a result of the provisions of this section
 1203 shall be paid on an annual basis from the General Revenue Fund.

1204 Section 9. Subsection (11) of section 413.051, Florida
 1205 Statutes, is amended to read:

1206 413.051 Eligible blind persons; operation of vending
 1207 stands.—

1208 (11) Effective July 1, 1996, blind licensees who remain
 1209 members of the Florida Retirement System pursuant to s.
 1210 121.051(7)(b)1. ~~121.051(6)(b)1.~~ shall pay any unappropriated
 1211 retirement costs from their net profits or from program income.
 1212 Within 30 days after the effective date of this act, each blind
 1213 licensee who is eligible to maintain membership in the Florida
 1214 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but
 1215 who elects to withdraw from the system as provided in s.
 1216 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,
 1217 1996, notify the Division of Blind Services and the Department
 1218 of Management Services in writing of his or her election to
 1219 withdraw. Failure to timely notify the divisions shall be deemed
 1220 a decision to remain a compulsory member of the Florida
 1221 Retirement System. However, if, at any time after July 1, 1996,
 1222 sufficient funds are not paid by a blind licensee to cover the

HB 7173

2014

1223 required contribution to the Florida Retirement System, that
1224 blind licensee shall become ineligible to participate in the
1225 Florida Retirement System on the last day of the first month for
1226 which no contribution is made or the amount contributed is
1227 insufficient to cover the required contribution. For any blind
1228 licensee who becomes ineligible to participate in the Florida
1229 Retirement System as described in this subsection, no creditable
1230 service shall be earned under the Florida Retirement System for
1231 any period following the month that retirement contributions
1232 ceased to be reported. However, any such person may participate
1233 in the Florida Retirement System in the future if employed by a
1234 participating employer in a covered position.

1235 Section 10. The Legislature finds that a proper and
1236 legitimate state purpose is served when employees and retirees
1237 of the state and its political subdivisions, and the dependents,
1238 survivors, and beneficiaries of such employees and retirees, are
1239 extended the basic protections afforded by governmental
1240 retirement systems. These persons must be provided benefits that
1241 are fair and adequate and that are managed, administered, and
1242 funded in an actuarially sound manner, as required by s. 14,
1243 Article X of the State Constitution and part VII of chapter 112,
1244 Florida Statutes. Therefore, the Legislature determines and
1245 declares that this act fulfills an important state interest.

1246 Section 11. This act shall take effect July 1, 2014.