

By Senator Soto

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1 A bill to be entitled
 2 An act relating to retirement; amending s. 121.101,
 3 F.S.; revising the method for determining the cost-of-
 4 living adjustment of benefits for retirees and
 5 annuitants of the Florida Retirement System on and
 6 after a specified date; providing a declaration of
 7 important state interest; providing an effective date.

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

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 11 Section 1. Subsection (3) of section 121.101, Florida
 12 Statutes, is amended, and subsections (4) and (5) of that
 13 section are republished, to read:

14 121.101 Cost-of-living adjustment of benefits.—

15 (3) Commencing July 1, 1987, the benefit of each retiree
 16 and annuitant whose effective retirement date is before July 1,
 17 2011, shall be adjusted annually on July 1 as follows:

18 (a) For those retirees and annuitants who have never
 19 received a cost-of-living adjustment under this section, the
 20 amount of the monthly benefit payable for the 12-month period
 21 commencing on the adjustment date shall be the amount of the
 22 member's initial benefit plus an amount equal to a percentage of
 23 the member's initial benefit; this percentage is derived by
 24 dividing the number of months the member has received an initial
 25 benefit by 12, and multiplying the result by 3.

26 (b) For those retirees and annuitants who have received a
 27 cost-of-living adjustment under this subsection:7

28 1. The adjusted monthly benefit shall be the amount of the
 29 monthly benefit being received on June 30 immediately preceding
 30 the adjustment date plus an amount equal to 3 percent of this
 31 benefit.

32 2. Beginning July 1, 2016, the adjusted monthly benefit

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33 shall be the amount of the monthly benefit being received on
34 June 30 immediately preceding the adjustment date plus an amount
35 equal to 3 percent of this benefit or the percentage change in
36 the Experimental Consumer Price Index for Americans 62 years of
37 age and older, commonly known as the CPI-E, issued by the Bureau
38 of Labor Statistics of the United States Department of Labor,
39 whichever amount is greater.

40 (4) For members whose effective retirement date is on or
41 after July 1, 2011, the benefit of each retiree and annuitant
42 shall be adjusted annually on July 1 as follows:

43 (a) For those retirees and annuitants who have never
44 received a cost-of-living adjustment under this subsection, the
45 amount of the monthly benefit payable for the 12-month period
46 commencing on the adjustment date shall be the amount of the
47 member's initial benefit plus an amount equal to a percentage of
48 the member's initial benefit. This percentage is derived by
49 dividing the number of months the member has received an initial
50 benefit by 12, and multiplying the result by the factor
51 calculated pursuant to paragraph (c).

52 (b) For those retirees and annuitants who have received a
53 cost-of-living adjustment under this subsection, the adjusted
54 monthly benefit shall be the amount of the monthly benefit being
55 received on June 30 immediately preceding the adjustment date
56 plus an amount determined by multiplying the benefit by the
57 factor calculated pursuant to paragraph (c).

58 (c) The department shall calculate a cost-of-living factor
59 for each retiree and beneficiary retiring on or after July 1,
60 2011. This factor shall equal the product of 3 percent
61 multiplied by the quotient of the sum of the member's service

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62 credit earned for service before July 1, 2011, divided by the
63 sum of the member's total service credit earned.

64 (5) Subject to the availability of funding and the
65 Legislature enacting sufficient employer contributions
66 specifically for the purpose of funding the expiration of the
67 cost-of-living adjustment specified in subsection (4), in
68 accordance with s. 14, Art. X of the State Constitution, the
69 cost-of-living adjustment formula provided for in subsection (4)
70 shall expire effective June 30, 2016, and the benefit of each
71 retiree and annuitant shall be adjusted on each July 1
72 thereafter, as provided in subsection (3).

73 Section 2. The Legislature finds that a proper and
74 legitimate state interest is served when employees, officers,
75 and retirees of the state and its political subdivisions, and
76 the dependents, survivors, and beneficiaries of such employees,
77 officers, and retirees, are extended the basic protections
78 afforded by governmental retirement systems. These persons must
79 be provided benefits that are fair and adequate and that are
80 managed, administered, and funded in an actuarially sound
81 manner, as required by s. 14, Article X of the State
82 Constitution and part VII of chapter 112, Florida Statutes.
83 Therefore, the Legislature determines and declares that this act
84 fulfills an important state interest.

85 Section 3. This act shall take effect July 1, 2016.