

1 A bill to be entitled
 2 An act relating to special risk class retirement date;
 3 amending s. 121.021, F.S.; revising the definition of
 4 "normal retirement date"; decreasing the age and years
 5 of service needed to reach the normal retirement date
 6 for certain members; amending ss. 121.091 and
 7 121.4501, F.S.; conforming provisions to changes made
 8 by this act; providing a declaration of important
 9 state interest; providing an effective date.

10
 11 Be It Enacted by the Legislature of the State of Florida:

12
 13 Section 1. Paragraph (b) of subsection (29) of section
 14 121.021, Florida Statutes, is amended to read:

15 121.021 Definitions.—The following words and phrases as
 16 used in this chapter have the respective meanings set forth
 17 unless a different meaning is plainly required by the context:

18 (29) "Normal retirement date" means the date a member
 19 attains normal retirement age and is vested, which is determined
 20 as follows:

21 (b) For If a Special Risk Class members ~~member initially~~
 22 ~~enrolled:~~

23 ~~1. Before July 1, 2011:~~

24 1.a. The first day of the month the member attains age 55
 25 and completes the years of creditable service in the Special

26 Risk Class equal to or greater than the years of service
 27 required for vesting;

28 ~~2.b.~~ The first day of the month following the date the
 29 member completes 25 years of creditable service in the Special
 30 Risk Class, regardless of age; or

31 3.e. The first day of the month following the date the
 32 member completes 25 years of creditable service and attains age
 33 52, which service may include a maximum of 4 years of military
 34 service credit if such credit is not claimed under any other
 35 system and the remaining years are in the Special Risk Class.

36 ~~2. On or after July 1, 2011:~~

37 ~~a. The first day of the month the member attains age 60~~
 38 ~~and completes the years of creditable service in the Special~~
 39 ~~Risk Class equal to or greater than the years of service~~
 40 ~~required for vesting;~~

41 ~~b. The first day of the month following the date the~~
 42 ~~member completes 30 years of creditable service in the Special~~
 43 ~~Risk Class, regardless of age; or~~

44 ~~e. The first day of the month following the date the~~
 45 ~~member completes 30 years of creditable service and attains age~~
 46 ~~57, which service may include a maximum of 4 years of military~~
 47 ~~service credit if such credit is not claimed under any other~~
 48 ~~system and the remaining years are in the Special Risk Class.~~

49
 50 For pension plan members, normal retirement age is attained on

51 the normal retirement date. For investment plan members, normal
52 retirement age is the date a member attains his or her normal
53 retirement date as provided in this section, or the date a
54 member is vested under the investment plan as provided in s.
55 121.4501(6), whichever is later.

56 Section 2. Subsection (3) and paragraph (a) of subsection
57 (13) of section 121.091, Florida Statutes, are amended to read:

58 121.091 Benefits payable under the system.—Benefits may
59 not be paid under this section unless the member has terminated
60 employment as provided in s. 121.021(39) (a) or begun
61 participation in the Deferred Retirement Option Program as
62 provided in subsection (13), and a proper application has been
63 filed in the manner prescribed by the department. The department
64 may cancel an application for retirement benefits when the
65 member or beneficiary fails to timely provide the information
66 and documents required by this chapter and the department's
67 rules. The department shall adopt rules establishing procedures
68 for application for retirement benefits and for the cancellation
69 of such application when the required information or documents
70 are not received.

71 (3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or
72 her early retirement date, the member shall receive an immediate
73 monthly benefit that shall begin to accrue on the first day of
74 the month of the retirement date and be payable on the last day
75 of that month and each month thereafter during his or her

76 | lifetime. Such benefit shall be calculated as follows:

77 | (a)1. For all special risk class members or a member of
 78 | the Regular Class, Senior Management Service Class, or the
 79 | Elected Officers' Class initially enrolled~~+~~

80 | ~~1.~~ before July 1, 2011, the amount of each monthly payment
 81 | shall be computed in the same manner as for a normal retirement
 82 | benefit, in accordance with subsection (1), but shall be based
 83 | on the member's average monthly compensation and creditable
 84 | service as of the member's early retirement date. The benefit so
 85 | computed shall be reduced by five-twelfths of 1 percent for each
 86 | complete month by which the early retirement date precedes the
 87 | normal retirement date of age 62 for a member of the Regular
 88 | Class, Senior Management Service Class, or the Elected Officers'
 89 | Class, and age 55 for a member of the Special Risk Class, or age
 90 | 52 if a Special Risk member has completed 25 years of creditable
 91 | service in accordance with s. 121.021(29)(b)3. ~~s.~~
 92 | ~~121.021(29)(b)1.e.~~

93 | 2. For a member of the Regular Class, Senior Management
 94 | Service Class, or the Elected Officers' Class initially enrolled
 95 | on or after July 1, 2011, the amount of each monthly payment
 96 | shall be computed in the same manner as for a normal retirement
 97 | benefit, in accordance with subsection (1), but shall be based
 98 | on the member's average monthly compensation and creditable
 99 | service as of the member's early retirement date. The benefit so
 100 | computed shall be reduced by five-twelfths of 1 percent for each

101 complete month by which the early retirement date precedes the
102 normal retirement date of age 65 for a member of the Regular
103 Class, Senior Management Service Class, or the Elected Officers'
104 Class, ~~and age 60 for a member of the Special Risk Class, or age~~
105 ~~57 if a special risk member has completed 30 years of creditable~~
106 ~~service in accordance with s. 121.021(29)(b)2.c.~~

107 (b) If the employment of a member is terminated by reason
108 of death within 10 years before normal retirement as described
109 in s. 121.021(29)(a)1.b. or s. 121.021(29)(a)2.b., the monthly
110 benefit payable to the member's beneficiary shall be calculated
111 in accordance with subsection (1), but must be based on average
112 monthly compensation and creditable service as of the date of
113 death. The benefit so computed shall be reduced by five-twelfths
114 of 1 percent for each complete month by which death precedes the
115 normal retirement date specified above or the date on which the
116 member would have attained the normal retirement date had he or
117 she survived and continued his or her employment, whichever
118 provides a higher benefit.

119 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
120 subject to this section, the Deferred Retirement Option Program,
121 hereinafter referred to as DROP, is a program under which an
122 eligible member of the Florida Retirement System may elect to
123 participate, deferring receipt of retirement benefits while
124 continuing employment with his or her Florida Retirement System
125 employer. The deferred monthly benefits shall accrue in the

126 Florida Retirement System on behalf of the member, plus interest
127 compounded monthly, for the specified period of the DROP
128 participation, as provided in paragraph (c). Upon termination of
129 employment, the member shall receive the total DROP benefits and
130 begin to receive the previously determined normal retirement
131 benefits. Participation in the DROP does not guarantee
132 employment for the specified period of DROP. Participation in
133 DROP by an eligible member beyond the initial 60-month period as
134 authorized in this subsection shall be on an annual contractual
135 basis for all participants.

136 (a) Eligibility of member to participate in DROP.—All
137 active Florida Retirement System members in a regularly
138 established position, and all active members of the Teachers'
139 Retirement System established in chapter 238 or the State and
140 County Officers' and Employees' Retirement System established in
141 chapter 122, which are consolidated within the Florida
142 Retirement System under s. 121.011, are eligible to elect
143 participation in DROP if:

144 1. The member is not a renewed member under s. 121.122 or
145 a member of the State Community College System Optional
146 Retirement Program under s. 121.051, the Senior Management
147 Service Optional Annuity Program under s. 121.055, or the
148 optional retirement program for the State University System
149 under s. 121.35.

150 2. Except as provided in subparagraph 6., for all special

151 risk class members and Regular Class, Senior Management Service
152 Class, or Elected Officers' Class members initially enrolled
153 before July 1, 2011, election to participate is made within 12
154 months immediately following the date on which the member first
155 reaches normal retirement date, or, for a member who reaches
156 normal retirement date based on service before he or she reaches
157 age 62, or age 55 for Special Risk Class members, election to
158 participate may be deferred to the 12 months immediately
159 following the date the member attains age 57, or age 52 for
160 Special Risk Class members. Except as provided in subparagraph
161 6., for Regular Class, Senior Management Service Class, or
162 Elected Officers' Class members initially enrolled on or after
163 July 1, 2011, election to participate is made within 12 months
164 immediately following the date on which the member first reaches
165 normal retirement date, or, for a member who reaches normal
166 retirement date based on service before he or she reaches age
167 ~~65, or age 60 for Special Risk Class members,~~ election to
168 participate may be deferred to the 12 months immediately
169 following the date the member attains age 60, ~~or age 55 for~~
170 ~~Special Risk Class members.~~ A member who delays DROP
171 participation during the 12-month period immediately following
172 his or her maximum DROP deferral date, except as provided in
173 subparagraph 6., loses a month of DROP participation for each
174 month delayed. A member who fails to make an election within the
175 12-month limitation period forfeits all rights to participate in

176 DROP. The member shall advise his or her employer and the
177 division in writing of the date DROP begins. The beginning date
178 may be subsequent to the 12-month election period but must be
179 within the original 60-month participation period provided in
180 subparagraph (b)1. When establishing eligibility to participate
181 in DROP, the member may elect to include or exclude any optional
182 service credit purchased by the member from the total service
183 used to establish the normal retirement date. A member who has
184 dual normal retirement dates is eligible to elect to participate
185 in DROP after attaining normal retirement date in either class.

186 3. The employer of a member electing to participate in
187 DROP, or employers if dually employed, shall acknowledge in
188 writing to the division the date the member's participation in
189 DROP begins and the date the member's employment and DROP
190 participation terminates.

191 4. Simultaneous employment of a member by additional
192 Florida Retirement System employers subsequent to the
193 commencement of a member's participation in DROP is permissible
194 if such employers acknowledge in writing a DROP termination date
195 no later than the member's existing termination date or the
196 maximum participation period provided in subparagraph (b)1.

197 5. A member may change employers while participating in
198 DROP, subject to the following:

199 a. A change of employment takes place without a break in
200 service so that the member receives salary for each month of

201 continuous DROP participation. If a member receives no salary
 202 during a month, DROP participation ceases unless the employer
 203 verifies a continuation of the employment relationship for such
 204 member pursuant to s. 121.021(39) (b).

205 b. The member and new employer notify the division of the
 206 identity of the new employer on forms required by the division.

207 c. The new employer acknowledges, in writing, the member's
 208 DROP termination date, which may be extended but not beyond the
 209 maximum participation period provided in subparagraph (b)1.,
 210 acknowledges liability for any additional retirement
 211 contributions and interest required if the member fails to
 212 timely terminate employment, and is subject to the adjustment
 213 required in sub-subparagraph (c)5.d.

214 6. Effective July 1, 2001, for instructional personnel as
 215 defined in s. 1012.01(2), election to participate in DROP may be
 216 made at any time following the date on which the member first
 217 reaches normal retirement date. The member shall advise his or
 218 her employer and the division in writing of the date on which
 219 DROP begins. When establishing eligibility of the member to
 220 participate in DROP for the 60-month participation period
 221 provided in subparagraph (b)1., the member may elect to include
 222 or exclude any optional service credit purchased by the member
 223 from the total service used to establish the normal retirement
 224 date. A member who has dual normal retirement dates is eligible
 225 to elect to participate in either class.

226 Section 3. Paragraph (b) of subsection (3) of section
227 121.4501, Florida Statutes, is amended to read:

228 121.4501 Florida Retirement System Investment Plan.—

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

230 (b) Notwithstanding paragraph (a), an eligible employee
231 who elects to participate in, or who defaults into, the
232 investment plan and establishes one or more individual member
233 accounts may elect to transfer to the investment plan a sum
234 representing the present value of the employee's accumulated
235 benefit obligation under the pension plan, except as provided in
236 paragraph (4)(b). Upon transfer, all service credit earned under
237 the pension plan is nullified for purposes of entitlement to a
238 future benefit under the pension plan. A member may not transfer
239 the accumulated benefit obligation balance from the pension plan
240 after the time period for enrolling in the investment plan has
241 expired.

242 1. For purposes of this subsection, the present value of
243 the member's accumulated benefit obligation is based upon the
244 member's estimated creditable service and estimated average
245 final compensation under the pension plan, subject to
246 recomputation under subparagraph 2. For state employees, initial
247 estimates shall be based upon creditable service and average
248 final compensation as of midnight on June 30, 2002; for district
249 school board employees, initial estimates shall be based upon
250 creditable service and average final compensation as of midnight

251 on September 30, 2002; and for local government employees,
252 initial estimates shall be based upon creditable service and
253 average final compensation as of midnight on December 31, 2002.
254 The dates specified are the "estimate date" for these employees.
255 The actuarial present value of the employee's accumulated
256 benefit obligation shall be based on the following:

257 a. The discount rate and other relevant actuarial
258 assumptions used to value the Florida Retirement System Trust
259 Fund at the time the amount to be transferred is determined,
260 consistent with the factors provided in sub-subparagraphs b. and
261 c.

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

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

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

269 (A) Age 62; or

270 (B) The age the member would attain if the member
271 completed 30 years of service with an employer, assuming the
272 member worked continuously from the estimate date, and
273 disregarding any vesting requirement that would otherwise apply
274 under the pension plan.

275 (II) On or after July 1, 2011, the benefit commencement

276 age is the younger of the following, but may not be younger than
277 the member's age as of the estimate date:

278 (A) Age 65; or

279 (B) The age the member would attain if the member
280 completed 33 years of service with an employer, assuming the
281 member worked continuously from the estimate date, and
282 disregarding any vesting requirement that would otherwise apply
283 under the pension plan.

284 d. For members of the Special Risk Class and for members
285 of the Special Risk Administrative Support Class entitled to
286 retain the special risk normal retirement date:

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

290 (I)-(A) Age 55; or

291 (II)-(B) The age the member would attain if the member
292 completed 25 years of service with an employer, assuming the
293 member worked continuously from the estimate date, and
294 disregarding any vesting requirement that would otherwise apply
295 under the pension plan.

296 ~~(II) Initially enrolled on or after July 1, 2011, the~~
297 benefit commencement age is the younger of the following, but
298 may not be younger than the member's age as of the estimate
299 date:

300 ~~(A) Age 60; or~~

301 ~~(B) The age the member would attain if the member~~
 302 ~~completed 30 years of service with an employer, assuming the~~
 303 ~~member worked continuously from the estimate date, and~~
 304 ~~disregarding any vesting requirement that would otherwise apply~~
 305 ~~under the pension plan.~~

306 e. The calculation must disregard vesting requirements and
 307 early retirement reduction factors that would otherwise apply
 308 under the pension plan.

309 2. For each member who elects to transfer moneys from the
 310 pension plan to his or her account in the investment plan, the
 311 division shall recompute the amount transferred under
 312 subparagraph 1. within 60 days after the actual transfer of
 313 funds based upon the member's actual creditable service and
 314 actual final average compensation as of the initial date of
 315 participation in the investment plan. If the recomputed amount
 316 differs from the amount transferred by \$10 or more, the division
 317 shall:

318 a. Transfer, or cause to be transferred, from the Florida
 319 Retirement System Trust Fund to the member's account the excess,
 320 if any, of the recomputed amount over the previously transferred
 321 amount together with interest from the initial date of transfer
 322 to the date of transfer under this subparagraph, based upon the
 323 effective annual interest equal to the assumed return on the
 324 actuarial investment which was used in the most recent actuarial
 325 valuation of the system, compounded annually.

326 b. Transfer, or cause to be transferred, from the member's
327 account to the Florida Retirement System Trust Fund the excess,
328 if any, of the previously transferred amount over the recomputed
329 amount, together with interest from the initial date of transfer
330 to the date of transfer under this subparagraph, based upon 6
331 percent effective annual interest, compounded annually, pro rata
332 based on the member's allocation plan.

333 3. If contribution adjustments are made as a result of
334 employer errors or corrections, including plan corrections,
335 following recomputation of the amount transferred under
336 subparagraph 1., the member is entitled to the additional
337 contributions or is responsible for returning any excess
338 contributions resulting from the correction. However, a return
339 of such erroneous excess pretax contribution by the plan must be
340 made within the period allowed by the Internal Revenue Service.
341 The present value of the member's accumulated benefit obligation
342 may not be recalculated.

343 4. As directed by the member, the state board shall
344 transfer or cause to be transferred the appropriate amounts to
345 the designated accounts within 30 days after the effective date
346 of the member's participation in the investment plan unless the
347 major financial markets for securities available for a transfer
348 are seriously disrupted by an unforeseen event that causes the
349 suspension of trading on a national securities exchange in the
350 country where the securities were issued. In that event, the 30-

351 day period may be extended by a resolution of the state board.
352 Transfers are not commissionable or subject to other fees and
353 may be in the form of securities or cash, as determined by the
354 state board. Such securities are valued as of the date of
355 receipt in the member's account.

356 5. If the state board or the division receives
357 notification from the United States Internal Revenue Service
358 that this paragraph or any portion of this paragraph will cause
359 the retirement system, or a portion thereof, to be disqualified
360 for tax purposes under the Internal Revenue Code, the portion
361 that will cause the disqualification does not apply. Upon such
362 notice, the state board and the division shall notify the
363 presiding officers of the Legislature.

364 Section 4. The Legislature finds that a proper and
365 legitimate state purpose is served when employees and retirees
366 of the state and its political subdivisions, and the dependents,
367 survivors, and beneficiaries of such employees and retirees, are
368 extended the basic protections afforded by governmental
369 retirement systems that provide fair and adequate benefits and
370 that are managed, administered, and funded in an actuarially
371 sound manner as required by s. 14, Art. X of the State
372 Constitution and part VII of chapter 112, Florida Statutes.
373 Therefore, the Legislature determines and declares that this act
374 fulfills an important state interest.

375 Section 5. This act shall take effect July 1, 2023.