

1 A bill to be entitled
 2 An act relating to the Special Risk Class of the
 3 Florida Retirement System; amending s. 121.4501, F.S.;
 4 authorizing employees enrolled in the Special Risk
 5 Class to make an election to move from the investment
 6 plan to the pension plan within a certain timeframe,
 7 subject to certain conditions; providing a declaration
 8 of important state interest; providing an effective
 9 date.

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

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13 Section 1. Paragraph (f) of subsection (4) of section
 14 121.4501, Florida Statutes, is amended to read:

15 121.4501 Florida Retirement System Investment Plan.—

16 (4) PARTICIPATION; ENROLLMENT.—

17 (f) After the period during which an eligible employee had
 18 the choice to elect the pension plan or the investment plan, or
 19 the month following the receipt of the eligible employee's plan
 20 election, if sooner, the employee shall have one opportunity, at
 21 the employee's discretion, to choose to move from the pension
 22 plan to the investment plan or from the investment plan to the
 23 pension plan. Eligible employees may elect to move between plans
 24 only if they are earning service credit in an employer-employee
 25 relationship consistent with s. 121.021(17) (b), excluding leaves

26 | of absence without pay. Effective July 1, 2005, such elections
27 | are effective on the first day of the month following the
28 | receipt of the election by the third-party administrator and are
29 | not subject to the requirements regarding an employer-employee
30 | relationship or receipt of contributions for the eligible
31 | employee in the effective month, except when the election is
32 | received by the third-party administrator. This paragraph is
33 | contingent upon approval by the Internal Revenue Service.

34 | 1. If the employee chooses to move to the investment plan,
35 | the provisions of subsection (3) govern the transfer.

36 | 2. If the employee chooses to move to the pension plan,
37 | the employee must transfer from his or her investment plan
38 | account, and from other employee moneys as necessary, a sum
39 | representing the present value of that employee's accumulated
40 | benefit obligation immediately following the time of such
41 | movement, determined assuming that attained service equals the
42 | sum of service in the pension plan and service in the investment
43 | plan. Benefit commencement occurs on the first date the employee
44 | is eligible for unreduced benefits, using the discount rate and
45 | other relevant actuarial assumptions that were used to value the
46 | pension plan liabilities in the most recent actuarial valuation.
47 | For any employee who, at the time of the second election,
48 | already maintains an accrued benefit amount in the pension plan,
49 | the then-present value of the accrued benefit is deemed part of
50 | the required transfer amount. The division must ensure that the

51 transfer sum is prepared using a formula and methodology
52 certified by an enrolled actuary. A refund of any employee
53 contributions or additional member payments made which exceed
54 the employee contributions that would have accrued had the
55 member remained in the pension plan and not transferred to the
56 investment plan is not permitted.

57 3. Notwithstanding subparagraph 2., an employee who
58 chooses to move to the pension plan and who became eligible to
59 participate in the investment plan by reason of employment in a
60 regularly established position with a state employer after June
61 1, 2002; a district school board employer after September 1,
62 2002; or a local employer after December 1, 2002, must transfer
63 from his or her investment plan account, and from other employee
64 moneys as necessary, a sum representing the employee's actuarial
65 accrued liability. A refund of any employee contributions or
66 additional member payments made which exceed the employee
67 contributions that would have accrued had the member remained in
68 the pension plan and not transferred to the investment plan is
69 not permitted.

70 4. An employee's ability to transfer from the pension plan
71 to the investment plan pursuant to paragraphs (a) and (b), and
72 the ability of a current employee to have an option to later
73 transfer back into the pension plan under subparagraph 2., shall
74 be deemed a significant system amendment. Pursuant to s.
75 121.031(4), any resulting unfunded liability arising from actual

76 original transfers from the pension plan to the investment plan
77 must be amortized within 30 plan years as a separate unfunded
78 actuarial base independent of the reserve stabilization
79 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
80 direct amortization payment may not be calculated for this base.
81 During this 25-year period, the separate base shall be used to
82 offset the impact of employees exercising their second program
83 election under this paragraph. The actuarial funded status of
84 the pension plan will not be affected by such second program
85 elections in any significant manner, after due recognition of
86 the separate unfunded actuarial base. Following the initial 25-
87 year period, any remaining balance of the original separate base
88 shall be amortized over the remaining 5 years of the required
89 30-year amortization period.

90 5. If the employee chooses to transfer from the investment
91 plan to the pension plan and retains an excess account balance
92 in the investment plan after satisfying the buy-in requirements
93 under this paragraph, the excess may not be distributed until
94 the member retires from the pension plan. The excess account
95 balance may be rolled over to the pension plan and used to
96 purchase service credit or upgrade creditable service in the
97 pension plan.

98 6. An employee enrolled in the Special Risk Class who
99 previously made an election to move from the pension plan to the
100 investment plan may make an election, beginning July 1, 2024,

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101 through September 30, 2024, to move back to the pension plan by
102 surrendering the current value of his or her investment plan.

103 Section 2. The Legislature finds that a proper and
104 legitimate state purpose is served when employees, officers, and
105 retirees of the state and its political subdivisions, and the
106 dependents, survivors, and beneficiaries of such employees,
107 officers, and retirees, are extended the basic protections
108 afforded by governmental retirement systems. These persons must
109 be provided benefits that are fair and adequate and that are
110 managed, administered, and funded in an actuarially sound manner
111 as required by s. 14, Article X of the State Constitution and
112 part VII of chapter 112, Florida Statutes. Therefore, the
113 Legislature determines and declares that this act fulfills an
114 important state interest.

115 Section 3. This act shall take effect July 1, 2024.