

1 A bill to be entitled
 2 An act relating to the Florida Retirement System;
 3 amending s. 121.053, F.S.; authorizing certain elected
 4 officers to receive a specified payment while
 5 remaining in office; amending s. 121.091, F.S.;
 6 authorizing certain retirees to be reemployed after
 7 terminating employment; providing conditions for such
 8 reemployment; requiring reimbursement of certain
 9 payments in specified circumstances; revising an
 10 obsolete provision; amending s. 121.1001, F.S.;
 11 prohibiting new participation in a specified plan
 12 beginning on a specified date; amending s. 121.101,
 13 F.S.; revising the calculation for the cost-of-living
 14 factor for certain members; requiring the Department
 15 of Management Services to annually adjust a specified
 16 value beginning on a specified date; providing
 17 applicability; requiring the Division of Retirement to
 18 annually submit a specified analysis beginning on a
 19 specified date; revising a provision requiring the
 20 expiration of a specified formula; amending s. 121.71,
 21 F.S.; increasing employee contributions to the Florida
 22 Retirement System; amending s. 121.72, F.S.;
 23 increasing the allocations to investment plan member
 24 accounts; amending s. 121.591, F.S.; conforming a
 25 cross-reference; providing a declaration of important

26 state interest; providing an effective date.

27

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

29

30 Section 1. Paragraph (c) of subsection (7) of section
 31 121.053, Florida Statutes, is amended, paragraph (d) is added to
 32 that subsection, and paragraph (b) of that subsection is
 33 republished to read:

34 121.053 Participation in the Elected Officers' Class for
 35 retired members.—

36 (7) A member who is elected or appointed to an elective
 37 office and who is participating in the Deferred Retirement
 38 Option Program is not subject to termination as defined in s.
 39 121.021, or reemployment limitations as provided in s.
 40 121.091(9), until the end of his or her current term of office
 41 or, if the officer is consecutively elected or reelected to an
 42 elective office eligible for coverage under the Florida
 43 Retirement System, until he or she no longer holds an elective
 44 office, as follows:

45 (b) An elected officer may voluntarily terminate his or
 46 her elective office at any time and receive his or her DROP
 47 proceeds. However, until termination occurs, an elected officer
 48 whose termination limitations are extended by this section is
 49 ineligible for renewed membership in the system and may not
 50 receive pension payments, DROP lump sum payments, or any other

51 state payment other than the statutorily determined salary,
 52 travel, and per diem for the elective office.

53 (c) Except as provided in paragraph (d), upon termination,
 54 the officer shall receive his or her accumulated DROP account,
 55 plus interest, and shall accrue and commence receiving monthly
 56 retirement benefits, which must be paid on a prospective basis
 57 only.

58 (d) Notwithstanding paragraph (b), an elected officer who
 59 qualifies under this subsection as of June 30, 2023, and who has
 60 completed his or her DROP participation period as of June 30,
 61 2023, may remain in elective office and receive, subject to any
 62 minimum age requirements specified in 26 U.S.C. s. 401(a)(36),
 63 his or her accumulated DROP proceeds, including interest.

64 Section 2. Paragraphs (d) and (e) of subsection (9) of
 65 section 121.091, Florida Statutes, are redesignated as
 66 paragraphs (e) and (f), respectively, paragraph (c) and present
 67 paragraph (f) are amended, and a new paragraph (d) is added to
 68 that subsection, to read:

69 121.091 Benefits payable under the system.—Benefits may
 70 not be paid under this section unless the member has terminated
 71 employment as provided in s. 121.021(39) (a) or begun
 72 participation in the Deferred Retirement Option Program as
 73 provided in subsection (13), and a proper application has been
 74 filed in the manner prescribed by the department. The department
 75 may cancel an application for retirement benefits when the

76 member or beneficiary fails to timely provide the information
 77 and documents required by this chapter and the department's
 78 rules. The department shall adopt rules establishing procedures
 79 for application for retirement benefits and for the cancellation
 80 of such application when the required information or documents
 81 are not received.

82 (9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.—

83 (c) Any person whose retirement is effective on or after
 84 July 1, 2010, or whose participation in the Deferred Retirement
 85 Option Program terminates on or after July 1, 2010, who is
 86 retired under this chapter, except under the disability
 87 retirement provisions of subsection (4) or as provided in s.
 88 121.053, may be reemployed by an employer that participates in a
 89 state-administered retirement system and receive retirement
 90 benefits and compensation from that employer. However, a person
 91 may not be reemployed by an employer participating in the
 92 Florida Retirement System before meeting the definition of
 93 termination in s. 121.021 and may not receive both a salary from
 94 the employer and retirement benefits for 6 calendar months after
 95 meeting the definition of termination, except as provided in
 96 paragraph (d) ~~(f)~~. However, a DROP participant shall continue
 97 employment and receive a salary during the period of
 98 participation in the Deferred Retirement Option Program, as
 99 provided in subsection (13).

100 1. The reemployed retiree may not renew membership in the

101 Florida Retirement System, except as provided in s. 121.122.

102 2. The employer shall pay retirement contributions in an
 103 amount equal to the unfunded actuarial liability portion of the
 104 employer contribution that would be required for active members
 105 of the Florida Retirement System in addition to the
 106 contributions required by s. 121.76.

107 3. A retiree initially reemployed in violation of this
 108 paragraph and an employer that employs or appoints such person
 109 are jointly and severally liable for reimbursement of any
 110 retirement benefits paid to the retirement trust fund from which
 111 the benefits were paid, including the Florida Retirement System
 112 Trust Fund and the Florida Retirement System Investment Plan
 113 Trust Fund, as appropriate. The employer must have a written
 114 statement from the employee that he or she is not retired from a
 115 state-administered retirement system. Retirement benefits shall
 116 remain suspended until repayment is made. Benefits suspended
 117 beyond the end of the retiree's 6-month reemployment limitation
 118 period shall apply toward the repayment of benefits received in
 119 violation of this paragraph.

120 (d) Any person whose retirement is effective on or after
 121 July 1, 2024, or whose participation in the Deferred Retirement
 122 Option Program terminates on or after July 1, 2024, who is
 123 retired under this chapter, except under the disability
 124 provisions of subsection (4) or as provided in s. 121.053, may
 125 be reemployed by an employer that participates in a state-

126 administered retirement system and receive retirement benefits
 127 and compensation from that employer. However, a person may not
 128 be reemployed by an employer participating in the Florida
 129 Retirement System before meeting the definition of termination
 130 in s. 121.021. A DROP participant shall continue employment and
 131 receive a salary during the period of participation in the
 132 Deferred Retirement Option Program, as provided in subsection
 133 (13).

134 1. The reemployed retiree may not renew membership in the
 135 Florida Retirement System, except as provided in s. 121.122.

136 2. The employer shall pay retirement contributions in an
 137 amount equal to the unfunded actuarial liability portion of the
 138 employer contribution that would be required for active members
 139 of the Florida Retirement System in addition to the
 140 contributions required by s. 121.76.

141 3. A retiree initially reemployed in violation of this
 142 paragraph and an employer that employs or appoints such person
 143 are jointly and severally liable for reimbursement of any
 144 retirement benefits paid to the retirement trust fund from which
 145 the benefits were paid, including the Florida Retirement System
 146 Trust Fund and the Florida Retirement System Investment Plan
 147 Trust Fund, as appropriate. The employer must have a written
 148 statement from the employee that he or she is not retired from a
 149 state-administered retirement system. Retirement benefits shall
 150 remain suspended until repayment is made. Benefits suspended

151 beyond the end of the retiree's 6-month reemployment limitation
 152 period shall apply toward the repayment of benefits received in
 153 violation of this paragraph.

154 ~~(f) A retired law enforcement officer may be reemployed as~~
 155 ~~a school resource officer by an employer that participates in~~
 156 ~~the Florida Retirement System and receive compensation from that~~
 157 ~~employer and retirement benefits after meeting the definition of~~
 158 ~~termination in s. 121.021, but may not receive both a salary~~
 159 ~~from the employer and retirement benefits for 6 calendar months~~
 160 ~~immediately subsequent to the date of retirement. The reemployed~~
 161 ~~retired law enforcement officer may not renew membership in the~~
 162 ~~Florida Retirement System, except as provided in s. 121.122.~~

163 Section 3. Subsection (5) is added to section 121.1001,
 164 Florida Statutes, to read:

165 121.1001 Florida Retirement System Preservation of
 166 Benefits Plan.—Effective July 1, 1999, the Florida Retirement
 167 System Preservation of Benefits Plan is established as a
 168 qualified governmental excess benefit arrangement pursuant to s.
 169 415(m) of the Internal Revenue Code. The Preservation of
 170 Benefits Plan is created as a separate portion of the Florida
 171 Retirement System, for the purpose of providing benefits to a
 172 payee (retiree or beneficiary) of the Florida Retirement System
 173 whose benefits would otherwise be limited by s. 415(b) of the
 174 Internal Revenue Code.

175 (5) CLOSURE TO NEW MEMBERS.—Effective July 1, 2026, the

176 Florida Retirement System Preservation of Benefits Plan is
 177 closed to new members.

178 Section 4. Paragraph (c) of subsection (4) and subsection
 179 (5) of section 121.101, Florida Statutes, are amended to read:

180 121.101 Cost-of-living adjustment of benefits.—

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

184 (c) Beginning July 1, 2024, the department shall calculate
 185 a cost-of-living factor for each retiree and beneficiary
 186 retiring on or after July 1, 2011. This factor shall:

187 1. For a member initially enrolled before July 1, 2011,
 188 equal 3 percent for the first \$150,000 of benefit payable
 189 annually, and for any additional benefit payable shall equal the
 190 product of 3 percent multiplied by the quotient of the sum of
 191 the member's service credit earned for service before July 1,
 192 2011, divided by the sum of the member's total service credit
 193 earned. The \$150,000 amount shall be adjusted annually by the
 194 department to reflect changes in the Consumer Price Index
 195 compiled by the United States Department of Labor. Any benefits
 196 paid in accordance with this subparagraph shall only be made
 197 prospectively.

198 2. For a member initially enrolled on or after July 1,
 199 2011, equal the product of 3 percent multiplied by the quotient
 200 of the sum of the member's service credit earned for service

201 before July 1, 2011, divided by the sum of the member's total
 202 service credit earned.

203 (5) Beginning July 1, 2033, and annually thereafter, the
 204 division shall submit an actuarial analysis to the Legislature
 205 on the feasibility and cost of providing a cost-of-living
 206 adjustment for employees that initially enrolled in the Florida
 207 Retirement System after July 1, 2011 ~~Subject to the availability~~
 208 ~~of funding and the Legislature enacting sufficient employer~~
 209 ~~contributions specifically for the purpose of funding the~~
 210 ~~expiration of the cost-of-living adjustment specified in~~
 211 ~~subsection (4), in accordance with s. 14, Art. X of the State~~
 212 ~~Constitution, the cost-of-living adjustment formula provided for~~
 213 ~~in subsection (4) shall expire effective June 30, 2016, and the~~
 214 ~~benefit of each retiree and annuitant shall be adjusted on each~~
 215 ~~July 1 thereafter, as provided in subsection (3).~~

216 Section 5. Subsections (3), (4), and (5) of section
 217 121.71, Florida Statutes, are amended to read:

218 121.71 Uniform rates; process; calculations; levy.—

219 (3) Required employee retirement contribution rates for
 220 each membership class and subclass of the Florida Retirement
 221 System for both retirement plans are as follows:
 222

Membership Class	Percentage of Gross Compensation,
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	Effective July 1, <u>2024</u> 2011
223	
224	
225	Regular Class <u>4.00%</u> 3.00%
226	Special Risk Class <u>5.00%</u> 3.00%
227	Special Risk Administrative Support Class <u>4.00%</u> 3.00%
228	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders <u>6.00%</u> 3.00%
229	Elected Officers' Class— Justices, Judges <u>6.00%</u> 3.00%
	Elected Officers' Class— County Elected Officers <u>6.00%</u> 3.00%

230	Senior Management Service Class	<u>4.00%</u> 3.00%
231	DROP	0.00%
232		
233	(4) Required employer retirement contribution rates for	
234	each membership class and subclass of the Florida Retirement	
235	System for both retirement plans are as follows:	
236		
		Percentage of Gross Compensation, Effective July 1, <u>2024</u> 2023
237	Membership Class	
238		
239	Regular Class	<u>7.91%</u> 6.73%
240	Special Risk Class	<u>21.02%</u> 18.66%
241	Special Risk Administrative Support Class	<u>13.37%</u> 11.54%

242	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>12.28%</u> 10.45%
243	Elected Officers' Class— Justices, Judges	<u>17.06%</u> 14.90%
244	Elected Officers' Class— County Elected Officers	<u>13.89%</u> 12.39%
245	Senior Management Service Class	<u>9.88%</u> 8.56%
246	DROP	<u>10.12%</u> 8.49%

247 (5) In order to address unfunded actuarial liabilities of
 248 the system, the required employer retirement contribution rates
 249 for each membership class and subclass of the Florida Retirement
 250 System for both retirement plans are as follows:

	Percentage of
	Gross
Membership Class	Compensation,

PCS for HB 151

2024

	Effective	
	July 1, <u>2024</u>	2023
252		
253		
254	Regular Class	<u>7.55%</u> 4.78%
255	Special Risk Class	<u>17.76%</u> 11.95%
256	Special Risk Administrative Support Class	<u>32.39%</u> 26.22%
257	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>53.84%</u> 50.21%
258	Elected Officers' Class— Justices, Judges	<u>33.74%</u> 27.93%
	Elected Officers' Class— County Elected Officers	<u>48.84%</u> 44.23%

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Senior Management Service Class 26.96% ~~23.90%~~

DROP 16.57% ~~10.64%~~

Section 6. Subsection (7) of section 121.72, Florida Statutes, is amended, and subsection (8) is added to that section, to read:

121.72 Allocations to investment plan member accounts; percentage amounts.—

(7) Effective July 1, 2023, through June 30, 2024, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	11.30%
Special Risk Class	19.00%

276	Special Risk Administrative Support Class	12.95%
277	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	14.38%
278	Elected Officers' Class— Justices, Judges	18.23%
279	Elected Officers' Class— County Elected Officers	16.34%
280	Senior Management Service Class	12.67%

281 (8) Effective July 1, 2024, allocations from the Florida
 282 Retirement System Contributions Clearing Trust Fund to
 283 investment plan member accounts are as follows:
 284

<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
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287	<u>Regular Class</u>	<u>13.30%</u>
288	<u>Special Risk Class</u>	<u>22.00%</u>
289	<u>Special Risk Administrative Support Class</u>	<u>14.95%</u>
290	<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>18.38%</u>
291	<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>22.23%</u>
292	<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>20.34%</u>
293	<u>Senior Management Service Class</u>	<u>14.67%</u>

294 Section 7. Paragraph (a) of subsection (1) of section
 295 121.591, Florida Statutes, is amended to read:
 296 121.591 Payment of benefits.—Benefits may not be paid
 297 under the Florida Retirement System Investment Plan unless the
 298 member has terminated employment as provided in s.
 299 121.021(39) (a) or is deceased and a proper application has been

300 | filed as prescribed by the state board or the department.
 301 | Benefits, including employee contributions, are not payable
 302 | under the investment plan for employee hardships, unforeseeable
 303 | emergencies, loans, medical expenses, educational expenses,
 304 | purchase of a principal residence, payments necessary to prevent
 305 | eviction or foreclosure on an employee's principal residence, or
 306 | any other reason except a requested distribution for retirement,
 307 | a mandatory de minimis distribution authorized by the
 308 | administrator, or a required minimum distribution provided
 309 | pursuant to the Internal Revenue Code. The state board or
 310 | department, as appropriate, may cancel an application for
 311 | retirement benefits if the member or beneficiary fails to timely
 312 | provide the information and documents required by this chapter
 313 | and the rules of the state board and department. In accordance
 314 | with their respective responsibilities, the state board and the
 315 | department shall adopt rules establishing procedures for
 316 | application for retirement benefits and for the cancellation of
 317 | such application if the required information or documents are
 318 | not received. The state board and the department, as
 319 | appropriate, are authorized to cash out a de minimis account of
 320 | a member who has been terminated from Florida Retirement System
 321 | covered employment for a minimum of 6 calendar months. A de
 322 | minimis account is an account containing employer and employee
 323 | contributions and accumulated earnings of not more than \$5,000
 324 | made under the provisions of this chapter. Such cash-out must be

325 a complete lump-sum liquidation of the account balance, subject
 326 to the provisions of the Internal Revenue Code, or a lump-sum
 327 direct rollover distribution paid directly to the custodian of
 328 an eligible retirement plan, as defined by the Internal Revenue
 329 Code, on behalf of the member. Any nonvested accumulations and
 330 associated service credit, including amounts transferred to the
 331 suspense account of the Florida Retirement System Investment
 332 Plan Trust Fund authorized under s. 121.4501(6), shall be
 333 forfeited upon payment of any vested benefit to a member or
 334 beneficiary, except for de minimis distributions or minimum
 335 required distributions as provided under this section. If any
 336 financial instrument issued for the payment of retirement
 337 benefits under this section is not presented for payment within
 338 180 days after the last day of the month in which it was
 339 originally issued, the third-party administrator or other duly
 340 authorized agent of the state board shall cancel the instrument
 341 and credit the amount of the instrument to the suspense account
 342 of the Florida Retirement System Investment Plan Trust Fund
 343 authorized under s. 121.4501(6). Any amounts transferred to the
 344 suspense account are payable upon a proper application, not to
 345 include earnings thereon, as provided in this section, within 10
 346 years after the last day of the month in which the instrument
 347 was originally issued, after which time such amounts and any
 348 earnings attributable to employer contributions shall be
 349 forfeited. Any forfeited amounts are assets of the trust fund

350 and are not subject to chapter 717.

351 (1) NORMAL BENEFITS.—Under the investment plan:

352 (a) Benefits in the form of vested accumulations as
 353 described in s. 121.4501(6) are payable under this subsection in
 354 accordance with the following terms and conditions:

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

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

360 3. The member must be terminated from all employment with
 361 all Florida Retirement System employers, as provided in s.
 362 121.021(39).

363 4. Benefit payments may not be made until the member has
 364 been terminated for 3 calendar months, except that the state
 365 board may authorize by rule for the distribution of up to 10
 366 percent of the member's account after being terminated for 1
 367 calendar month if the member has reached the normal retirement
 368 date as defined in s. 121.021.

369 5. If a member or former member of the Florida Retirement
 370 System receives an invalid distribution, such person must either
 371 repay the full amount within 90 days after receipt of final
 372 notification by the state board or the third-party administrator
 373 that the distribution was invalid, or, in lieu of repayment, the
 374 member must terminate employment from all participating

375 employers. If such person fails to repay the full invalid
 376 distribution within 90 days after receipt of final notification,
 377 the person may be deemed retired from the investment plan by the
 378 state board and is subject to s. 121.122. If such person is
 379 deemed retired, any joint and several liability set out in s.
 380 121.091(9)(e)2. ~~s. 121.091(9)(d)2.~~ is void, and the state board,
 381 the department, or the employing agency is not liable for gains
 382 on payroll contributions that have not been deposited to the
 383 person's account in the investment plan, pending resolution of
 384 the invalid distribution. The member or former member who has
 385 been deemed retired or who has been determined by the state
 386 board to have taken an invalid distribution may appeal the
 387 agency decision through the complaint process as provided under
 388 s. 121.4501(9)(g)3. As used in this subparagraph, the term
 389 "invalid distribution" means any distribution from an account in
 390 the investment plan which is taken in violation of this section,
 391 s. 121.091(9), or s. 121.4501.

392 Section 8. The Legislature finds that a proper and
 393 legitimate state purpose is served when employees and retirees
 394 of the state and its political subdivisions, and the dependents,
 395 survivors, and beneficiaries of such employees and retirees, are
 396 extended the basic protections afforded by governmental
 397 retirement systems that provide fair and adequate benefits and
 398 that are managed, administered, and funded in an actuarially
 399 sound manner as required by s. 14, Art. X of the State

400 | Constitution and part VII of chapter 112, Florida Statutes.
401 | Therefore, the Legislature determines and declares that this act
402 | fulfills an important state interest.

403 | Section 9. This act shall take effect July 1, 2024.