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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"; revising a
 31 provision relating to acknowledgement of an employee's
 32 election to participate in the investment plan;
 33 placing certain employees in the pension plan from
 34 their date of hire until they are automatically
 35 enrolled in the investment plan or timely elect
 36 enrollment in the pension plan; providing certain
 37 members with a specified time to choose participation
 38 in the pension plan or the investment plan; providing
 39 for the transfer of certain contributions; revising
 40 the education component; conforming provisions and
 41 cross-references to changes made by the act; amending
 42 s. 121.591, F.S.; revising provisions relating to
 43 disability retirement benefits; amending ss. 121.35,
 44 238.072, 413.051, and 1012.875, F.S.; conforming
 45 cross-references; providing that the act fulfills an
 46 important state interest; providing an effective date.

47
 48 Be It Enacted by the Legislature of the State of Florida:

49
 50
 51 Section 1. Subsection (45) of section 121.021, Florida
 52 Statutes, is amended to read:

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53 121.021 Definitions.—The following words and phrases as
 54 used in this chapter have the respective meanings set forth
 55 unless a different meaning is plainly required by the context:

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

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

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

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

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

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

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

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

95 121.051 Participation in the system.—

96 (2) OPTIONAL PARTICIPATION.—

97 (c) Employees of public community colleges or charter
98 technical career centers sponsored by public community colleges,
99 designated in s. 1000.21(3), who are members of the Regular
100 Class of the Florida Retirement System and who comply with the
101 criteria set forth in this paragraph and s. 1012.875 may, in
102 lieu of participating in the Florida Retirement System, elect to
103 withdraw from the system altogether and participate in the State
104 Community College System Optional Retirement Program provided by

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105 the employing agency under s. 1012.875.

106 1.a. Through June 30, 2001, the cost to the employer for
 107 benefits under the optional retirement program equals the normal
 108 cost portion of the employer retirement contribution which would
 109 be required if the employee were a member of the pension plan's
 110 Regular Class, plus the portion of the contribution rate
 111 required by s. 112.363(8) which would otherwise be assigned to
 112 the Retiree Health Insurance Subsidy Trust Fund.

113 b. Effective July 1, 2001, through June 30, 2011, each
 114 employer shall contribute on behalf of each member of the
 115 optional program an amount equal to 10.43 percent of the
 116 employee's gross monthly compensation. The employer shall deduct
 117 an amount for the administration of the program.

118 c. Effective July 1, 2011, through June 30, 2012, each
 119 member shall contribute an amount equal to the employee
 120 contribution required under s. 121.71(3) (a). The employer shall
 121 contribute on behalf of each program member an amount equal to
 122 the difference between 10.43 percent of the employee's gross
 123 monthly compensation and the employee's required contribution
 124 based on the employee's gross monthly compensation.

125 d. Effective July 1, 2012, each member shall contribute an
 126 amount equal to the employee contribution required under s.
 127 121.71(3) (a). The employer shall contribute on behalf of each
 128 program member an amount equal to the difference between 8.15
 129 percent of the employee's gross monthly compensation and the
 130 employee's required contribution based on the employee's gross

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131 monthly compensation.

132 e. The employer shall contribute an additional amount to
 133 the Florida Retirement System Trust Fund equal to the unfunded
 134 actuarial accrued liability portion of the Regular Class
 135 contribution rate.

136 2. The decision to participate in the optional retirement
 137 program is irrevocable as long as the employee holds a position
 138 eligible for participation, except as provided in subparagraph

139 3. Any service creditable under the Florida Retirement System is
 140 retained after the member withdraws from the system; however,
 141 additional service credit in the system may not be earned while
 142 a member of the optional retirement program.

143 3. An employee who has elected to participate in the
 144 optional retirement program shall have one opportunity, at the
 145 employee's discretion, to transfer from the optional retirement
 146 program to the pension plan of the Florida Retirement System or
 147 to the investment plan established under part II of this
 148 chapter, subject to the terms of the applicable optional
 149 retirement program contracts.

150 a. If the employee chooses to move to the investment plan,
 151 any contributions, interest, and earnings creditable to the
 152 employee under the optional retirement program are retained by
 153 the employee in the optional retirement program, and the
 154 applicable provisions of s. 121.4501(4) govern the election.

155 b. If the employee chooses to move to the pension plan of
 156 the Florida Retirement System, the employee shall receive

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157 service credit equal to his or her years of service under the
 158 optional retirement program.

159 (I) The cost for such credit is the amount representing
 160 the present value of the employee's accumulated benefit
 161 obligation for the affected period of service. The cost shall be
 162 calculated as if the benefit commencement occurs on the first
 163 date the employee becomes eligible for unreduced benefits, using
 164 the discount rate and other relevant actuarial assumptions that
 165 were used to value the Florida Retirement System Pension Plan
 166 liabilities in the most recent actuarial valuation. The
 167 calculation must include any service already maintained under
 168 the pension plan in addition to the years under the optional
 169 retirement program. The present value of any service already
 170 maintained must be applied as a credit to total cost resulting
 171 from the calculation. The division must ensure that the transfer
 172 sum is prepared using a formula and methodology certified by an
 173 enrolled actuary.

174 (II) The employee must transfer from his or her optional
 175 retirement program account and from other employee moneys as
 176 necessary, a sum representing the present value of the
 177 employee's accumulated benefit obligation immediately following
 178 the time of such movement, determined assuming that attained
 179 service equals the sum of service in the pension plan and
 180 service in the optional retirement program.

181 4. Participation in the optional retirement program is
 182 limited to employees who satisfy the following eligibility

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183 criteria:

184 a. The employee is otherwise eligible for membership or

185 renewed membership in the Regular Class of the Florida

186 Retirement System, as provided in s. 121.021(11) and (12) or s.

187 121.122.

188 b. The employee is employed in a full-time position

189 classified in the Accounting Manual for Florida's Public

190 Community Colleges as:

191 (I) Instructional; or

192 (II) Executive Management, Instructional Management, or

193 Institutional Management and the community college determines

194 that recruiting to fill a vacancy in the position is to be

195 conducted in the national or regional market, and the duties and

196 responsibilities of the position include the formulation,

197 interpretation, or implementation of policies, or the

198 performance of functions that are unique or specialized within

199 higher education and that frequently support the mission of the

200 community college.

201 c. The employee is employed in a position not included in

202 the Senior Management Service Class of the Florida Retirement

203 System as described in s. 121.055.

204 5. Members of the program are subject to the same

205 reemployment limitations, renewed membership provisions, and

206 forfeiture provisions applicable to regular members of the

207 Florida Retirement System under ss. 121.091(9), 121.122, and

208 121.091(5), respectively. A member who receives a program

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209 distribution funded by employer and required employee
 210 contributions is deemed to be retired from a state-administered
 211 retirement system if the member is subsequently employed with an
 212 employer that participates in the Florida Retirement System.

213 6. Eligible community college employees are compulsory
 214 members of the Florida Retirement System until, pursuant to s.
 215 1012.875, a written election to withdraw from the system and
 216 participate in the optional retirement program is filed with the
 217 program administrator and received by the division.

218 a. A community college employee whose program eligibility
 219 results from initial employment shall be enrolled in the
 220 optional retirement program retroactive to the first day of
 221 eligible employment. The employer and employee retirement
 222 contributions paid through the month of the employee plan change
 223 shall be transferred to the community college to the employee's
 224 optional program account, and, effective the first day of the
 225 next month, the employer shall pay the applicable contributions
 226 based upon subparagraph 1.

227 b. A community college employee whose program eligibility
 228 is due to the subsequent designation of the employee's position
 229 as one of those specified in subparagraph 4., or due to the
 230 employee's appointment, promotion, transfer, or reclassification
 231 to a position specified in subparagraph 4., must be enrolled in
 232 the program on the first day of the first full calendar month
 233 that such change in status becomes effective. The employer and
 234 employee retirement contributions paid from the effective date

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235 through the month of the employee plan change must be
 236 transferred to the community college to the employee's optional
 237 program account, and, effective the first day of the next month,
 238 the employer shall pay the applicable contributions based upon
 239 subparagraph 1.

240 7. Effective July 1, 2003, through December 31, 2008, any
 241 member of the optional retirement program who has service credit
 242 in the pension plan of the Florida Retirement System for the
 243 period between his or her first eligibility to transfer from the
 244 pension plan to the optional retirement program and the actual
 245 date of transfer may, during employment, transfer to the
 246 optional retirement program a sum representing the present value
 247 of the accumulated benefit obligation under the defined benefit
 248 retirement program for the period of service credit. Upon
 249 transfer, all service credit previously earned under the pension
 250 plan during this period is nullified for purposes of entitlement
 251 to a future benefit under the pension plan.

252 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.—

253 (a) Employees initially enrolled on or after July 1, 2015,
 254 in positions covered by the Elected Officers' Class or the
 255 Senior Management Service Class are compulsory members of the
 256 investment plan, except those who withdraw from the system under
 257 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
 258 in an optional retirement program under paragraph (1)(a),
 259 paragraph (2)(c), or s. 121.35. Investment plan membership
 260 continues if there is subsequent employment in a position

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261 covered by another membership class. Membership in the pension
 262 plan is not permitted except as provided in s. 121.591(2).
 263 Employees initially enrolled in the Florida Retirement System
 264 prior to July 1, 2015, may retain their membership in the
 265 pension plan or investment plan and are eligible to use the
 266 election opportunity specified in s. 121.4501(4)(f). Employees
 267 initially enrolled on or after July 1, 2015, in positions
 268 covered by the Elected Officers' Class or the Senior Management
 269 Service Class are not eligible to use the election opportunity
 270 specified in s. 121.4501(4)(f).

271 (b) Employees eligible to withdraw from the system under
 272 s. 121.052(3)(d) or s. 121.055(1)(b)2. may choose to withdraw
 273 from the system or to participate in the investment plan as
 274 provided in these sections. Employees eligible for optional
 275 retirement programs under paragraph (2)(c) or s. 121.35 may
 276 choose to participate in the optional retirement program or the
 277 investment plan as provided in this paragraph or this section.
 278 Eligible employees required to participate pursuant to (1)(a) in
 279 the optional retirement program as provided under s. 121.35 must
 280 participate in the investment plan when employed in a position
 281 not eligible for the optional retirement program.

282 Section 3. Paragraph (c) of subsection (3) of section
 283 121.052, Florida Statutes, is amended to read:

284 121.052 Membership class of elected officers.—

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

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

292 (c) Before July 1, 2015, any elected officer may, within 6
 293 months after assuming office, or within 6 months after this act
 294 becomes a law for serving elected officers, elect membership in
 295 the Senior Management Service Class as provided in s. 121.055 in
 296 lieu of membership in the Elected Officers' Class. Any such
 297 election made by a county elected officer shall have no effect
 298 upon the statutory limit on the number of nonelective full-time
 299 positions that may be designated by a local agency employer for
 300 inclusion in the Senior Management Service Class under s.
 301 121.055(1) (b)1.

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

305 121.055 Senior Management Service Class.—There is hereby
 306 established a separate class of membership within the Florida
 307 Retirement System to be known as the "Senior Management Service
 308 Class," which shall become effective February 1, 1987.

309 (1)

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

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

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313 Elected Officers' Class under s. 121.052(2)(a), (b), or (c) who
 314 elects membership in the Senior Management Service Class under
 315 s. 121.052(3)(c) may, within 6 months after assuming office or
 316 within 6 months after this act becomes a law for serving elected
 317 state officers, elect to participate in the Senior Management
 318 Service Optional Annuity Program, as provided in subsection (6),
 319 in lieu of membership in the Senior Management Service Class.

320 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
 321 4., an elected officer of a local agency employer eligible for
 322 membership in the Elected Officers' Class under s. 121.052(2)(d)
 323 who elects membership in the Senior Management Service Class
 324 under s. 121.052(3)(c) may, within 6 months after assuming
 325 office, or within 6 months after this act becomes a law for
 326 serving elected officers of a local agency employer, elect to
 327 withdraw from the Florida Retirement System, as provided in
 328 subparagraph (b)2., in lieu of membership in the Senior
 329 Management Service Class.

330 3. A retiree of a state-administered retirement system who
 331 is initially reemployed in a regularly established position on
 332 or after July 1, 2010, as an elected official eligible for the
 333 Elected Officers' Class may not be enrolled in renewed
 334 membership in the Senior Management Service Class or in the
 335 Senior Management Service Optional Annuity Program as provided
 336 in subsection (6), and may not withdraw from the Florida
 337 Retirement System as a renewed member as provided in
 338 subparagraph (b)2., as applicable, in lieu of membership in the

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339 Senior Management Service Class.

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

344 (6)

345 (c) Participation.—

346 1. An eligible employee who is employed on or before
 347 February 1, 1987, may elect to participate in the optional
 348 annuity program in lieu of participating in the Senior
 349 Management Service Class. Such election must be made in writing
 350 and filed with the department and the personnel officer of the
 351 employer on or before May 1, 1987. An eligible employee who is
 352 employed on or before February 1, 1987, and who fails to make an
 353 election to participate in the optional annuity program by May
 354 1, 1987, shall be deemed to have elected membership in the
 355 Senior Management Service Class.

356 2. Except as provided in subparagraph 6., an employee who
 357 becomes eligible to participate in the optional annuity program
 358 by reason of initial employment commencing after February 1,
 359 1987, may, within 90 days after the date of commencing
 360 employment, elect to participate in the optional annuity
 361 program. Such election must be made in writing and filed with
 362 the personnel officer of the employer. An eligible employee who
 363 does not within 90 days after commencing employment elect to
 364 participate in the optional annuity program shall be deemed to

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365 have elected membership in the Senior Management Service Class.
 366 3. A person who is appointed to a position in the Senior
 367 Management Service Class and who is a member of an existing
 368 retirement system or the Special Risk or Special Risk
 369 Administrative Support Classes of the Florida Retirement System
 370 may elect to remain in such system or class in lieu of
 371 participating in the Senior Management Service Class or optional
 372 annuity program. Such election must be made in writing and filed
 373 with the department and the personnel officer of the employer
 374 within 90 days after such appointment. An eligible employee who
 375 fails to make an election to participate in the existing system,
 376 the Special Risk Class of the Florida Retirement System, the
 377 Special Risk Administrative Support Class of the Florida
 378 Retirement System, or the optional annuity program shall be
 379 deemed to have elected membership in the Senior Management
 380 Service Class.

381 4. Except as provided in subparagraph 5., an employee's
 382 election to participate in the optional annuity program is
 383 irrevocable if the employee continues to be employed in an
 384 eligible position and continues to meet the eligibility
 385 requirements set forth in this paragraph.

386 5. Effective from July 1, 2002, through September 30,
 387 2002, an active employee in a regularly established position who
 388 has elected to participate in the Senior Management Service
 389 Optional Annuity Program has one opportunity to choose to move
 390 from the Senior Management Service Optional Annuity Program to

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391 the Florida Retirement System Pension Plan.

392 a. The election must be made in writing and must be filed
 393 with the department and the personnel officer of the employer
 394 before October 1, 2002, or, in the case of an active employee
 395 who is on a leave of absence on July 1, 2002, within 90 days
 396 after the conclusion of the leave of absence. This election is
 397 irrevocable.

398 b. The employee shall receive service credit under the
 399 pension plan equal to his or her years of service under the
 400 Senior Management Service Optional Annuity Program. The cost for
 401 such credit is the amount representing the present value of that
 402 employee's accumulated benefit obligation for the affected
 403 period of service.

404 c. The employee must transfer the total accumulated
 405 employer contributions and earnings on deposit in his or her
 406 Senior Management Service Optional Annuity Program account. If
 407 the transferred amount is not sufficient to pay the amount due,
 408 the employee must pay a sum representing the remainder of the
 409 amount due. The employee may not retain any employer
 410 contributions or earnings from the Senior Management Service
 411 Optional Annuity Program account.

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

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

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417 Optional Annuity Program is closed to new members. Members
 418 enrolled in the Senior Management Service Optional Annuity
 419 Program before July 1, 2015, may retain their membership in the
 420 annuity program.

421 Section 5. Paragraph (a) of subsection (4) of section
 422 121.091, Florida Statutes, is amended to read:

423 121.091 Benefits payable under the system.—Benefits may
 424 not be paid under this section unless the member has terminated
 425 employment as provided in s. 121.021(39) (a) or begun
 426 participation in the Deferred Retirement Option Program as
 427 provided in subsection (13), and a proper application has been
 428 filed in the manner prescribed by the department. The department
 429 may cancel an application for retirement benefits when the
 430 member or beneficiary fails to timely provide the information
 431 and documents required by this chapter and the department's
 432 rules. The department shall adopt rules establishing procedures
 433 for application for retirement benefits and for the cancellation
 434 of such application when the required information or documents
 435 are not received.

436 (4) DISABILITY RETIREMENT BENEFIT.—

437 (a) Disability retirement; entitlement and effective
 438 date.—

439 1.a. A member who becomes totally and permanently
 440 disabled, as defined in paragraph (b), after completing 5 years
 441 of creditable service, or a member who becomes totally and
 442 permanently disabled in the line of duty regardless of service,

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443 is entitled to a monthly disability benefit; except that any
 444 member with less than 5 years of creditable service on July 1,
 445 1980, or any person who becomes a member of the Florida
 446 Retirement System on or after such date must have completed 10
 447 years of creditable service before becoming totally and
 448 permanently disabled in order to receive disability retirement
 449 benefits for any disability which occurs other than in the line
 450 of duty. However, if a member employed on July 1, 1980, who has
 451 less than 5 years of creditable service as of that date becomes
 452 totally and permanently disabled after completing 5 years of
 453 creditable service and is found not to have attained fully
 454 insured status for benefits under the federal Social Security
 455 Act, such member is entitled to a monthly disability benefit.

456 b. Effective July 1, 2001, a member of the pension plan
 457 initially enrolled before July 1, 2015, who becomes totally and
 458 permanently disabled, as defined in paragraph (b), after
 459 completing 8 years of creditable service, or a member who
 460 becomes totally and permanently disabled in the line of duty
 461 regardless of service, is entitled to a monthly disability
 462 benefit.

463 c. Effective July 1, 2015, a member of the pension plan
 464 initially enrolled on or after July 1, 2015, who becomes totally
 465 and permanently disabled, as defined in paragraph (b), after
 466 completing 10 years of creditable service, or a member who
 467 becomes totally and permanently disabled in the line of duty
 468 regardless of service, is entitled to a monthly disability

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469 benefit.

470 2. If the division has received from the employer the
 471 required documentation of the member's termination of
 472 employment, the effective retirement date for a member who
 473 applies and is approved for disability retirement shall be
 474 established by rule of the division.

475 3. For a member who is receiving Workers' Compensation
 476 payments, the effective disability retirement date may not
 477 precede the date the member reaches Maximum Medical Improvement
 478 (MMI), unless the member terminates employment before reaching
 479 MMI.

480 Section 6. Subsection (1), paragraph (i) of subsection
 481 (2), paragraph (b) of subsection (3), subsection (4), paragraph
 482 (c) of subsection (5), subsection (8), and paragraphs (a), (b),
 483 (c), and (h) of subsection (10) of section 121.4501, Florida
 484 Statutes, are amended to read:

485 121.4501 Florida Retirement System Investment Plan.—

486 (1) The Trustees of the State Board of Administration
 487 shall establish a defined contribution program called the
 488 "Florida Retirement System Investment Plan" or "investment plan"
 489 for members of the Florida Retirement System under which
 490 retirement benefits will be provided for eligible employees who
 491 elect to participate in the program and for employees initially
 492 enrolled on or after July 1, 2015, in positions covered by the
 493 Elected Officers' Class or the Senior Management Service Class
 494 and are compulsory members of the investment plan unless the

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495 member withdraws from the system under s. 121.052(3)(d) or s.
 496 121.055(1)(b)2., or participates in an optional retirement
 497 program under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35.
 498 Investment plan membership continues if there is subsequent
 499 employment in a position covered by another membership class.

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

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

507 (i) "Member" or "employee" means an eligible employee who
 508 enrolls in or is defaulted into the investment plan as provided
 509 in subsection (4), a terminated Deferred Retirement Option
 510 Program member as described in subsection (21), or a beneficiary
 511 or alternate payee of a member or employee.

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

513 (b) Notwithstanding paragraph (a), an eligible employee
 514 who elects to participate in or is defaulted into the investment
 515 plan and establishes one or more individual member accounts may
 516 elect to transfer to the investment plan a sum representing the
 517 present value of the employee's accumulated benefit obligation
 518 under the pension plan, except as provided in paragraph (4)(b).
 519 Upon transfer, all service credit earned under the pension plan
 520 is nullified for purposes of entitlement to a future benefit

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521 under the pension plan. A member may not transfer the
 522 accumulated benefit obligation balance from the pension plan
 523 after the time period for enrolling in the investment plan has
 524 expired.

525 1. For purposes of this subsection, the present value of
 526 the member's accumulated benefit obligation is based upon the
 527 member's estimated creditable service and estimated average
 528 final compensation under the pension plan, subject to
 529 recomputation under subparagraph 2. For state employees, initial
 530 estimates shall be based upon creditable service and average
 531 final compensation as of midnight on June 30, 2002; for district
 532 school board employees, initial estimates shall be based upon
 533 creditable service and average final compensation as of midnight
 534 on September 30, 2002; and for local government employees,
 535 initial estimates shall be based upon creditable service and
 536 average final compensation as of midnight on December 31, 2002.
 537 The dates specified are the "estimate date" for these employees.
 538 The actuarial present value of the employee's accumulated
 539 benefit obligation shall be based on the following:

540 a. The discount rate and other relevant actuarial
 541 assumptions used to value the Florida Retirement System Trust
 542 Fund at the time the amount to be transferred is determined,
 543 consistent with the factors provided in sub-subparagraphs b. and
 544 c.

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

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

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

552 (A) Age 62; or

553 (B) The age the member would attain if the member
554 completed 30 years of service with an employer, assuming the
555 member worked continuously from the estimate date, and
556 disregarding any vesting requirement that would otherwise apply
557 under the pension plan.

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

561 (A) Age 65; or

562 (B) The age the member would attain if the member
563 completed 33 years of service with an employer, assuming the
564 member worked continuously from the estimate date, and
565 disregarding any vesting requirement that would otherwise apply
566 under the pension plan.

567 d. For members of the Special Risk Class and for members
568 of the Special Risk Administrative Support Class entitled to
569 retain the special risk normal retirement date:

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

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573 (A) Age 55; or
 574 (B) The age the member would attain if the member
 575 completed 25 years of service with an employer, assuming the
 576 member worked continuously from the estimate date, and
 577 disregarding any vesting requirement that would otherwise apply
 578 under the pension plan.

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

583 (A) Age 60; or
 584 (B) The age the member would attain if the member
 585 completed 30 years of service with an employer, assuming the
 586 member worked continuously from the estimate date, and
 587 disregarding any vesting requirement that would otherwise apply
 588 under the pension plan.

589 e. The calculation must disregard vesting requirements and
 590 early retirement reduction factors that would otherwise apply
 591 under the pension plan.

592 2. For each member who elects to transfer moneys from the
 593 pension plan to his or her account in the investment plan, the
 594 division shall recompute the amount transferred under
 595 subparagraph 1. within 60 days after the actual transfer of
 596 funds based upon the member's actual creditable service and
 597 actual final average compensation as of the initial date of
 598 participation in the investment plan. If the recomputed amount

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599 | differs from the amount transferred by \$10 or more, the division
600 | shall:

601 | a. Transfer, or cause to be transferred, from the Florida
602 | Retirement System Trust Fund to the member's account the excess,
603 | if any, of the recomputed amount over the previously transferred
604 | amount together with interest from the initial date of transfer
605 | to the date of transfer under this subparagraph, based upon the
606 | effective annual interest equal to the assumed return on the
607 | actuarial investment which was used in the most recent actuarial
608 | valuation of the system, compounded annually.

609 | b. Transfer, or cause to be transferred, from the member's
610 | account to the Florida Retirement System Trust Fund the excess,
611 | if any, of the previously transferred amount over the recomputed
612 | amount, together with interest from the initial date of transfer
613 | to the date of transfer under this subparagraph, based upon 6
614 | percent effective annual interest, compounded annually, pro rata
615 | based on the member's allocation plan.

616 | 3. If contribution adjustments are made as a result of
617 | employer errors or corrections, including plan corrections,
618 | following recomputation of the amount transferred under
619 | subparagraph 1., the member is entitled to the additional
620 | contributions or is responsible for returning any excess
621 | contributions resulting from the correction. However, any return
622 | of such erroneous excess pretax contribution by the plan must be
623 | made within the period allowed by the Internal Revenue Service.
624 | The present value of the member's accumulated benefit obligation

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625 shall not be recalculated.

626 4. As directed by the member, the state board shall
 627 transfer or cause to be transferred the appropriate amounts to
 628 the designated accounts within 30 days after the effective date
 629 of the member's participation in the investment plan unless the
 630 major financial markets for securities available for a transfer
 631 are seriously disrupted by an unforeseen event that causes the
 632 suspension of trading on any national securities exchange in the
 633 country where the securities were issued. In that event, the 30-
 634 day period may be extended by a resolution of the state board.
 635 Transfers are not commissionable or subject to other fees and
 636 may be in the form of securities or cash, as determined by the
 637 state board. Such securities are valued as of the date of
 638 receipt in the member's account.

639 5. If the state board or the division receives
 640 notification from the United States Internal Revenue Service
 641 that this paragraph or any portion of this paragraph will cause
 642 the retirement system, or a portion thereof, to be disqualified
 643 for tax purposes under the Internal Revenue Code, the portion
 644 that will cause the disqualification does not apply. Upon such
 645 notice, the state board and the division shall notify the
 646 presiding officers of the Legislature.

647 (4) PARTICIPATION; ENROLLMENT.—

648 (a)1. Effective June 1, 2002, through February 28, 2003, a
 649 90-day election period was provided to each eligible employee
 650 participating in the Florida Retirement System, preceded by a

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651 90-day education period, permitting each eligible employee to
 652 elect membership in the investment plan, and an employee who
 653 failed to elect the investment plan during the election period
 654 remained in the pension plan. An eligible employee who was
 655 employed in a regularly established position during the election
 656 period was granted the option to make one subsequent election,
 657 as provided in paragraph (f). With respect to an eligible
 658 employee who did not participate in the initial election period
 659 or who are initially ~~employee who is~~ employed in a regularly
 660 established position after the close of the initial election
 661 period but before July 1, 2015, on June 1, 2002, by a state
 662 ~~employer:~~

663 ~~a. Any such employee may elect to participate in the~~
 664 ~~investment plan in lieu of retaining his or her membership in~~
 665 ~~the pension plan. The election must be made in writing or by~~
 666 ~~electronic means and must be filed with the third-party~~
 667 ~~administrator by August 31, 2002, or, in the case of an active~~
 668 ~~employee who is on a leave of absence on April 1, 2002, by the~~
 669 ~~last business day of the 5th month following the month the leave~~
 670 ~~of absence concludes. This election is irrevocable, except as~~
 671 ~~provided in paragraph (g). Upon making such election, the~~
 672 ~~employee shall be enrolled as a member of the investment plan,~~
 673 ~~the employee's membership in the Florida Retirement System is~~
 674 ~~governed by the provisions of this part, and the employee's~~
 675 ~~membership in the pension plan terminates. The employee's~~
 676 ~~enrollment in the investment plan is effective the first day of~~

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

679 ~~b. Any such employee who fails to elect to participate in~~
 680 ~~the investment plan within the prescribed time period is deemed~~
 681 ~~to have elected to retain membership in the pension plan, and~~
 682 ~~the employee's option to elect to participate in the investment~~
 683 ~~plan is forfeited.~~

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

688 ~~a. Any such employee shall, by default, be enrolled in the~~
 689 ~~pension plan at the commencement of employment, and may, by the~~
 690 ~~last business day of the 5th month following the employee's~~
 691 ~~month of hire, elect to participate in the investment plan. The~~
 692 ~~employee's election must be made in writing or by electronic~~
 693 ~~means and must be filed with the third-party administrator. The~~
 694 ~~election to participate in the investment plan is irrevocable,~~
 695 ~~except as provided in paragraph (f) ~~(g)~~.~~

696 ~~a.b.~~ If the employee files such election within the
 697 prescribed time period, enrollment in the investment plan is
 698 effective on the first day of employment. The retirement
 699 contributions paid through the month of the employee plan change
 700 shall be transferred to the investment program, and, effective
 701 the first day of the next month, the employer and employee must
 702 pay the applicable contributions based on the employee

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703 membership class in the program.

704 ~~b.e.~~ An employee who fails to elect to participate in the
 705 investment plan within the prescribed time period is deemed to
 706 have elected to retain membership in the pension plan, and the
 707 employee's option to elect to participate in the investment plan
 708 is forfeited.

709 ~~2.3.~~ With respect to employees who become eligible to
 710 participate in the investment plan pursuant to s.
 711 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
 712 participate in the investment plan in lieu of retaining his or
 713 her membership in the State Community College System Optional
 714 Retirement Program or the State University System Optional
 715 Retirement Program. The election must be made in writing or by
 716 electronic means and must be filed with the third-party
 717 administrator. This election is irrevocable, except as provided
 718 in paragraph (f) ~~(g)~~. Upon making such election, the employee
 719 shall be enrolled as a member in the investment plan, the
 720 employee's membership in the Florida Retirement System is
 721 governed by the provisions of this part, and the employee's
 722 participation in the State Community College System Optional
 723 Retirement Program or the State University System Optional
 724 Retirement Program terminates. The employee's enrollment in the
 725 investment plan is effective on the first day of the month for
 726 which a full month's employer and employee contribution is made
 727 to the investment plan.

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

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729 participate in the investment plan, except as provided in
 730 paragraph (g), by reason of employment in a regularly
 731 established position commencing on or after July 1, 2015, any
 732 such employee shall be enrolled in the pension plan at the
 733 commencement of employment and may, by the last business day of
 734 the 8th month following the employee's month of hire, elect to
 735 participate in the pension plan or the investment plan. Eligible
 736 employees may make a plan election only if they are earning
 737 service credit in an employer-employee relationship consistent
 738 with s. 121.021(17)(b), excluding leaves of absence without pay.

739 2. The employee's election must be made in writing or by
 740 electronic means and must be filed with the third-party
 741 administrator. The election to participate in the pension plan
 742 or investment plan is irrevocable, except as provided in
 743 paragraph (f).

744 3. If the employee fails to make an election of the
 745 pension plan or investment plan within 8 months following the
 746 month of hire, the employee is deemed to have elected the
 747 investment plan and will be defaulted into the investment plan
 748 retroactively to the employee's date of employment. The
 749 employee's option to participate in the pension plan is
 750 forfeited, except as provided in paragraph (f).

751 4. The amount of the employee and employer contributions
 752 paid before the default to the investment plan shall be
 753 transferred to the investment plan and shall be placed in a
 754 default fund as designated by the State Board of Administration.

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755 The employee may move the contributions once an account is
 756 activated in the investment plan.

757 5. Effective the first day of the month after an eligible
 758 employee makes a plan election of the pension plan or investment
 759 plan, or after the month of default to the investment plan, the
 760 employee and employer shall pay the applicable contributions
 761 based on the employee membership class in the program.

762 ~~4. For purposes of this paragraph, "state employer" means~~
 763 ~~any agency, board, branch, commission, community college,~~
 764 ~~department, institution, institution of higher education, or~~
 765 ~~water management district of the state, which participates in~~
 766 ~~the Florida Retirement System for the benefit of certain~~
 767 ~~employees.~~

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

771 ~~a. Any such employee may elect to participate in the~~
 772 ~~investment plan in lieu of retaining his or her membership in~~
 773 ~~the pension plan. The election must be made in writing or by~~
 774 ~~electronic means and must be filed with the third party~~
 775 ~~administrator by November 30, or, in the case of an active~~
 776 ~~employee who is on a leave of absence on July 1, 2002, by the~~
 777 ~~last business day of the 5th month following the month the leave~~
 778 ~~of absence concludes. This election is irrevocable, except as~~
 779 ~~provided in paragraph (g). Upon making such election, the~~
 780 ~~employee shall be enrolled as a member of the investment plan,~~

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781 ~~the employee's membership in the Florida Retirement System is~~
 782 ~~governed by the provisions of this part, and the employee's~~
 783 ~~membership in the pension plan terminates. The employee's~~
 784 ~~enrollment in the investment plan is effective the first day of~~
 785 ~~the month for which a full month's employer contribution is made~~
 786 ~~to the investment program.~~

787 ~~b. Any such employee who fails to elect to participate in~~
 788 ~~the investment plan within the prescribed time period is deemed~~
 789 ~~to have elected to retain membership in the pension plan, and~~
 790 ~~the employee's option to elect to participate in the investment~~
 791 ~~plan is forfeited.~~

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

796 ~~a. Any such employee shall, by default, be enrolled in the~~
 797 ~~pension plan at the commencement of employment, and may, by the~~
 798 ~~last business day of the 5th month following the employee's~~
 799 ~~month of hire, elect to participate in the investment plan. The~~
 800 ~~employee's election must be made in writing or by electronic~~
 801 ~~means and must be filed with the third-party administrator. The~~
 802 ~~election to participate in the investment plan is irrevocable,~~
 803 ~~except as provided in paragraph (g).~~

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

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807 ~~retirement contributions paid through the month of the employee~~
 808 ~~plan change shall be transferred to the investment plan, and,~~
 809 ~~effective the first day of the next month, the employer shall~~
 810 ~~pay the applicable contributions based on the employee~~
 811 ~~membership class in the investment plan.~~

812 ~~e. Any such employee who fails to elect to participate in~~
 813 ~~the investment plan within the prescribed time period is deemed~~
 814 ~~to have elected to retain membership in the pension plan, and~~
 815 ~~the employee's option to elect to participate in the investment~~
 816 ~~plan is forfeited.~~

817 ~~3. For purposes of this paragraph, "district school board~~
 818 ~~employer" means any district school board that participates in~~
 819 ~~the Florida Retirement System for the benefit of certain~~
 820 ~~employees, or a charter school or charter technical career~~
 821 ~~center that participates in the Florida Retirement System as~~
 822 ~~provided in s. 121.051(2) (d).~~

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

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

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833 ~~of absence concludes. This election is irrevocable, except as~~
 834 ~~provided in paragraph (g). Upon making such election, the~~
 835 ~~employee shall be enrolled as a participant of the investment~~
 836 ~~plan, the employee's membership in the Florida Retirement System~~
 837 ~~is governed by the provisions of this part, and the employee's~~
 838 ~~membership in the pension plan terminates. The employee's~~
 839 ~~enrollment in the investment plan is effective the first day of~~
 840 ~~the month for which a full month's employer contribution is made~~
 841 ~~to the investment plan.~~

842 ~~b. Any such employee who fails to elect to participate in~~
 843 ~~the investment plan within the prescribed time period is deemed~~
 844 ~~to have elected to retain membership in the pension plan, and~~
 845 ~~the employee's option to elect to participate in the investment~~
 846 ~~plan is forfeited.~~

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

851 ~~a. Any such employee shall, by default, be enrolled in the~~
 852 ~~pension plan at the commencement of employment, and may, by the~~
 853 ~~last business day of the 5th month following the employee's~~
 854 ~~month of hire, elect to participate in the investment plan. The~~
 855 ~~employee's election must be made in writing or by electronic~~
 856 ~~means and must be filed with the third party administrator. The~~
 857 ~~election to participate in the investment plan is irrevocable,~~
 858 ~~except as provided in paragraph (g).~~

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859 ~~b. If the employee files such election within the~~
 860 ~~prescribed time period, enrollment in the investment plan is~~
 861 ~~effective on the first day of employment. The employer~~
 862 ~~retirement contributions paid through the month of the employee~~
 863 ~~plan change shall be transferred to the investment plan, and,~~
 864 ~~effective the first day of the next month, the employer shall~~
 865 ~~pay the applicable contributions based on the employee~~
 866 ~~membership class in the investment plan.~~

867 ~~e. Any such employee who fails to elect to participate in~~
 868 ~~the investment plan within the prescribed time period is deemed~~
 869 ~~to have elected to retain membership in the pension plan, and~~
 870 ~~the employee's option to elect to participate in the investment~~
 871 ~~plan is forfeited.~~

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

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

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

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

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885 distribution of any contributions from his or her investment
 886 plan account is considered a retiree. A retiree who is initially
 887 reemployed in a regularly established position on or after July
 888 1, 2010, is not eligible to be enrolled in renewed membership.

889 (f)~~(g)~~ After the period during which an eligible employee
 890 had the choice to elect the pension plan or the investment plan,
 891 or the month following the receipt of the eligible employee's
 892 plan election, if sooner, the employee shall have one
 893 opportunity, at the employee's discretion, to choose to move
 894 from the pension plan to the investment plan or from the
 895 investment plan to the pension plan. Eligible employees may
 896 elect to move between plans only if they are earning service
 897 credit in an employer-employee relationship consistent with s.
 898 121.021(17)(b), excluding leaves of absence without pay.
 899 Effective July 1, 2005, such elections are effective on the
 900 first day of the month following the receipt of the election by
 901 the third-party administrator and are not subject to the
 902 requirements regarding an employer-employee relationship or
 903 receipt of contributions for the eligible employee in the
 904 effective month, except when the election is received by the
 905 third-party administrator. This paragraph is contingent upon
 906 approval by the Internal Revenue Service. This paragraph is not
 907 applicable to compulsory investment plan members under paragraph
 908 (g).

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

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911 2. If the employee chooses to move to the pension plan,
 912 the employee must transfer from his or her investment plan
 913 account, and from other employee moneys as necessary, a sum
 914 representing the present value of that employee's accumulated
 915 benefit obligation immediately following the time of such
 916 movement, determined assuming that attained service equals the
 917 sum of service in the pension plan and service in the investment
 918 plan. Benefit commencement occurs on the first date the employee
 919 is eligible for unreduced benefits, using the discount rate and
 920 other relevant actuarial assumptions that were used to value the
 921 pension plan liabilities in the most recent actuarial valuation.
 922 For any employee who, at the time of the second election,
 923 already maintains an accrued benefit amount in the pension plan,
 924 the then-present value of the accrued benefit is deemed part of
 925 the required transfer amount. The division must ensure that the
 926 transfer sum is prepared using a formula and methodology
 927 certified by an enrolled actuary. A refund of any employee
 928 contributions or additional member payments made which exceed
 929 the employee contributions that would have accrued had the
 930 member remained in the pension plan and not transferred to the
 931 investment plan is not permitted.

932 3. Notwithstanding subparagraph 2., an employee who
 933 chooses to move to the pension plan and who became eligible to
 934 participate in the investment plan by reason of employment in a
 935 regularly established position with a state employer after June
 936 1, 2002; a district school board employer after September 1,

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937 2002; or a local employer after December 1, 2002, must transfer
 938 from his or her investment plan account, and from other employee
 939 moneys as necessary, a sum representing the employee's actuarial
 940 accrued liability. A refund of any employee contributions or
 941 additional member ~~participant~~ payments made which exceed the
 942 employee contributions that would have accrued had the member
 943 remained in the pension plan and not transferred to the
 944 investment plan is not permitted.

945 4. An employee's ability to transfer from the pension plan
 946 to the investment plan pursuant to paragraphs (a) and (b)
 947 ~~paragraphs (a) (d)~~, and the ability of a current employee to
 948 have an option to later transfer back into the pension plan
 949 under subparagraph 2., shall be deemed a significant system
 950 amendment. Pursuant to s. 121.031(4), any resulting unfunded
 951 liability arising from actual original transfers from the
 952 pension plan to the investment plan must be amortized within 30
 953 plan years as a separate unfunded actuarial base independent of
 954 the reserve stabilization mechanism defined in s. 121.031(3)(f).
 955 For the first 25 years, a direct amortization payment may not be
 956 calculated for this base. During this 25-year period, the
 957 separate base shall be used to offset the impact of employees
 958 exercising their second program election under this paragraph.
 959 The actuarial funded status of the pension plan will not be
 960 affected by such second program elections in any significant
 961 manner, after due recognition of the separate unfunded actuarial
 962 base. Following the initial 25-year period, any remaining

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963 balance of the original separate base shall be amortized over
 964 the remaining 5 years of the required 30-year amortization
 965 period.

966 5. If the employee chooses to transfer from the investment
 967 plan to the pension plan and retains an excess account balance
 968 in the investment plan after satisfying the buy-in requirements
 969 under this paragraph, the excess may not be distributed until
 970 the member retires from the pension plan. The excess account
 971 balance may be rolled over to the pension plan and used to
 972 purchase service credit or upgrade creditable service in the
 973 pension plan.

974 (g)1. All employees initially enrolled on or after July 1,
 975 2015, in positions covered by the Elected Officers' Class or the
 976 Senior Management Service Class are compulsory members of the
 977 investment plan, except those who withdraw from the system under
 978 s. 121.052(3)(d) or s. 121.055(1)(b)2., or those who participate
 979 in an optional retirement program under s. 121.051(1)(a), s.
 980 121.051(2)(c), or s. 121.35. Employees eligible to withdraw from
 981 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2. may
 982 choose to withdraw from the system or to participate in the
 983 investment plan as provided in those sections. Employees
 984 eligible for optional retirement programs under s. 121.051(2)(c)
 985 or s. 121.35, except as provided in s. 121.051(1)(a), may choose
 986 to participate in the optional retirement program or the
 987 investment plan as provided in those sections. Investment plan
 988 membership continues if there is subsequent employment in a

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989 position covered by another membership class. Membership in the
 990 pension plan is not permitted except as provided in s.
 991 121.591(2). Employees initially enrolled in the Florida
 992 Retirement System prior to July 1, 2015, may retain their
 993 membership in the pension plan or investment plan and are
 994 eligible to use the election opportunity specified in s.
 995 121.4501(4)(f).

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

1000 3. The amount of retirement contributions paid by the
 1001 employee and employer, as required under s. 121.72, shall be
 1002 placed in a default fund as designated by the state board, until
 1003 an account is activated in the investment plan, at which time
 1004 the member may move the contributions from the default fund to
 1005 other funds provided in the investment plan.

1006 (5) CONTRIBUTIONS.—

1007 (c) The state board, acting as plan fiduciary, must ensure
 1008 that all plan assets are held in a trust, pursuant to s. 401 of
 1009 the Internal Revenue Code. The fiduciary must ensure that such
 1010 contributions are allocated as follows:

1011 1. The employer and employee contribution portion
 1012 earmarked for member accounts shall be used to purchase
 1013 interests in the appropriate investment vehicles as specified by
 1014 the member, or in accordance with paragraph (4)(c) ~~(4)(d)~~.

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1015 2. The employer contribution portion earmarked for
 1016 administrative and educational expenses shall be transferred to
 1017 the Florida Retirement System Investment Plan Trust Fund.

1018 3. The employer contribution portion earmarked for
 1019 disability benefits shall be transferred to the Florida
 1020 Retirement System Trust Fund.

1021 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
 1022 shall be administered by the state board and affected employers.
 1023 The state board may require oaths, by affidavit or otherwise,
 1024 and acknowledgments from persons in connection with the
 1025 administration of its statutory duties and responsibilities for
 1026 the investment plan. An oath, by affidavit or otherwise, may not
 1027 be required of a member at the time of enrollment.

1028 Acknowledgment of an employee's election to participate in the
 1029 program shall be no greater than necessary to confirm the
 1030 employee's election except for members initially enrolled on or
 1031 after July 1, 2015, as provided in paragraph (4) (g). The state
 1032 board shall adopt rules to carry out its statutory duties with
 1033 respect to administering the investment plan, including
 1034 establishing the roles and responsibilities of affected state,
 1035 local government, and education-related employers, the state
 1036 board, the department, and third-party contractors. The
 1037 department shall adopt rules necessary to administer the
 1038 investment plan in coordination with the pension plan and the
 1039 disability benefits available under the investment plan.

1040 (a)1. The state board shall select and contract with a

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1041 third-party administrator to provide administrative services if
 1042 those services cannot be competitively and contractually
 1043 provided by the division. With the approval of the state board,
 1044 the third-party administrator may subcontract to provide
 1045 components of the administrative services. As a cost of
 1046 administration, the state board may compensate any such
 1047 contractor for its services, in accordance with the terms of the
 1048 contract, as is deemed necessary or proper by the board. The
 1049 third-party administrator may not be an approved provider or be
 1050 affiliated with an approved provider.

1051 2. These administrative services may include, but are not
 1052 limited to, enrollment of eligible employees, collection of
 1053 employer and employee contributions, disbursement of
 1054 contributions to approved providers in accordance with the
 1055 allocation directions of members; services relating to
 1056 consolidated billing; individual and collective recordkeeping
 1057 and accounting; asset purchase, control, and safekeeping; and
 1058 direct disbursement of funds to and from the third-party
 1059 administrator, the division, the state board, employers,
 1060 members, approved providers, and beneficiaries. This section
 1061 does not prevent or prohibit a bundled provider from providing
 1062 any administrative or customer service, including accounting and
 1063 administration of individual member benefits and contributions;
 1064 individual member recordkeeping; asset purchase, control, and
 1065 safekeeping; direct execution of the member's instructions as to
 1066 asset and contribution allocation; calculation of daily net

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1067 asset values; direct access to member account information; or
 1068 periodic reporting to members, at least quarterly, on account
 1069 balances and transactions, if these services are authorized by
 1070 the state board as part of the contract.

1071 (b)1. The state board shall select and contract with one
 1072 or more organizations to provide educational services. With
 1073 approval of the state board, the organizations may subcontract
 1074 to provide components of the educational services. As a cost of
 1075 administration, the state board may compensate any such
 1076 contractor for its services in accordance with the terms of the
 1077 contract, as is deemed necessary or proper by the board. The
 1078 education organization may not be an approved provider or be
 1079 affiliated with an approved provider.

1080 2. Educational services shall be designed by the state
 1081 board and department to assist employers, eligible employees,
 1082 members, and beneficiaries in order to maintain compliance with
 1083 United States Department of Labor regulations under s. 404(c) of
 1084 the Employee Retirement Income Security Act of 1974 and to
 1085 assist employees in their choice of pension plan or investment
 1086 plan retirement alternatives. Educational services include, but
 1087 are not limited to, disseminating educational materials;
 1088 providing retirement planning education; explaining the pension
 1089 plan and the investment plan; and offering financial planning
 1090 guidance on matters such as investment diversification,
 1091 investment risks, investment costs, and asset allocation. An
 1092 approved provider may also provide educational information,

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1093 including retirement planning and investment allocation
 1094 information concerning its products and services.
 1095 (c)1. In evaluating and selecting a third-party
 1096 administrator, the state board shall establish criteria for
 1097 evaluating the relative capabilities and qualifications of each
 1098 proposed administrator. In developing such criteria, the state
 1099 board shall consider:
 1100 a. The administrator's demonstrated experience in
 1101 providing administrative services to public or private sector
 1102 retirement systems.
 1103 b. The administrator's demonstrated experience in
 1104 providing daily valued recordkeeping to defined contribution
 1105 programs.
 1106 c. The administrator's ability and willingness to
 1107 coordinate its activities with employers, the state board, and
 1108 the division, and to supply to such employers, the board, and
 1109 the division the information and data they require, including,
 1110 but not limited to, monthly management reports, quarterly member
 1111 reports, and ad hoc reports requested by the department or state
 1112 board.
 1113 d. The cost-effectiveness and levels of the administrative
 1114 services provided.
 1115 e. The administrator's ability to interact with the
 1116 members, the employers, the state board, the division, and the
 1117 providers; the means by which members may access account
 1118 information, direct investment of contributions, make changes to

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1119 their accounts, transfer moneys between available investment
 1120 vehicles, and transfer moneys between investment products; and
 1121 any fees that apply to such activities.

1122 f. Any other factor deemed necessary by the state board.

1123 2. In evaluating and selecting an educational provider,
 1124 the state board shall establish criteria under which it shall
 1125 consider the relative capabilities and qualifications of each
 1126 proposed educational provider. In developing such criteria, the
 1127 state board shall consider:

1128 a. Demonstrated experience in providing educational
 1129 services to public or private sector retirement systems.

1130 b. Ability and willingness to coordinate its activities
 1131 with the employers, the state board, and the division, and to
 1132 supply to such employers, the board, and the division the
 1133 information and data they require, including, but not limited
 1134 to, reports on educational contacts.

1135 c. The cost-effectiveness and levels of the educational
 1136 services provided.

1137 d. Ability to provide educational services via different
 1138 media, including, but not limited to, the Internet, personal
 1139 contact, seminars, brochures, and newsletters.

1140 e. Any other factor deemed necessary by the state board.

1141 3. The establishment of the criteria shall be solely
 1142 within the discretion of the state board.

1143 (d) The state board shall develop the form and content of
 1144 any contracts to be offered under the investment plan. In

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1145 developing the contracts, the board shall consider:

1146 1. The nature and extent of the rights and benefits to be
 1147 afforded in relation to the contributions required under the
 1148 plan.

1149 2. The suitability of the rights and benefits provided and
 1150 the interests of employers in the recruitment and retention of
 1151 eligible employees.

1152 (e)1. The state board may contract for professional
 1153 services, including legal, consulting, accounting, and actuarial
 1154 services, deemed necessary to implement and administer the
 1155 investment plan. The state board may enter into a contract with
 1156 one or more vendors to provide low-cost investment advice to
 1157 members, supplemental to education provided by the third-party
 1158 administrator. All fees under any such contract shall be paid by
 1159 those members who choose to use the services of the vendor.

1160 2. The department may contract for professional services,
 1161 including legal, consulting, accounting, and actuarial services,
 1162 deemed necessary to implement and administer the investment plan
 1163 in coordination with the pension plan. The department, in
 1164 coordination with the state board, may enter into a contract
 1165 with the third-party administrator in order to coordinate
 1166 services common to the various programs within the Florida
 1167 Retirement System.

1168 (f) The third-party administrator may not receive direct
 1169 or indirect compensation from an approved provider, except as
 1170 specifically provided for in the contract with the state board.

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1171 (g) The state board shall receive and resolve member
 1172 complaints against the program, the third-party administrator,
 1173 or any program vendor or provider; shall resolve any conflict
 1174 between the third-party administrator and an approved provider
 1175 if such conflict threatens the implementation or administration
 1176 of the program or the quality of services to employees; and may
 1177 resolve any other conflicts. The third-party administrator shall
 1178 retain all member records for at least 5 years for use in
 1179 resolving any member conflicts. The state board, the third-party
 1180 administrator, or a provider is not required to produce
 1181 documentation or an audio recording to justify action taken with
 1182 regard to a member if the action occurred 5 or more years before
 1183 the complaint is submitted to the state board. It is presumed
 1184 that all action taken 5 or more years before the complaint is
 1185 submitted was taken at the request of the member and with the
 1186 member's full knowledge and consent. To overcome this
 1187 presumption, the member must present documentary evidence or an
 1188 audio recording demonstrating otherwise.

1189 (10) EDUCATION COMPONENT.—

1190 (a) The state board, in coordination with the department,
 1191 shall provide for an education component for eligible employees
 1192 ~~system members~~ in a manner consistent with the provisions of
 1193 this subsection ~~section~~. ~~The education component must be~~
 1194 ~~available to eligible employees at least 90 days prior to the~~
 1195 ~~beginning date of the election period for the employees of the~~
 1196 ~~respective types of employers.~~

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1197 (b) The education component must provide system members
 1198 with impartial and balanced information about plan choices
 1199 except for members initially enrolled on or after July 1, 2015,
 1200 as provided in paragraph (4) (g). The education component must
 1201 involve multimedia formats. Program comparisons must, to the
 1202 greatest extent possible, be based upon the retirement income
 1203 that different retirement programs may provide to the member.
 1204 The state board shall monitor the performance of the contract to
 1205 ensure that the program is conducted in accordance with the
 1206 contract, applicable law, and the rules of the state board.

1207 (c) The state board, in coordination with the department,
 1208 shall provide for an initial and ongoing transfer education
 1209 component to provide system members except for those members
 1210 initially enrolled on or after July 1, 2015, as provided in
 1211 paragraph (4) (g), with information necessary to make informed
 1212 plan choice decisions. The transfer education component must
 1213 include, but is not limited to, information on:

1214 1. The amount of money available to a member to transfer
 1215 to the defined contribution program.

1216 2. The features of and differences between the pension
 1217 plan and the defined contribution program, both generally and
 1218 specifically, as those differences may affect the member.

1219 3. The expected benefit available if the member were to
 1220 retire under each of the retirement programs, based on
 1221 appropriate alternative sets of assumptions.

1222 4. The rate of return from investments in the defined

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1223 contribution program and the period of time over which such rate
 1224 of return must be achieved to equal or exceed the expected
 1225 monthly benefit payable to the member under the pension plan.

1226 5. The historical rates of return for the investment
 1227 alternatives available in the defined contribution programs.

1228 6. The benefits and historical rates of return on
 1229 investments available in a typical deferred compensation plan or
 1230 a typical plan under s. 403(b) of the Internal Revenue Code for
 1231 which the employee may be eligible.

1232 7. The program choices available to employees of the State
 1233 University System and the comparative benefits of each available
 1234 program, if applicable.

1235 8. Payout options available in each of the retirement
 1236 programs.

1237 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
 1238 ~~System employers have an obligation to regularly communicate the~~
 1239 ~~existence of the two Florida Retirement System plans and the~~
 1240 ~~plan choice in the natural course of administering their~~
 1241 ~~personnel functions, using the educational materials supplied by~~
 1242 ~~the state board and the Department of Management Services.~~

1243 Section 7. Paragraph (b) of subsection (2) of section
 1244 121.591, Florida Statutes, is amended to read:

1245 121.591 Payment of benefits.—Benefits may not be paid
 1246 under the Florida Retirement System Investment Plan unless the
 1247 member has terminated employment as provided in s.

1248 121.021(39) (a) or is deceased and a proper application has been

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1249 filed as prescribed by the state board or the department.
 1250 Benefits, including employee contributions, are not payable
 1251 under the investment plan for employee hardships, unforeseeable
 1252 emergencies, loans, medical expenses, educational expenses,
 1253 purchase of a principal residence, payments necessary to prevent
 1254 eviction or foreclosure on an employee's principal residence, or
 1255 any other reason except a requested distribution for retirement,
 1256 a mandatory de minimis distribution authorized by the
 1257 administrator, or a required minimum distribution provided
 1258 pursuant to the Internal Revenue Code. The state board or
 1259 department, as appropriate, may cancel an application for
 1260 retirement benefits if the member or beneficiary fails to timely
 1261 provide the information and documents required by this chapter
 1262 and the rules of the state board and department. In accordance
 1263 with their respective responsibilities, the state board and the
 1264 department shall adopt rules establishing procedures for
 1265 application for retirement benefits and for the cancellation of
 1266 such application if the required information or documents are
 1267 not received. The state board and the department, as
 1268 appropriate, are authorized to cash out a de minimis account of
 1269 a member who has been terminated from Florida Retirement System
 1270 covered employment for a minimum of 6 calendar months. A de
 1271 minimis account is an account containing employer and employee
 1272 contributions and accumulated earnings of not more than \$5,000
 1273 made under the provisions of this chapter. Such cash-out must be
 1274 a complete lump-sum liquidation of the account balance, subject

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1275 to the provisions of the Internal Revenue Code, or a lump-sum
 1276 direct rollover distribution paid directly to the custodian of
 1277 an eligible retirement plan, as defined by the Internal Revenue
 1278 Code, on behalf of the member. Any nonvested accumulations and
 1279 associated service credit, including amounts transferred to the
 1280 suspense account of the Florida Retirement System Investment
 1281 Plan Trust Fund authorized under s. 121.4501(6), shall be
 1282 forfeited upon payment of any vested benefit to a member or
 1283 beneficiary, except for de minimis distributions or minimum
 1284 required distributions as provided under this section. If any
 1285 financial instrument issued for the payment of retirement
 1286 benefits under this section is not presented for payment within
 1287 180 days after the last day of the month in which it was
 1288 originally issued, the third-party administrator or other duly
 1289 authorized agent of the state board shall cancel the instrument
 1290 and credit the amount of the instrument to the suspense account
 1291 of the Florida Retirement System Investment Plan Trust Fund
 1292 authorized under s. 121.4501(6). Any amounts transferred to the
 1293 suspense account are payable upon a proper application, not to
 1294 include earnings thereon, as provided in this section, within 10
 1295 years after the last day of the month in which the instrument
 1296 was originally issued, after which time such amounts and any
 1297 earnings attributable to employer contributions shall be
 1298 forfeited. Any forfeited amounts are assets of the trust fund
 1299 and are not subject to chapter 717.

1300 (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided

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1301 under this subsection are payable in lieu of the benefits that
 1302 would otherwise be payable under the provisions of subsection
 1303 (1). Such benefits must be funded from employer contributions
 1304 made under s. 121.571, transferred employee contributions and
 1305 funds accumulated pursuant to paragraph (a), and interest and
 1306 earnings thereon.

1307 (b) Disability retirement; entitlement.—

1308 1.a. A member of the investment plan initially enrolled
 1309 before July 1, 2015, who becomes totally and permanently
 1310 disabled, as defined in paragraph (d), after completing 8 years
 1311 of creditable service, or a member who becomes totally and
 1312 permanently disabled in the line of duty regardless of length of
 1313 service, is entitled to a monthly disability benefit.

1314 b. A member of the investment plan initially enrolled on
 1315 or after July 1, 2015, who becomes totally and permanently
 1316 disabled, as defined in paragraph (d), after completing 10 years
 1317 of creditable service, or a member who becomes totally and
 1318 permanently disabled in the line of duty regardless of service,
 1319 is entitled to a monthly disability benefit.

1320 2. In order for service to apply toward the ~~8~~ years of
 1321 creditable service required for regular disability benefits, or
 1322 toward the creditable service used in calculating a service-
 1323 based benefit as provided under paragraph (g), the service must
 1324 be creditable service as described below:

1325 a. The member's period of service under the investment
 1326 plan shall be considered creditable service, except as provided

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1327 in subparagraph d.

1328 b. If the member has elected to retain credit for service
 1329 under the pension plan as provided under s. 121.4501(3), all
 1330 such service shall be considered creditable service.

1331 c. If the member elects to transfer to his or her member
 1332 accounts a sum representing the present value of his or her
 1333 retirement credit under the pension plan as provided under s.
 1334 121.4501(3), the period of service under the pension plan
 1335 represented in the present value amounts transferred shall be
 1336 considered creditable service, except as provided in
 1337 subparagraph d.

1338 d. If a member has terminated employment and has taken
 1339 distribution of his or her funds as provided in subsection (1),
 1340 all creditable service represented by such distributed funds is
 1341 forfeited for purposes of this subsection.

1342 Section 8. Paragraph (a) of subsection (4) of section
 1343 121.35, Florida Statutes, is amended to read:

1344 121.35 Optional retirement program for the State
 1345 University System.—

1346 (4) CONTRIBUTIONS.—

1347 (a)1. Through June 30, 2001, each employer shall
 1348 contribute on behalf of each member of the optional retirement
 1349 program an amount equal to the normal cost portion of the
 1350 employer retirement contribution which would be required if the
 1351 employee were a regular member of the Florida Retirement System
 1352 Pension Plan, plus the portion of the contribution rate required

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1353 in s. 112.363(8) that would otherwise be assigned to the Retiree
 1354 Health Insurance Subsidy Trust Fund.

1355 2. Effective July 1, 2001, through June 30, 2011, each
 1356 employer shall contribute on behalf of each member of the
 1357 optional retirement program an amount equal to 10.43 percent of
 1358 the employee's gross monthly compensation.

1359 3. Effective July 1, 2011, through June 30, 2012, each
 1360 member of the optional retirement program shall contribute an
 1361 amount equal to the employee contribution required in s.
 1362 121.71(3) (a). The employer shall contribute on behalf of each
 1363 such member an amount equal to the difference between 10.43
 1364 percent of the employee's gross monthly compensation and the
 1365 amount equal to the employee's required contribution based on
 1366 the employee's gross monthly compensation.

1367 4. Effective July 1, 2012, each member of the optional
 1368 retirement program shall contribute an amount equal to the
 1369 employee contribution required in s. 121.71(3) (a). The employer
 1370 shall contribute on behalf of each such member an amount equal
 1371 to the difference between 8.15 percent of the employee's gross
 1372 monthly compensation and the amount equal to the employee's
 1373 required contribution based on the employee's gross monthly
 1374 compensation.

1375 5. The payment of the contributions, including
 1376 contributions by the employee, shall be made by the employer to
 1377 the department, which shall forward the contributions to the
 1378 designated company or companies contracting for payment of

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1379 benefits for members of the program. However, such contributions
 1380 paid on behalf of an employee described in paragraph (3)(c) may
 1381 not be forwarded to a company and do not begin to accrue
 1382 interest until the employee has executed a contract and notified
 1383 the department. The department shall deduct an amount from the
 1384 contributions to provide for the administration of this program.

1385 Section 9. Section 238.072, Florida Statutes, is amended
 1386 to read:

1387 238.072 Special service provisions for extension
 1388 personnel.—All state and county cooperative extension personnel
 1389 holding appointments by the United States Department of
 1390 Agriculture for extension work in agriculture and home economics
 1391 in this state who are joint representatives of the University of
 1392 Florida and the United States Department of Agriculture, as
 1393 provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
 1394 Teachers' Retirement System, chapter 238, and who are prohibited
 1395 from transferring to and participating in the Florida Retirement
 1396 System, chapter 121, may retire with full benefits upon
 1397 completion of 30 years of creditable service and shall be
 1398 considered to have attained normal retirement age under this
 1399 chapter, any law to the contrary notwithstanding. In order to
 1400 comply with the provisions of s. 14, Art. X of the State
 1401 Constitution, any liability accruing to the Florida Retirement
 1402 System Trust Fund as a result of the provisions of this section
 1403 shall be paid on an annual basis from the General Revenue Fund.

1404 Section 10. Subsection (11) of section 413.051, Florida

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1405 Statutes, is amended to read:
 1406 413.051 Eligible blind persons; operation of vending
 1407 stands.—
 1408 (11) Effective July 1, 1996, blind licensees who remain
 1409 members of the Florida Retirement System pursuant to s.
 1410 121.051(7)(b)1. ~~121.051(6)(b)1.~~ shall pay any unappropriated
 1411 retirement costs from their net profits or from program income.
 1412 Within 30 days after the effective date of this act, each blind
 1413 licensee who is eligible to maintain membership in the Florida
 1414 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but
 1415 who elects to withdraw from the system as provided in s.
 1416 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,
 1417 1996, notify the Division of Blind Services and the Department
 1418 of Management Services in writing of his or her election to
 1419 withdraw. Failure to timely notify the divisions shall be deemed
 1420 a decision to remain a compulsory member of the Florida
 1421 Retirement System. However, if, at any time after July 1, 1996,
 1422 sufficient funds are not paid by a blind licensee to cover the
 1423 required contribution to the Florida Retirement System, that
 1424 blind licensee shall become ineligible to participate in the
 1425 Florida Retirement System on the last day of the first month for
 1426 which no contribution is made or the amount contributed is
 1427 insufficient to cover the required contribution. For any blind
 1428 licensee who becomes ineligible to participate in the Florida
 1429 Retirement System as described in this subsection, no creditable
 1430 service shall be earned under the Florida Retirement System for

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1431 any period following the month that retirement contributions
 1432 ceased to be reported. However, any such person may participate
 1433 in the Florida Retirement System in the future if employed by a
 1434 participating employer in a covered position.

1435 Section 11. Paragraph (a) of subsection (4) of section
 1436 1012.875, Florida Statutes, is amended to read:

1437 1012.875 State Community College System Optional
 1438 Retirement Program.—Each Florida College System institution may
 1439 implement an optional retirement program, if such program is
 1440 established therefor pursuant to s. 1001.64(20), under which
 1441 annuity or other contracts providing retirement and death
 1442 benefits may be purchased by, and on behalf of, eligible
 1443 employees who participate in the program, in accordance with s.
 1444 403(b) of the Internal Revenue Code. Except as otherwise
 1445 provided herein, this retirement program, which shall be known
 1446 as the State Community College System Optional Retirement
 1447 Program, may be implemented and administered only by an
 1448 individual Florida College System institution or by a consortium
 1449 of Florida College System institutions.

1450 (4) (a) 1. Through June 30, 2011, each college must
 1451 contribute on behalf of each program member an amount equal to
 1452 10.43 percent of the employee's gross monthly compensation.

1453 2. Effective July 1, 2011, through June 30, 2012, each
 1454 member shall contribute an amount equal to the employee
 1455 contribution required under s. 121.71(3) (a). The employer shall
 1456 contribute on behalf of each program member an amount equal to

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1457 the difference between 10.43 percent of the employee's gross
 1458 monthly compensation and the employee's required contribution
 1459 based on the employee's gross monthly compensation.

1460 3. Effective July 1, 2012, each member shall contribute an
 1461 amount equal to the employee contribution required under s.
 1462 121.71(3) (a). The employer shall contribute on behalf of each
 1463 program member an amount equal to the difference between 8.15
 1464 percent of the employee's gross monthly compensation and the
 1465 employee's required contribution based on the employee's gross
 1466 monthly compensation.

1467 4. The college shall deduct an amount approved by the
 1468 district board of trustees of the college to provide for the
 1469 administration of the optional retirement program. Payment of
 1470 this contribution must be made directly by the college or
 1471 through the program administrator to the designated company
 1472 contracting for payment of benefits to the program member.

1473 Section 12. The Legislature finds that a proper and
 1474 legitimate state purpose is served when employees and retirees
 1475 of the state and its political subdivisions, and the dependents,
 1476 survivors, and beneficiaries of such employees and retirees, are
 1477 extended the basic protections afforded by governmental
 1478 retirement systems. These persons must be provided benefits that
 1479 are fair and adequate and that are managed, administered, and
 1480 funded in an actuarially sound manner, as required by s. 14,
 1481 Article X of the State Constitution and part VII of chapter 112,
 1482 Florida Statutes. Therefore, the Legislature determines and

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1483 | declares that this act fulfills an important state interest.

1484 | Section 13. Except as otherwise expressly provided in this

1485 | act, this act shall take effect July 1, 2014.