



Government Operations Subcommittee

Thursday, January 24, 2013

8:00 AM

Webster Hall (212 Knott)

Will Weatherford
Speaker

Jason T. Brodeur
Chair

Committee Meeting Notice
HOUSE OF REPRESENTATIVES

Government Operations Subcommittee

Start Date and Time: Thursday, January 24, 2013 08:00 am

End Date and Time: Thursday, January 24, 2013 11:00 am

Location: Webster Hall (212 Knott)

Duration: 3.00 hrs

Workshop on the following:

Draft legislation amending chapter 121, Florida Statutes, relating to the Florida Retirement System Act

Public testimony

NOTICE FINALIZED on 01/17/2013 16:20 by Sims-Davis.Linda

Florida Retirement System Act
DRAFT Legislation for Workshop on January 24, 2013

Summary

The DRAFT Legislation:

- Closes the pension plan (defined benefit) to members initially enrolled in the Florida Retirement System on or after January 1, 2014, and requires those members to participate in the investment plan (defined contribution).
- Closes the Senior Management Service Optional Annuity Program to new participants effective January 1, 2014.
- Prohibits an elected official who is eligible for membership in the Elected Officers' Class from joining the Senior Management Service Class on or after January 1, 2014.
- Expands the investment options available to investment plan participants as follows:
 - Requires the State Board of Administration to develop investment products; and
 - Requires an employee-directed investment option (brokerage account) to be provided.
- Eliminates the option to apply for disability benefits under the pension plan for members initially enrolled in the Florida Retirement System on or after January 1, 2014.
- Makes conforming changes.

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1 A bill to be entitled
 2 An act relating to the Florida Retirement System;
 3 amending s. 121.051, F.S.; limiting the ability of
 4 members of an optional retirement program to transfer
 5 to the Florida Retirement System; providing that all
 6 new enrollees of the Florida Retirement System are
 7 compulsory members of the Florida Retirement System
 8 Investment Plan; amending s. 121.052, F.S.;
 9 prohibiting members of the Elected Officers' Class
 10 from joining the Senior Management Service Class upon
 11 a date certain; amending s. 121.055, F.S.; closing the
 12 Senior Management Service Optional Annuity Program to
 13 new members upon a date certain; prohibiting an
 14 elected official eligible for membership in the
 15 Elected Officers' Class from enrolling in the Senior
 16 Management Service Class or in the Senior Management
 17 Service Optional Annuity Program; amending s. 121.35,
 18 F.S.; providing that certain participants have a
 19 choice between the optional retirement program and the
 20 Florida Retirement System Investment Plan; amending s.
 21 121.4501, F.S.; requiring employees initially enrolled
 22 in the Florida Retirement System on or after a date
 23 certain to be compulsory members of the Florida
 24 Retirement System Investment Plan; requiring the State
 25 Board of Administration to develop investment
 26 products; requiring the State Board of Administration
 27 to provide a self-directed brokerage account as an
 28 investment option; providing certain requirements

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29 regarding the self-directed brokerage account;
 30 providing that certain enrollees of the Florida
 31 Retirement System are not eligible for disability
 32 benefits under the investment plan; making conforming
 33 changes; removing unnecessary language; conforming a
 34 cross-reference; amending s. 121.591, F.S.; limiting
 35 disability benefits to eligible members; amending s.
 36 121.71, F.S.; specifying the required employer
 37 retirement contribution rates for the Florida
 38 Retirement System; amending s. 238.072, F.S.;
 39 conforming a cross-reference; amending s. 413.051,
 40 F.S.; conforming cross-references; providing that the
 41 act fulfills an important state interest; requiring
 42 the State Board of Administration and the Department
 43 of Management Services to request a private letter
 44 ruling from the Internal Revenue Service; providing an
 45 effective date.

46
 47 Be It Enacted by the Legislature of the State of Florida:
 48

49 Section 1. Paragraph (c) of subsection (2) of section
 50 121.051, Florida Statutes, is amended, and subsections (3), (4),
 51 (5), (6), (7), (8), and (9) of section 121.051, Florida
 52 Statutes, are renumbered as subsections (4), (5), (6), (7), (8),
 53 (9), and (10), respectively, and subsection (3) is added to that
 54 section, to read:

55 121.051 Participation in the system.—

56 (2) OPTIONAL PARTICIPATION.—

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57 (c) Employees of public community colleges or charter
 58 technical career centers sponsored by public community colleges,
 59 designated in s. 1000.21(3), who are members of the Regular
 60 Class of the Florida Retirement System and who comply with the
 61 criteria set forth in this paragraph and s. 1012.875 may, in
 62 lieu of participating in the Florida Retirement System, elect to
 63 withdraw from the system altogether and participate in the State
 64 Community College System Optional Retirement Program provided by
 65 the employing agency under s. 1012.875.

66 1.a. Through June 30, 2001, the cost to the employer for
 67 benefits under the optional retirement program equals the normal
 68 cost portion of the employer retirement contribution which would
 69 be required if the employee were a member of the pension plan's
 70 Regular Class, plus the portion of the contribution rate
 71 required by s. 112.363(8) which would otherwise be assigned to
 72 the Retiree Health Insurance Subsidy Trust Fund.

73 b. Effective July 1, 2001, through June 30, 2011, each
 74 employer shall contribute on behalf of each member of the
 75 optional program an amount equal to 10.43 percent of the
 76 employee's gross monthly compensation. The employer shall deduct
 77 an amount for the administration of the program.

78 c. Effective July 1, 2011, through June 30, 2012, each
 79 member shall contribute an amount equal to the employee
 80 contribution required under s. 121.71(3). The employer shall
 81 contribute on behalf of each program member an amount equal to
 82 the difference between 10.43 percent of the employee's gross
 83 monthly compensation and the employee's required contribution
 84 based on the employee's gross monthly compensation.

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85 d. Effective July 1, 2012, each member shall contribute an
 86 amount equal to the employee contribution required under s.
 87 121.71(3). The employer shall contribute on behalf of each
 88 program member an amount equal to the difference between 8.15
 89 percent of the employee's gross monthly compensation and the
 90 employee's required contribution based on the employee's gross
 91 monthly compensation.

92 e. The employer shall contribute an additional amount to
 93 the Florida Retirement System Trust Fund equal to the unfunded
 94 actuarial accrued liability portion of the Regular Class
 95 contribution rate.

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

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

103 3. From July 1, 2003, to December 31, 2013, an employee
 104 who ~~has~~ elected to participate in the optional retirement
 105 program shall have one opportunity, at the employee's
 106 discretion, to transfer from the optional retirement program to
 107 the pension plan of the Florida Retirement System or to the
 108 investment plan established under part II of this chapter,
 109 subject to the terms of the applicable optional retirement
 110 program contracts. An employee who elects to participate in the
 111 optional retirement program on or after January 1, 2014, is not
 112 eligible to transfer to the Florida Retirement System except as

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113 provided in subsection (3).

114 a. If the employee chooses to move to the investment plan,
 115 any contributions, interest, and earnings creditable to the
 116 employee under the optional retirement program are retained by
 117 the employee in the optional retirement program, and the
 118 applicable provisions of s. 121.4501(4) govern the election.

119 b. If the employee chooses to move to the pension plan of
 120 the Florida Retirement System, the employee shall receive
 121 service credit equal to his or her years of service under the
 122 optional retirement program.

123 (I) The cost for such credit is the amount representing
 124 the present value of the employee's accumulated benefit
 125 obligation for the affected period of service. The cost shall be
 126 calculated as if the benefit commencement occurs on the first
 127 date the employee becomes eligible for unreduced benefits, using
 128 the discount rate and other relevant actuarial assumptions that
 129 were used to value the Florida Retirement System Pension Plan
 130 liabilities in the most recent actuarial valuation. The
 131 calculation must include any service already maintained under
 132 the pension plan in addition to the years under the optional
 133 retirement program. The present value of any service already
 134 maintained must be applied as a credit to total cost resulting
 135 from the calculation. The division must ensure that the transfer
 136 sum is prepared using a formula and methodology certified by an
 137 enrolled actuary.

138 (II) The employee must transfer from his or her optional
 139 retirement program account and from other employee moneys as
 140 necessary, a sum representing the present value of the

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141 employee's accumulated benefit obligation immediately following
 142 the time of such movement, determined assuming that attained
 143 service equals the sum of service in the pension plan and
 144 service in the optional retirement program.

145 4. Participation in the optional retirement program is
 146 limited to employees who satisfy the following eligibility
 147 criteria:

148 a. The employee is otherwise eligible for membership or
 149 renewed membership in the Regular Class of the Florida
 150 Retirement System, as provided in s. 121.021(11) and (12) or s.
 151 121.122.

152 b. The employee is employed in a full-time position
 153 classified in the Accounting Manual for Florida's Public
 154 Community Colleges as:

- 155 (I) Instructional; or
- 156 (II) Executive Management, Instructional Management, or
- 157 Institutional Management and the community college determines
- 158 that recruiting to fill a vacancy in the position is to be
- 159 conducted in the national or regional market, and the duties and
- 160 responsibilities of the position include the formulation,
- 161 interpretation, or implementation of policies, or the
- 162 performance of functions that are unique or specialized within
- 163 higher education and that frequently support the mission of the
- 164 community college.

165 c. The employee is employed in a position not included in
 166 the Senior Management Service Class of the Florida Retirement
 167 System as described in s. 121.055.

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

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169 reemployment limitations, renewed membership provisions, and
 170 forfeiture provisions applicable to regular members of the
 171 Florida Retirement System under ss. 121.091(9), 121.122, and
 172 121.091(5), respectively. A member who receives a program
 173 distribution funded by employer and required employee
 174 contributions is deemed to be retired from a state-administered
 175 retirement system if the member is subsequently employed with an
 176 employer that participates in the Florida Retirement System.

177 6. Eligible community college employees are compulsory
 178 members of the Florida Retirement System until, pursuant to s.
 179 1012.875, a written election to withdraw from the system and
 180 participate in the optional retirement program is filed with the
 181 program administrator and received by the division.

182 a. A community college employee whose program eligibility
 183 results from initial employment shall be enrolled in the
 184 optional retirement program retroactive to the first day of
 185 eligible employment. The employer and employee retirement
 186 contributions paid through the month of the employee plan change
 187 shall be transferred to the community college to the employee's
 188 optional program account, and, effective the first day of the
 189 next month, the employer shall pay the applicable contributions
 190 based upon subparagraph 1.

191 b. A community college employee whose program eligibility
 192 is due to the subsequent designation of the employee's position
 193 as one of those specified in subparagraph 4., or due to the
 194 employee's appointment, promotion, transfer, or reclassification
 195 to a position specified in subparagraph 4., must be enrolled in
 196 the program on the first day of the first full calendar month

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197 that such change in status becomes effective. The employer and
 198 employee retirement contributions paid from the effective date
 199 through the month of the employee plan change must be
 200 transferred to the community college to the employee's optional
 201 program account, and, effective the first day of the next month,
 202 the employer shall pay the applicable contributions based upon
 203 subparagraph 1.

204 7. Effective July 1, 2003, through December 31, 2008, any
 205 member of the optional retirement program who has service credit
 206 in the pension plan of the Florida Retirement System for the
 207 period between his or her first eligibility to transfer from the
 208 pension plan to the optional retirement program and the actual
 209 date of transfer may, during employment, transfer to the
 210 optional retirement program a sum representing the present value
 211 of the accumulated benefit obligation under the defined benefit
 212 retirement program for the period of service credit. Upon
 213 transfer, all service credit previously earned under the pension
 214 plan during this period is nullified for purposes of entitlement
 215 to a future benefit under the pension plan.

216 (3) INVESTMENT PLAN MEMBERSHIP COMPULSORY.-

217 (a) All eligible employees, except those eligible to
 218 withdraw from the system under s. 121.052(3)(d) or s.
 219 121.055(1)(b)2., or those eligible for optional retirement
 220 programs under s. 121.051(1)(a), s. 121.051(2)(c), or s. 121.35,
 221 initially enrolled on or after January 1, 2014, are compulsory
 222 members of the investment plan, and membership in the pension
 223 plan is not permitted. Employees initially enrolled on or after
 224 January 1, 2014, are not eligible to utilize the election

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225 opportunity specified in s. 121.4501(4)(e).

226 (b) Employees eligible to withdraw from the system under
 227 s. 121.052(3)(d) or s. 121.055(1)(b)2. may choose to withdraw
 228 from the system or to participate in the investment plan as
 229 provided in those sections. Employees eligible for optional
 230 retirement programs under s. 121.051(2)(c) or s. 121.35, may
 231 choose to participate in the optional retirement program or the
 232 investment plan as provided in those sections. Eligible
 233 employees required to participate in the optional retirement
 234 program under s. 121.35, pursuant to s. 121.051(1)(a), must
 235 participate in the investment plan when employed in a position
 236 not eligible for the optional retirement program.

237 Section 2. Paragraph (c) of subsection (3) of section
 238 121.052, Florida Statutes, is amended to read:

239 121.052 Membership class of elected officers.—

240 (3) PARTICIPATION AND WITHDRAWAL, GENERALLY.—Effective
 241 July 1, 1990, participation in the Elected Officers' Class shall
 242 be compulsory for elected officers listed in paragraphs (2)(a)-
 243 (d) and (f) assuming office on or after said date, unless the
 244 elected officer elects membership in another class or withdraws
 245 from the Florida Retirement System as provided in paragraphs
 246 (3)(a)-(d):

247 (c) Before January 1, 2014, any elected officer may,
 248 within 6 months after assuming office, or within 6 months after
 249 this act becomes a law for serving elected officers, elect
 250 membership in the Senior Management Service Class as provided in
 251 s. 121.055 in lieu of membership in the Elected Officers' Class.
 252 Any such election made by a county elected officer shall have no

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253 effect upon the statutory limit on the number of nonelective
 254 full-time positions that may be designated by a local agency
 255 employer for inclusion in the Senior Management Service Class
 256 under s. 121.055(1)(b)1.

257 Section 3. Paragraph (f) of subsection (1) and paragraph
 258 (c) of subsection (6) of section 121.055, Florida Statutes, are
 259 amended to read:

260 121.055 Senior Management Service Class.—There is hereby
 261 established a separate class of membership within the Florida
 262 Retirement System to be known as the "Senior Management Service
 263 Class," which shall become effective February 1, 1987.

264 (1)

265 (f) Effective July 1, 1997, through December 31, 2013:

266 1. Except as provided in subparagraph 3., an elected state
 267 officer eligible for membership in the Elected Officers' Class
 268 under s. 121.052(2)(a), (b), or (c) who elects membership in the
 269 Senior Management Service Class under s. 121.052(3)(c) may,
 270 within 6 months after assuming office or within 6 months after
 271 this act becomes a law for serving elected state officers, elect
 272 to participate in the Senior Management Service Optional Annuity
 273 Program, as provided in subsection (6), in lieu of membership in
 274 the Senior Management Service Class.

275 2. Except as provided in subparagraphs ~~subparagraph~~ 3. and
 276 4., an elected officer of a local agency employer eligible for
 277 membership in the Elected Officers' Class under s. 121.052(2)(d)
 278 who elects membership in the Senior Management Service Class
 279 under s. 121.052(3)(c) may, within 6 months after assuming
 280 office, or within 6 months after this act becomes a law for

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281 serving elected officers of a local agency employer, elect to
 282 withdraw from the Florida Retirement System, as provided in
 283 subparagraph (b)2., in lieu of membership in the Senior
 284 Management Service Class.

285 3. A retiree of a state-administered retirement system who
 286 is initially reemployed in a regularly established position on
 287 or after July 1, 2010, as an elected official eligible for the
 288 Elected Officers' Class may not be enrolled in renewed
 289 membership in the Senior Management Service Class or in the
 290 Senior Management Service Optional Annuity Program as provided
 291 in subsection (6), and may not withdraw from the Florida
 292 Retirement System as a renewed member as provided in
 293 subparagraph (b)2., as applicable, in lieu of membership in the
 294 Senior Management Service Class.

295 4. On or after January 1, 2014, an elected official
 296 eligible for membership in the Elected Officer's Class may not
 297 be enrolled in the Senior Management Service Class or in the
 298 Senior Management Service Optional Annuity Program as provided
 299 in subsection (6).

300 (6)

301 (c) Participation.—

302 1. An eligible employee who is employed on or before
 303 February 1, 1987, may elect to participate in the optional
 304 annuity program in lieu of participating in the Senior
 305 Management Service Class. Such election must be made in writing
 306 and filed with the department and the personnel officer of the
 307 employer on or before May 1, 1987. An eligible employee who is
 308 employed on or before February 1, 1987, and who fails to make an

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309 election to participate in the optional annuity program by May
 310 1, 1987, shall be deemed to have elected membership in the
 311 Senior Management Service Class.

312 2. Except as provided in subparagraph 6., an employee who
 313 becomes eligible to participate in the optional annuity program
 314 by reason of initial employment commencing after February 1,
 315 1987, may, within 90 days after the date of commencing
 316 employment, elect to participate in the optional annuity
 317 program. Such election must be made in writing and filed with
 318 the personnel officer of the employer. An eligible employee who
 319 does not within 90 days after commencing employment elect to
 320 participate in the optional annuity program shall be deemed to
 321 have elected membership in the Senior Management Service Class.

322 3. A person who is appointed to a position in the Senior
 323 Management Service Class and who is a member of an existing
 324 retirement system or the Special Risk or Special Risk
 325 Administrative Support Classes of the Florida Retirement System
 326 may elect to remain in such system or class in lieu of
 327 participating in the Senior Management Service Class or optional
 328 annuity program. Such election must be made in writing and filed
 329 with the department and the personnel officer of the employer
 330 within 90 days after such appointment. An eligible employee who
 331 fails to make an election to participate in the existing system,
 332 the Special Risk Class of the Florida Retirement System, the
 333 Special Risk Administrative Support Class of the Florida
 334 Retirement System, or the optional annuity program shall be
 335 deemed to have elected membership in the Senior Management
 336 Service Class.

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337 4. Except as provided in subparagraph 5., an employee's
 338 election to participate in the optional annuity program is
 339 irrevocable if the employee continues to be employed in an
 340 eligible position and continues to meet the eligibility
 341 requirements set forth in this paragraph.

342 5. Effective from July 1, 2002, through September 30, 2002,
 343 an active employee in a regularly established position who has
 344 elected to participate in the Senior Management Service Optional
 345 Annuity Program has one opportunity to choose to move from the
 346 Senior Management Service Optional Annuity Program to the
 347 Florida Retirement System Pension Plan.

348 a. The election must be made in writing and must be filed
 349 with the department and the personnel officer of the employer
 350 before October 1, 2002, or, in the case of an active employee
 351 who is on a leave of absence on July 1, 2002, within 90 days
 352 after the conclusion of the leave of absence. This election is
 353 irrevocable.

354 b. The employee shall receive service credit under the
 355 pension plan equal to his or her years of service under the
 356 Senior Management Service Optional Annuity Program. The cost for
 357 such credit is the amount representing the present value of that
 358 employee's accumulated benefit obligation for the affected
 359 period of service.

360 c. The employee must transfer the total accumulated
 361 employer contributions and earnings on deposit in his or her
 362 Senior Management Service Optional Annuity Program account. If
 363 the transferred amount is not sufficient to pay the amount due,
 364 the employee must pay a sum representing the remainder of the

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365 amount due. The employee may not retain any employer
 366 contributions or earnings from the Senior Management Service
 367 Optional Annuity Program account.

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

372 7. Effective January 1, 2014, the Senior Management
 373 Service Optional Annuity Program is closed to new members.
 374 Members enrolled in the Senior Management Service Optional
 375 Annuity Program before January 1, 2014, may retain their
 376 membership in the annuity program.

377 Section 4. Paragraph (c) of subsection (3) of section
 378 121.35, Florida Statutes, is amended to read:

379 121.35 Optional retirement program for the State
 380 University System.—

381 (3) ELECTION OF OPTIONAL PROGRAM.—

382 (c) Any employee who becomes eligible to participate in
 383 the optional retirement program on or after January 1, 1993,
 384 shall be a compulsory participant of the program unless such
 385 employee elects membership in the Florida Retirement System.
 386 Such election shall be made in writing and filed with the
 387 personnel officer of the employer. Any eligible employee who
 388 fails to make such election within the prescribed time period
 389 shall be deemed to have elected to participate in the optional
 390 retirement program.

391 1. Any employee whose optional retirement program
 392 eligibility results from initial employment shall be enrolled in

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393 the program at the commencement of employment. If, within 90
 394 days after commencement of employment, the employee elects
 395 membership in the Florida Retirement System, such membership
 396 shall be effective retroactive to the date of commencement of
 397 employment as provided in s. 121.4501(4), F.S.

398 2. Any employee whose optional retirement program
 399 eligibility results from a change in status due to the
 400 subsequent designation of the employee's position as one of
 401 those specified in paragraph (2)(a) or due to the employee's
 402 appointment, promotion, transfer, or reclassification to a
 403 position specified in paragraph (2)(a) shall be enrolled in the
 404 optional retirement program upon such change in status and shall
 405 be notified by the employer of such action. If, within 90 days
 406 after the date of such notification, the employee elects to
 407 retain membership in the Florida Retirement System, such
 408 continuation of membership shall be retroactive to the date of
 409 the change in status.

410 3. Notwithstanding the provisions of this paragraph,
 411 effective July 1, 1997, any employee who is eligible to
 412 participate in the Optional Retirement Program and who fails to
 413 execute a contract with one of the approved companies and to
 414 notify the department in writing as provided in subsection (4)
 415 within 90 days after the date of eligibility shall be deemed to
 416 have elected membership in the Florida Retirement System, except
 417 as provided in s. 121.051(1)(a). This provision shall also apply
 418 to any employee who terminates employment in an eligible
 419 position before executing the required annuity contract and
 420 notifying the department. Such membership shall be retroactive

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421 to the date of eligibility, and all appropriate contributions
 422 shall be transferred to the Florida Retirement System Trust Fund
 423 and the Health Insurance Subsidy Trust Fund. If a member is
 424 initially enrolled on or after January 1, 2014, the member shall
 425 be enrolled in the Florida Retirement System Investment Plan and
 426 such membership shall be retroactive to the date of eligibility.
 427 All contributions required pursuant to s. 121.72 shall be
 428 transferred to and initially placed in a default fund as
 429 provided in s. 121.4501(4)(f), and the Health Insurance Subsidy
 430 Trust Fund.

431 Section 5. Subsections (1) and (4), paragraph (c) of
 432 subsection (5), subsection (8), paragraphs (a) and (b) of
 433 subsection (9), paragraphs (a), (b), (c), and (h) of subsection
 434 (10), paragraphs (a) and (c) of subsection (15), and subsection
 435 (16), of section 121.4501, Florida Statutes, are amended to
 436 read:

437 121.4501 Florida Retirement System Investment Plan.—
 438 (1) The Trustees of the State Board of Administration
 439 shall establish a defined contribution program called the
 440 "Florida Retirement System Investment Plan" or "investment plan"
 441 for members of the Florida Retirement System under which
 442 retirement benefits will be provided for eligible employees
 443 initially enrolled before January 1, 2014, who elect to
 444 participate in the program, and for all eligible employees
 445 initially enrolled on or after January 1, 2014, who shall be
 446 compulsory members unless otherwise eligible to withdraw from
 447 the system under s. 121.052(3)(d) or s. 121.055(1)(b)2., or to
 448 participate in an optional retirement program under s.

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449 121.051(2)(c) or s. 121.35. The retirement benefits shall be
 450 provided through member-directed investments, in accordance with
 451 s. 401(a) of the Internal Revenue Code and related regulations.
 452 The employer and employee shall make contributions, as provided
 453 in this section and ss. 121.571 and 121.71, to the Florida
 454 Retirement System Investment Plan Trust Fund toward the funding
 455 of benefits.

456 (4) PARTICIPATION; ENROLLMENT.—

457 (a)1. With respect to an eligible employee who is employed
 458 in a regularly established position by a state employer after ~~on~~
 459 June 1, 2002; by a district school board employer after
 460 September 1, 2002; or by a local employer after December 1,
 461 2002, but before January 1, 2014, by a state employer:

462 ~~a. Any such employee may elect to participate in the~~
 463 ~~investment plan in lieu of retaining his or her membership in~~
 464 ~~the pension plan. The election must be made in writing or by~~
 465 ~~electronic means and must be filed with the third-party~~
 466 ~~administrator by August 31, 2002, or, in the case of an active~~
 467 ~~employee who is on a leave of absence on April 1, 2002, by the~~
 468 ~~last business day of the 5th month following the month the leave~~
 469 ~~of absence concludes. This election is irrevocable, except as~~
 470 ~~provided in paragraph (g). Upon making such election, the~~
 471 ~~employee shall be enrolled as a member of the investment plan,~~
 472 ~~the employee's membership in the Florida Retirement System is~~
 473 ~~governed by the provisions of this part, and the employee's~~
 474 ~~membership in the pension plan terminates. The employee's~~
 475 ~~enrollment in the investment plan is effective the first day of~~
 476 ~~the month for which a full month's employer contribution is made~~

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477 ~~to the investment plan.~~
 478 ~~b. Any such employee who fails to elect to participate in~~
 479 ~~the investment plan within the prescribed time period is deemed~~
 480 ~~to have elected to retain membership in the pension plan, and~~
 481 ~~the employee's option to elect to participate in the investment~~
 482 ~~plan is forfeited.~~

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

487 ~~a. Any such employee shall, by default, be enrolled in the~~
 488 ~~pension plan at the commencement of employment, and may, by the~~
 489 ~~last business day of the 5th month following the employee's~~
 490 ~~month of hire, elect to participate in the investment plan. The~~
 491 ~~employee's election must be made in writing or by electronic~~
 492 ~~means and must be filed with the third-party administrator. The~~
 493 ~~election to participate in the investment plan is irrevocable,~~
 494 ~~except as provided in paragraph (e) ~~(g)~~.~~

495 ~~a.b.~~ If the employee files such election within the
 496 prescribed time period, enrollment in the investment plan is
 497 effective on the first day of employment. The retirement
 498 contributions paid through the month of the employee plan change
 499 shall be transferred to the investment program, and, effective
 500 the first day of the next month, the employer and employee must
 501 pay the applicable contributions based on the employee
 502 membership class in the program.

503 ~~b.e.~~ An employee who fails to elect to participate in the
 504 investment plan within the prescribed time period is deemed to

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505 have elected to retain membership in the pension plan, and the
 506 employee's option to elect to participate in the investment plan
 507 is forfeited.

508 2.3. With respect to employees who become eligible to
 509 participate in the investment plan pursuant to s.
 510 121.051(2)(c)3. or s. 121.35(3)(i), the employee may elect to
 511 participate in the investment plan in lieu of retaining his or
 512 her membership in the State Community College System Optional
 513 Retirement Program or the State University System Optional
 514 Retirement Program. The election must be made in writing or by
 515 electronic means and must be filed with the third-party
 516 administrator. This election is irrevocable, except as provided
 517 in paragraph (e)~~(g)~~. Upon making such election, the employee
 518 shall be enrolled as a member in the investment plan, the
 519 employee's membership in the Florida Retirement System is
 520 governed by the provisions of this part, and the employee's
 521 participation in the State Community College System Optional
 522 Retirement Program or the State University System Optional
 523 Retirement Program terminates. The employee's enrollment in the
 524 investment plan is effective on the first day of the month for
 525 which a full month's employer and employee contribution is made
 526 to the investment plan.

527 ~~4. For purposes of this paragraph, "state employer" means~~
 528 ~~any agency, board, branch, commission, community college,~~
 529 ~~department, institution, institution of higher education, or~~
 530 ~~water management district of the state, which participates in~~
 531 ~~the Florida Retirement System for the benefit of certain~~
 532 ~~employees.~~

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

536 ~~a. Any such employee may elect to participate in the~~
 537 ~~investment plan in lieu of retaining his or her membership in~~
 538 ~~the pension plan. The election must be made in writing or by~~
 539 ~~electronic means and must be filed with the third party~~
 540 ~~administrator by November 30, or, in the case of an active~~
 541 ~~employee who is on a leave of absence on July 1, 2002, by the~~
 542 ~~last business day of the 5th month following the month the leave~~
 543 ~~of absence concludes. This election is irrevocable, except as~~
 544 ~~provided in paragraph (g). Upon making such election, the~~
 545 ~~employee shall be enrolled as a member of the investment plan,~~
 546 ~~the employee's membership in the Florida Retirement System is~~
 547 ~~governed by the provisions of this part, and the employee's~~
 548 ~~membership in the pension plan terminates. The employee's~~
 549 ~~enrollment in the investment plan is effective the first day of~~
 550 ~~the month for which a full month's employer contribution is made~~
 551 ~~to the investment program.~~

552 ~~b. Any such employee who fails to elect to participate in~~
 553 ~~the investment plan within the prescribed time period is deemed~~
 554 ~~to have elected to retain membership in the pension plan, and~~
 555 ~~the employee's option to elect to participate in the investment~~
 556 ~~plan is forfeited.~~

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

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561 ~~a. Any such employee shall, by default, be enrolled in the~~
 562 ~~pension plan at the commencement of employment, and may, by the~~
 563 ~~last business day of the 5th month following the employee's~~
 564 ~~month of hire, elect to participate in the investment plan. The~~
 565 ~~employee's election must be made in writing or by electronic~~
 566 ~~means and must be filed with the third party administrator. The~~
 567 ~~election to participate in the investment plan is irrevocable,~~
 568 ~~except as provided in paragraph (g).~~

569 ~~b. If the employee files such election within the~~
 570 ~~prescribed time period, enrollment in the investment plan is~~
 571 ~~effective on the first day of employment. The employer~~
 572 ~~retirement contributions paid through the month of the employee~~
 573 ~~plan change shall be transferred to the investment plan, and,~~
 574 ~~effective the first day of the next month, the employer shall~~
 575 ~~pay the applicable contributions based on the employee~~
 576 ~~membership class in the investment plan.~~

577 ~~c. Any such employee who fails to elect to participate in~~
 578 ~~the investment plan within the prescribed time period is deemed~~
 579 ~~to have elected to retain membership in the pension plan, and~~
 580 ~~the employee's option to elect to participate in the investment~~
 581 ~~plan is forfeited.~~

582 ~~3. For purposes of this paragraph, "district school board~~
 583 ~~employer" means any district school board that participates in~~
 584 ~~the Florida Retirement System for the benefit of certain~~
 585 ~~employees, or a charter school or charter technical career~~
 586 ~~center that participates in the Florida Retirement System as~~
 587 ~~provided in s. 121.051(2)(d).~~

588 ~~(c)1. With respect to an eligible employee who is employed~~

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589 ~~in a regularly established position on December 1, 2002, by a~~
 590 ~~local employer:~~

591 ~~a. Any such employee may elect to participate in the~~
 592 ~~investment plan in lieu of retaining his or her membership in~~
 593 ~~the pension plan. The election must be made in writing or by~~
 594 ~~electronic means and must be filed with the third party~~
 595 ~~administrator by February 28, 2003, or, in the case of an active~~
 596 ~~employee who is on a leave of absence on October 1, 2002, by the~~
 597 ~~last business day of the 5th month following the month the leave~~
 598 ~~of absence concludes. This election is irrevocable, except as~~
 599 ~~provided in paragraph (g). Upon making such election, the~~
 600 ~~employee shall be enrolled as a participant of the investment~~
 601 ~~plan, the employee's membership in the Florida Retirement System~~
 602 ~~is governed by the provisions of this part, and the employee's~~
 603 ~~membership in the pension plan terminates. The employee's~~
 604 ~~enrollment in the investment plan is effective the first day of~~
 605 ~~the month for which a full month's employer contribution is made~~
 606 ~~to the investment plan.~~

607 ~~b. Any such employee who fails to elect to participate in~~
 608 ~~the investment plan within the prescribed time period is deemed~~
 609 ~~to have elected to retain membership in the pension plan, and~~
 610 ~~the employee's option to elect to participate in the investment~~
 611 ~~plan is forfeited.~~

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

616 ~~a. Any such employee shall, by default, be enrolled in the~~

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617 ~~pension plan at the commencement of employment, and may, by the~~
 618 ~~last business day of the 5th month following the employee's~~
 619 ~~month of hire, elect to participate in the investment plan. The~~
 620 ~~employee's election must be made in writing or by electronic~~
 621 ~~means and must be filed with the third-party administrator. The~~
 622 ~~election to participate in the investment plan is irrevocable,~~
 623 ~~except as provided in paragraph (g).~~

624 ~~b. If the employee files such election within the~~
 625 ~~prescribed time period, enrollment in the investment plan is~~
 626 ~~effective on the first day of employment. The employer~~
 627 ~~retirement contributions paid through the month of the employee~~
 628 ~~plan change shall be transferred to the investment plan, and,~~
 629 ~~effective the first day of the next month, the employer shall~~
 630 ~~pay the applicable contributions based on the employee~~
 631 ~~membership class in the investment plan.~~

632 ~~e. Any such employee who fails to elect to participate in~~
 633 ~~the investment plan within the prescribed time period is deemed~~
 634 ~~to have elected to retain membership in the pension plan, and~~
 635 ~~the employee's option to elect to participate in the investment~~
 636 ~~plan is forfeited.~~

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

639 (b)(d) Contributions available for self-direction by a
 640 member who has not selected one or more specific investment
 641 products shall be allocated as prescribed by the state board.
 642 The third-party administrator shall notify the member at least
 643 quarterly that the member should take an affirmative action to
 644 make an asset allocation among the investment products.

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645 (c)~~(e)~~ On or after July 1, 2011, a member of the pension
 646 plan who obtains a refund of employee contributions retains his
 647 or her prior plan choice upon return to employment in a
 648 regularly established position with a participating employer.

649 (d)~~(f)~~ A member of the investment plan who takes a
 650 distribution of any contributions from his or her investment
 651 plan account is considered a retiree. A retiree who is initially
 652 reemployed in a regularly established position on or after July
 653 1, 2010, is not eligible to be enrolled in renewed membership.

654 (e)~~(g)~~ After the period during which an eligible employee
 655 initially enrolled before January 1, 2014, had the choice to
 656 elect the pension plan or the investment plan, or the month
 657 following the receipt of the eligible employee's plan election,
 658 if sooner, the employee shall have one opportunity, at the
 659 employee's discretion, to choose to move from the pension plan
 660 to the investment plan or from the investment plan to the
 661 pension plan. Eligible employees may elect to move between plans
 662 only if they are earning service credit in an employer-employee
 663 relationship consistent with s. 121.021(17)(b), excluding leaves
 664 of absence without pay. Effective July 1, 2005, such elections
 665 are effective on the first day of the month following the
 666 receipt of the election by the third-party administrator and are
 667 not subject to the requirements regarding an employer-employee
 668 relationship or receipt of contributions for the eligible
 669 employee in the effective month, except when the election is
 670 received by the third-party administrator. This paragraph is
 671 contingent upon approval by the Internal Revenue Service.

672 1. If the employee chooses to move to the investment plan,

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673 the provisions of subsection (3) govern the transfer.
674 2. If the employee chooses to move to the pension plan,
675 the employee must transfer from his or her investment plan
676 account, and from other employee moneys as necessary, a sum
677 representing the present value of that employee's accumulated
678 benefit obligation immediately following the time of such
679 movement, determined assuming that attained service equals the
680 sum of service in the pension plan and service in the investment
681 plan. Benefit commencement occurs on the first date the employee
682 is eligible for unreduced benefits, using the discount rate and
683 other relevant actuarial assumptions that were used to value the
684 pension plan liabilities in the most recent actuarial valuation.
685 For any employee who, at the time of the second election,
686 already maintains an accrued benefit amount in the pension plan,
687 the then-present value of the accrued benefit is deemed part of
688 the required transfer amount. The division must ensure that the
689 transfer sum is prepared using a formula and methodology
690 certified by an enrolled actuary. A refund of any employee
691 contributions or additional member payments made which exceed
692 the employee contributions that would have accrued had the
693 member remained in the pension plan and not transferred to the
694 investment plan is not permitted.
695 3. Notwithstanding subparagraph 2., an employee who
696 chooses to move to the pension plan and who became eligible to
697 participate in the investment plan by reason of employment in a
698 regularly established position with a state employer after June
699 1, 2002; a district school board employer after September 1,
700 2002; or a local employer after December 1, 2002, must transfer

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701 from his or her investment plan account, and from other employee
 702 moneys as necessary, a sum representing the employee's actuarial
 703 accrued liability. A refund of any employee contributions or
 704 additional member ~~participant~~ payments made which exceed the
 705 employee contributions that would have accrued had the member
 706 remained in the pension plan and not transferred to the
 707 investment plan is not permitted.

708 4. An employee's ability to transfer from the pension plan
 709 to the investment plan pursuant to paragraph (a) ~~paragraphs (a)~~
 710 ~~(d)~~, and the ability of a current employee to have an option to
 711 later transfer back into the pension plan under subparagraph 2.,
 712 shall be deemed a significant system amendment. Pursuant to s.
 713 121.031(4), any resulting unfunded liability arising from actual
 714 original transfers from the pension plan to the investment plan
 715 must be amortized within 30 plan years as a separate unfunded
 716 actuarial base independent of the reserve stabilization
 717 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
 718 direct amortization payment may not be calculated for this base.
 719 During this 25-year period, the separate base shall be used to
 720 offset the impact of employees exercising their second program
 721 election under this paragraph. The actuarial funded status of
 722 the pension plan will not be affected by such second program
 723 elections in any significant manner, after due recognition of
 724 the separate unfunded actuarial base. Following the initial 25-
 725 year period, any remaining balance of the original separate base
 726 shall be amortized over the remaining 5 years of the required
 727 30-year amortization period.

728 5. If the employee chooses to transfer from the investment

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729 plan to the pension plan and retains an excess account balance
 730 in the investment plan after satisfying the buy-in requirements
 731 under this paragraph, the excess may not be distributed until
 732 the member retires from the pension plan. The excess account
 733 balance may be rolled over to the pension plan and used to
 734 purchase service credit or upgrade creditable service in the
 735 pension plan.

736 (f)1. All eligible employees, except those eligible to
 737 withdraw from the system under s. 121.052(3)(d) or s.
 738 121.055(1)(b)2., or those eligible for optional retirement
 739 programs under s. 121.051(2)(c) or s. 121.35, initially enrolled
 740 on or after January 1, 2014, are compulsory members of the
 741 investment plan. Employees eligible to withdraw from the system
 742 under s. 121.052(3)(d) or s. 121.055(1)(b)2. may choose to
 743 withdraw from the system or to participate in the investment
 744 plan as provided in those sections. Employees eligible for
 745 optional retirement programs under s. 121.051(2)(c) or s.
 746 121.35, except as provided in s. 121.051(1)(a), may choose to
 747 participate in the optional retirement program or the investment
 748 plan as provided in those sections. Membership in the pension
 749 plan is not permitted except as provided in s. 121.591(2).

750 2. Such employees are not permitted to utilize the
 751 election opportunity specified in paragraph (e).

752 3. The amount of retirement contributions paid by the
 753 employee and employer, as specified in s. 121.72, shall be
 754 placed in a default fund as designated by the state board, until
 755 an account is activated in the investment plan, at which time
 756 the member may move the contributions from the default fund to

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757 other funds provided in the investment plan.

758 (5) CONTRIBUTIONS.—

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

763 1. The employer and employee contribution portion
 764 earmarked for member accounts shall be used to purchase
 765 interests in the appropriate investment vehicles as specified by
 766 the member, or in accordance with paragraph (4) (d).

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

770 3. The employer contribution portion earmarked for
 771 disability benefits, for members initially enrolled before
 772 January 1, 2014, shall be transferred to the Florida Retirement
 773 System Trust Fund.

774 (8) INVESTMENT PLAN ADMINISTRATION.—The investment plan
 775 shall be administered by the state board and affected employers.
 776 The state board may require oaths, by affidavit or otherwise,
 777 and acknowledgments from persons in connection with the
 778 administration of its statutory duties and responsibilities for
 779 the investment plan. An oath, by affidavit or otherwise, may not
 780 be required of a member at the time of enrollment. For members
 781 initially enrolled before January 1, 2014, acknowledgment of an
 782 employee's election to participate in the program shall be no
 783 greater than necessary to confirm the employee's election. The
 784 state board shall adopt rules to carry out its statutory duties

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785 with respect to administering the investment plan, including
 786 establishing the roles and responsibilities of affected state,
 787 local government, and education-related employers, the state
 788 board, the department, and third-party contractors. The
 789 department shall adopt rules necessary to administer the
 790 investment plan in coordination with the pension plan and the
 791 disability benefits available under the investment plan.

792 (a)1. The state board shall select and contract with a
 793 third-party administrator to provide administrative services if
 794 those services cannot be competitively and contractually
 795 provided by the division. With the approval of the state board,
 796 the third-party administrator may subcontract to provide
 797 components of the administrative services. As a cost of
 798 administration, the state board may compensate any such
 799 contractor for its services, in accordance with the terms of the
 800 contract, as is deemed necessary or proper by the board. The
 801 third-party administrator may not be an approved provider or be
 802 affiliated with an approved provider.

803 2. These administrative services may include, but are not
 804 limited to, enrollment of eligible employees, collection of
 805 employer and employee contributions, disbursement of
 806 contributions to approved providers in accordance with the
 807 allocation directions of members; services relating to
 808 consolidated billing; individual and collective recordkeeping
 809 and accounting; asset purchase, control, and safekeeping; and
 810 direct disbursement of funds to and from the third-party
 811 administrator, the division, the state board, employers,
 812 members, approved providers, and beneficiaries. This section

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813 does not prevent or prohibit a bundled provider from providing
 814 any administrative or customer service, including accounting and
 815 administration of individual member benefits and contributions;
 816 individual member recordkeeping; asset purchase, control, and
 817 safekeeping; direct execution of the member's instructions as to
 818 asset and contribution allocation; calculation of daily net
 819 asset values; direct access to member account information; or
 820 periodic reporting to members, at least quarterly, on account
 821 balances and transactions, if these services are authorized by
 822 the state board as part of the contract.

823 (b)1. The state board shall select and contract with one
 824 or more organizations to provide educational services. With
 825 approval of the state board, the organizations may subcontract
 826 to provide components of the educational services. As a cost of
 827 administration, the state board may compensate any such
 828 contractor for its services in accordance with the terms of the
 829 contract, as is deemed necessary or proper by the board. The
 830 education organization may not be an approved provider or be
 831 affiliated with an approved provider.

832 2. Educational services shall be designed by the state
 833 board and department to assist employers, eligible employees,
 834 members, and beneficiaries in order to maintain compliance with
 835 United States Department of Labor regulations under s. 404(c) of
 836 the Employee Retirement Income Security Act of 1974 and to
 837 assist employees in their choice of pension plan or investment
 838 plan retirement alternatives. Educational services include, but
 839 are not limited to, disseminating educational materials;
 840 providing retirement planning education; explaining the pension

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841 plan and the investment plan; and offering financial planning
 842 guidance on matters such as investment diversification,
 843 investment risks, investment costs, and asset allocation. An
 844 approved provider may also provide educational information,
 845 including retirement planning and investment allocation
 846 information concerning its products and services.

847 (c)1. In evaluating and selecting a third-party
 848 administrator, the state board shall establish criteria for
 849 evaluating the relative capabilities and qualifications of each
 850 proposed administrator. In developing such criteria, the state
 851 board shall consider:

852 a. The administrator's demonstrated experience in
 853 providing administrative services to public or private sector
 854 retirement systems.

855 b. The administrator's demonstrated experience in
 856 providing daily valued recordkeeping to defined contribution
 857 programs.

858 c. The administrator's ability and willingness to
 859 coordinate its activities with employers, the state board, and
 860 the division, and to supply to such employers, the board, and
 861 the division the information and data they require, including,
 862 but not limited to, monthly management reports, quarterly member
 863 reports, and ad hoc reports requested by the department or state
 864 board.

865 d. The cost-effectiveness and levels of the administrative
 866 services provided.

867 e. The administrator's ability to interact with the
 868 members, the employers, the state board, the division, and the

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869 providers; the means by which members may access account
 870 information, direct investment of contributions, make changes to
 871 their accounts, transfer moneys between available investment
 872 vehicles, and transfer moneys between investment products; and
 873 any fees that apply to such activities.

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

875 2. In evaluating and selecting an educational provider,
 876 the state board shall establish criteria under which it shall
 877 consider the relative capabilities and qualifications of each
 878 proposed educational provider. In developing such criteria, the
 879 state board shall consider:

880 a. Demonstrated experience in providing educational
 881 services to public or private sector retirement systems.

882 b. Ability and willingness to coordinate its activities
 883 with the employers, the state board, and the division, and to
 884 supply to such employers, the board, and the division the
 885 information and data they require, including, but not limited
 886 to, reports on educational contacts.

887 c. The cost-effectiveness and levels of the educational
 888 services provided.

889 d. Ability to provide educational services via different
 890 media, including, but not limited to, the Internet, personal
 891 contact, seminars, brochures, and newsletters.

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

893 3. The establishment of the criteria shall be solely
 894 within the discretion of the state board.

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

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897 developing the contracts, the board shall consider:

898 1. The nature and extent of the rights and benefits to be
 899 afforded in relation to the contributions required under the
 900 plan.

901 2. The suitability of the rights and benefits provided and
 902 the interests of employers in the recruitment and retention of
 903 eligible employees.

904 (e)1. The state board may contract for professional
 905 services, including legal, consulting, accounting, and actuarial
 906 services, deemed necessary to implement and administer the
 907 investment plan. The state board may enter into a contract with
 908 one or more vendors to provide low-cost investment advice to
 909 members, supplemental to education provided by the third-party
 910 administrator. All fees under any such contract shall be paid by
 911 those members who choose to use the services of the vendor.

912 2. The department may contract for professional services,
 913 including legal, consulting, accounting, and actuarial services,
 914 deemed necessary to implement and administer the investment plan
 915 in coordination with the pension plan. The department, in
 916 coordination with the state board, may enter into a contract
 917 with the third-party administrator in order to coordinate
 918 services common to the various programs within the Florida
 919 Retirement System.

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

923 (g) The state board shall receive and resolve member
 924 complaints against the program, the third-party administrator,

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925 or any program vendor or provider; shall resolve any conflict
 926 between the third-party administrator and an approved provider
 927 if such conflict threatens the implementation or administration
 928 of the program or the quality of services to employees; and may
 929 resolve any other conflicts. The third-party administrator shall
 930 retain all member records for at least 5 years for use in
 931 resolving any member conflicts. The state board, the third-party
 932 administrator, or a provider is not required to produce
 933 documentation or an audio recording to justify action taken with
 934 regard to a member if the action occurred 5 or more years before
 935 the complaint is submitted to the state board. It is presumed
 936 that all action taken 5 or more years before the complaint is
 937 submitted was taken at the request of the member and with the
 938 member's full knowledge and consent. To overcome this
 939 presumption, the member must present documentary evidence or an
 940 audio recording demonstrating otherwise.

941 (9) INVESTMENT OPTIONS OR PRODUCTS; PERFORMANCE REVIEW.—

942 (a) The state board shall develop policy and procedures
 943 for selecting, evaluating, and monitoring the performance of
 944 approved providers and investment products under the investment
 945 plan. In accordance with such policy and procedures, the state
 946 board shall designate and contract for a number of investment
 947 products as determined by the board. The board shall also select
 948 one or more bundled providers, each of which may offer multiple
 949 investment options and related services, if such approach is
 950 determined by the board to provide value to the members
 951 otherwise not available through individual investment products.
 952 Each approved bundled provider may offer investment options that

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953 provide members with the opportunity to invest in each of the
 954 following asset classes, to be composed of individual options
 955 that represent a single asset class or a combination thereof:
 956 money markets, United States fixed income, United States
 957 equities, and foreign stock. The state board shall review and
 958 manage all educational materials, contract terms, fee schedules,
 959 and other aspects of the approved provider relationships to
 960 ensure that no provider is unduly favored or penalized by virtue
 961 of its status within the investment plan. Additionally, the
 962 state board, consistent with its fiduciary responsibilities,
 963 shall develop one or more investment products to be offered in
 964 the investment plan.

965 (b) The state board shall consider investment options or
 966 products it considers appropriate to give members the
 967 opportunity to accumulate retirement benefits, subject to the
 968 following:

969 1. The investment plan must offer a diversified mix of
 970 low-cost investment products that span the risk-return spectrum
 971 and may include a guaranteed account as well as investment
 972 products, such as individually allocated guaranteed and variable
 973 annuities, which meet the requirements of this subsection and
 974 combine the ability to accumulate investment returns with the
 975 option of receiving lifetime income consistent with the long-
 976 term retirement security of a pension plan and similar to the
 977 lifetime-income benefit provided by the Florida Retirement
 978 System.

979 2. Investment options or products offered by approved
 980 providers may include mutual funds, group annuity contracts,

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981 individual retirement annuities, interests in trusts, collective
 982 trusts, separate accounts, and other such financial instruments,
 983 and products that give members the option of committing their
 984 contributions for an extended time period in an effort to obtain
 985 returns higher than those that could be obtained from investment
 986 products offering full liquidity.

987 3. The state board may not contract with a provider that
 988 imposes a front-end, back-end, contingent, or deferred sales
 989 charge, or any other fee that limits or restricts the ability of
 990 members to select any investment product available in the
 991 investment plan. This prohibition does not apply to fees or
 992 charges that are imposed on withdrawals from products that give
 993 members the option of committing contributions for an extended
 994 time period in an effort to obtain returns higher than those
 995 that could be obtained from investment products offering full
 996 liquidity, if the product, net of all fees and charges, produces
 997 material benefits relative to other comparable products in the
 998 investment plan offering full liquidity.

999 4. Fees or charges for insurance features, such as
 1000 mortality and expense-risk charges, must be reasonable relative
 1001 to the benefits provided.

1002 5. Consistent with its fiduciary responsibilities, Florida
 1003 law, and the internal revenue code, the state board shall
 1004 provide a self-directed brokerage account as an investment
 1005 option in the investment plan. The service provider of the
 1006 brokerage account, or any of its related entities, may not offer
 1007 any of its proprietary products as offerings in the brokerage
 1008 account. The state board is not responsible for managing the

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1009 brokerage account beyond the administrative requirements as
 1010 established between the state board and the service provider of
 1011 the brokerage account. Members who participate in the brokerage
 1012 account shall be responsible for any additional fees associated
 1013 with its use. The state board shall include a disclaimer
 1014 statement in publications and on its website notifying members
 1015 that the state board is not responsible for managing the self-
 1016 directed brokerage account beyond administrative requirements as
 1017 established between the state board and the provider of the
 1018 self-directed brokerage account. In addition, such disclaimer
 1019 must notify members that they are responsible for any and all
 1020 administrative, investment, and trading fees associated with
 1021 participating in the self-directed brokerage account.

1022 (10) EDUCATION COMPONENT.—

1023 (a) The state board, in coordination with the department,
 1024 shall provide for an education component for eligible employees
 1025 ~~system members~~ in a manner consistent with the provisions of
 1026 this subsection ~~section~~. ~~The education component must be~~
 1027 ~~available to eligible employees at least 90 days prior to the~~
 1028 ~~beginning date of the election period for the employees of the~~
 1029 ~~respective types of employers.~~

1030 (b) The education component must provide system members
 1031 with impartial and balanced information about plan choices for
 1032 members initially enrolled before January 1, 2014. The education
 1033 component must involve multimedia formats. Program comparisons
 1034 must, to the greatest extent possible, be based upon the
 1035 retirement income that different retirement programs may provide
 1036 to the member. The state board shall monitor the performance of

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1037 the contract to ensure that the program is conducted in
 1038 accordance with the contract, applicable law, and the rules of
 1039 the state board.

1040 (c) The state board, in coordination with the department,
 1041 shall provide for an initial and ongoing transfer education
 1042 component to provide system members initially enrolled before
 1043 January 1, 2014, with information necessary to make informed
 1044 plan choice decisions. The transfer education component must
 1045 include, but is not limited to, information on:

1046 1. The amount of money available to a member to transfer
 1047 to the defined contribution program.

1048 2. The features of and differences between the pension
 1049 plan and the defined contribution program, both generally and
 1050 specifically, as those differences may affect the member.

1051 3. The expected benefit available if the member were to
 1052 retire under each of the retirement programs, based on
 1053 appropriate alternative sets of assumptions.

1054 4. The rate of return from investments in the defined
 1055 contribution program and the period of time over which such rate
 1056 of return must be achieved to equal or exceed the expected
 1057 monthly benefit payable to the member under the pension plan.

1058 5. The historical rates of return for the investment
 1059 alternatives available in the defined contribution programs.

1060 6. The benefits and historical rates of return on
 1061 investments available in a typical deferred compensation plan or
 1062 a typical plan under s. 403(b) of the Internal Revenue Code for
 1063 which the employee may be eligible.

1064 7. The program choices available to employees of the State

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1065 University System and the comparative benefits of each available
1066 program, if applicable.

1067 8. Payout options available in each of the retirement
1068 programs.

1069 ~~(h) Pursuant to subsection (8), all Florida Retirement~~
1070 ~~System employers have an obligation to regularly communicate the~~
1071 ~~existence of the two Florida Retirement System plans and the~~
1072 ~~plan choice in the natural course of administering their~~
1073 ~~personnel functions, using the educational materials supplied by~~
1074 ~~the state board and the Department of Management Services.~~

1075 (15) STATEMENT OF FIDUCIARY STANDARDS AND
1076 RESPONSIBILITIES.—

1077 (a) Investment of investment ~~defined contribution~~ plan
1078 assets shall be made for the sole interest and exclusive purpose
1079 of providing benefits to members and beneficiaries and defraying
1080 reasonable expenses of administering the plan. The program's
1081 assets shall be invested on behalf of the program members with
1082 the care, skill, and diligence that a prudent person acting in a
1083 like manner would undertake. The performance of the investment
1084 duties set forth in this paragraph shall comply with the
1085 fiduciary standards set forth in the Employee Retirement Income
1086 Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C). In case
1087 of conflict with other provisions of law authorizing
1088 investments, the investment and fiduciary standards set forth in
1089 this subsection shall prevail.

1090 (c) Subparagraph (8)(b)2. and paragraph (b) incorporate the
1091 federal law concept of participant control, established by
1092 regulations of the United States Department of Labor under s.

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1093 404(c) of the Employee Retirement Income Security Act of 1974
1094 (ERISA). The purpose of this paragraph is to assist employers
1095 and the state board in maintaining compliance with s. 404(c),
1096 while avoiding unnecessary costs and eroding member benefits
1097 under the investment plan. Pursuant to 29 C.F.R. s. 2550.404a-
1098 5(d)(4) ~~2550.404e-1(b)(2)(i)(B)(1)(viii)~~, the state board or its
1099 designated agents shall deliver to members of the investment
1100 plan a copy of the prospectus most recently provided to the
1101 plan, ~~and, pursuant to 29 C.F.R. s. 2550.404e-~~
1102 ~~1(b)(2)(i)(B)(2)(ii), shall provide such members an opportunity~~
1103 ~~to obtain this information,~~ except that:

1104 1. The requirement to deliver a prospectus shall be
1105 satisfied by delivery of a fund profile or summary profile that
1106 contains the information that would be included in a summary
1107 prospectus as described by Rule 498 under the Securities Act of
1108 1933, 17 C.F.R. s. 230.498. If the transaction fees, expense
1109 information or other information provided by a mutual fund in
1110 the prospectus does not reflect terms negotiated by the state
1111 board or its designated agents, the requirement is satisfied by
1112 delivery of a separate document described by Rule 498
1113 substituting accurate information; and

1114 2. Delivery shall be effected if delivery is through
1115 electronic means and the following standards are satisfied:
1116 a. Electronically-delivered documents are prepared and
1117 provided consistent with style, format, and content requirements
1118 applicable to printed documents;
1119 b. Each member is provided timely and adequate notice of
1120 the documents that are to be delivered, and their significance,

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1121 and of the member's right to obtain a paper copy of such
 1122 documents free of charge;

1123 c. Members have adequate access to the electronic
 1124 documents, at locations such as their worksites or public
 1125 facilities, and have the ability to convert the documents to
 1126 paper free of charge by the state board, and the board or its
 1127 designated agents take appropriate and reasonable measures to
 1128 ensure that the system for furnishing electronic documents
 1129 results in actual receipt. Members have provided consent to
 1130 receive information in electronic format, which consent may be
 1131 revoked; and

1132 d. The state board, or its designated agent, actually
 1133 provides paper copies of the documents free of charge, upon
 1134 request.

1135 (16) DISABILITY BENEFITS.—For any member of the investment
 1136 plan initially enrolled in the Florida Retirement System before
 1137 January 1, 2014, who becomes totally and permanently disabled,
 1138 benefits must be paid in accordance with the provisions of s.
 1139 121.591. Investment plan members initially enrolled in the
 1140 Florida Retirement System on or after January 1, 2014, are not
 1141 entitled to disability benefits as provided by this chapter.

1142 Section 6. Subsection (2) of section 121.591, Florida
 1143 Statutes, is amended to read:

1144 121.591 Payment of benefits.—Benefits may not be paid
 1145 under the Florida Retirement System Investment Plan unless the
 1146 member has terminated employment as provided in s.
 1147 121.021(39)(a) or is deceased and a proper application has been
 1148 filed as prescribed by the state board or the department.

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1149 Benefits, including employee contributions, are not payable
 1150 under the investment plan for employee hardships, unforeseeable
 1151 emergencies, loans, medical expenses, educational expenses,
 1152 purchase of a principal residence, payments necessary to prevent
 1153 eviction or foreclosure on an employee's principal residence, or
 1154 any other reason except a requested distribution for retirement,
 1155 a mandatory de minimis distribution authorized by the
 1156 administrator, or a required minimum distribution provided
 1157 pursuant to the Internal Revenue Code. The state board or
 1158 department, as appropriate, may cancel an application for
 1159 retirement benefits if the member or beneficiary fails to timely
 1160 provide the information and documents required by this chapter
 1161 and the rules of the state board and department. In accordance
 1162 with their respective responsibilities, the state board and the
 1163 department shall adopt rules establishing procedures for
 1164 application for retirement benefits and for the cancellation of
 1165 such application if the required information or documents are
 1166 not received. The state board and the department, as
 1167 appropriate, are authorized to cash out a de minimis account of
 1168 a member who has been terminated from Florida Retirement System
 1169 covered employment for a minimum of 6 calendar months. A de
 1170 minimis account is an account containing employer and employee
 1171 contributions and accumulated earnings of not more than \$5,000
 1172 made under the provisions of this chapter. Such cash-out must be
 1173 a complete lump-sum liquidation of the account balance, subject
 1174 to the provisions of the Internal Revenue Code, or a lump-sum
 1175 direct rollover distribution paid directly to the custodian of
 1176 an eligible retirement plan, as defined by the Internal Revenue

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1177 Code, on behalf of the member. Any nonvested accumulations and
 1178 associated service credit, including amounts transferred to the
 1179 suspense account of the Florida Retirement System Investment
 1180 Plan Trust Fund authorized under s. 121.4501(6), shall be
 1181 forfeited upon payment of any vested benefit to a member or
 1182 beneficiary, except for de minimis distributions or minimum
 1183 required distributions as provided under this section. If any
 1184 financial instrument issued for the payment of retirement
 1185 benefits under this section is not presented for payment within
 1186 180 days after the last day of the month in which it was
 1187 originally issued, the third-party administrator or other duly
 1188 authorized agent of the state board shall cancel the instrument
 1189 and credit the amount of the instrument to the suspense account
 1190 of the Florida Retirement System Investment Plan Trust Fund
 1191 authorized under s. 121.4501(6). Any amounts transferred to the
 1192 suspense account are payable upon a proper application, not to
 1193 include earnings thereon, as provided in this section, within 10
 1194 years after the last day of the month in which the instrument
 1195 was originally issued, after which time such amounts and any
 1196 earnings attributable to employer contributions shall be
 1197 forfeited. Any forfeited amounts are assets of the trust fund
 1198 and are not subject to chapter 717.

1199 (2) DISABILITY RETIREMENT BENEFITS.—Benefits provided
 1200 under this subsection are payable in lieu of the benefits that
 1201 would otherwise be payable under the provisions of subsection
 1202 (1) for investment plan members initially enrolled in the
 1203 Florida Retirement System before January 1, 2014. Investment
 1204 plan members initially enrolled in the Florida Retirement System

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1205 on or after January 1, 2014, are not eligible for disability
 1206 benefits as provided by this section. Such benefits for eligible
 1207 members must be funded from employer contributions made under s.
 1208 121.571, transferred employee contributions and funds
 1209 accumulated pursuant to paragraph (a), and interest and earnings
 1210 thereon.

1211 (a) Transfer of funds.—To qualify to receive monthly
 1212 disability benefits under this subsection:

1213 1. All moneys accumulated in the member's account,
 1214 including vested and nonvested accumulations as described in s.
 1215 121.4501(6), must be transferred from such individual accounts
 1216 to the division for deposit in the disability account of the
 1217 Florida Retirement System Trust Fund. Such moneys must be
 1218 accounted for separately. Earnings must be credited on an annual
 1219 basis for amounts held in the disability accounts of the Florida
 1220 Retirement System Trust Fund based on actual earnings of the
 1221 trust fund.

1222 2. If the member has retained retirement credit earned
 1223 under the pension plan as provided in s. 121.4501(3), a sum
 1224 representing the actuarial present value of such credit within
 1225 the Florida Retirement System Trust Fund shall be reassigned by
 1226 the division from the pension plan to the disability program as
 1227 implemented under this subsection and shall be deposited in the
 1228 disability account of the trust fund. Such moneys must be
 1229 accounted for separately.

1230 (b) Disability retirement; entitlement.—

1231 1. An eligible A member of the investment plan who becomes
 1232 totally and permanently disabled, as defined in paragraph (d),

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1233 after completing 8 years of creditable service, or an eligible a
1234 member who becomes totally and permanently disabled in the line
1235 of duty regardless of length of service, is entitled to a
1236 monthly disability benefit.

1237 2. In order for service to apply toward the 8 years of
1238 creditable service required for regular disability benefits, or
1239 toward the creditable service used in calculating a service-
1240 based benefit as provided under paragraph (g), the service must
1241 be creditable service as described below:

1242 a. The member's period of service under the investment
1243 plan shall be considered creditable service, except as provided
1244 in subparagraph d.

1245 b. If the member has elected to retain credit for service
1246 under the pension plan as provided under s. 121.4501(3), all
1247 such service shall be considered creditable service.

1248 c. If the member elects to transfer to his or her member
1249 accounts a sum representing the present value of his or her
1250 retirement credit under the pension plan as provided under s.
1251 121.4501(3), the period of service under the pension plan
1252 represented in the present value amounts transferred shall be
1253 considered creditable service, except as provided in
1254 subparagraph d.

1255 d. If a member has terminated employment and has taken
1256 distribution of his or her funds as provided in subsection (1),
1257 all creditable service represented by such distributed funds is
1258 forfeited for purposes of this subsection.

1259 (c) Disability retirement effective date.—The effective
1260 retirement date for an eligible a member who applies and is

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1261 approved for disability retirement shall be established as
 1262 provided under s. 121.091(4)(a)2. and 3.

1263 (d) Total and permanent disability.—An eligible A member
 1264 shall be considered totally and permanently disabled if, in the
 1265 opinion of the division, he or she is prevented, by reason of a
 1266 medically determinable physical or mental impairment, from
 1267 rendering useful and efficient service as an officer or
 1268 employee.

1269 (e) Proof of disability.— Before approving payment of any
 1270 disability retirement benefit, the division shall require proof
 1271 that the member is totally and permanently disabled as provided
 1272 under s. 121.091(4)(c).

1273 (f) Disability retirement benefit.— Upon the disability
 1274 retirement of a member under this subsection, the member shall
 1275 receive a monthly benefit that begins accruing on the first day
 1276 of the month of disability retirement, as approved by the
 1277 division, and is payable on the last day of that month and each
 1278 month thereafter during his or her lifetime and continued
 1279 disability. All disability benefits must be paid out of the
 1280 disability account of the Florida Retirement System Trust Fund
 1281 established under this subsection.

1282 (g) Computation of disability retirement benefit.— The
 1283 amount of each monthly payment must be calculated as provided
 1284 under s. 121.091(4)(f). Creditable service under both the
 1285 pension plan and the investment plan shall be applicable as
 1286 provided under paragraph (b).

1287 (h) Reapplication.— A member whose initial application for
 1288 disability retirement is denied may reapply for disability

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1289 benefits as provided in s. 121.091(4)(g).

1290 (i) Membership.—Upon approval of a member's application
 1291 for disability benefits, the member shall be transferred to the
 1292 pension plan, effective upon his or her disability retirement
 1293 effective date.

1294 (j) Option to cancel.—A member whose application for
 1295 disability benefits is approved may cancel the application if
 1296 the cancellation request is received by the division before a
 1297 disability retirement warrant has been deposited, cashed, or
 1298 received by direct deposit. Upon cancellation:

1299 1. The member's transfer to the pension plan under
 1300 paragraph (i) shall be nullified;

1301 2. The member shall be retroactively reinstated in the
 1302 investment plan without hiatus;

1303 3. All funds transferred to the Florida Retirement System
 1304 Trust Fund under paragraph (a) must be returned to the member
 1305 accounts from which the funds were drawn; and

1306 4. The member may elect to receive the benefit payable
 1307 under subsection (1) in lieu of disability benefits.

1308 (k) Recovery from disability.—

1309 1. The division may require periodic reexaminations at the
 1310 expense of the disability program account of the Florida
 1311 Retirement System Trust Fund. Except as provided in subparagraph
 1312 2., all other matters relating to recovery from disability shall
 1313 be as provided under s. 121.091(4)(h).

1314 2. Upon recovery from disability, the recipient of
 1315 disability retirement benefits under this subsection shall be a
 1316 compulsory member of the investment plan. The net difference

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1317 between the recipient's original account balance transferred to
 1318 the Florida Retirement System Trust Fund, including earnings and
 1319 total disability benefits paid to such recipient, if any, shall
 1320 be determined as provided in sub-subparagraph a.

1321 a. An amount equal to the total benefits paid shall be
 1322 subtracted from that portion of the transferred account balance
 1323 consisting of vested accumulations as described under s.

1324 121.4501(6), if any, and an amount equal to the remainder of
 1325 benefit amounts paid, if any, shall be subtracted from any
 1326 remaining nonvested accumulations.

1327 b. Amounts subtracted under sub-subparagraph a. must be
 1328 retained within the disability account of the Florida Retirement
 1329 System Trust Fund. Any remaining account balance shall be
 1330 transferred to the third-party administrator for disposition as
 1331 provided under sub-subparagraph c. or sub-subparagraph d., as
 1332 appropriate.

1333 c. If the recipient returns to covered employment,
 1334 transferred amounts must be deposited in individual accounts
 1335 under the investment plan, as directed by the member. Vested and
 1336 nonvested amounts shall be accounted for separately as provided
 1337 in s. 121.4501(6).

1338 d. If the recipient fails to return to covered employment
 1339 upon recovery from disability:

1340 (I) Any remaining vested amount must be deposited in
 1341 individual accounts under the investment plan, as directed by
 1342 the member, and is payable as provided in subsection (1).

1343 (II) Any remaining nonvested amount must be held in a
 1344 suspense account and is forfeitable after 5 years as provided in

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1345 s. 121.4501(6).

1346 3. If present value was reassigned from the pension plan
 1347 to the disability program as provided under subparagraph (a)2.,
 1348 the full present value amount must be returned to the defined
 1349 benefit account within the Florida Retirement System Trust Fund
 1350 and the member's associated retirement credit under the pension
 1351 plan must be reinstated in full. Any benefit based upon such
 1352 credit must be calculated as provided in s. 121.091(4)(h)1.

1353 (l) Nonadmissible causes of disability.—A member is not
 1354 entitled to a disability retirement benefit if the disability
 1355 results from any injury or disease as described in s.
 1356 121.091(4)(i).

1357 (m) Disability retirement of justice or judge by order of
 1358 Supreme Court.—

1359 1. If an eligible a member is a justice of the Supreme
 1360 Court, judge of a district court of appeal, circuit judge, or
 1361 judge of a county court who has served for the years equal to,
 1362 or greater than, the vesting requirement in s. 121.021(45) as an
 1363 elected constitutional judicial officer, including service as a
 1364 judicial officer in any court abolished pursuant to Art. V of
 1365 the State Constitution, and who is retired for disability
 1366 pursuant to s. 12, Art. V of the State Constitution, the
 1367 member's Option 1 monthly disability benefit amount as provided
 1368 in s. 121.091(6)(a)1. shall be two-thirds of his or her monthly
 1369 compensation as of the member's disability retirement date. The
 1370 member may alternatively elect to receive an actuarially
 1371 adjusted disability retirement benefit under any other option as
 1372 provided in s. 121.091(6)(a) or to receive the normal benefit

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1373 payable under subsection (1).
 1374 2. If any justice or judge who is a member of the
 1375 investment plan is retired for disability pursuant to s. 12,
 1376 Art. V of the State Constitution and elects to receive a monthly
 1377 disability benefit under the provisions of this paragraph:
 1378 a. Any present value amount that was transferred to his or
 1379 her investment plan account and all employer and employee
 1380 contributions made to such account on his or her behalf, plus
 1381 interest and earnings thereon, must be transferred to and
 1382 deposited in the disability account of the Florida Retirement
 1383 System Trust Fund; and
 1384 b. The monthly disability benefits payable under this
 1385 paragraph shall be paid from the disability account of the
 1386 Florida Retirement System Trust Fund.
 1387 (n) Death of retiree or beneficiary.—Upon the death of a
 1388 disabled retiree or beneficiary of the retiree who is receiving
 1389 monthly disability benefits under this subsection, the monthly
 1390 benefits shall be paid through the last day of the month of
 1391 death and shall terminate, or be adjusted, if applicable, as of
 1392 that date in accordance with the optional form of benefit
 1393 selected at the time of retirement. The department may adopt
 1394 rules necessary to administer this paragraph.
 1395 Section 7. Subsections (4) and (5) of section 121.71,
 1396 Florida Statutes, are amended to read:
 1397 121.71 Uniform rates; process; calculations; levy.—
 1398 (4) Required employer retirement contribution rates for
 1399 each membership class and subclass of the Florida Retirement
 1400 System for both retirement plans are as follows:

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1401	Percentage of Gross Compensation, Effective July 1, <u>2013</u>	Percentage of Gross Compensation, Effective July 1, <u>2014</u>
	Membership Class	2012 2013
1402		
1403		
	Regular Class	<u>X.XX%</u> 3.55% <u>X.XX%</u> 3.55%
1404		
	Special Risk Class	<u>X.XX%</u> 11.01% <u>X.XX%</u> 11.01%
1405		
	Special Risk Administrative Support Class	<u>X.XX%</u> 3.94% <u>X.XX%</u> 3.94%
1406		
	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>X.XX%</u> 6.51% <u>X.XX%</u> 6.51%
1407		
	Elected Officers' Class— Justices, Judges	<u>X.XX%</u> 10.02% <u>X.XX%</u> 10.02%
1408		

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BILL	ORIGINAL	YEAR
1409	Elected Officers' Class- County Elected Officers	<u>X.XX%</u> 8.36% <u>X.XX%</u> 8.36%
1410	Senior Management Class	<u>X.XX%</u> 4.84% <u>X.XX%</u> 4.84%
1411	DROP	<u>X.XX%</u> 4.33% <u>X.XX%</u> 4.33%
1412	(5) In order to address unfunded actuarial liabilities of	
1413	the system, the required employer retirement contribution rates	
1414	for each membership class and subclass of the Florida Retirement	
1415	System for both retirement plans are as follows:	
1416		
	Percentage of	Percentage of
	Gross	Gross
	Compensation,	Compensation,
	Effective	Effective
	July 1, <u>2013</u>	July 1, <u>2014</u>
1417	Membership Class	<u>2012</u> <u>2013</u>
1418		
1419	Regular Class	<u>X.XX%</u> 0.49% <u>X.XX%</u> 2.02%
1420	Special Risk Class	<u>X.XX%</u> 2.75% <u>X.XX%</u> 7.03%
	Special Risk	
	Administrative	<u>X.XX%</u> 0.83% <u>X.XX%</u> 27.04%

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BILL	ORIGINAL	YEAR
1421	Support Class	
1422	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>X.XX%</u> 0.88% <u>X.XX%</u> 27.18%
1423	Elected Officers' Class— Justices, Judges	<u>X.XX%</u> 0.77% <u>X.XX%</u> 16.38%
1424	Elected Officers' Class— County Elected Officers	<u>X.XX%</u> 0.73% <u>X.XX%</u> 23.01%
1425	Senior Management Service Class	<u>X.XX%</u> 0.32% <u>X.XX%</u> 11.25%
1426	DROP	<u>X.XX%</u> 0.00% <u>X.XX%</u> 6.21%
1427	Section 8. Section 238.072, Florida Statutes, is amended	
1428	to read:	
1429	238.072 Special service provisions for extension	
1430	personnel.—All state and county cooperative extension personnel	
1431	holding appointments by the United States Department of	
1432	Agriculture for extension work in agriculture and home economics	
1433	in this state who are joint representatives of the University of	
1434	Florida and the United States Department of Agriculture, as	

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1435 provided in s. 121.051(8) ~~121.051(7)~~, who are members of the
 1436 Teachers' Retirement System, chapter 238, and who are prohibited
 1437 from transferring to and participating in the Florida Retirement
 1438 System, chapter 121, may retire with full benefits upon
 1439 completion of 30 years of creditable service and shall be
 1440 considered to have attained normal retirement age under this
 1441 chapter, any law to the contrary notwithstanding. In order to
 1442 comply with the provisions of s. 14, Art. X of the State
 1443 Constitution, any liability accruing to the Florida Retirement
 1444 System Trust Fund as a result of the provisions of this section
 1445 shall be paid on an annual basis from the General Revenue Fund.

1446 Section 9. Subsection (11) of section 413.051, Florida
 1447 Statutes, is amended to read:

1448 413.051 Eligible blind persons; operation of vending
 1449 stands.—

1450 (11) Effective July 1, 1996, blind licensees who remain
 1451 members of the Florida Retirement System pursuant to s.
 1452 121.051(7)(b)1. ~~121.051(6)(b)1.~~ shall pay any unappropriated
 1453 retirement costs from their net profits or from program income.
 1454 Within 30 days after the effective date of this act, each blind
 1455 licensee who is eligible to maintain membership in the Florida
 1456 Retirement System under s. 121.051(7)(b)1. ~~121.051(6)(b)1.~~, but
 1457 who elects to withdraw from the system as provided in s.
 1458 121.051(7)(b)3. ~~121.051(6)(b)3.~~, must, on or before July 31,
 1459 1996, notify the Division of Blind Services and the Department
 1460 of Management Services in writing of his or her election to
 1461 withdraw. Failure to timely notify the divisions shall be deemed
 1462 a decision to remain a compulsory member of the Florida

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1463 Retirement System. However, if, at any time after July 1, 1996,
 1464 sufficient funds are not paid by a blind licensee to cover the
 1465 required contribution to the Florida Retirement System, that
 1466 blind licensee shall become ineligible to participate in the
 1467 Florida Retirement System on the last day of the first month for
 1468 which no contribution is made or the amount contributed is
 1469 insufficient to cover the required contribution. For any blind
 1470 licensee who becomes ineligible to participate in the Florida
 1471 Retirement System as described in this subsection, no creditable
 1472 service shall be earned under the Florida Retirement System for
 1473 any period following the month that retirement contributions
 1474 ceased to be reported. However, any such person may participate
 1475 in the Florida Retirement System in the future if employed by a
 1476 participating employer in a covered position.

1477 Section 10. The Legislature finds that a proper and
 1478 legitimate state purpose is served when employees and retirees
 1479 of the state and its political subdivisions, and the dependents,
 1480 survivors, and beneficiaries of such employees and retirees, are
 1481 extended the basic protections afforded by governmental
 1482 retirement systems. These persons must be provided benefits that
 1483 are fair and adequate and that are managed, administered, and
 1484 funded in an actuarially sound manner, as required by s. 14,
 1485 Article X of the State Constitution and part VII of chapter 112,
 1486 Florida Statutes. Therefore, the Legislature determines and
 1487 declares that this act fulfills an important state interest.

1488 Section 11. (1) Effective upon this act becoming a law,
 1489 the State Board of Administration and the Department of
 1490 Management Services shall request, as soon as practicable, a

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1491 determination letter and private letter ruling from the United
1492 States Internal Revenue Service. If the Internal Revenue Service
1493 refuses to act upon a request for a private letter ruling, then
1494 a legal opinion from a qualified tax attorney or firm may be
1495 substituted for such private letter ruling.

1496 (2) If the board or the department receives notification
1497 from the United States Internal Revenue Service that this act or
1498 any portion of this act will cause the Florida Retirement
1499 System, or a portion thereof, to be disqualified for tax
1500 purposes under the Internal Revenue Code, then the portion that
1501 will cause the disqualification does not apply. Upon such
1502 notice, the state board and the department shall notify the
1503 presiding officers of the Legislature.

1504 Section 12. Except as otherwise provided herein, this act
1505 shall take effect July 1, 2013.