

Committee Substitute for Senate Bill No. 1684

An act relating to the Florida Retirement System (RAB); clarifying provisions throughout ch. 121, F.S., relating to vesting and the normal retirement date for a member; amending s. 121.021, F.S., relating to definitions; revising and adding definitions; amending s. 121.051, F.S., relating to participation in the Florida Retirement System; providing that consultants and independent contractors are ineligible to participate; establishing procedures and requirements for municipalities or special districts that choose to participate in the Florida Retirement System; providing requirements for employers that transfer, merge, or consolidate governmental services or functions; limiting a member's rights following a conviction for causing a shortage in a public account; providing requirements and limitations for a member who is dually employed; amending s. 121.0515, F.S., relating to Special Risk Class membership; providing for retroactive membership in certain cases; requiring certain members who are moved or reassigned to participate in the Special Risk Administrative Support Class; amending s. 121.052, F.S., relating to the Elected State and County Officers' Class; providing for calculating average final compensation; amending s. 121.053, F.S., relating to retired member participation in the Elected State and County Officers' Class; clarifying requirements for creditable service; amending s. 121.055, F.S., relating to the Senior Management Service Optional Annuity Program; clarifying participation requirements; providing for the Optional Annuity Program Trust Fund; providing eligibility requirements for receiving benefits; providing for administering the program; providing requirements and limitations for a member who is dually employed; amending s. 121.071, F.S., relating to system contributions; providing requirements for contributions for other creditable service; amending s. 121.081, F.S., relating to contributions for past service or prior service; clarifying provisions with respect to required contributions; providing requirements for receiving service credit and prior service credit; amending s. 121.091, F.S., relating to benefits payable under the Florida Retirement System; providing for cancellation of application for retirement benefits; clarifying and consolidating benefit provisions; providing procedures for determining average final compensation; providing for determining disability retirement benefits; providing for optional forms of retirement benefits and disability retirement benefits; providing requirements for determining death benefits; providing for designating beneficiaries; providing for the payment of benefits; authorizing certain deductions from the monthly benefit payment; amending s. 121.111, F.S., relating to credit for military service; providing requirements for determining creditable service; amending s. 121.121, F.S.; providing requirements for purchasing creditable service for authorized leaves of absence; amending s. 121.122, F.S., relating to renewed membership; clarifying requirements for a member who does not claim credit for all postretirement service; creating s. 121.193, F.S.,

relating to external compliance audits; providing responsibilities of the Division of Retirement of the Department of Management Services with respect to such audits; specifying requirements of participating agencies; amending s. 121.35, F.S., relating to the Optional Retirement Program for the State University System; providing for the application of certain federal requirements; providing for the administration of the Optional Retirement Program Trust Fund; clarifying benefit requirements; providing for responsibilities of the Board of Regents and institutions in the State University System; amending s. 121.40, F.S., relating to the supplemental retirement benefits provided for certain personnel at the Institute of Food and Agricultural Sciences at the University of Florida; providing for the deduction of certain payments from the monthly benefit payment; providing legislative intent with respect to the amendments made by the act; providing an effective date.

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

Section 1. Subsection (29) of section 121.021, Florida Statutes, as amended by chapters 97-154 and 97-180, Laws of Florida, is amended, and subsection (45) is added to that section, to read:

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

(29) “Normal retirement date” means the first day of any month following the date a member attains one of the following statuses:

(a) If a Regular Class member, the member:

1. Completes 10 or more years of creditable service and attains age 62;
or

2. ~~(b)~~ Completes 30 years of creditable service, regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system, ~~regardless of age;~~

~~(b)(c)~~ If a Special Risk Class member, the member:

1. Completes 10 or more years of creditable service in the Special Risk Class and attains age 55;

2. Completes 25 years of creditable service in the Special Risk Class, regardless of age; or

3. Completes 25 years of creditable service and attains age 52, which service may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system and the remaining years are in the Special Risk Class, ~~and attains age 52; or~~

~~(c)(d)~~ If a Senior Management Service Class member:

1. Completes 7 years of creditable service in the Senior Management Service Class and attains age 62; or

2. Completes 30 years of any creditable service, regardless of age, which may include a maximum of 4 years of military service credit, regardless of age as long as such credit is not claimed under any other system.

(d) If an Elected State and County Officers' Class member, the member:

1. Completes 8 years of creditable service in the Elected State and County Officers' Class and attains age 62; or

2. Completes 30 years of any creditable service, regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system.

"Normal retirement age" is attained on the "normal retirement date."

(45) "Vested" or "vesting" means the guarantee that a member is eligible to receive a future retirement benefit upon completion of the required years of creditable service for the employee's class of membership, even though the member may have terminated covered employment before reaching normal or early retirement age. Being vested does not entitle a member to a disability benefit based on a disability caused by an injury or disease that occurs after termination of covered employment.

Section 2. Paragraphs (a) and (d) of subsection (1), paragraph (b) of subsection (2), and paragraph (b) of subsection (5) of section 121.051, Florida Statutes, are amended, paragraph (f) is added to subsection (2) of that section, and subsection (9) is added to that section, to read:

121.051 Participation in the system.—

(1) COMPULSORY PARTICIPATION.—

(a) The provisions of this law shall be compulsory as to all officers and employees, except elected officers who meet the requirements of s. 121.052(3), who are employed on or after December 1, 1970, of an employer other than those referred to in paragraph (2)(b), and each officer or employee, as a condition of employment, shall become a member of the system as of his or her date of employment, except that a person who is retired from any state retirement system and is reemployed on or after December 1, 1970, shall not be permitted to renew his or her membership in any state retirement system except as provided in ~~s. 121.091(4)(h)~~ s. 121.091(4)(e) for a person who recovers from disability, and as provided in s. 121.091(9)(b)8. for a person who is elected to public office, and, effective July 1, 1991, as provided in s. 121.122 for all other retirees. Officers and employees of the University Athletic Association, Inc., a nonprofit association connected with the University of Florida, employed on and after July 1, 1979, shall not participate in any state-supported retirement system. Any person appointed on or after July 1, 1989, to a faculty position in a college at the J. Hillis Miller Health Center at the University of Florida or the Medical Center at the University of South Florida which has a faculty practice plan provided by

rule adopted by the Board of Regents shall not participate in the Florida Retirement System. A faculty member so appointed shall participate in the optional retirement program on the basis of his or her state-funded compensation, notwithstanding the provisions of s. 121.35(2)(a).

(d) The following persons are not eligible to participate in the Florida Retirement System:

1. Employees of a not-for-profit corporation or association created by the Board of County Commissioners of Palm Beach County for the purpose of owning, operating, or managing a public bus transit system formerly operated or managed by a private corporation subject to 49 U.S.C. s. 5333(b), shall not be eligible to participate in the Florida Retirement System.

2. Persons who perform services as a consultant or an independent contractor, as defined by the division.

(2) OPTIONAL PARTICIPATION.—

(b)1. The governing body of any municipality city or special district in the state may elect to participate in the system upon proper application to the administrator and may cover all or any of its units as approved by the Secretary of Health and Human Services and the administrator. Prior to being approved for participation in the Florida Retirement System, the governing body of any such municipality or special district that has a local retirement system shall submit to the administrator a certified financial statement showing the condition of the local retirement system as of a date within 3 months prior to the proposed effective date of membership in the Florida Retirement System. The statement must be certified by a recognized accounting firm that is independent of the local retirement system. All required documents necessary for extending Florida Retirement System coverage must be received by the division for consideration at least 15 days prior to the proposed effective date of coverage. If the municipality or special district does not comply with this requirement, the division may require that the effective date of coverage be changed.

2. Any city or special district that has an existing retirement system covering the employees in the units that are to be brought under the Florida Retirement System may participate only after holding a referendum in which all employees in the affected units have the right to participate. Only those employees electing coverage under the Florida Retirement System by affirmative vote in said referendum shall be eligible for coverage under this chapter, and those not participating or electing not to be covered by the Florida Retirement System shall remain in their present systems and shall not be eligible for coverage under this chapter. After the referendum is held, all future employees shall be compulsory members of the Florida Retirement System.

3. The governing body of any city or special district complying with subparagraph 1. may elect to provide, or not provide, benefits based on past service of officers and employees as described in s. 121.081(1). However, if such employer elects to provide past service benefits, such benefits must be provided for all officers and employees of its covered group.

4. Once this election is made and approved it may not be revoked, except pursuant to subparagraphs 5. and 6., and all present officers and employees electing coverage under this chapter and all future officers and employees shall be compulsory members of the Florida Retirement System.

5. Subject to the conditions set forth in subparagraph 6., the governing body of any hospital licensed under chapter 395 which is governed by the board of a special district as defined in s. 189.403(1) or by the board of trustees of a public health trust created under s. 154.07, hereinafter referred to as "hospital district," and which participates in the system, may elect to cease participation in the system with regard to future employees in accordance with the following procedure:

a. No more than 30 days and at least 7 days before adopting a resolution to partially withdraw from the Florida Retirement System and establish an alternative retirement plan for future employees, a public hearing must be held on the proposed withdrawal and proposed alternative plan.

b. From 7 to 15 days before such hearing, notice of intent to withdraw, specifying the time and place of the hearing, must be provided in writing to employees of the hospital district proposing partial withdrawal and must be published in a newspaper of general circulation in the area affected, as provided by ss. 50.011-50.031. Proof of publication of such notice shall be submitted to the Division of Retirement.

c. The governing body of any hospital district seeking to partially withdraw from the system must, before such hearing, have an actuarial report prepared and certified by an enrolled actuary, as defined in s. 112.625(3), illustrating the cost to the hospital district of providing, through the retirement plan that the hospital district is to adopt, benefits for new employees comparable to those provided under the Florida Retirement System.

d. Upon meeting all applicable requirements of this subparagraph, and subject to the conditions set forth in subparagraph 6., partial withdrawal from the system and adoption of the alternative retirement plan may be accomplished by resolution duly adopted by the hospital district board. The hospital district board must provide written notice of such withdrawal to the division by mailing a copy of the resolution to the division, postmarked no later than December 15, 1995. The withdrawal shall take effect January 1, 1996.

6. Following the adoption of a resolution under sub-subparagraph 5.d., all employees of the withdrawing hospital district who were participants in the Florida Retirement System prior to January 1, 1996, shall remain as participants in the system for as long as they are employees of the hospital district, and all rights, duties, and obligations between the hospital district, the system, and the employees shall remain in full force and effect. Any employee who is hired or appointed on or after January 1, 1996, may not participate in the Florida Retirement System, and the withdrawing hospital district shall have no obligation to the system with respect to such employees.

(f) Whenever an employer that participates in the Florida Retirement System undertakes the transfer, merger, or consolidation of governmental services or functions, the employer must notify the division at least 60 days prior to such action and shall provide documentation as required by the division.

(5) RIGHTS LIMITED.—

(b) A No member who is convicted by a court of competent jurisdiction of causing has caused a shortage in a public account, when such shortage is certified by the Auditor General or a certified public accountant, may not retire or receive any benefits under this chapter so long as such shortage exists.

(9) DUAL EMPLOYMENT.—A member may not participate in more than one state-administered retirement system, plan, or class of membership simultaneously. Pursuant thereto:

(a) With respect to any member who is not eligible to participate in the Elected State and County Officers' Class, but who is simultaneously employed in two or more positions covered by different Florida Retirement System classes:

1. The member must participate in the membership class for the position in which he or she is employed the majority of the time: the Regular Class, Senior Management Service Class, Special Risk Class, or Special Risk Administrative Support Class; or

2. If the employment is split equally between or among positions, the member may choose any single class of membership for which he or she is eligible, whether or not the positions are full-time positions. The member's choice must be made in writing and remains in effect as long as the member is employed equally in two or more positions.

(b) Contributions shall be made and creditable service shall be determined as follows:

1. If the member is participating in the Regular Class, retirement contributions shall be made on the total salary the member has received for all covered employment, and at retirement the member's average final compensation shall be calculated on the total salary received from all covered employment.

2. If the member is participating in the Senior Management Service Class, Special Risk Class, or Special Risk Administrative Support Class, retirement contributions shall be made only on the salary received in the designated class of membership. At retirement, the member's average final compensation shall be based only on the salary received in the designated class of membership for any period, including any period of dual employment.

Section 3. Paragraph (a) of subsection (3) and subsection (7) of section 121.0515, Florida Statutes, are amended to read:

121.0515 Special risk membership; criteria; designation and removal of classification; credits for past service and prior service; retention of special risk normal retirement date.—

(3) PROCEDURE FOR DESIGNATING.—

(a) Any member of the Florida Retirement System employed by a county, city, or special district who feels that he or she meets the criteria set forth in this section for membership in the Special Risk Class may request that his or her employer submit an application to the division requesting that the division designate him or her as a special risk member. If the employer agrees that the member meets the requirements for special risk membership, the employer shall submit an application to the division in behalf of the employee containing a certification that the member meets the criteria for special risk membership set forth in this section and such other supporting documentation as may be required by administrative rule. The division shall, within 90 days, either designate or refuse to designate the member as a special risk member. If the employer declines to submit the member's application to the division or if the division does not designate the member as a special risk member, the member or the employer may appeal to the State Retirement Commission, as provided in s. 121.23, for designation as a special risk member. A member who receives a final affirmative ruling pursuant to such appeal for special risk membership shall have special risk membership retroactive to the date such member would have had special risk membership had such membership been approved by the employer and the division, as determined by the division, and the employer contributions shall be paid in full within 1 year after such final ruling.

(7) RETENTION OF SPECIAL RISK NORMAL RETIREMENT DATE.—

(a) A special risk member who is moved or reassigned to a nonspecial risk law enforcement, firefighting, or correctional administrative support position with the same agency, or who is subsequently employed in such a position with any law enforcement, firefighting, or correctional agency under the Florida Retirement System, shall participate in the Special Risk Administrative Support Class and shall earn credit for such service at the same percentage rate as that earned by a regular member. Notwithstanding the provisions of subsection (4), service in such an administrative support position shall, for purposes of s. 121.091, apply toward satisfaction of the special risk normal retirement date, as defined in s. 121.021(29)(b) ~~s. 121.021(29)(c)~~, provided that, while in such position, the member remains certified as a law enforcement officer, firefighter, or correctional officer; remains subject to reassignment at any time to a position qualifying for special risk membership; and completes an aggregate of 10 or more years of service as a designated special risk member prior to retirement.

(b) Upon application by a member, the provisions of this subsection shall apply, with respect to such member, retroactively to October 1, 1978.

(c) The division shall adopt such rules as are required to administer this subsection.

Section 4. Subsection (9) and paragraph (c) of subsection (12) of section 121.052, Florida Statutes, are amended to read:

121.052 Membership class of elected state and county officers.—

(9) AVERAGE FINAL COMPENSATION.—The average final compensation of a member of the Elected State and County Officers' Class shall be as defined in s. 121.021(24). If a member has received credit for upgraded previous Elected State and County Officers' Class service as provided in subsection (5), and the upgraded service salary is greater than his or her actual salary, the upgraded service salary shall be used to calculate the member's average final compensation.

(12) BENEFITS.—

(c) The benefit provisions of s. 121.091(7), relating to death benefits, shall apply to members of the Elected State and County Officers' Class and shall be construed in such manner as to make them compatible with the provisions of this section; however, only 8 years of creditable service in this class are needed to obtain such benefits, except that:

1. ~~If In the event~~ any elected official dies in office who would have been vested under ~~had 8 years of creditable service in~~ the Elected State and County Officers' Class, ~~or 10 years of creditable service in~~ any other class of the Florida Retirement System, or any other state-administered retirement system, if the official had lived to complete his or her term of office, the official's spouse may elect to leave the official's retirement contributions in the retirement trust fund and pay into said fund any required contributions which would have been paid by the officer or the employer had the officer lived to complete the term of office.

2. If a deceased member's surviving spouse as described in subparagraph 1. previously received a refund of the member's contributions made to the retirement trust fund, the surviving spouse may pay into the retirement trust fund an amount equal to the deceased member's contributions previously refunded, together with interest at 4 percent compounded annually on the amount of such refunded contributions from the date of refund until July 1, 1975, and at 6.5 percent compounded annually thereafter to the date of payment, plus such additional contributions as may be required under subparagraph 1., in order to become vested ~~qualify for 8 or 10 years of creditable service~~, as applicable.

Upon conclusion of the term of office to which the deceased officer was elected, a spouse who pays into the retirement trust fund such additional or refunded contributions, plus interest, shall be eligible to receive a monthly benefit in the same manner as the surviving spouse of a member who dies after accumulating the required number of years of creditable service as described herein.

Section 5. Paragraph (b) of subsection (1) of section 121.053, Florida Statutes, is amended to read:

121.053 Participation in the Elected State and County Officers' Class for retired members.—

(1)

(b) Any retired member of the Florida Retirement System, or any existing system as defined in s. 121.021(2), who, on or after July 1, 1990, is serving in, or is elected or appointed to, an elective office covered by the Elected State and County Officers' Class shall be enrolled in the appropriate subclass of the Elected State and County Officers' Class of the Florida Retirement System, and applicable contributions shall be paid into the Florida Retirement System Trust Fund as provided in s. 121.052(7). Pursuant thereto:

1. Any such retired member shall be eligible to continue to receive retirement benefits as well as compensation for the elected officer service for as long as he or she remains in an elective office covered by the Elected State and County Officers' Class.

2. If any such member serves in an elective office covered by the Elected State and County Officers' Class and becomes vested under that class for a period of at least 8 years, he or she shall be entitled to receive an additional retirement benefit for such elected officer service.

3. Such member shall be entitled to purchase additional retirement credit in the Elected State and County Officers' Class for any postretirement service performed in an elected position eligible for the Elected State and County Officers' Class prior to July 1, 1990, or in the Regular Class for any postretirement service performed in any other regularly established position prior to July 1, 1991, by paying the applicable Elected State and County Officers' Class or Regular Class employee and employer contributions for the period being claimed, plus 4 percent interest compounded annually from the first year of service claimed until July 1, 1975, and 6.5 percent interest compounded thereafter, until full payment is made to the Florida Retirement System Trust Fund. The contribution for postretirement Regular Class service between July 1, 1985, and July 1, 1991, for which the reemployed retiree contribution was paid, shall be the difference between such contribution and the total applicable contribution for the period being claimed, plus interest. The employer of such member may pay the applicable employer contribution in lieu of the member. If a member does not wish to claim credit for all of the postretirement service for which he or she is eligible, the service the member claims must be the most recent service.

4. No Creditable service for which credit was received, or which remained unclaimed, at retirement may not be claimed or applied toward service credit earned following renewed membership. However, service earned in accordance with the renewed membership provisions in s. 121.122 may be used in conjunction with creditable service earned under this paragraph, provided applicable vesting requirements and other existing statutory conditions required by this chapter are met.

Section 6. Subsection (6) of section 121.055, Florida Statutes, is amended to read:

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

(6)(a) Senior Management Service Optional Annuity Program.—The Department of Management Services shall establish a Senior Management Service Optional Annuity Program under which contracts providing retirement, death, and disability benefits may be purchased for those employees who elect to participate in the optional annuity program. The benefits to be provided for or on behalf of participants in such optional annuity program shall be provided through individual contracts or individual certificates issued for group annuity contracts, which may be fixed, variable, or a combination thereof, in accordance with s. 401(a) of the Internal Revenue Code. Any such individual contract or certificate shall state the annuity plan on its face page, and shall include, but not be limited to, a statement of ownership, the contract benefits, annuity income options, limitations, expense charges, and surrender charges, if any. The employing agency shall contribute, as provided in this section, toward the purchase of such optional benefits which shall be fully and immediately vested in the participants.

(b) Retirement service credit.—An eligible employee who is a member of the Florida Retirement System or an existing retirement system at the time of his or her election to participate in the Senior Management Service Optional Annuity Program shall retain all retirement service credit earned under the retirement system from which he or she transferred; however, no additional service credit in the Florida Retirement System or existing retirement system shall be earned while the employee participates in the optional annuity program, nor shall the employee be eligible for disability retirement under the Florida Retirement System or existing retirement system.

(c) Participation.—

1. Any eligible employee who is employed on or before February 1, 1987, may elect to participate in the optional annuity program in lieu of participation in the Senior Management Service Class. Such election shall be made in writing and filed with the department and the personnel officer of the employer on or before May 1, 1987. Any eligible employee who is employed on or before February 1, 1987, and who fails to make an election to participate in the optional annuity program by May 1, 1987, shall be deemed to have elected membership in the Senior Management Service Class.

2. Any employee who becomes eligible to participate in the optional annuity program by reason of initial employment commencing after February 1, 1987, may, within 90 days after the date of commencement of employment, elect to participate in the optional annuity program. Such election shall be made in writing and filed with the personnel officer of the employer. Any eligible employee who does not within 90 days after commencement of such employment elect to participate in the optional annuity program shall be deemed to have elected membership in the Senior Management Service Class.

3. A person who is appointed to a position in the Senior Management Service Class and who is a member of an existing retirement system or the Special Risk or Special Risk Administrative Support Classes of the Florida Retirement System may elect to remain in such system or class in lieu of participation in the Senior Management Service Class or optional annuity program. Such election shall be made in writing and filed with the department and the personnel officer of the employer within 90 days of such appointment. Any eligible employee who fails to make an election to participate in the existing system, the Special Risk Class of the Florida Retirement System, the Special Risk Administrative Support Class of the Florida Retirement System, or the optional annuity program shall be deemed to have elected membership in the Senior Management Service Class.

4. An employee's election to participate in the Optional Annuity Program is irrevocable as long as such employee continues to be employed in an eligible position and continues to meet the eligibility requirements set forth in this paragraph.

(d) Contributions.—

1. Each employer shall contribute on behalf of each participant in the Senior Management Service Optional Annuity Program an amount equal to the normal cost portion of the employer retirement contribution which would be required if the participant were a Senior Management Service Class member of the Florida Retirement System, plus the portion of the contribution rate required in s. 112.363(8) that would otherwise be assigned to the Retiree Health Insurance Subsidy Trust Fund, less an amount approved by the Legislature which shall be deducted by the division to provide for the administration of this program. The payment of the contributions to the optional program which is required by this subparagraph for each participant shall be made by the employer to the division which shall forward the contributions to the designated company or companies contracting for payment of benefits for the participant under the program.

2. Each employer shall contribute on behalf of each participant in the Senior Management Service Optional Annuity Program an amount equal to the unfunded actuarial accrued liability portion of the employer contribution which would be required for members of the Senior Management Service Class in the Florida Retirement System. This contribution shall be paid to the division for transfer to the Florida Retirement System Trust Fund.

3. An Optional Annuity Program Trust Fund shall be established in the State Treasury and administered by the division to make payments to provider companies on behalf of the Optional Annuity Program participants, and to transfer the unfunded liability portion of the state optional annuity program contributions to the Florida Retirement System Trust Fund.

~~4.3.~~ Contributions required for social security by each employer and each participant, in the amount required for social security coverage as now or hereafter may be provided by the federal Social Security Act shall be maintained for each participant in the Senior Management Service retirement program and shall be in addition to the retirement contributions specified in this paragraph.

5.4. Each participant in the Senior Management Service Optional Annuity Program may contribute by way of salary reduction or deduction a percentage amount of the participant's gross compensation not to exceed the percentage amount contributed by the employer to the optional annuity program. Payment of the participant's contributions shall be made by the employer to the division which shall forward the contributions to the designated company or companies contracting for payment of benefits for the participant under the program.

(e) Benefits.—

1. Benefits shall be payable under the Senior Management Service Optional Annuity Program only to participants in the program, or their beneficiaries as designated by the participant in the contract with a provider company, and such benefits shall be paid by the designated company in accordance with the terms of the annuity contract or contracts applicable to the participant. A participant must be terminated from all employment with all Florida Retirement System employers as provided in s. 121.021(39) to begin receiving the employer-funded benefit. Benefits funded by employer contributions shall be payable only as a lifetime annuity to the participant, his beneficiary, or his estate, except for:

a. A lump-sum payment to the beneficiary upon the death of the participant; or

b. A cash-out of a de minimis account upon the request of a former participant who has been terminated for a minimum of 6 months from the employment that entitled him to Optional Retirement Program participation. A de minimis account is an account with a provider company containing employer contributions and accumulated earnings of not more than \$3,500 made under the provisions of this chapter. Such cash-out must be a complete liquidation of the account balance with that company and is subject to the provisions of the Internal Revenue Code.

2. The benefits payable to any person under the Senior Management Service Optional Annuity Program, and any contribution accumulated under such program, shall not be subject to assignment, execution, or attachment or to any legal process whatsoever.

3. A participant who receives Optional Annuity Program benefits funded by employer contributions shall be deemed to be retired from a state-administered retirement system in the event of subsequent employment with any employer that participates in the Florida Retirement System.

(f) Administration.—

1. The Senior Management Service Optional Annuity Program authorized by this section shall be administered by the Division of Retirement. The division shall designate one or more provider companies from which annuity contracts may be purchased under the program and shall approve the form and content of the contracts. The division shall sign a contract with each of the provider companies and shall evaluate the performance of the provider companies on a continuing basis. The division may terminate the services

of a provider company for reasons stated in the contract. The division shall adopt rules establishing its responsibilities and the responsibilities of employers in administering the optional annuity program.

2. Effective July 1, 1997, the State Board of Administration shall review and make recommendations to the division on the acceptability of all investment products proposed by provider companies of the optional annuity program before such products are offered through annuity contracts to the participants and may advise the division of any changes deemed necessary to ensure that the optional annuity program offers an acceptable mix of investment products. The division shall make the final determination as to whether an investment product will be approved for the program.

3. The provisions of each contract applicable to a participant in the Senior Management Service Optional Annuity Program shall be contained in a written program description which shall include a report of pertinent financial and actuarial information on the solvency and actuarial soundness of the program and the benefits applicable to the participant. Such description shall be furnished by the company or companies to each participant in the program and to the division upon commencement of participation in the program and annually thereafter.

4. The division shall ensure that each participant in the Senior Management Service Optional Annuity Program is provided an accounting of the total contribution and the annual contribution made by and on behalf of such participants.

(g) A participant in the Optional Annuity Program may not participate in more than one state-administered retirement system, plan, or class simultaneously. The following shall apply to a participant who is or becomes dually employed:

1. A participant who is or becomes dually employed in two or more positions covered by the Florida Retirement System, one of which is eligible for the Optional Annuity Program and one of which is not, shall make one of the following choices:

a. Remain a member of the Optional Annuity Program, in which case contributions shall be paid as required only on the salary earned in the position eligible for the Optional Annuity Program during the period of dual employment;

b. Elect, within 90 days after becoming dually employed, membership in the Regular Class of the Florida Retirement System in lieu of the Optional Annuity Program, in which case contributions shall be paid as required on the total salary received for all employment, and, at retirement, the member's average final compensation used to calculate any benefits for which he or she becomes eligible under the Florida Retirement System shall be based on all salary reported for all covered positions during the period of dual employment; or

c. If dually employed in an elected office eligible for the Elected State and County Officers' Class, select, within 6 months after assuming office, mem-

bership in the Elected State and County Officers' Class, in which case, participation in the Optional Annuity Program shall cease for the period of dual employment, retirement contributions shall be paid as required only on the salary earned as an elected officer, and, at retirement, the member's benefit under the Florida Retirement System shall be based only on the salary received as an elected officer for the period of dual employment.

2. When such member ceases to be dually employed, he or she shall make one of the following choices:

a. If the position in which he or she remains is a position that is eligible for the Optional Annuity Program, he or she may, within 90 days after ceasing dual employment, elect to remain in the Florida Retirement System class for which he or she is eligible or to again become a participant in the Optional Annuity Program. Failure to elect membership in the Optional Annuity Program within 90 days shall result in compulsory membership in the Florida Retirement System; or

b. If the position in which he or she remains is not a position that is eligible for the Optional Annuity Program, he or she shall participate in the Florida Retirement System class for which he or she is eligible.

Section 7. Subsection (6) is added to section 121.071, Florida Statutes, to read:

121.071 Contributions.—Contributions to the system shall be made as follows:

(6)(a) Required employee contributions for all service other than current service, including, but not limited to, prior service, past service, military service, leave-of-absence service, out-of-state service, and certain non-Florida Retirement System in-state service, shall be paid by cash, personal check, cashier's check, or money order only; shall be accompanied by a statement identifying the service for which payment is made; and shall be made in a lump sum for the total amount due or in annual payments of not less than \$100, except for the final payment if less than \$100, unless another method of payment is authorized by law or rule.

(b) On and after July 1, 1972, all remittances made by a member for the purchase of optional creditable service shall be credited to the member's account. A refund of a member's retirement contributions at termination, as provided in paragraph (2)(b), shall include all such remittances made by the member and credited to his or her account. If requested, a member may, at the time of retirement, receive a refund of any contributions he or she made for the purchase of any optional creditable service. A member is not entitled to a refund of contributions paid by an employer, except for employee contributions made by an employer for an employee's past service earned prior to October 1, 1975.

(c) By obtaining a refund of contributions, a member waives all rights under the Florida Retirement System to the service credit represented by the refunded contributions, except the right to purchase his or her prior service credit in accordance with s. 121.081(2).

(d) The contributions required of a member of the Teachers' Retirement System who transfers to the Florida Retirement System must be adjusted, based on the rate of 6.25 percent of salary earned while a member of the Teachers' Retirement System. Any overpayment that results from this adjustment will be refunded to the member, while any amount due, plus interest compounded annually, must be paid by the member prior to retirement. Effective upon the date of transfer to the Florida Retirement System, contributions shall be paid as required under this chapter.

Section 8. Paragraphs (f) and (h) of subsection (1) and paragraph (a) of subsection (2) of section 121.081, Florida Statutes, are amended, and paragraphs (e) and (f) are added to subsection (2) of that section, to read:

121.081 Past service; prior service; contributions.—Conditions under which past service or prior service may be claimed and credited are:

(1)

(f) When any person, either prior to this act or hereafter, becomes entitled to and does participate in one of the retirement systems consolidated within or created by this chapter through the consolidation or merger of governments or the transfer of functions between units of government, either at the state or local level or between state and local units, or through the assumption of functions or activities by a state or local unit from an employing entity which was not an employer under the system, and such person becomes a member of the Florida Retirement System, such person shall be entitled to receive past-service credit as defined in s. 121.021(18) for the time such person performed services for, and was an employee of, such state or local unit or other employing entity prior to the transfer, merger, consolidation, or assumption of functions and activities. Past-service credit allowed by this paragraph shall also be available to any person those persons who becomes a member ~~became members~~ of an existing system, as defined in s. 121.021(2), prior to December 1, 1970, through the transfer, merger, consolidation, or assumption of functions and activities set forth in this paragraph and who subsequently becomes a member become members of the Florida Retirement System. However, ~~in no event will~~ credit for the past service may not be granted until contributions are made in the manner provided in this subsection. If a person rejected Florida Retirement System membership at the time of the transfer, merger, or consolidation, the required contributions shall be at total actuarial cost as specified in paragraph (e). Such contributions or ~~and~~ accrued interest may ~~shall~~ not be paid from any state funds.

(h) The following provisions apply to the purchase of past service:

1. Notwithstanding any of the provisions of this subsection, no past-service credit may not be purchased under this chapter for any service that which is used to obtain a benefit from any local retirement system.

2. A member may not receive past service credit under paragraphs (a), (b), (e), or (f) for any leaves of absence without pay, except that credit for active military service leaves of absence may be claimed under paragraphs (a), (b), and (f), in accordance with s. 121.111(1).

3. If a member does not desire to receive credit for all of his or her past service, the period the member claims must be the most recent past service prior to his or her participation in the Florida Retirement System.

4. The cost of past service purchased by an employing agency for its employees may be amortized over such period of time as is provided in the agreement, but not to exceed 15 years, calculated in accordance with rule 60S-1.007(5)(f), Florida Administrative Code.

5. The retirement account of each member for whom past service is being provided by his or her employer shall be credited with all past service the employer agrees to purchase as soon as the agreement between the employer and the division is executed. Pursuant thereto:

a. Each such member's account shall also be posted with the total contribution his or her employer agrees to make in the member's behalf for past service earned prior to October 1, 1975, excluding those contributions representing the employer's matching share and the compound interest calculation on the total contribution. However, a portion of any contributions paid by an employer for past service credit earned on and after October 1, 1975, may not be posted to a member's account.

b. A refund of contributions payable after an employer has made a written agreement to purchase past service for employees of the covered group shall include contributions for past service which are posted to a member's account. However, contributions for past service earned on and after October 1, 1975, are not refundable.

(2) Prior service, as defined in s. 121.021(19), may be claimed as creditable service under the Florida Retirement System after a member has been reemployed for 12 continuous months, except as provided in paragraph (c). Service performed as a participant of the optional retirement program for the State University System under s. 121.35 or the Senior Management Service Optional Annuity Program under s. 121.055 may be used to satisfy the 12-continuous-month requirement. The member shall not be permitted to make any contributions for prior service until after the 12-month period. The required contributions for claiming the various types of prior service are:

(a) For prior service performed prior to the date the system becomes noncontributory for the member and for which the member had credit under one of the existing retirement systems and received a refund of contributions upon termination of employment, the member shall contribute 4 percent of all salary received during the period being claimed, plus 4 percent interest compounded annually from date of refund until July 1, 1975, and 6.5 percent interest compounded annually thereafter, until full payment is made to the Retirement Trust Fund. A member who elected to transfer to the Florida Retirement System from an existing system may receive credit for prior service under the existing system if he or she was eligible under the existing system to claim the prior service at the time of the transfer. Contributions for such prior service shall be determined by the applicable provisions of the system under which the prior service is claimed and shall be paid by the member, with matching contributions paid by the employer at the time the

service was performed. Effective July 1, 1978, the account of a person who terminated under s. 238.05(3) may not be charged interest for contributions that remained on deposit in the Annuity Savings Trust Fund established under chapter 238, upon retirement under chapter 121 or chapter 238.

(e) For service performed under the Florida Retirement System after December 1, 1970, that was never reported to the division due to error, retirement credit may be claimed by a member of the Florida Retirement System. The division shall adopt rules establishing criteria for claiming such credit and detailing the documentation required to substantiate the error.

(f) The employer may not be required to make contributions for prior service credit for any member, except that the employer shall pay the employer portion of contributions for any legislator who elects to withdraw from the Florida Retirement System and later rejoins the system and pays any employee contributions required in accordance with s. 121.052(3)(d).

Section 9. Section 121.091, Florida Statutes, as amended by chapters 97-154 and 97-180, Laws of Florida, is amended to read:

121.091 Benefits payable under the system.—~~No~~ Benefits ~~may not~~ shall be paid under this section unless the member has terminated employment as provided in s. 121.021(39)(a) or begun participation in the Deferred Retirement Option Program as provided in subsection (13), and a proper application has been filed in the manner prescribed by the division. The division may cancel an application for retirement benefits when the member or beneficiary fails to timely provide the information and documents required by this chapter and the division's rules. The division shall adopt rules establishing procedures for application for retirement benefits and for the cancellation of such application when the required information or documents are not received.

(1) NORMAL RETIREMENT BENEFIT.—Upon attaining his or her normal retirement date, the member, upon application to the administrator, shall receive a monthly benefit which shall begin to accrue on the first day of the month of retirement and be payable on the last day of that month and each month thereafter during his or her lifetime. The normal retirement benefit, including any past or additional retirement credit, may not exceed 100 percent of the average final compensation. The amount of monthly benefit shall be calculated determined as the product of A and B, subject to the adjustment of C, if applicable, as set forth below when:

(a)1. For creditable years of Regular Class service, A is 1.60 percent of the member's average final monthly compensation, up to the member's normal retirement date age. Upon completion of the first year after the normal retirement date age, A is 1.63 percent of the member's average final monthly compensation. Following the second year after the normal retirement date age, A is 1.65 percent of the member's average final monthly compensation. Following the third year after the normal retirement date age, and for subsequent years, A is 1.68 percent of the member's average final monthly compensation. A shall not exceed 1.68 percent of the member's average monthly compensation, except that,

2. For all creditable years of special risk service, A is:

a.1. Two percent of the member's average final monthly compensation for all creditable years prior to October 1, 1974;

b.2. Three percent of the member's average final monthly compensation for all creditable years after September 30, 1974, and before October 1, 1978;

c.3. Two percent of the member's average final monthly compensation for all creditable years after September 30, 1978, and before January 1, 1989;

d.4. Two and two-tenths percent of the member's final average monthly compensation for all creditable years after December 31, 1988, and before January 1, 1990;

e.5. Two and four-tenths percent of the member's average final monthly compensation for all creditable years after December 31, 1989, and before January 1, 1991;

f.6. Two and six-tenths percent of the member's average final monthly compensation for all creditable years after December 31, 1990, and before January 1, 1992;

g.7. Two and eight-tenths percent of the member's average final monthly compensation for all creditable years after December 31, 1991, and before January 1, 1993; and

h.8. Three percent of the member's average final monthly compensation for all creditable years after December 31, 1992;

3. For creditable years of Senior Management Service Class service after January 31, 1987, A is 2 percent;

4. For creditable years of Elected State and County Officers' Class service as a Supreme Court Justice, district court of appeal judge, circuit judge, or county court judge, A is $3\frac{1}{3}$ percent of the member's average final compensation, and for all other creditable service in such class, A is 3 percent of average final compensation;

~~however, the normal retirement benefit, including any past or additional retirement credit, may not exceed 100 percent of the average final compensation;~~

(b) B is the number of the member's years and any fractional part of a year of creditable service earned subsequent to November 30, 1970; and

(c) C is the normal retirement benefit credit brought forward as of November 30, 1970, by a former member of an existing system. Such normal retirement benefit credit shall be determined as the product of X A and Y B when X A is the percentage of average final compensation which the member would have been eligible to receive if the member had attained his or her normal retirement date as of November 30, 1970, all in accordance with the existing system under which the member is covered on November 30, 1970, and Y B is average final monthly compensation as defined in s. 121.021(25). However, any member of an existing retirement system who is eligible to retire and who does retire, become disabled, or die prior to April

15, 1971, may have his or her retirement benefits calculated on the basis of the best 5 of the last 10 years of service.

(d) A member's average final compensation shall be determined by formula to obtain the coverage for the 5 highest fiscal years' salaries, calculated as provided by rule.

(2) BENEFITS PAYABLE FOR DUAL NORMAL RETIREMENT AGES.—~~If in the event~~ a member accumulates retirement benefits to commence at different normal retirement ages by virtue of having performed duties for an employer which would entitle him or her to benefits as both a ~~regular member and special risk member~~ of the Special Risk Class and a member of the Regular Class, Senior Management Service Class, or Elected State and County Officers' Class, the amount of benefits payable shall be computed separately with respect to each such age and the sum of such computed amounts shall be paid as provided in this section.

(3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or her early retirement date, the member shall receive an immediate monthly benefit that ~~which~~ shall begin to accrue on the first day of the month of the retirement date and be payable on the last day of that month and each month thereafter during his or her lifetime. Such benefit shall be calculated as follows:

(a) The amount of each monthly payment shall be computed in the same manner as for a normal retirement benefit, in accordance with subsection (1), but shall be based on the member's average monthly compensation and creditable service as of the member's early retirement date. The benefit so computed shall be reduced by five-twelfths of 1 percent for each complete month by which the early retirement date precedes the normal retirement date of age 62 for a regular member of the Regular Class, Senior Management Service Class, or a member of the Elected State and County Officers' Class, and age 55 for a member of the Special Risk Class, member or age 52 if a Special Risk member has completed 25 years of creditable service in accordance with s. 121.021(29)(b)3. s. 121.021(29)(e)3.

~~(b) However,~~ If the employment of a member is terminated by reason of death subsequent to the completion of 20 years of creditable service, the monthly benefit payable to the member's beneficiary shall be calculated in accordance with subsection (1), but shall be based on average monthly compensation and creditable service as of the date of death. The benefit so computed shall be reduced by five-twelfths of 1 percent for each complete month by which death precedes the normal retirement date specified above or the date on which the member would have attained 30 years of creditable service had he or she survived and continued his or her employment, which ever provides a higher benefit.

(4) DISABILITY RETIREMENT BENEFIT.—

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

1. A member who becomes totally and permanently disabled, as defined in paragraph (b), after completing 5 years of creditable service, or a member

who becomes totally and permanently disabled in the line of duty regardless of service, shall be entitled to a monthly disability benefit; except that any member with less than 5 years of creditable service on July 1, 1980, or any person who becomes a member of the Florida Retirement System on or after such date must have completed 10 years of creditable service prior to becoming totally and permanently disabled in order to receive disability retirement benefits for any disability which occurs other than in the line of duty. ~~However, if a~~ ~~But in the event that any member employed on July 1, 1980,~~ with less than 5 years of creditable service as of that date, becomes totally and permanently disabled after completing 5 years of creditable service and is found not to have attained fully insured status for benefits under the federal Social Security Act, such member shall be entitled to a monthly disability benefit. ~~The disability retirement date shall be the first day of the month which coincides with or next follows the date the administrator approves payment of disability retirement benefits to the member.~~

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

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

(b) Total and permanent disability.—A member shall be considered totally and permanently disabled if, in the opinion of the administrator, he or she is prevented, by reason of a medically determinable physical or mental impairment, from rendering useful and efficient service as an officer or employee.

(c) Proof of disability.—The administrator, before approving payment of any disability retirement benefit, shall require proof that the member is totally and permanently disabled as provided herein, which proof shall include the certification of the member's total and permanent disability by two licensed physicians of the state and such other evidence of disability as the administrator may require, including reports from vocational rehabilitation, evaluation, or testing specialists who have evaluated the applicant for employment. The unavailability of an employment position that the member is physically and mentally capable of performing will not be considered as proof of total and permanent disability.

(d) Election on appeal.—A member whose application for regular disability retirement has been denied and who has filed an appeal to the State Retirement Commission may, if eligible, elect to receive normal or early service retirement benefits while he or she is awaiting the decision on the appeal. However:

1. If the member elects to receive service retirement benefits and disability benefits are later approved as a result of the appeal, the payment option chosen by the member may not be changed.

2. If the member elects to receive early service retirement and the appeal is later denied, the member may not change his or her election of early retirement.

Before such regular or early retirement benefits may be paid by the division, the member must provide to the division a written statement indicating that the member understands that such changes are not permitted after he or she begins receiving the benefits.

(e)(d) Disability retirement benefit.—Upon the retirement of a member on his or her disability retirement date, the member shall receive a monthly benefit that ~~which~~ shall begin to accrue on the first day of the month of disability retirement and shall be payable on the last day of that month and each month thereafter during his or her lifetime and continued disability.

(f) Computation of disability retirement benefit.—The amount of each monthly payment shall be computed in the same manner as for a normal retirement benefit, in accordance with subsection (1), but shall be based on disability option actuarial equivalency tables and the average monthly compensation and creditable service of the member as of the disability retirement date, subject to the following conditions:

1. If the member's disability occurred in the line of duty, the monthly Option 1 benefit shall not be less than 42 percent of average monthly compensation as of the disability retirement date; or

2. If the member's disability occurred other than in the line of duty, the monthly Option 1 benefit shall not be less than 25 percent of average monthly compensation as of the disability retirement date.

(g) Reapplication.—A member, whose initial application for disability retirement has been denied, may reapply for disability benefits. However, such member's reapplication will be considered only if the member presents new medical evidence of a medical condition that existed prior to the member's termination of employment. The division may prescribe by rule procedures for reapplication and for review and approval or disapproval of reapplication.

(h)(e) Recovery from disability.—The administrator may require periodic reexaminations at the expense of the retirement fund. The division may adopt rules establishing procedures for conducting and review of such reexaminations., and:

1. If the administrator finds that a member who is receiving disability benefits is, at any time prior to his or her normal retirement date, no longer disabled, the administrator shall direct that the benefits be discontinued. The decision of the administrator on this question shall be final and binding. If such member:

a.2. If the member, described in subparagraph 1., who recovers from such disability prior to the normal retirement date Does not reenter the employ of an employer and was not vested had not completed 10 years of creditable service as of the disability retirement date, he or she shall be entitled to the

excess, if any, of his or her accumulated contributions over the total disability benefits received up to the date of recovery.

~~b.3. If the member, described in subparagraph 1., who recovers from such disability prior to the normal retirement date~~ Does not reenter the employ of an employer, but ~~was vested had completed 10 or more years of creditable service~~ as of the disability retirement date, he or she may elect to receive:

(I)a. The excess, if any, of his or her accumulated contributions over the total disability benefits received up to the date of recovery;²⁷ or

(II)b. A deferred benefit commencing on the last day of the month of the normal retirement date which shall be payable on the last day of the month thereafter during his or her lifetime. The amount of such monthly benefit shall be computed in the same manner as for a normal retirement benefit, in accordance with subsection (1), but shall be based on average monthly compensation and creditable service as of the member's disability retirement date.

~~c.4. If the member recovers from disability and~~ Reenters employment of an employer within 6 months after recovery, the member's service will be deemed to have been continuous, but the period beginning with the first month for which he or she received a disability benefit payment and ending with the date he or she reentered employment will not be considered as creditable service for the purpose of computing benefits except as provided in sub-subparagraph d. As used in this section, subparagraph 5. the term "accumulated contributions" for such member ~~wherever used in this section after such recovery~~ means the excess of the a member's accumulated contributions as of the disability retirement date over the total disability benefits received under paragraph (e)(d).

~~d.5. Terminates~~ If the member recovers from disability, has his or her disability benefit terminated, reenters covered employment, and is continuously employed for a minimum of 1 year of creditable service, he or she may claim as creditable service the months during which he or she was receiving a disability benefit, upon payment of the required contributions. Contributions shall equal the total required employee and employer contribution rate applicable during the period the retiree received retirement benefits, multiplied times his or her rate of monthly compensation prior to the commencement of disability retirement for each month of the period claimed, plus 4 percent interest until July 1, 1975, and 6.5 percent interest thereafter on such contributions, compounded annually each June 30 to the date of payment. If the member does not claim credit for all of the months he or she received disability benefits, the months claimed must be the most recent months of retirement. Such credit for periods of disability, when purchased under the Florida Retirement System, shall apply toward vesting requirements for eligibility to purchase additional credit for other service.

2. Both the member receiving disability benefits who reenters employment and the employer employing such disability retiree shall notify the division immediately upon reemployment, and the division shall terminate such member's disability benefits, effective the first day of the month following the month in which notification of recovery is received. If the member is reemployed with a Florida Retirement System employer at the time of

benefit termination, and he or she has received disability retirement benefit and salary payments concurrently prior to notifying the division, he or she may elect within 30 days to:

a. Retain the retirement benefits received prior to termination of disability benefits and begin receiving retirement service credit effective upon the date of termination of benefits; or

b. Repay, within 12 months after his or her decision to receive service credit, the retirement benefits received for each month of reemployment prior to termination of disability benefits and begin receiving retirement service credit effective upon the date of reemployment. Any such unpaid benefits shall have compound interest of 6.5 percent added June 30.

A member may not receive both retirement service credit for employment and retirement benefits for the same month.

3.6. If, after recovery of disability and reentry into covered employment, the member again becomes disabled and is again approved for disability retirement, the Option 1 monthly retirement benefit shall not be less than the Option 1 monthly benefit calculated at the time of the previous disability, plus any cost of living increases up to the time the disability benefit was terminated upon his or her reentry into covered employment.

(i)(f) Nonadmissible causes of disability.—A member shall not be entitled to receive any disability retirement benefit if the disability is a result of any of the following:

1. Injury or disease sustained by the member while willfully participating in a riot, civil insurrection, or other act of violence or while committing a felony;
2. Injury or disease sustained by the member after his or her employment has terminated; or
3. Intentional, self-inflicted injury.

(j)(g) Disability retirement of justice or judge by order of Supreme Court.—

1. If a member is a justice of the Supreme Court, judge of a district court of appeal, circuit judge, or judge of a county court who has served for 10 years or more as an elected constitutional judicial officer, including service as a judicial officer in any court abolished pursuant to Art. V of the State Constitution, and who is retired for disability by order of the Supreme Court upon recommendation of the Judicial Qualifications Commission pursuant to the provisions of Art. V of the State Constitution, the member's Option 1 monthly benefit as provided in subparagraph (6)(a)1. shall not be less than two-thirds of his or her monthly compensation as of the member's disability retirement date. Such a member may alternatively elect to receive a disability retirement benefit under any other option as provided in paragraph (6)(a).

2. Should any justice or judge who is a member of the Florida Retirement System be retired for disability by order of the Supreme Court upon recom-

mendation of the Judicial Qualifications Commission pursuant to the provisions of Art. V of the State Constitution, then all contributions to his or her account and all contributions made on his or her behalf by the employer shall be transferred to and deposited in the General Revenue Fund of the state, and there is hereby appropriated annually out of the General Revenue Fund, to be paid into the Florida Retirement System Fund, an amount necessary to pay the benefits of all justices and judges retired from the Florida Retirement System pursuant to Art. V of the State Constitution.

(5) TERMINATION BENEFITS.—

(a) A member whose employment is terminated for any reason other than death or retirement prior to becoming vested ~~is the completion of 10 years of creditable service~~ shall be entitled to the return of his or her accumulated contributions as of the date of termination.

(b) A member whose employment is terminated for any reason other than death or retirement after becoming vested ~~the completion of 10 years of creditable service~~ may elect to receive a deferred monthly benefit which shall begin to accrue on the first day of the month of normal or early retirement and shall be payable on the last day of that month and each month thereafter during his or her lifetime. The amount of monthly benefit shall be computed in the same manner as for a normal retirement benefit in accordance with subsection (1) or early retirement benefit in accordance with s. 121.021(30), but based on average monthly compensation and creditable service as of the date of termination.

(c) In lieu of the deferred monthly benefit provided in paragraph (b), the terminated member may elect to receive a lump-sum amount equal to his or her accumulated contributions as of the date of termination.

(d) If any retired member dies without having received in benefit payments an amount equal to his or her accumulated contributions, there shall be payable to his or her designated beneficiary an amount equal to the excess, if any, of the member's accumulated contributions over the total monthly payments made to the member prior to the date of death.

(e) A member shall be deemed a terminated member when termination of employment has occurred as provided in s. 121.021(39).

(f) Any member who has been found guilty by a verdict of a jury, or by the court trying the case without a jury, of committing, aiding, or abetting any embezzlement or theft from his or her employer, bribery in connection with the employment, or other felony specified in chapter 838, except ss. 838.15 and 838.16, committed prior to retirement, or who has entered a plea of guilty or of nolo contendere to such crime, or any member whose employment is terminated by reason of the member's admitted commitment, aiding, or abetting of an embezzlement or theft from his or her employer, bribery, or other felony specified in chapter 838, except ss. 838.15 and 838.16, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of termination.

(g) Any elected official who is convicted by the Senate of an impeachable offense shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(h) Any member who, prior to retirement, is adjudged by a court of competent jurisdiction to have violated any state law against strikes by public employees, or who has been found guilty by such court of violating any state law prohibiting strikes by public employees, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(i) Any beneficiary who by a verdict of a jury or by the court trying the case without a jury is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of the member forfeits all rights to the deceased member's benefits under this chapter, and the benefits will be paid as if such beneficiary had predeceased the decedent. Benefits may not be paid by the division pending final resolution of such charges against the beneficiary.

(6) OPTIONAL FORMS OF RETIREMENT BENEFITS AND DISABILITY RETIREMENT BENEFITS.—

(a) Prior to the receipt of the first monthly retirement payment, a member shall elect to receive the retirement benefits to which he or she is entitled under subsection (1), subsection (2), subsection (3), or subsection (4) in accordance with one of the following options:

1. The maximum retirement benefit payable to the member during his or her lifetime.

2. A decreased retirement benefit payable to the member during his or her lifetime and, in the event of his or her death within a period of 10 years after retirement, the same monthly amount payable for the balance of such 10-year period to his or her beneficiary or, in case the beneficiary is deceased, in accordance with subsection (8) as though no beneficiary had been named.

3. A decreased retirement benefit payable during the joint lifetime of both the member and his or her joint annuitant and which, after the death of either, shall continue during the lifetime of the survivor in the same amount, subject to the provisions of subsection (12).

4. A decreased retirement benefit payable during the joint lifetime of the member and his or her joint annuitant and which, after the death of either, shall continue during the lifetime of the survivor in an amount equal to 66 $\frac{2}{3}$ percent of the amount that was payable during the joint lifetime of the member and his or her joint annuitant, subject to the provisions of subsection (12).

The spouse of any member who elects to receive the benefit provided under subparagraph 1. or subparagraph 2. shall be notified of and shall acknowledge any such election. The division shall establish by rule a method for selecting the appropriate actuarial factor for optional forms of benefits selected under subparagraphs 3. and 4., based on the age of the member and the joint annuitant.

(b) The benefit payable under any option stated above shall be the actuarial equivalent, based on tables adopted by the administrator for this purpose, of the amount to which the member was otherwise entitled.

(c) A member who elects the option in subparagraph (a)2. shall, in accordance with subsection (8), designate one or more persons to receive the benefits payable in the event of his or her death. Such persons shall be the beneficiaries of the member. The member may also designate one or more contingent beneficiaries to receive any benefits remaining upon the death of the primary beneficiary.

(d) A member who elects the option in subparagraph (a)3. or subparagraph (a)4. shall, on a form provided for that purpose, designate a joint annuitant to receive the benefits which continue to be payable upon the death of the member. After benefits have commenced under the option in subparagraph (a)3. or subparagraph (a)4., a retired member may change his or her designation of a joint annuitant only twice. If such a retired member desires to change his or her designation of a joint annuitant, he or she shall file with the division a notarized "change of joint annuitant" form and shall notify the former joint annuitant in writing of such change. Effective the first day of the next month following receipt by the division of a completed change of joint annuitant form, the division shall adjust the member's monthly benefit by the application of actuarial tables and calculations developed to ensure that the benefit paid is the actuarial equivalent of the present value of the member's current benefit. The consent of a retired member's first designated joint annuitant to any such change shall not be required. However, if either the member or the joint annuitant dies before the effective date of the request for change of joint annuitant, the requested change shall be void, and survivor benefits, if any, shall be paid as if no request had been made.

(e) The election of an option shall be null and void if the member dies before the effective date of retirement.

(f) A member who elects to receive benefits under the option in subparagraph (a)3. may designate one or more qualified persons, either a spouse or other dependent, as his or her joint annuitant to receive the benefits after the member's death in whatever proportion he or she so assigns to each person named as joint annuitant. The division shall adopt appropriate actuarial tables and calculations necessary to ensure that the benefit paid is the actuarial equivalent of the benefit to which the member is otherwise entitled under the option in subparagraph (a)1.

(g) Upon the death of a retired member or beneficiary receiving monthly benefits under this chapter, the monthly benefits shall be paid through the last day of the month of death and shall terminate, or be adjusted, if applicable, as of that date in accordance with the optional form of benefit selected at the time of retirement.

(h) The option selected or determined for payment of benefits as provided in this section shall be final and irrevocable at the time a benefit payment is cashed or deposited or credited to the Deferred Retirement Option Program as provided in subsection (13).

(7) DEATH BENEFITS.—

(a) If the employment of a member is terminated by reason of his or her death prior to being vested ~~the completion of 10 years of creditable service,~~

there shall be payable to his or her designated beneficiary the member's accumulated contributions.

(b) If the employment of an active member who may or may not have applied for retirement is terminated by reason of his or her death subsequent to ~~becoming vested the completion of 10 years of creditable service~~ and prior to his or her effective date of retirement, if established, it shall be assumed that the member retired as of the date of death in accordance with subsection (1) if eligible for normal retirement benefits, subsection (2) if eligible for benefits payable for dual normal retirement, or subsection (3) if eligible for early retirement benefits. Benefits payable to the designated beneficiary shall be as follows:

1. For a beneficiary who qualifies as a joint annuitant, the optional form of payment provided in accordance with subparagraph (6)(a)3. shall be paid for the joint annuitant's lifetime.

2. For a beneficiary who does not qualify as a joint annuitant, no continuing monthly benefit shall be paid and the beneficiary shall be entitled only to the return of the member's personal contributions. If there is no monetary interest in the member's retirement account for which such beneficiary is eligible, the beneficiary shall be the next named beneficiary or, if no other beneficiary is named, the beneficiary shall be the next eligible beneficiary according to subsection (8).

(c) If a retiring member dies on or after the effective date of retirement, but prior to a benefit payment being cashed or deposited, or credited to the Deferred Retirement Option Program, benefits shall be paid as follows:

1. For a designated beneficiary who qualifies as a joint annuitant, benefits shall be paid in the optional form of payment provided in subparagraph (6)(a)3. for the joint annuitant's lifetime or, if the member chose the optional form of payment provided in subparagraph (6)(a)2., the joint annuitant may select the form provided in either subparagraph (6)(a)2. or subparagraph (6)(a)3.

2. For a designated beneficiary who does not qualify as a joint annuitant, any benefits payable shall be paid as provided in the option selected by the member; or if the member has not selected an option, benefits shall be paid in the optional form of payment provided in subparagraph (6)(a)1.

(d) Notwithstanding any other provision in this chapter to the contrary, with the exception of the Deferred Retirement Option Program, as provided in subsection (13):

1. The surviving spouse of any member killed in the line of duty may receive a monthly pension equal to one-half of the monthly salary being received by the member at the time of death for the rest of the surviving spouse's lifetime or, if the member was vested, such surviving spouse may elect to receive a benefit as provided in paragraph (b). Benefits provided by this paragraph shall supersede any other distribution that may have been provided by the member's designation of beneficiary.

2. If the surviving spouse of a member killed in the line of duty dies, the monthly payments which would have been payable to such surviving spouse had such surviving spouse lived shall be paid for the use and benefit of such

member's child or children under 18 years of age and unmarried until the 18th birthday of the member's youngest child.

3. If a member killed in the line of duty leaves no surviving spouse but is survived by a child or children under 18 years of age, the benefits provided by subparagraph 1., normally payable to a surviving spouse, shall be paid for the use and benefit of such member's child or children under 18 years of age and unmarried until the 18th birthday of the member's youngest child.

4. The surviving spouse of a member whose benefit terminated because of remarriage shall have the benefit reinstated beginning July 1, 1993, at an amount that would have been payable had the benefit not been terminated.

(e) The surviving spouse or other dependent of any member, except a member who participated in the Deferred Retirement Option Program, whose employment is terminated by death shall, upon application to the administrator, be permitted to pay the required contributions for any service performed by the member which could have been claimed by the member at the time of his or her death. Such service shall be added to the creditable service of the member and shall be used in the calculation of any benefits which may be payable to the surviving spouse or other surviving dependent.

(f) Notwithstanding any other provisions in this chapter to the contrary, if any member who is vested ~~has accumulated at least 10 years of creditable service~~ dies and the surviving spouse receives a refund of the accumulated contributions made to the retirement trust fund, such spouse may pay to the Division of Retirement an amount equal to the sum of the amount of the deceased member's accumulated contributions previously refunded plus interest at 4 percent compounded annually each June 30 from the date of refund until July 1, 1975, and 6.5 percent interest compounded annually thereafter, until full payment is made, and receive the monthly retirement benefit as provided in paragraph (b).

(g) The designated beneficiary who is the surviving spouse or other dependent of a member whose employment is terminated by death subsequent to becoming vested, ~~the completion of 10 years of creditable service~~ but prior to actual retirement, may elect to receive a deferred monthly benefit as if the member had lived and had elected a deferred monthly benefit, as provided in paragraph (5)(b), calculated on the basis of the average final compensation and creditable service of the member at his or her death and the age the member would have attained on the commencement date of the deferred benefit elected by the beneficiary, paid in accordance with option 3 of paragraph (6)(a).

(8) DESIGNATION OF BENEFICIARIES.—

(a) Each member may, on a form provided for that purpose, signed and filed with the division, designate a choice of one or more persons, named sequentially or jointly, as his or her beneficiary who shall receive the benefits, if any, which may be payable in the event of the member's death pursuant to the provisions of this chapter. If no beneficiary is named in the manner provided above, or if no beneficiary designated by the member

survives the member, the beneficiary shall be the spouse of the deceased, if living. If the member's spouse is not alive at his or her death, the beneficiary shall be the living children of the member. If no children survive, the beneficiary shall be the member's father or mother, if living; otherwise, the beneficiary shall be the member's estate. The beneficiary most recently designated by a member on a form or letter filed with the division shall be the beneficiary entitled to any benefits payable at the time of the member's death, except that benefits shall be paid as provided in paragraph (7)(d) when death occurs in the line of duty.

(b) A designated beneficiary of a retirement account for whom there is a monetary interest may disclaim his or her monetary interest as provided in s. 689.21, and in accordance with division rules governing such disclaimers. Such disclaimer must be filed within 24 months after the event that created the interest, that is, the death of the member or annuitant.

(9) EMPLOYMENT AFTER RETIREMENT; LIMITATION.—

(a) Any person who is retired under this chapter, except under the disability retirement provisions of subsection (4), may be employed by an employer that does not participate in a state-administered retirement system and may receive compensation from that employment without limiting or restricting in any way the retirement benefits payable to that person.

(b)1. Any person who is retired under this chapter, except under the disability retirement provisions of subsection (4), may be reemployed by any private or public employer after retirement and receive retirement benefits and compensation from his or her employer without any limitations, except that a person may not receive both a salary from reemployment with any agency participating in the Florida Retirement System and retirement benefits under this chapter for a period of 12 months immediately subsequent to the date of retirement. However, a DROP participant shall continue employment and receive a salary during the period of participation in the Deferred Retirement Option Program, as provided in subsection (13).

2. Any person to whom the limitation in subparagraph 1. applies who violates such reemployment limitation and who is reemployed with any agency participating in the Florida Retirement System before completion of the 12-month limitation period shall give timely notice of this fact in writing to the employer and to the division and shall have his or her retirement benefits suspended for the balance of the 12-month limitation period. Any person employed in violation of this paragraph and any employing agency which knowingly employs or appoints such person without notifying the Division of Retirement to suspend retirement benefits shall be jointly and severally liable for reimbursement to the retirement trust fund of any benefits paid during the reemployment limitation period. To avoid liability, such employing agency shall have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received while reemployed during this reemployment limitation period shall be repaid to the retirement trust fund, and retirement benefits shall remain suspended until such repayment has been made. Benefits suspended beyond the reemployment limitation shall apply toward repayment of benefits received in violation of the reemployment limitation.

3. A district school board may reemploy a retired member as a substitute or hourly teacher, teacher aide, transportation assistant, bus driver, or food service worker on a noncontractual basis after he or she has been retired for 1 calendar month, in accordance with s. 121.021(39). Any retired member who is reemployed within 1 calendar month after retirement shall void his or her application for retirement benefits. District school boards reemploying such teachers, teacher aides, transportation assistants, bus drivers, or food service workers are subject to the retirement contribution required by subparagraph 7. Reemployment of a retired member as a substitute or hourly teacher, teacher aide, transportation assistant, bus driver, or food service worker is limited to 780 hours during the first 12 months of his or her retirement. Any retired member reemployed for more than 780 hours during his or her first 12 months of retirement shall give timely notice in writing to the employer and to the division of the date he or she will exceed the limitation. The division shall suspend his or her retirement benefits for the remainder of the first 12 months of retirement. Any person employed in violation of this subparagraph and any employing agency which knowingly employs or appoints such person without notifying the Division of Retirement to suspend retirement benefits shall be jointly and severally liable for reimbursement to the retirement trust fund of any benefits paid during the reemployment limitation period. To avoid liability, such employing agency shall have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received by a retired member while reemployed in excess of 780 hours during the first 12 months of retirement shall be repaid to the Retirement System Trust Fund, and his or her retirement benefits shall remain suspended until repayment is made. Benefits suspended beyond the end of the retired member's first 12 months of retirement shall apply toward repayment of benefits received in violation of the 780-hour reemployment limitation.

4. A community college board of trustees may reemploy a retired member as an adjunct instructor, that is, an instructor who is noncontractual and part-time, or as a participant in a phased retirement program within the State Community College System, after he or she has been retired for 1 calendar month, in accordance with s. 121.021(39). Any retired member who is reemployed within 1 calendar month after retirement shall void his or her application for retirement benefits. Boards of trustees reemploying such instructors are subject to the retirement contribution required in subparagraph 7. A retired member may be reemployed as an adjunct instructor for no more than 780 hours during the first 12 months of retirement. Any retired member reemployed for more than 780 hours during the first 12 months of retirement shall give timely notice in writing to the employer and to the division of the date he or she will exceed the limitation. The division shall suspend his or her retirement benefits for the remainder of the first 12 months of retirement. Any person employed in violation of this subparagraph and any employing agency which knowingly employs or appoints such person without notifying the Division of Retirement to suspend retirement benefits shall be jointly and severally liable for reimbursement to the retirement trust fund of any benefits paid during the reemployment limitation period. To avoid liability, such employing agency shall have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received by a retired member

while reemployed in excess of 780 hours during the first 12 months of retirement shall be repaid to the Retirement System Trust Fund, and retirement benefits shall remain suspended until repayment is made. Benefits suspended beyond the end of the retired member's first 12 months of retirement shall apply toward repayment of benefits received in violation of the 780-hour reemployment limitation.

5. The State University System may reemploy a retired member as an adjunct faculty member or as a participant in a phased retirement program within the State University System after the retired member has been retired for 1 calendar month, in accordance with s. 121.021(39). Any retired member who is reemployed within 1 calendar month after retirement shall void his or her application for retirement benefits. The State University System is subject to the retired contribution required in subparagraph 7., as appropriate. A retired member may be reemployed as an adjunct faculty member or a participant in a phased retirement program for no more than 780 hours during the first 12 months of his or her retirement. Any retired member reemployed for more than 780 hours during the first 12 months of retirement shall give timely notice in writing to the employer and to the division of the date he or she will exceed the limitation. The division shall suspend his or her retirement benefits for the remainder of the first 12 months of retirement. Any person employed in violation of this subparagraph and any employing agency which knowingly employs or appoints such person without notifying the Division of Retirement to suspend retirement benefits shall be jointly and severally liable for reimbursement to the retirement trust fund of any benefits paid during the reemployment limitation period. To avoid liability, such employing agency shall have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received by a retired member while reemployed in excess of 780 hours during the first 12 months of retirement shall be repaid to the Retirement System Trust Fund, and retirement benefits shall remain suspended until repayment is made. Benefits suspended beyond the end of the retired member's first 12 months of retirement shall apply toward repayment of benefits received in violation of the 780-hour reemployment limitation.

6. The Board of Trustees of the Florida School for the Deaf and the Blind may reemploy a retired member as a substitute teacher, substitute residential instructor, or substitute nurse on a noncontractual basis after he or she has been retired for 1 calendar month, in accordance with s. 121.021(39). Any retired member who is reemployed within 1 calendar month after retirement shall void his or her application for retirement benefits. The Board of Trustees of the Florida School for the Deaf and the Blind reemploying such teachers, residential instructors, or nurses is subject to the retirement contribution required by subparagraph 7. Reemployment of a retired member as a substitute teacher, substitute residential instructor, or substitute nurse is limited to 780 hours during the first 12 months of his or her retirement. Any retired member reemployed for more than 780 hours during the first 12 months of retirement shall give timely notice in writing to the employer and to the division of the date he or she will exceed the limitation. The division shall suspend his or her retirement benefits for the remainder of the first 12 months of retirement. Any person employed in violation of this

subparagraph and any employing agency which knowingly employs or appoints such person without notifying the Division of Retirement to suspend retirement benefits shall be jointly and severally liable for reimbursement to the retirement trust fund of any benefits paid during the reemployment limitation period. To avoid liability, such employing agency shall have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received by a retired member while reemployed in excess of 780 hours during the first 12 months of retirement shall be repaid to the Retirement System Trust Fund, and his or her retirement benefits shall remain suspended until payment is made. Benefits suspended beyond the end of the retired member's first 12 months of retirement shall apply toward repayment of benefits received in violation of the 780-hour reemployment limitation.

7. The employment by an employer of any retiree or DROP participant of any state-administered retirement system shall have no effect on the average final compensation or years of creditable service of the retiree or DROP participant. Prior to July 1, 1991, upon employment of any person, other than an elected officer as provided in s. 121.053, who has been retired under any state-administered retirement program, the employer shall pay retirement contributions in an amount equal to the unfunded actuarial liability portion of the employer contribution which would be required for regular members of the Florida Retirement System. Effective July 1, 1991, contributions shall be made as provided in s. 121.122 for retirees with renewed membership or subsection (13) with respect to DROP participants.

8. Any person who has previously retired and who is holding an elective public office or an appointment to an elective public office eligible for the Elected State and County Officers' Class on or after July 1, 1990, shall be enrolled in the Florida Retirement System as provided in s. 121.053(1)(b) or, if holding an elective public office that does not qualify for the Elected State and County Officers' Class on or after July 1, 1991, shall be enrolled in the Florida Retirement System as provided in s. 121.122, and shall continue to receive retirement benefits as well as compensation for the elected officer's service for as long as he or she remains in elective office. However, any retired member who served in an elective office prior to July 1, 1990, suspended his or her retirement benefit, and had his or her Florida Retirement System membership reinstated shall, upon retirement from such office, have his or her retirement benefit recalculated to include the additional service and compensation earned.

9. Any person who is holding an elective public office which is covered by the Florida Retirement System and who is concurrently employed in non-elected covered employment may elect to retire while continuing employment in the elective public office, provided that he or she shall be required to terminate his or her nonelected covered employment. Any person who exercises this election shall receive his or her retirement benefits in addition to the compensation of the elective office without regard to the time limitations otherwise provided in this subsection. No person who seeks to exercise the provisions of this subparagraph, as the same existed prior to May 3, 1984, shall be deemed to be retired under those provisions, unless such person is eligible to retire under the provisions of this subparagraph, as amended by chapter 84-11, Laws of Florida.

10. The limitations of this paragraph apply to reemployment in any capacity with an "employer" as defined in s. 121.021(10), irrespective of the category of funds from which the person is compensated.

11. From July 1, 1997, through December 31, 1998, notwithstanding the limitations of this subsection, except that any retiree who is reemployed within 1 calendar month after retirement shall void his or her application for retirement benefits, any retiree of the Florida Retirement System may be reemployed by a covered employer during the 2nd through 12th months of the reemployment limitation period without suspending his or her retirement benefits, provided that the reemployment is for the sole purpose of working on the technical aspects of correcting or replacing the computer systems and programs necessary to resolve the year 2000 date problem for computing which confronts all public employers covered by the Florida Retirement System.

(10) FUTURE BENEFITS BASED ON ACTUARIAL DATA.—It is the intent of the Legislature that future benefit increases enacted into law in this chapter shall be financed concurrently by increased contributions or other adequate funding, and such funding shall be based on sound actuarial data as developed by the actuary or state retirement actuary, as provided in ss. 121.021(6) and 121.192.

(11) A member who becomes eligible to retire and has accumulated the maximum benefit of 100 percent of average final compensation may continue in active service, and, if upon the member's retirement the member elects to receive a retirement compensation pursuant to subsection (2), subsection (6), or subsection (7), the actuarial equivalent percentage factor applicable to the age of such member at the time the member reached the maximum benefit and to the age, at that time, of the member's spouse shall determine the amount of benefits to be paid.

(12) SPECIAL PROVISIONS FOR PAYMENT OF CERTAIN SURVIVOR BENEFITS.—Notwithstanding any provision of this chapter to the contrary, for members with an effective date of retirement, or date of death if prior to retirement, on or after January 1, 1996, the named joint annuitant, as defined in s. 121.021(28)(b), who is eligible to receive benefits under subparagraph (6)(a)3. or subparagraph (6)(a)4., shall receive the maximum monthly retirement benefit that would have been payable to the member under subparagraph (6)(a)1.; however, payment of such benefit shall cease the month the joint annuitant attains age 25 unless such joint annuitant is disabled and incapable of self-support, in which case, benefits shall cease when the joint annuitant is no longer disabled. The administrator may require proof of disability or continued disability in the same manner as is provided for a member seeking or receiving a disability retirement benefit under subsection (4).

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

interest compounded monthly, for the specified period of the DROP participation, as provided in paragraph (c). Upon termination of employment, the participant shall receive the total DROP benefits and begin to receive the previously determined normal retirement benefits. Employment in the DROP does not guarantee employment for the specified period of DROP.

(a) Eligibility of member to participate in the DROP.—All Florida Retirement System members are eligible to elect participation in the DROP provided that:

1. Election to participate is made within 12 months following the date on which the member first reaches normal retirement date ~~or age~~, or, for a member who first reached normal retirement date ~~or age~~ prior to the effective date of this section, election to participate is made within 12 months after ~~of~~ the effective date of this section. A member who fails to make an election within such 12-month limitation period shall forfeit all rights to participate in the DROP. The member shall advise his ~~or her~~ employer and the division in writing of the date on which the DROP shall begin. Such beginning date may be subsequent to the 12-month election period, but must be within the 60-month limitation period as provided in subparagraph (b)1.

2. The retiring member's employer, or employers if dually employed, shall acknowledge in writing to the division the date the member's participation in the DROP begins and the date the member's employment and DROP participation will terminate.

3. Employment of a participant by additional Florida Retirement System employers subsequent to the commencement of participation in the DROP shall be permissible provided such employers acknowledge in writing a DROP termination date no later than the participant's existing termination date or the 60-month limitation period as provided in subparagraph (b)1.

(b) Participation in the DROP.—

1. An eligible member may elect to participate in the DROP for a period not to exceed a maximum of 60 months following the date on which the member first reaches his or her normal retirement ~~age or date~~, including a member who first reaches his or her normal retirement ~~age or date~~ prior to the effective date of this section. Any member who has exceeded the 60-month limitation is shall not be eligible to participate in the DROP.

2. Upon deciding to participate in the DROP, the member shall submit, on forms required by the division:

a. A written election to participate in the DROP;

b. Selection of the DROP participation and termination dates, which satisfy the limitations stated in paragraph (a) and subparagraph 1. Such termination date shall be in a binding letter of resignation with the employer, establishing a deferred termination date. The member may change the termination date within the limitations of subparagraph 1., but only with the written approval of his employer;

c. A properly completed DROP application for service retirement as provided in this section; and

d. Any other information required by the division.

3. The DROP participant shall be a retiree under the Florida Retirement System for all purposes, except for paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053, and 121.122.

4. A reemployed retiree with renewed membership is not eligible for DROP participation.

5. Elected officers shall be eligible to participate in the DROP subject to the following:

a. An elected or a nonelected participant may run for a term of office while participating in DROP and, if elected, extend the DROP termination date accordingly, except, however, if such additional term of office exceeds the 60-month limitation established in subparagraph 1., and the officer does not resign from office within such 60-month limitation, the retirement and the participant's DROP shall be null and void as provided in subparagraph (c)4.d.

b. An elected officer who is dually employed and elects to participate in DROP shall be required to satisfy the definition of termination within the 60-month limitation period as provided in subparagraph 1. for the nonelected position and may continue employment as an elected officer as provided in s. 121.053. The elected officer will be enrolled as a renewed member in the Elected State and County Officers' Class or the Regular Class, as provided in ss. 121.053 and 121.22, on the first day of the month after termination of employment in the nonelected position and termination of DROP. Distribution of the DROP benefits shall be made as provided in paragraph (c).

(c) Benefits payable under the DROP.—

1. Effective with the date of DROP participation, the member's initial normal monthly benefit, including creditable service and average final compensation, and the effective date of retirement shall be fixed. Such retirement benefit, the annual cost of living adjustments provided in s. 121.101, and interest shall accrue monthly in the System Trust Fund. Such interest shall accrue at an effective annual rate of 6.5 percent compounded monthly, on the prior month's accumulated ending balance, up to the month of termination or death.

2. The effective date of retirement of a DROP participant shall be the first day of the month selected by the member to begin participation in the DROP.

3. Normal retirement benefits and interest thereon shall continue to accrue in the DROP until the established termination date of the DROP, or until the participant terminates employment or dies prior to such date. Although individual DROP accounts shall not be established, a separate accounting of each participant's accrued benefits under the DROP shall be calculated and provided to participants annually.

4. At the conclusion of the participant's DROP, the division shall distribute the participant's total accumulated DROP benefits, subject to the following provisions:

a. The division shall receive verification by the participant's employer or employers that such participant has terminated employment as provided in s. 121.021(39)(b).

b. The terminated DROP participant or, if deceased, such participant's named beneficiary, shall elect on forms provided by the division to receive payment of the DROP benefits in accordance with one of the options listed below. For a participant or beneficiary who fails to elect a method of payment within 60 days of termination of the DROP, the division will pay a lump sum as provided in sub-sub-subparagraph(I).

(I) Lump sum.—All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

(II) Direct rollover.—All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code.

(III) Partial lump sum.—A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving beneficiary.

c. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the Internal Revenue Code and payments begin no later than the date on which the participant reaches age 70 years and 6 months.

d. For a DROP participant who fails to terminate employment as defined in s. 121.021(39)(b), the member shall be deemed not to be retired and the DROP election shall be null and void. Florida Retirement System membership shall be reestablished retroactively to the date of the commencement of the DROP, and the employer shall be required to pay to the System Trust Fund the difference between the DROP contributions paid in paragraph (i) and the contributions required for the applicable Florida Retirement System class of membership during the period the member participated in the DROP, plus 6.5 percent interest compounded annually.

5. The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal process whatsoever, except for qualified domestic relations orders by a court of competent jurisdiction, income deduction orders as provided in s. 61.1301, and federal income tax levies.

6. DROP participants shall not be eligible for disability retirement benefits as provided in subsection (4).

(d) Death benefits under the DROP.—

1. Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP as provided in sub-subparagraph (c)4.b.

2. The normal retirement benefit accrued to the DROP during the month of a participant's death shall be the final monthly benefit credited for such DROP participant.

3. Eligibility to participate in the DROP terminates upon death of the participant. If the participant dies on or after the effective date of enrollment in the DROP, but prior to the first monthly benefit being credited to the DROP, Florida Retirement System benefits shall be paid in accordance with subparagraph (7)(c)1. or subparagraph 2.

4. A DROP participants' survivors shall not be eligible to receive Florida Retirement System death benefits as provided in paragraph (7)(d).

(e) Cost-of-living adjustment.—On each July 1, the participants' normal retirement benefit shall be increased as provided in s. 121.101.

(f) Retiree health insurance subsidy.—DROP participants are not eligible to apply for the retiree health insurance subsidy payments as provided in s. 112.363 until such participants have terminated employment and participation in the DROP.

(g) Renewed membership.—DROP participants shall not be eligible for renewed membership in the Florida Retirement System under ss. 121.053 and 121.122 until termination of employment is effectuated as provided in s. 121.021(39)(b).

(h) Employment limitation after DROP participation.—Upon satisfying the definition of termination of employment as provided in s. 121.021(39)(b), DROP participants shall be subject to such reemployment limitations as other retirees. Reemployment restrictions applicable to retirees as provided in subsection (9) shall not apply to DROP participants until their employment and participation in the DROP are terminated.

(i) Contributions.—

1. All employers paying the salary of a DROP participant filling a regularly established position shall contribute 11.56 percent of such participant's gross compensation, which shall constitute the entire employer DROP contribution with respect to such participant. Such contributions, payable to the System Trust Fund in the same manner as required in s. 121.071, shall be made as appropriate for each pay period and are in addition to contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund. Such employer, social security, and health insurance subsidy contributions are not included in the DROP.

2. The employer shall, in addition to subparagraph 1., also withhold one-half of the entire social security contribution required for the participant. Contributions for social security by each participant and each employer, in

the amount required for social security coverage as now or hereafter provided by the federal Social Security Act, shall be in addition to contributions specified in subparagraph 1.

3. All employers paying the salary of a DROP participant filling a regularly established position shall contribute 0.66 percent of such participant's gross compensation, which shall constitute the employer's health insurance subsidy contribution with respect to such participant. Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

(j) Forfeiture of retirement benefits.—Nothing in this section shall be construed to remove DROP participants from the scope of s. 8(d), Art. II of the State Constitution, s. 112.3173, and paragraph (5)(f). DROP participants who commit a specified felony offense while employed will be subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those provisions of law.

(k) Administration of program.—The division shall make such rules as are necessary for the effective and efficient administration of this subsection. The division shall not be required to advise members of the federal tax consequences of an election related to the DROP but may advise members to seek independent advice.

(14) PAYMENT OF BENEFITS.—This subsection applies to the payment of benefits to a payee (retiree or beneficiary) under the Florida Retirement System:

(a) Federal income tax shall be withheld in accordance with federal law, unless the payee elects otherwise on Form W-4P. The division shall prepare and distribute to each recipient of monthly retirement benefits an appropriate income tax form that reflects the recipient's income and federal income tax withheld for the calendar year just ended.

(b) Subject to approval by the division in accordance with rule 60S-4.015, Florida Administrative Code, a payee receiving retirement benefits under the Florida Retirement System may also have the following payments deducted from his or her monthly benefit:

1. Premiums for life and health-related insurance policies from approved companies.

2. Life insurance premiums for the State Group Life Insurance Plan, if authorized in writing by the payee and by the Division of State Group Insurance.

3. Repayment of overpayments from the Florida Retirement System Trust Fund, the State Employees' Health Insurance Trust Fund, or the State Employees' Life Insurance Trust Fund, upon notification of the payee.

4. Payments to an alternate payee for alimony, child support, or division of marital assets pursuant to a qualified domestic relations order under s. 222.21 or an income deduction order under s. 61.1301.

5. Payments to the Internal Revenue Service for federal income tax levies, upon notification of the division by the Internal Revenue Service.

(c) A payee shall notify the division of any change in his or her address. The division may suspend benefit payments to a payee if correspondence sent to the payee's mailing address is returned due to an incorrect address. Benefit payments shall be resumed upon notification to the division of the payee's new address.

Section 10. Section 121.111, Florida Statutes, is amended to read:

121.111 Credit for military service.—

(1) Creditable service of any member shall also include military service as defined in s. 121.021(20)(a) if:

(a) The member is in the active employ of an employer immediately prior to such service and leaves a position, other than a temporary position, for the purpose of induction into the Armed Forces of the United States or entry upon duty in the Armed Forces of the United States. When applied to the Florida Retirement System:

1. The term "position other than a temporary position" means a regularly established position with a Florida Retirement System employer; and

2. A member shall be construed to have left his or her employment for military purposes if he or she reported for active duty within 60 days after leaving such employment;

(b) The member is entitled to reemployment under the provisions of the Veterans' Reemployment Rights Act (38 U.S.C. ss. 2021 et seq.);

(c) The member applies for reemployment with the same employer within the time set forth in s. 2021 or s. 2024 of the Veterans' Reemployment Rights Act, whichever is applicable, and is reemployed by such employer;

(d) The member makes the required employee contributions, if any, and the employer makes the required employer contributions for the employee's membership class for each month of service credit during such period of military service, based upon the employee's rate of monthly compensation as of the date that the employee left his or her position, plus 4 percent interest on such contributions compounded annually from the due date of the contribution until July 1, 1975, and 6.5 percent interest compounded annually thereafter, until the payment is made to the proper retirement trust fund; and

(e) The period of service claimed pursuant to this subsection does not exceed the periods specified by the provisions of ss. 2021 and 2024 of the Veterans' Reemployment Rights Act which are applicable in the member's case.

(2) Any member whose initial date of employment is before January 1, 1987, who has military service as defined in s. 121.021(20)(b), and who does

not claim such service under subsection (1) may receive creditable service for such military service if:

(a) ~~The member is vested has completed a minimum of 10 years of creditable service;~~

(b) Creditable service, not to exceed a total of 4 years, is claimed only as service earned in the Regular Class of membership; and

(c) The member pays into the proper retirement trust fund 4 percent of gross salary, based upon his or her first year of salary subsequent to July 1, 1945, that he or she has credit for under this system, plus 4 percent interest thereon compounded annually from the date of first creditable service under this chapter until July 1, 1975, and 6.5 percent interest compounded annually thereafter, until payment is made to the proper retirement trust fund.

(d) The member may not receive credit for any wartime military service if the member also receives credit for such service under any federal, state, or local retirement or pension system where "length of service" is a factor in determining the amount of compensation received. However, credit for wartime military service may be received where the member also receives credit under a pension system providing retired pay for nonregular service in the Armed Forces of the United States in accordance with 10 U.S.C. ss. 1331 et seq., as follows:

1. Any person whose retirement date under the Florida Retirement System is prior to July 1, 1985, may claim such service at any time, as provided in this subsection, upon payment of contributions and interest as provided in paragraph (c), with interest computed to the retired member's retirement date. The benefit shall be recalculated and increased to include the additional service credit granted for such wartime military service, and a lump-sum payment shall be made to the retiree for the amount owed due to the additional service credit, retroactive to the date of retirement.

2. Any person whose retirement date is on or after July 1, 1985, must claim such service and pay the required contributions, as provided in paragraph (c), prior to the commencement of his or her retirement benefits, as provided in this subsection.

(e) Any member claiming credit under this subsection must certify on the form prescribed by the division that credit for such service has not and will not be claimed for retirement purposes under any other federal, state, or local retirement or pension system where "length of service" is a factor in determining the amount of compensation received, except where credit for such service has been granted in a pension system providing retired pay for nonregular service as provided in paragraph (d). If the member dies prior to retirement, the member's beneficiary must make the required certification before credit may be claimed. If such certification is not made by the member or the member's beneficiary, credit for wartime military service shall not be allowed.

(f) Service credit awarded for wartime military service shall be the total number of years, months, and days from and including the date of entry into active duty through the date of discharge from active duty, up to a maximum of 4 years. If the military service includes a partial year, it shall be stated as a fraction of a year. Creditable military service shall be calculated in accordance with rule 60S-2.005(2)(j), Florida Administrative Code.

(3) Except as provided by law or rule, the employer is not required to make contributions for military service credit for any member.

Section 11. Section 121.121, Florida Statutes, is amended to read:

~~121.121 Future service to include~~ Authorized leaves of absence.—~~A member may purchase creditable service for Future service of any member as defined in s. 121.021(21) shall also include~~ up to 2 work years of creditable service for authorized leaves of absence if:

(1) The member has completed a minimum of 10 years of creditable service, excluding periods for which a of leave of absence was authorized;

(2) The leave of absence is authorized in writing by the employer of the member and approved by the administrator;

(3) The member returns to active employment performing service with a Florida Retirement System employer in a regularly established position immediately upon termination of the leave of absence and remains on the employer's payroll for 1 calendar month, except that a member who retires on disability while on a medical leave of absence shall not be required to return to employment. A member whose work year is less than 12 months and whose leave of absence terminates between school years is eligible to receive credit for the leave of absence as long as he or she returns to the employment of his or her employer at the beginning of the next school year and remains on the employer's payroll for 1 calendar month; and

(4) The member makes the required contributions for service credit during the leave of absence, which shall be 8 percent until January 1, 1975, and 9 percent thereafter of his or her rate of monthly compensation in effect immediately prior to the commencement of such leave for each month of such period, plus 4 percent interest until July 1, 1975, and 6.5 percent interest thereafter on such contributions, compounded annually each June 30 from the due date of the contribution to date of payment. Effective July 1, 1980, any leave of absence purchased pursuant to this section shall be at the contribution rates specified in s. 121.071 in effect at the time the leave is granted for the class of membership from which the leave of absence was granted; however, any member who purchased leave-of-absence credit prior to July 1, 1980, for a leave of absence from a position in a class other than the regular membership class, may pay the appropriate additional contributions plus compound interest thereon and receive creditable service for such leave of absence in the membership class from which the member was granted the leave of absence.

Section 12. Subsection (3) of section 121.122, Florida Statutes, is amended to read:

121.122 Renewed membership in system.—Except as provided in s. 121.053, effective July 1, 1991, any retiree of a state-administered retirement system who is employed in a regularly established position with a covered employer shall be enrolled as a compulsory member of the Regular Class of the Florida Retirement System or, effective July 1, 1997, any retiree of a state-administered retirement system who is employed in a position included in the Senior Management Service Class shall be enrolled as a compulsory member of the Senior Management Service Class of the Florida Retirement System as provided in s. 121.055, and shall be entitled to receive an additional retirement benefit, subject to the following conditions:

(3) Such member shall be entitled to purchase additional retirement credit in the Regular Class for any postretirement service performed in a regularly established position prior to July 1, 1991, by paying the Regular Class applicable employee and employer contributions for the period being claimed, plus 4 percent interest compounded annually from first year of service claimed until July 1, 1975, and 6.5 percent interest compounded thereafter, until full payment is made to the Florida Retirement System Trust Fund. The contribution for postretirement service between July 1, 1985, and July 1, 1991, for which the reemployed retiree contribution was paid, shall be the difference between such contribution and the total applicable contribution for the period being claimed, plus interest. The employer of such member may pay the applicable employer contribution in lieu of the member. If a member does not wish to claim credit for all of the postretirement service for which he or she is eligible, the service the member claims must be the most recent service.

Section 13. Section 121.193, Florida Statutes, is created to read:

121.193 External compliance audits.—

(1) The division shall conduct audits of the payroll and personnel records of participating agencies. These audits shall be made to determine the accuracy of reports submitted to the division and to assess the degree of compliance with applicable statutes, rules, and coverage agreements. Audits shall be scheduled on a regular basis, as the result of concerns known to exist at an agency, or as a follow-up to ensure agency action was taken to correct deficiencies found in an earlier audit.

(2) Upon request, participating agencies shall furnish the division with information and documents that the division requires to conduct the audit. The division may prescribe by rule the documents that may be requested.

(3) The division shall review the agency's operations concerning retirement and social security coverage. Preliminary findings shall be discussed with agency personnel at the close of the audit. An audit report of findings and recommendations shall be submitted to division management and an audit summary letter shall be submitted to the agency noting any concerns and necessary corrective action.

Section 14. Subsections (1), (4), and (5), and paragraph (a) of subsection (6) of section 121.35, Florida Statutes, are amended to read:

121.35 Optional retirement program for the State University System.—

(1) **OPTIONAL RETIREMENT PROGRAM ESTABLISHED.**—The Division of Retirement shall establish an optional retirement program under which contracts providing retirement and death benefits may be purchased for eligible members of the State University System who elect to participate in the program. The benefits to be provided for or on behalf of participants in such optional retirement program shall be provided through individual contracts or individual certificates issued for group annuity contracts, which may be fixed, variable, or a combination thereof, in accordance with s. 403(b) of the Internal Revenue Code. Any individual contract or certificate shall state the annuity plan on its face page, and shall include, but not be limited to, a statement of ownership, the contract benefits, annuity income options, limitations, expense charges, and surrender charges, if any. The state shall contribute, as provided in this section, toward the purchase of such optional benefits.

(4) **CONTRIBUTIONS.**—

(a) Each employer shall contribute on behalf of each participant in the optional retirement program an amount equal to the normal cost portion of the employer retirement contribution which would be required if the participant were a regular member of the Florida Retirement System, plus the portion of the contribution rate required in s. 112.363(8) that would otherwise be assigned to the Retiree Health Insurance Subsidy Trust Fund, less an amount approved by the Legislature which shall be deducted by the division to provide for the administration of this program. The payment of the contributions to the optional program which is required by this paragraph for each participant shall be made by the employer to the division, which shall forward the contributions to the designated company or companies contracting for payment of benefits for the participant under the program. However, such contributions paid on behalf of an employee described in paragraph (3)(c) shall not be forwarded to a company and shall not begin to accrue interest until the employee has executed an annuity contract and notified the division.

(b) Each employer shall contribute on behalf of each participant in the optional retirement program an amount equal to the unfunded actuarial accrued liability portion of the employer contribution which would be required for members of the Florida Retirement System. This contribution shall be paid to the division for transfer to the Florida Retirement System Trust Fund.

(c) An Optional Retirement Program Trust Fund shall be established in the State Treasury and administered by the Division of Retirement to make payments to the provider companies on behalf of the Optional Retirement Program participants, and to transfer the unfunded liability portion of the state Optional Retirement Program contributions to the Florida Retirement System Trust Fund.

(d)(e) Contributions required for social security by each employer and each participant, in the amount required for social security coverage as now or hereafter may be provided by the federal Social Security Act, shall be

maintained for each participant in the optional retirement program and shall be in addition to the retirement contributions specified in this subsection.

~~(e)~~^(d) Each participant in the optional retirement program who has executed an annuity contract may contribute by way of salary reduction or deduction a percentage amount of the participant's gross compensation not to exceed the percentage amount contributed by the employer to the optional program, but in no case may such contribution exceed federal limitations. Payment of the participant's contributions shall be made by the financial officer of the employer to the division which shall forward the contributions to the designated company or companies contracting for payment of benefits for the participant under the program. A participant may not make, through salary reduction, any voluntary employee contributions to any other plan under s. 403(b) of the Internal Revenue Code, with the exception of a custodial account under s. 403(b)(7) of the Internal Revenue Code, until he or she has made an employee contribution to his or her optional program equal to the employer contribution. A participant is responsible for monitoring his or her individual tax-deferred income to insure he or she does not exceed the maximum deferral amounts permitted under the Internal Revenue Code.

(5) BENEFITS.—

(a) Benefits shall be payable under the optional retirement program only to vested participants in the program, or their beneficiaries as designated by the participant in the contract with a provider company, and such benefits shall be paid only by the designated company in accordance with the terms of the annuity contract or contracts applicable to the participant. The participant must be terminated from all employment with all Florida Retirement System employers, as provided in s. 121.021(39), to begin receiving the employer-funded benefit. Benefits funded by employer contributions shall be payable only as a lifetime annuity to the participant, his beneficiary, or his estate, except for:

1. A lump-sum payment to the beneficiary upon the death of the participant; or

2. A cash-out of a de minimis account upon the request of a former participant who has been terminated for a minimum of 6 months from the employment that entitled him to Optional Retirement Program participation. A de minimis account is an account with a provider company containing employer contributions and accumulated earnings of not more than \$3,500 made under the provisions of this chapter. Such cash-out must be a complete liquidation of the account balance with that company and is subject to the provisions of the Internal Revenue Code.

(b) The benefits payable to any person under the optional retirement program, and any contribution accumulated under such program, shall not be subject to assignment, execution, or attachment or to any legal process whatsoever.

(c) A participant who chooses to receive his or her benefits upon termination of employment shall have responsibility to notify the provider company

of the date on which he or she wishes the annuity funded by employer contributions to begin. Benefits may be deferred until such time as the participant chooses to make such application.

(d) Benefits funded by the participant's personal contributions may be paid out at any time and in any form within the limits provided in the contract between the participant and his or her provider company. The participant shall notify the provider company regarding the date and provisions under which he or she wants to receive the employee-funded portion of the plan.

(6) ADMINISTRATION OF PROGRAM.—

(a) The optional retirement program authorized by this section shall be administered by the division. The division shall adopt rules establishing the responsibilities of the Board of Regents and institutions in the State University System in administering the optional retirement program. The Board of Regents shall, no more than 90 days after July 1, 1983, submit to the division its recommendations for the annuity contracts to be offered by the companies chosen by the division. The recommendations of the board shall include the following:

1. The nature and extent of the rights and benefits in relation to the required contributions; and
2. The suitability of the rights and benefits to the needs of the participants and the interests of the institutions in the recruitment and retention of eligible employees.

Section 15. Subsection (6) of section 121.40, Florida Statutes, is amended to read:

121.40 Cooperative extension personnel at the Institute of Food and Agricultural Sciences; supplemental retirement benefits.—

(6) PAYMENT OF SUPPLEMENT.—Any participant who retires on or after January 1, 1985, from the federal Civil Service Retirement System as a cooperative extension employee of the institute at the University of Florida and who satisfies all of the eligibility criteria specified in subsection (4) shall be entitled to receive a supplemental benefit computed in accordance with subsection (5), to begin July 1, 1985, or the month of retirement, or the month in which the participant becomes age 62, whichever is later. Upon application to the administrator, the participant shall receive a monthly supplemental benefit which shall commence on the last day of the month of retirement and shall be payable on the last day of the month thereafter during his or her lifetime. A participant may have federal income tax and health insurance premiums deducted from his or her monthly supplemental benefit in the same manner as provided in s. 121.091(14)(a) and (b) for monthly retirement benefits under the Florida Retirement System.

Section 16. It is the intent of the Legislature that the amendments to sections 121.021, 121.051, 121.0515, 121.052, 121.053, 121.055, 121.071, 121.081, 121.091, 121.111, 121.121, 121.122, 121.35, and 121.40, Florida

Statutes, made by this act are intended to be supplemental to other amendments to those sections which are enacted at the 1998 regular session of the Legislature, unless a contrary intent is specifically indicated in this act or in such other amendments.

Section 17. This act shall take effect July 1, 1998.

Became a law without the Governor's approval May 22, 1998.

Filed in Office Secretary of State May 21, 1998.