

CHAPTER 98-413

Committee Substitute for Committee Substitute for House Bill No. 3491

An act relating to the Florida Retirement System; amending s. 112.363, F.S.; increasing the retiree health insurance subsidy payment and the contribution rate; providing for retroactive payments under certain circumstances; amending s. 121.011, F.S.; clarifying benefits payable under existing systems; amending s. 121.021, F.S.; revising and adding definitions; amending ss. 121.052, 121.055, and 121.071, F.S.; modifying the statutory limit on the number of non-elective full-time positions that may be designated by a local agency employer for inclusion in the Senior Management Service Class; changing contribution rates for specified classes and subclasses of the system and for the retiree health insurance subsidy; amending s. 121.091, F.S.; providing for benefit computations using dual retirement ages for service in the Senior Management Service Class and the Elected Officer's Class; providing for nullification of a joint annuitant designation in the event of dissolution of marriage; providing for purchase of additional service credit using a deceased member's accumulated leave, out-of-state service, or in-state service under certain circumstances; specifying that a member's spouse at the time of death shall be the member's beneficiary under certain circumstances; providing a directive to statute editors; amending s. 121.1122, F.S.; deleting reference to nonsectarian schools and colleges; amending s. 121.121, F.S.; providing for eligibility to purchase retirement credit for certain leaves of absence; amending s. 121.122, F.S.; allowing members with renewed membership in the Senior Management Service Class to purchase additional retirement credit for certain postretirement service; amending s. 121.30, F.S.; conforming to the Internal Revenue Code; creating s. 121.133, F.S.; providing intent; requiring the Comptroller to cancel any benefit warrant issued from the Florida Retirement System Trust Fund, or from certain other pension trust funds, if such warrants are not presented within a specified timeframe; providing that such funds shall be transferred and recredited to specified trust funds; providing for issuance of replacement warrants; amending s. 121.40, F.S.; changing contribution rates for the supplemental retirement plan for the Institute of Food and Agricultural Sciences at the University of Florida; repealing ss. 121.0505 and 121.0516, F.S.; relating to duplicative contribution rates; directing the Division of Statutory Revision to make described adjustments to the statutes with respect to contribution rates; providing a finding of important state interest; relating to duplicative contribution rates; providing for a report to the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives on the Florida Retirement System; providing effective dates.

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

Section 1. Subsection (9) of section 112.363, Florida Statutes, is amended, paragraph (d) is added to subsection (3) and paragraph (e) is added to subsection (8) of said section, to read:

112.363 Retiree health insurance subsidy.—

(3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.—

(d) Beginning January 1, 1999, each eligible retiree or, if the retiree is deceased, his or her beneficiary who is receiving a monthly benefit from such retiree's account and who is a spouse, or a person who meets the definition of joint annuitant in s. 121.021(28), shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as defined in s. 121.021(17), completed at the time of retirement multiplied by \$5; however, no eligible retiree or such beneficiary may receive a subsidy payment of more than \$150 or less than \$50. If there are multiple beneficiaries, the total payment must not be greater than the payment to which the retiree was entitled.

(8) CONTRIBUTIONS.—For purposes of funding the insurance subsidy provided by this section:

(e) Beginning July 1, 1998, the employer of each member of a state-administered retirement plan shall contribute 0.94 percent of gross compensation each pay period.

Such contributions shall be submitted to the Division of Retirement and deposited in the Retiree Health Insurance Subsidy Trust Fund.

(9) BENEFITS.—Subsidy payments shall be payable under the retiree health insurance subsidy program only to participants in the program or their beneficiaries, beginning with the month the division receives certification of coverage for health insurance for the eligible retiree or beneficiary. If the division receives such certification at any time during the 6 months after retirement benefits commence, the retiree health insurance subsidy shall be paid retroactive to the effective retirement date. If, however, the division receives such certification 7 or more months after commencement of benefits, the retroactive retiree health insurance subsidy payment will cover a maximum of 6 months. Such subsidy payments shall not be subject to assignment, execution, or attachment or to any legal process whatsoever.

Section 2. Paragraph (b) of subsection (2) of section 121.011, Florida Statutes, is amended to read:

121.011 Florida Retirement System.—

(2) CONSOLIDATION OF EXISTING SYSTEMS AND LAWS.—

(b) The chapters or retirement system laws named in paragraph (a) are hereby consolidated as separate instruments appended to the “Florida Retirement System Act” established by this chapter, and the administration of said chapters or retirement systems shall be consolidated with the administration of the Florida Retirement System established by this chapter and and

the Florida Retirement System shall assume all liabilities related to the payment of benefits to members and their beneficiaries.

Section 3. Effective July 1, 1998, subsections (22), (24), (28), (29), and (30) of section 121.021, Florida Statutes, are amended, and subsections (45) through (54) are added to said 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:

(22) “Compensation” means the monthly salary paid a member by his or her employer for work performed arising from that employment, ~~including~~

(a) Compensation shall include:

1. Overtime payments paid from a salary fund, ~~except that:~~

2. Accumulated annual leave payments.

3. Payments in addition to the employee’s base rate of pay if all the following apply:

a. The payments are paid according to a formal written policy that applies to all eligible employees equally;

b. The policy provides that payments shall commence no later than the 11th year of employment;

c. The payments are paid for as long as the employee continues his or her employment; and

d. The payments are paid at least annually.

4. Amounts withheld for tax sheltered annuities or deferred compensation programs, or any other type of salary reduction plan authorized under the Internal Revenue Code.

5. Payments made in lieu of a permanent increase in the base rate of pay, whether made annually or in 12 or 26 equal payments within a 12-month period, when the member’s base pay is at the maximum of his or her pay range. When a portion of a member’s annual increase raises his or her pay range and the excess is paid as a lump sum payment, such lump sum payment shall be compensation for retirement purposes.

(b)(a) Under no circumstances shall compensation include:

1. Fees paid professional persons for special or particular services or include salary payments made from a faculty practice plan operated by rule of the Board of Regents for eligible clinical faculty at the University of Florida and the University of South Florida; or-

2. Any bonuses or other payments prohibited from inclusion in the member’s average final compensation and defined in subsection (47).

(c)(b) For all purposes under this chapter, the member's compensation or gross compensation contributed as employee-elective salary reductions or deferrals to any salary reduction, deferred compensation, or tax-sheltered annuity program authorized under the Internal Revenue Code shall be deemed to be the compensation or gross compensation which the member would receive if he or she were not participating in such program and shall be treated as compensation for retirement purposes under this chapter. Any public funds otherwise paid by an employer into an employee's salary reduction, deferred compensation, or tax-sheltered annuity program on or after July 1, 1990 (the date as of which all employers were notified in writing by the division to cease making contributions to the System Trust Fund based on such amounts), shall be considered a fringe benefit and shall not be treated as compensation for retirement purposes under this chapter. However, if an employer was notified in writing by the division to cease making such contributions as of a different date, that employer shall be subject to the requirements of said written notice.

(d)(e) For any person who first becomes a member on or after July 1, 1996, compensation for any plan year shall not include any amounts in excess of the s. 401(a)(17), Internal Revenue Code limitation (as amended by the Omnibus Budget Reconciliation Act of 1993), which limitation of \$150,000 effective July 1, 1996, shall be adjusted as required by federal law for qualified government plans and shall be further adjusted for changes in the cost of living in the manner provided by s. 401(a)(17)(B), Internal Revenue Code. For any person who first became a member prior to July 1, 1996, compensation for all plan years beginning on or after July 1, 1990, shall not include any amounts in excess of the compensation limitation (originally \$200,000) established by s. 401(a)(17), Internal Revenue Code prior to the Omnibus Budget Reconciliation Act of 1993, which limitation shall be adjusted for changes in the cost of living since 1989, in the manner provided by s. 401(a)(17) of the Internal Revenue Code of 1991. This limitation, which has been part of the Florida Retirement System since plan years beginning on or after July 1, 1990, shall be adjusted as required by federal law for qualified government plans.

(24) "Average final compensation" means the average of the 5 highest fiscal years of compensation for creditable service prior to retirement, termination, or death. For in-line-of-duty disability benefits, if less than 5 years of creditable service have been completed, the term "average final compensation" means the average annual compensation of the total number of years of creditable service. Each year used in the calculation of average final compensation shall commence on July 1.

(a) The average final compensation shall include:

1. Accumulated annual leave payments, not to exceed 500 hours; and
2. All payments defined as compensation in subsection (22).

(b) The average final compensation shall not include:

1. Compensation paid to professional persons for special or particular services;

2. Payments for accumulated sick leave made due to retirement or termination;

3. Payments for accumulated annual leave in excess of 500 hours;

4. Bonuses as defined in subsection (47);

5. Third party payments made on and after July 1, 1990; or

6. Fringe benefits (for example, automobile allowances or housing allowances). The payment for accumulated sick leave, accumulated annual leave in excess of 500 hours, and bonuses, whether paid as salary or otherwise, shall not be used in the calculation of the average final compensation.

(28) “Joint annuitant” or “dependent beneficiary” means any person designated by the member to receive a retirement benefit upon the member’s death who is either:

(a) The spouse of the member;

(b) The member’s natural or adopted child who is under age 25, or is physically or mentally disabled and incapable of self-support, regardless of age; or any person other than the spouse for whom the member is the legal guardian, provided that such person is under age 25 and is financially dependent for no less than one-half of his or her support from the member at retirement or at the time of death of such member, whichever occurs first; or

(c) A parent or grandparent, or a person age 25 or older for whom the member is the legal guardian, provided that such parent, grandparent, or other person is financially dependent for no less than one-half of his or her support from the member at retirement or at time of the death of such member, whichever occurs first.

(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, so 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, the 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 as long as such credit is not claimed under any other system; or, regardless of age.

(d) If an Elected State 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.”

(30) “Early retirement date” means the first day of the month following the date a member becomes vested ~~completes 10 years of creditable service~~ and elects to receive retirement benefits in accordance with this chapter. Such benefits shall be based on average monthly compensation and creditable service as of the member’s early retirement date, and the benefit so computed shall be reduced by five-twelfths of 1 percent for each complete month by which the early retirement date precedes his or her normal retirement date as provided in s. 121.091(3).

(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 date. 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.

(46) “Beneficiary” means the joint annuitant or any other person, organization, estate, or trust fund designated by the member to receive a retirement benefit, if any, which may be payable upon the member’s death.

(47) “Bonus” means a payment made in addition to an employee’s regular or overtime salary. A bonus is usually nonrecurring, does not increase the employee’s base rate of pay, and includes no commitment for payment in a subsequent year. Such payments are not considered compensation. Effective July 1, 1989, employers may not report such payments to the division as salary, and may not make retirement contributions on such payments.

(a) A payment is a bonus if any of the following circumstances apply:

1. The payment is not made according to a formal written policy that applies to all eligible employees equally.

2. The payment commences later than the 11th year of employment.

3. The payment is not based on permanent eligibility.

4. The payment is made less frequently than annually.

(b) Bonuses shall include, but not be limited to, the following:

1. Exit bonus or severance pay.

2. Longevity payments in conformance with the provisions of paragraph (a).

3. Salary increases granted pursuant to an employee's agreement to retire, including increases paid over several months or years prior to retirement.

4. Payments for accumulated overtime or compensatory time, reserve time, or holiday time worked, if not made within 11 months of the month in which the work was performed.

5. Quality Instruction Incentives Program (QUIIP) Payments.

6. Lump sum payments in recognition of employees' accomplishments.

(48) "Accumulated annual leave payment" means any payment, made either during an employee's employment or at termination or retirement, for leave accrued during such employee's career, which leave was intended for, but never utilized by the employee for, his or her personal use. General leave, which may be used for both sickness and vacation, is considered accumulated annual leave. When leave is initially accrued separately as annual leave or sick leave and is later combined into a consolidated leave account, only the payment for that portion of the account which represents annual leave shall be considered as compensation. If any single lump-sum annual leave payment, made at anytime during a member's employment, exceeds 500 hours, only a maximum of 500 hours of such annual leave payment shall be considered as compensation.

(49) "Accumulated sick leave payment" means leave accrued during an employee's career which was intended for use in the event of sickness, injury, or other health problems of a member or his or her family. General leave which may be used for both sickness and vacation is not considered sick leave. When leave is initially accrued separately as annual leave or sick leave and is later combined into a consolidated leave account, the payment for that portion of the account which represents sick leave shall not be considered compensation.

(50) "Independent contractor" means an individual who is not subject to the control and direction of the employer for whom work is being performed,

with respect not only to what shall be done but to how it shall be done. If the employer has the right to exert such control, an employee-employer relationship exists, and, for purposes of this chapter, the person is an employee and not an independent contractor. The division shall adopt rules providing criteria for determining whether an individual is an employee or an independent contractor.

(51) “Previous service” means the number of years, complete months, and any fractional part of a month, as recognized and credited by an employer and approved by the administrator, of service under one of the retirement systems established by this chapter, chapter 122, former chapter 123, chapter 238, or chapter 321, on which the required contributions were paid at the member’s termination of employment, and for which the member has received no refund of contributions.

(52) “Regularly established position” is defined as follows:

(a) In a state agency, the term means a position which is authorized and established pursuant to law and is compensated from a salaries appropriation pursuant to s. 216.011(1)(x)1. and 2., or an established position which is authorized pursuant to s. 216.262(1)(a) and (b) and is compensated from a salaries account as provided by rule.

(b) In a local agency (district school board, county agency, community college, city, or special district), the term means a regularly established position which will be in existence for a period beyond 6 consecutive months, except as provided by rule.

(53) “Temporary position” is defined as follows:

(a) In a state agency, the term means an employment position which is compensated from an other personal services (OPS) account, as provided for in s. 216.011(1)(x).

(b) In a local agency, the term means an employment position which will exist for less than 6 consecutive months, or other employment position as determined by rule of the division, regardless of whether it will exist for 6 consecutive months or longer.

(54) “Work year” means the period of time an employee is required to work to receive a full year of retirement credit, as provided by rule.

Section 4. Paragraphs (a) and (c) of subsection (7) of section 121.052, Florida Statutes, are amended to read:

121.052 Membership class of elected ~~state and county~~ officers.—

(7) CONTRIBUTIONS.—

(a) The following table states the required retirement contribution rates for members of the Elected ~~State and County~~ Officers’ Class and their employers in terms of a percentage of the member’s gross compensation. A change in a contribution rate is effective with the first salary paid on or after the beginning date of the change. Contributions shall be made or deducted

as may be appropriate for each pay period and are in addition to the contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund.

Dates of Contribution Rate Changes	Members	Employers
July 1, 1972, through September 30, 1977		
Legislators	8%	8%
All Other Members	8%	8%
October 1, 1977, through September 30, 1978		
Legislators	8%	8%
All Other Members	4%	12%
October 1, 1978, through September 30, 1979		
Legislators	8%	10.57%
All Other Members	4%	16.78%
October 1, 1979, through September 30, 1981		
Legislators	8%	10.57%
Governor, Lt. Governor, Cabinet Officers	4%	16.78%
All Other Members	0%	20.78%
July 1, 1981, through June 30, 1984		
County Elected Officers	0%	19.30%
July 1, 1984, through September 30, 1984		
County Elected Officers	0%	20.25%
October 1, 1981, through September 30, 1984		
Legislators	0%	19.30%
Governor, Lt. Governor, Cabinet Officers	0%	21.03%
State Attorneys, Public Defenders	0%	20.95%
Justices, Judges	0%	22.55%
October 1, 1984, through September 30, 1986		
Legislators	0%	10.98%
Governor, Lt. Governor, Cabinet Officers	0%	10.98%
State Attorneys, Public Defenders	0%	10.98%
Justices, Judges	0%	21.79%
County Elected Officers	0%	16.97%
October 1, 1986, through December 31, 1988		
Legislators	0%	11.50%
Governor, Lt. Governor, Cabinet		

Dates of Contribution Rate Changes	Members	Employers
Officers	0%	11.50%
State Attorneys, Public Defenders	0%	11.50%
Justices, Judges	0%	20.94%
County Elected Officers	0%	17.19%
January 1, 1989, through December 31, 1989		
Legislators	0%	13.70%
Governor, Lt. Governor, Cabinet Officers	0%	13.70%
State Attorneys, Public Defenders	0%	13.70%
Justices, Judges	0%	22.58%
County Elected Officers	0%	18.44%
January 1, 1990, through December 31, 1990		
Legislators	0%	15.91%
Governor, Lt. Governor, Cabinet Officers	0%	15.91%
State Attorneys, Public Defenders	0%	15.91%
Justices, Judges	0%	24.22%
County Elected Officers	0%	19.71%
January 1, 1991, through December 31, 1991		
Legislators	0%	17.73%
Governor, Lt. Governor, Cabinet Officers	0%	17.73%
State Attorneys, Public Defenders	0%	17.73%
Justices, Judges	0%	26.63%
County Elected Officers	0%	23.32%
January 1, 1992, through December 31, 1992		
Legislators	0%	19.94%
Governor, Lt. Governor, Cabinet Officers	0%	19.94%
State Attorneys, Public Defenders	0%	19.94%
Justices, Judges	0%	28.27%
County Elected Officers	0%	24.59%
January 1, 1993, through December 31, 1993		
Legislators	0%	22.14%
Governor, Lt. Governor, Cabinet Officers	0%	22.14%
State Attorneys, Public Defenders	0%	22.14%
Justices, Judges	0%	29.91%
County Elected Officers	0%	25.84%
January 1, 1994, through December 31, 1994		
Legislators	0%	22.65%

Dates of Contribution Rate Changes	Members	Employers
Governor, Lt. Governor, Cabinet Officers	0%	22.65%
State Attorneys, Public Defenders	0%	22.65%
Justices, Judges	0%	30.52%
County Elected Officers	0%	26.07%
January 1, 1995, through December 31, 1995		
Legislators	0%	22.80%
Governor, Lt. Governor, Cabinet Officers	0%	22.80%
State Attorneys, Public Defenders	0%	22.80%
Justices, Judges	0%	30.21%
County Elected Officers	0%	27.48%
January 1, 1996, through June 30, 1996		
Legislators	0%	22.90%
Governor, Lt. Governor, Cabinet Officers	0%	22.90%
State Attorneys, Public Defenders	0%	22.90%
Justices, Judges	0%	30.15%
County Elected Officers	0%	27.54%
<u>Effective July 1, 1996, through June 30, 1998</u>		
Legislators	0%	23.07%
Governor, Lt. Governor, Cabinet Officers	0%	23.07%
State Attorneys, Public Defenders	0%	23.07%
Justices, Judges	0%	29.55%
County Elected Officers	0%	27.33%
<u>Effective July 1, 1998</u>		
<u>Legislators</u>	<u>0%</u>	<u>22.33%</u>
<u>Governor, Lt. Governor, Cabinet Officers</u>	<u>0%</u>	<u>22.33%</u>
<u>State Attorneys, Public Defenders</u>	<u>0%</u>	<u>22.33%</u>
<u>Justices, Judges</u>	<u>0%</u>	<u>27.21%</u>
<u>County elected officers</u>	<u>0%</u>	<u>26.99%</u>

(c) The following table states the required employer contribution on behalf of each member of the Elected State and County Officers' Class in terms of a percentage of the member's gross compensation. Such contribution constitutes the entire health insurance subsidy contribution with respect to the member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The retiree health insurance subsidy contribution rate is as follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
<u>Effective January 1, 1995, through June 30, 1998</u>	0.66%
<u>Effective July 1, 1998</u>	<u>0.94%</u>

Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 5. Paragraph (b) of subsection (1) and paragraphs (a) and (c) of subsection (3) of section 121.055, Florida Statutes, are 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.

(1)

(b)1. Except as provided in subparagraph 2., effective January 1, 1990, participation in the Senior Management Service Class shall be compulsory for the president of each community college, the manager of each participating city or county, and all appointed district school superintendents. Effective January 1, 1994, additional positions may be designated for inclusion in the Senior Management Service Class of the Florida Retirement System, provided that:

a. Positions to be included in the class shall be designated by the local agency employer. Notice of intent to designate positions for inclusion in the class shall be published once a week for 2 consecutive weeks in a newspaper of general circulation published in the county or counties affected, as provided in chapter 50.

b. One nonelective full-time position may be designated for each local agency employer reporting to the Division of Retirement; for local agencies with 100 ~~200~~ or more regularly established positions, additional nonelective full-time positions may be designated, not to exceed 1 ~~0.5~~ percent of the regularly established positions within the agency.

c. Each position added to the class must be a managerial or policymaking position filled by an employee who is not subject to continuing contract and serves at the pleasure of the local agency employer without civil service protection, and who:

(I) Heads an organizational unit; or

(II) Has responsibility to effect or recommend personnel, budget, expenditure, or policy decisions in his or her areas of responsibility.

2. In lieu of participation in the Senior Management Service Class, members of the Senior Management Service Class pursuant to the provisions of subparagraph 1. may withdraw from the Florida Retirement System altogether and participate in a lifetime monthly annuity program which may be provided by the employing agency. The cost to the employer for such annuity shall equal the normal cost portion of the contributions required in the Senior Management Service Class. The employer providing such annuity shall contribute an additional amount to the Florida Retirement System Trust Fund equal to the unfunded actuarial accrued liability portion of the Senior Management Service Class contribution rate. The decision to participate in such local government annuity shall be irrevocable for as long as the employee holds a position eligible for the annuity. Any service creditable under the Senior Management Service Class shall be retained after the member withdraws from the Florida Retirement System; however, additional service credit in the Senior Management Service Class shall not be earned after such withdrawal. Such members shall not be eligible to participate in the Senior Management Service Optional Annuity Program.

(3)(a) The following table states the required retirement contribution rates for members of the Senior Management Service Class and their employers in terms of a percentage of the member's gross compensation. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. Contributions shall be made for each pay period and are in addition to the contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund.

Dates of Contribution Rate Changes	Members	Employers
February 1, 1987, through December 31, 1988	0%	13.88%
January 1, 1989, through December 31, 1989	0%	14.95%
January 1, 1990, through December 31, 1990	0%	16.04%
January 1, 1991, through December 31, 1991	0%	18.39%
January 1, 1992, through December 31, 1992	0%	19.48%
January 1, 1993, through December 31, 1993	0%	20.55%
January 1, 1994, through December 31, 1994	0%	23.07%
January 1, 1995, through December 31, 1995	0%	23.88%
January 1, 1996, through June 30, 1996	0%	24.14%
<u>Effective July 1, 1996, through June 30, 1998</u>	0%	21.58%
<u>Effective July 1, 1998</u>	0%	23.10%

(c) The following table states the required employer contribution on behalf of each member of the Senior Management Service Class in terms of a

percentage of the member's gross compensation. Such contribution constitutes the entire health insurance subsidy contribution with respect to the member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The retiree health insurance subsidy contribution rate is as follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
<u>Effective January 1, 1995, through June 30, 1998</u>	<u>0.66%</u>
<u>Effective July 1, 1998</u>	<u>0.94%</u>

Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 6. Subsections (1) and (4) of section 121.071, Florida Statutes, are amended to read:

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

(1) The following tables state the required retirement contribution rates for members of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class and their employers in terms of a percentage of the member's gross compensation. A change in a contribution rate is effective with the first salary paid on or after the beginning date of the change. Contributions shall be made or deducted as may be appropriate for each pay period and are in addition to the contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund.

(a) Retirement contributions for regular members are as follows:

Dates of Contribution Rate Changes	Members	Employers
December 1, 1970, through December 31, 1974, for state agencies, state universities, commu- nity colleges, and district school boards	4%	4%
December 1, 1970, through September 30, 1975, for all other local government agencies	4%	4%
January 1, 1975, through September 30, 1978, for state agencies and state universities	0%	9%
January 1, 1975, through July 31, 1978, for community colleges and district school boards	0%	9%
October 1, 1975, through September 30, 1978, for all other local government agencies	0%	9%

Dates of Contribution Rate Changes	Members	Employers
August 1, 1978, through September 30, 1981, for community colleges and district school boards	0%	9.1%
October 1, 1978, through September 30, 1981, for all other agencies	0%	9.1%
October 1, 1981, through September 30, 1984	0%	10.93%
October 1, 1984, through September 30, 1986	0%	12.24%
October 1, 1986, through December 31, 1988	0%	13.14%
January 1, 1989, through December 31, 1989	0%	13.90%
January 1, 1990, through December 31, 1990	0%	14.66%
January 1, 1991, through December 31, 1991	0%	15.72%
January 1, 1992, through December 31, 1992	0%	16.51%
January 1, 1993, through December 31, 1993	0%	17.27%
January 1, 1994, through December 31, 1994	0%	17.10%
January 1, 1995, through December 31, 1995	0%	16.91%
January 1, 1996, through June 30, 1996	0%	17.00%
<u>Effective July 1, 1996, through June 30, 1998</u>	0%	16.77%
<u>Effective July 1, 1998</u>	0%	15.51%

(b) Retirement contributions for special risk members are as follows:

Dates of Contribution Rate Changes	Members	Employers
December 1, 1970, through September 30, 1974	6%	6%

Dates of Contribution Rate Changes	Members	Employers
October 1, 1974, through December 31, 1974, for state agencies, state universities, commu- nity colleges, and district school boards	8%	8%
October 1, 1974, through September 30, 1975, for all other local government agencies	8%	8%
January 1, 1975, through September 30, 1978, for state agencies, state universities, commu- nity colleges, and district school boards	0%	13%
October 1, 1975, through September 30, 1978, for other local government agencies	0%	13%
October 1, 1978, through September 30, 1981	0%	13.95%
October 1, 1981, through September 30, 1984	0%	13.91%
October 1, 1984, through September 30, 1986	0%	14.67%
October 1, 1986, through December 31, 1988	0%	15.11%
January 1, 1989, through December 31, 1989	0%	17.50%
January 1, 1990, through December 31, 1990	0%	19.90%
January 1, 1991, through December 31, 1991	0%	25.52%
January 1, 1992, through December 31, 1992	0%	26.35%
January 1, 1993, through December 31, 1993	0%	27.14%
January 1, 1994, through December 31, 1994	0%	27.03%
January 1, 1995, through December 31, 1995	0%	26.83%
January 1, 1996, through June 30, 1996	0%	26.84%

Dates of Contribution Rate Changes	Members	Employers
<u>Effective July 1, 1996, through June 30, 1998</u>	0%	26.44%
<u>Effective July 1, 1998</u>	<u>0%</u>	<u>24.38%</u>
(c) Retirement contributions for special risk administrative support members are as follows:		
Dates of Contribution Rate Changes	Members	Employers
July 1, 1982, through September 30, 1984	0%	11.14%
October 1, 1984, through September 30, 1986	0%	13.09%
October 1, 1986, through December 31, 1988	0%	15.44%
January 1, 1989, through December 31, 1989	0%	14.76%
January 1, 1990, through December 31, 1990	0%	14.09%
January 1, 1991, through December 31, 1991	0%	20.16%
January 1, 1992, through December 31, 1992	0%	19.51%
January 1, 1993, through December 31, 1993	0%	18.83%
January 1, 1994, through December 31, 1994	0%	18.59%
January 1, 1995, through December 31, 1995	0%	17.81%
January 1, 1996, through June 30, 1996	0%	17.80%
<u>Effective July 1, 1996, through June 30, 1998</u>	0%	17.20%
<u>Effective July 1, 1998</u>	<u>0%</u>	<u>14.64%</u>

(4) The following table states the required employer contribution on behalf of each member of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class in terms of a percentage of the member's gross compensation. Such contribution constitutes the entire health insurance

subsidy contribution with respect to the member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The retiree health insurance subsidy contribution rate is as follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
<u>Effective January 1, 1995, through June 30, 1998</u>	0.66%
<u>Effective July 1, 1998</u>	0.94%

Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 7. Subsection (2), paragraph (d) of subsection (6), paragraph (a) of subsection (7), and subsection (8) of section 121.091, Florida Statutes, are amended, paragraphs (f) and (g) of subsection (7) of said section are redesignated as paragraphs (g) and (h), respectively, and a new paragraph (f) is added to said subsection, to read:

121.091 Benefits payable under the system.—No benefits shall be paid under this section unless the member has terminated employment as provided in s. 121.021(39) and a proper application has been filed in the manner prescribed by the division.

(2) BENEFITS PAYABLE FOR DUAL NORMAL RETIREMENT AGES.—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 either the Regular Class, Senior Management Service Class, or Elected 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.

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

(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., the following shall apply:

1. 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. Upon receipt 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.

2. In the event of the dissolution of marriage of a retired member and a joint annuitant, such member may make an election to nullify the joint annuitant designation of the former spouse, unless there is an existing qualified domestic relations order preventing such action. The member shall file with the division a written, notarized nullification which shall be effective on the first day of the next month following receipt by the division. Benefits shall be paid as if the former spouse predeceased the member. A member who makes such an election may not reverse the nullification but may designate a new joint annuitant in accordance with subparagraph 1.

(7) DEATH BENEFITS.—

(a) If the employment of a member is terminated by reason of his or her death prior to the completion of 10 years of creditable service, except as provided in paragraph (f), there shall be payable to his or her designated beneficiary the member's accumulated contributions.

(f) Notwithstanding any other provisions in this chapter to the contrary and upon application to the administrator, an eligible joint annuitant, of a member whose employment is terminated by death within 1 year of such member satisfying the service requirements for vesting and retirement eligibility, shall be permitted to purchase only the additional service credit necessary to vest and qualify for retirement benefits by one of the following methods:

1. Such eligible joint annuitant may use the deceased member's accumulated hours of annual, sick, and compensatory leave to purchase additional creditable service, on an hour by hour basis, provided that such deceased member's accumulated leave is sufficient to cover the additional months required. For each month of service credit needed prior to the final month, credit for the total number of work hours in that month must be purchased, using an equal number of the deceased member's accumulated leave hours. Service credit required for the final month in which the deceased member would have become vested shall be awarded upon the purchase of 1 hour of credit. Such eligible joint annuitant shall pay the contribution rate in effect at the time of purchase of the deceased member's class of membership, multiplied by such member's monthly salary at the time of death. The accumulated leave payment used in the average final compensation shall not include that portion of the payment that represents any leave hours used in the purchase of such creditable service.

2. Such eligible joint annuitant may purchase additional months of creditable service, up to a maximum of 1 year, for any periods of out-of-state service as provided in s. 121.1115, or in-state service as provided in s. 121.1122, that the deceased member would have been eligible to purchase prior to his or her death.

Service purchased under this paragraph shall be added to the creditable service of the member and used to vest for retirement eligibility, and shall be used in the calculation of any benefits which may be payable to the eligible joint annuitant. Any benefits paid in accordance with this paragraph shall only be made prospectively.

(8) DESIGNATION OF BENEFICIARIES.—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 benefits shall be paid as provided in paragraph (7)(d) when death occurs in the line of duty. Notwithstanding any other provisions in this subsection to the contrary, for a member who dies prior to his or her effective date of retirement on or after January 1, 1999, the spouse at the time of death shall be the member's beneficiary unless such member designates a different beneficiary as provided herein subsequent to the member's most recent marriage.

Section 8. Subsection (1) of section 121.1122, Florida Statutes, is amended to read:

121.1122 Purchase of retirement credit for in-state public service and in-state service in accredited nonpublic, ~~nonsectarian~~ schools and colleges, including charter schools.—Effective January 1, 1998, a member of the Florida Retirement System may purchase creditable service for periods of certain public or nonpublic, ~~nonsectarian~~ employment performed in this state, as provided in this section.

(1) PURCHASE OF RETIREMENT CREDIT AUTHORIZED.—Subject to the provisions of subsections (2) and (3), a member of the Florida Retirement System may purchase up to 5 years of retirement credit for:

- (a) Periods of public employment in this state; or
- (b) Periods of employment in charter schools or in any nonpublic, ~~nonsectarian~~ school or college in this state that is accredited by the Southern Association of Colleges and Schools.

Credit for 1 year of such service may be purchased for each year of creditable service a member completes under the Florida Retirement System.

Section 9. Section 121.121, Florida Statutes, is amended to read:

121.121 ~~Future service to include~~ Authorized leaves of absence.—

(1) ~~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:~~

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

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

(c)(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; and

(d)(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.

(2) A member who is required to resign his or her office as a subordinate officer, deputy sheriff, or police officer because he or she is a candidate for a public office which is currently held by his or her superior officer who is also a candidate for reelection to the same office, in accordance with s. 99.012(5), shall, upon return to covered employment, be eligible to purchase retirement credit for the period between his or her date of resignation and the beginning of the term of office for which he or she was a candidate as a leave of absence without pay, as provided in subsection (1).

Section 10. 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 or the Senior Management Service Class, as applicable, for any postretirement service performed in a regularly established position as follows:

(a) For regular class service 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; or

(b) For Senior Management Service Class prior to June 1, 1997, as provided in s. 121.055(1)(h).

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.

Section 11. Subsection (5) of section 121.30, Florida Statutes, is amended to read:

121.30 Statements of purpose and intent and other provisions required for qualification under the Internal Revenue Code of the United States.— Any other provisions in this chapter to the contrary notwithstanding, it is specifically provided that:

(5) No benefit payable hereunder for any limitation year shall exceed the maximum amount, including cost-of-living adjustments, allowable by law for qualified pension plans under applicable provisions of the Internal Revenue Code of the United States. In the event of any participation of a Florida Retirement System member in any other plan that is maintained by the participating employer, benefits that accrue under the Florida Retirement System shall be considered primary for any aggregate limitation applicable under s. 415 of the Internal Revenue Code.

Section 12. Section 121.133, Florida Statutes, is created to read:

121.133 Cancellation of uncashed warrants.—Notwithstanding the provisions of s. 17.26 or s. 717.123 to the contrary, effective July 1, 1998, if any state warrant issued by the Comptroller for the payment of retirement benefits from the Florida Retirement System Trust Fund, or any other pension trust fund administered by the division, is not presented for payment within 1 year after the last day of the month in which it was originally issued, the Comptroller shall cancel the benefit warrant and credit the

amount of the warrant to the Florida Retirement System Trust Fund or other pension trust fund administered by the division, as appropriate. The Division of Retirement may provide for issuance of a replacement warrant when deemed appropriate.

Section 13. Paragraph (b) of subsection (12) 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.—

(12) CONTRIBUTIONS.—

(b) The monthly contributions required to be paid pursuant to paragraph (a) on the gross monthly salaries, from all sources with respect to such employment, paid to those employees of the institute who hold both state and federal appointments and who participate in the federal Civil Service Retirement System shall be as follows:

Dates of Contribution Rate Changes	Percentage Due
July 1, 1985, through December 31, 1988	6.68%
January 1, 1989, through December 31, 1993	6.35%
January 1, 1994, through December 31, 1994	6.69%
January 1, 1995, through June 30, 1996	6.82%
<u>Effective July 1, 1996, through June 30, 1998</u>	5.64%
<u>Effective July 1, 1998</u>	7.17%

Section 14. Sections 121.0505 and 121.0516, Florida Statutes, are repealed.

Section 15. (1) The changes to the retirement contribution rates for the Florida Retirement System included in this act are the result of the 1997 Actuarial Valuation of the Florida Retirement System as recommended by the consulting actuaries. These changes shall remain in effect until such rates are further amended, or until such rates are adjusted as provided in subsection (2).

(2) The rate adjustments set forth in this act are in addition to all other changes to such contribution rates which are separately enacted into law and applicable on July 1, 1998. With respect to such other changes, the Division of Statutory Revision of the Joint Legislative Management Committee is directed to edit the statutes as necessary to adjust the contribution rate percentages listed under ss. 121.052(7)(a), 121.055(3)(a), and 121.071(1), Florida Statutes, as appropriate. Pursuant to s. 11.242(5)(i), Florida Statutes, the provisions of this section shall be omitted from publication in the Florida Statutes or any revision or supplement thereof.

Section 16. The Legislature finds that a proper and legitimate state purpose is served when employees and retirees of the state and its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by govern-

mental retirement systems that provide fair and adequate benefits and are managed, administered, and funded in an actuarially sound manner, as required by s. 14, Art. X of the State Constitution and part VII of chapter 112, Florida Statutes. Therefore, the Legislature hereby determines and declares that the provisions of this act fulfill an important state interest.

Section 17. In editing manuscript for the next edition of the official Florida Statutes, the Statutory Revision Division of the Joint Legislative Management Committee, or its successor, shall change "Elected State and County Officers' Class" to "Elected Officers' Class" wherever the same appears in chapter 121.

Section 18. The Executive Director of the State Board of Administration and the Director of the Division of Retirement shall undertake a comprehensive review of the assumptions and contribution rate structure underpinning the operation of the Florida Retirement System. By March 1, 1999, the State Board of Administration and the division shall submit to the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives a report which shall contain the following elements:

(1) The method of development of actuarial assumptions and their application.

(2) The relevance of present assumptions in light of patterns of recruitment, retention, and retirement.

(3) The investment and economic market in which the Florida Retirement System, and similarly constituted systems, operate.

(4) Prospective conditions in economic forecasts within a reasonable degree of estimation which may affect investment performance, workforce, and salary trends.

The State Board of Administration and the Division of Retirement may, at their discretion, utilize the services of the Office of Economic and Demographic Research and may also convene a working group of affected principals for use in the development of the study proposed in this section. The President of the Senate and the Speaker of the House of Representatives may each appoint two legislative members to the working group.

Section 19. Except as otherwise provided herein, this act shall take effect upon becoming a law.

Became a law without the Governor's approval June 17, 1998.

Filed in Office Secretary of State June 11, 1998.