

House Bill No. 1907

An act relating to retirement; amending s. 121.71, F.S.; revising the payroll contribution rates for the membership classes of the Florida Retirement System for the state fiscal years effective July 1, 2005, and July 1, 2006; amending s. 121.40, F.S.; revising the payroll contribution rate for the Institute of Food and Agricultural Sciences, effective July 1, 2005; providing a declaration of important state interest; amending s. 121.74, F.S.; reducing the administrative and educational assessments paid to the State Board of Administration; providing an effective date.

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

Section 1. Section 121.71, Florida Statutes, is amended to read:

121.71 Uniform rates; process; calculations; levy.—

(1) In conducting the system actuarial study required under s. 121.031, the actuary shall follow all requirements specified thereunder to determine, by Florida Retirement System employee membership class, the dollar contribution amounts necessary for the forthcoming fiscal year for the defined benefit program. In addition, the actuary shall determine, by Florida Retirement System membership class, based on an estimate for the forthcoming fiscal year of the gross compensation of employees participating in the optional retirement program, the dollar contribution amounts necessary to make the allocations required under ss. 121.72 and 121.73. For each employee membership class and subclass, the actuarial study shall establish a uniform rate necessary to fund the benefit obligations under both Florida Retirement System retirement plans, by dividing the sum of total dollars required by the estimated gross compensation of members in both plans.

(2) Based on the uniform rates set forth in subsection (3), employers shall make monthly contributions to the Division of Retirement, which shall initially deposit the funds into the Florida Retirement System Contributions Clearing Trust Fund. A change in a contribution rate is effective the first day of the month for which a full month's employer contribution may be made on or after the beginning date of the change.

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

Membership Class	Percentage of Gross Compensation, Effective	Percentage of Gross Compensation, Effective
	July 1, <u>2005</u> 2004	July 1, <u>2006</u> 2005
Regular Class	<u>6.67%</u> 6.20%	<u>9.53%</u> 9.98%
Special Risk Class	<u>17.37%</u> 17.34%	<u>21.91%</u> 22.16%

Membership Class	Percentage of Gross Compensation, Effective July 1, 2005 2004	Percentage of Gross Compensation, Effective July 1, <u>2006</u> 2005
Special Risk Administrative Support Class	<u>8.76%</u> 8.73%	<u>12.39%</u> 12.55%
Elected Officers' Class - Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>11.33%</u> 11.30%	<u>14.86%</u> 15.82%
Elected Officers' Class - Justices, Judges	<u>17.49%</u> 17.46%	<u>20.43%</u> 20.78%
Elected Officers' Class - County Elected Officers	<u>14.07%</u> 14.04%	<u>17.00%</u> 17.73%
Senior Management Class	<u>9.29%</u> 8.18%	<u>13.27%</u> 11.64%
DROP	<u>8.22%</u> 8.00%	<u>11.74%</u> 11.56%

(4) The state actuary shall recognize and use an appropriate level of available excess assets of the Florida Retirement System Trust Fund to offset the difference between the normal costs of the Florida Retirement System and the statutorily prescribed contribution rates.

Section 2. 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.—

(a) For the purposes of funding the supplemental benefits provided by this section, the institute is authorized and required to pay, commencing July 1, 1985, the necessary monthly contributions from its appropriated budget. These amounts shall be paid into the Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund, which is hereby created.

(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%
July 1, 1996, through June 30, 1998	5.64%

Dates of Contribution Rate Changes	Percentage Due
July 1, 1998, through June 30, 2001	7.17%
July 1, 2001, through June 30, 2003	6.96%
<u>Effective July 1, 2003, through June 30, 2005</u>	13.83%
<u>Effective July 1, 2005, through June 30, 2007</u>	20.23%

Section 3. 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 governmental retirement systems. These persons must be provided benefits that are fair and adequate and that are managed, administered, and funded in an actuarially sound manner, as required by Section 14, Article X of the State Constitution, and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 4. Section 121.74, Florida Statutes, is amended to read:

121.74 Administrative and educational expenses.—~~Effective July 1, 2004,~~ In addition to contributions required under s. 121.71, employers participating in the Florida Retirement System shall contribute an amount equal to ~~0.05~~ 0.08 percent of the payroll reported for each class or subclass of Florida Retirement System membership, which amount shall be transferred by the Division of Retirement from the Florida Retirement System Contributions Clearing Trust Fund to the State Board of Administration's Administrative Trust Fund to offset the costs of administering the optional retirement program and the costs of providing educational services to participants in the defined benefit program and the optional retirement program. Approval of the Trustees of the State Board of Administration is required prior to the expenditure of these funds. Payments for third-party administrative or educational expenses shall be made only pursuant to the terms of the approved contracts for such services.

Section 5. This act shall take effect July 1, 2005.

Approved by the Governor May 26, 2005.

Filed in Office Secretary of State May 26, 2005.