

Committee Substitute for Senate Bill No. 1802

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, 2009, and July 1, 2010; requiring the state actuary to consider additional factors when conducting the annual actuarial study of the State Retirement System; specifying the factors to be considered; providing a declaration of important state interest; 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>2009</u> 2008	July 1, <u>2010</u> 2009
Regular Class	8.69%	<u>9.63%</u> 9.60%
Special Risk Class	19.76%	<u>22.11%</u> 22.03%
Special Risk	11.39%	<u>12.10%</u> 11.98%
Administrative Support Class		

Membership Class	Percentage of Gross Compensation, Effective July 1, 2009 2008	Percentage of Gross Compensation, Effective July 1, <u>2010</u> 2009
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	13.32%	<u>15.20%</u> 14.56%
Elected Officers' Class— Justices, Judges	18.40%	<u>20.65%</u> 20.37%
Elected Officers' Class— County Elected Officers	15.37%	<u>17.50%</u> 17.06%
Senior Management Class	11.96%	<u>13.43%</u> 13.36%
DROP	9.80%	<u>11.14%</u> 10.96%

(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. As part of the actuarial study required by s. 121.031(3), Florida Statutes, based on the results of June 30, 2009, the administrator of the Florida Retirement System shall contract with the state actuary to conduct an actuarial study of the Florida Retirement System which considers the following methods of funding the Deferred Retirement Option Program:

(1) Through a separate contribution rate regardless of the participant's membership class, which has been the method through the 2008 valuation;

(2) Treat participants as retirees such that the payroll associated with the participants is not used to develop the contribution rates for the respective membership class, and the employer is not required to make contributions on such payroll except for unfunded actuarial liability contributions; and

(3) Treat participants as active members such that the payroll associated with the participants is used to develop the contribution rates for the respective membership class, and the employer is required to make contributions on the payroll at the same contribution rate as the employer pays for an active member of the applicable class.

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 s. 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. This act shall take effect July 1, 2009.

Approved by the Governor May 27, 2009.

Filed in Office Secretary of State May 27, 2009.