

## CHAPTER 2016-63

### House Bill No. 5005

An act relating to state-administered retirement systems; amending s. 121.4501, F.S.; correcting a reference to the trust fund to which certain employer assessments are transferred; amending s. 121.71, F.S.; revising required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System; amending s. 121.74, F.S.; revising the employer assessment rate for offsetting administrative and educational costs related to the Florida Retirement System; providing a declaration of important state interest; providing an effective date.

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

Section 1. Paragraph (c) of subsection (5) of section 121.4501, Florida Statutes, is amended to read:

121.4501 Florida Retirement System Investment Plan.—

(5) CONTRIBUTIONS.—

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

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

2. The employer contribution portion earmarked for administrative and educational expenses shall be transferred to the state board's Administrative Florida Retirement System Investment Plan Trust Fund.

3. The employer contribution portion earmarked for disability benefits shall be transferred to the Florida Retirement System Trust Fund.

Section 2. Subsections (4) and (5) of section 121.71, Florida Statutes, are amended to read:

121.71 Uniform rates; process; calculations; levy.—

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

	Percentage of Gross Compensation, Effective July 1, <del>2016</del> 2015
Membership Class	
Regular Class	<u>2.97%</u> <del>2.91%</del>
Special Risk Class	11.35%
Special Risk Administrative Support Class	<u>3.87%</u> <del>3.71%</del>
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>6.63%</u> <del>6.48%</del>
Elected Officers' Class— Justices, Judges	<u>11.68%</u> <del>11.39%</del>
Elected Officers' Class— County Elected Officers	<u>8.55%</u> <del>8.48%</del>
Senior Management Class	<u>4.38%</u> <del>4.32%</del>
DROP	<u>4.17%</u> <del>4.10%</del>

(5) In order to address unfunded actuarial liabilities of the system, the required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective July 1, <del>2016</del> 2015
Membership Class	
Regular Class	<u>2.83%</u> <del>2.65%</del>
Special Risk Class	<u>8.92%</u> <del>8.99%</del>
Special Risk Administrative Support Class	<u>22.47%</u> <del>27.54%</del>

	Percentage of Gross Compensation, Effective July 1, <del>2016</del> 2015
Membership Class	
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>33.75%</u> <del>37.62%</del>
Elected Officers' Class— Justices, Judges	<u>23.30%</u> <del>22.62%</del>
Elected Officers' Class— County Elected Officers	<u>32.20%</u> <del>32.09%</del>
Senior Management Service Class	<u>15.67%</u> <del>15.41%</del>
DROP	<u>7.10%</u> <del>7.12%</del>

Section 3. Section 121.74, Florida Statutes, is amended to read:

121.74 Administrative and educational expenses.—In addition to contributions required to fund member accounts under ss. 121.71 and 121.73, effective July 1, 2010, through June 30, 2014, employers participating in the Florida Retirement System shall contribute an employer assessment amount equal to 0.03 percent of the payroll reported for each class or subclass of Florida Retirement System membership. Effective July 1, 2014, the employer assessment is 0.04 percent of the payroll reported for each class or subclass of membership. Effective July 1, 2016, the employer assessment is 0.06 percent of the payroll reported for each class or subclass of membership. The amount assessed 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 investment plan and the costs of providing educational services to members of the Florida Retirement System. Approval of the trustees is required before 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 4. The Legislature finds that a proper and legitimate state interest is served when employees, officers, and retirees of the state and its political subdivisions, and the dependents, survivors, and beneficiaries of such employees, officers, 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 5. This act shall take effect July 1, 2016.

Approved by the Governor March 17, 2016.

Filed in Office Secretary of State March 17, 2016.