

CHAPTER 2022-159

House Bill No. 5007

An act relating to state-administered retirement systems; amending s. 121.091, F.S.; authorizing certain members to elect to participate in the deferred retirement program for an additional 36 months; 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. 121.72, F.S.; revising allocations to investment plan member accounts; 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 (b) of subsection (13) of section 121.091, Florida Statutes, is amended to read:

121.091 Benefits payable under the system.—Benefits may not 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 department. The department 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 department's rules. The department 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.

(13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and subject to this section, the Deferred Retirement Option Program, hereinafter referred to as 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 Florida Retirement System on behalf of the member, plus interest compounded monthly, for the specified period of the DROP participation, as provided in paragraph (c). Upon termination of employment, the member shall receive the total DROP benefits and begin to receive the previously determined normal retirement benefits. Participation in the DROP does not guarantee employment for the specified period of DROP. Participation in DROP by an eligible member beyond the initial 60-month period as authorized in this subsection shall be on an annual contractual basis for all participants.

(b) Participation in DROP.—Except as provided in this paragraph, an eligible member may elect to participate in DROP for a period not to exceed a maximum of 60 calendar months.

1.a. ~~An eligible member may elect to participate in DROP for a period not to exceed a maximum of 60 calendar months. However, Members who are instructional personnel employed by the Florida School for the Deaf and the Blind and authorized by the Board of Trustees of the Florida School for the Deaf and the Blind, who are instructional personnel as defined in s. 1012.01(2)(a)-(d) in grades K-12 and authorized by the district school superintendent, or who are instructional personnel as defined in s. 1012.01(2)(a) employed by a developmental research school and authorized by the school's director, or if the school has no director, by the school's principal, may participate in DROP for up to 36 calendar months beyond the 60-month period. Effective July 1, 2018, instructional personnel who are authorized to extend DROP participation beyond the 60-month period must have a termination date that is the last day of the last calendar month of the school year within the DROP extension granted by the employer. If, on July 1, 2018, the member's DROP participation has already been extended for the maximum 36 calendar months and the extension period concludes before the end of the school year, the member's DROP participation may be extended through the last day of the last calendar month of that school year. The employer shall notify the division of the change in termination date and the additional period of DROP participation for the affected instructional personnel.~~

b. Administrative personnel in grades K-12, as defined in s. 1012.01(3), who have a DROP termination date on or after July 1, 2018, may be authorized to extend DROP participation beyond the initial 60 calendar month period if the administrative personnel's termination date is before the end of the school year. Such administrative personnel may have DROP participation extended until the last day of the last calendar month of the school year in which their original DROP termination date occurred if a date other than the last day of the last calendar month of the school year is designated. The employer shall notify the division of the change in termination date and the additional period of DROP participation for the affected administrative personnel.

c. Effective July 1, 2022, a member of the Special Risk Class who is a law enforcement officer who meets the criteria in s. 121.0515(3)(a) and who is a DROP participant on or after July 1, 2022, may participate in DROP for up to 36 calendar months beyond the 60-month period if he or she enters DROP on or before June 30, 2028.

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

a. A written election to participate in DROP;

b. Selection of DROP participation and termination dates that satisfy the limitations stated in paragraph (a) and subparagraph 1. The termination date must be in a binding letter of resignation to 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 the 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 is 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. DROP participation is final and may not be canceled by the participant after the first payment is credited during the DROP participation period. However, participation in DROP does not alter the participant’s employment status, and the member is not deemed retired from employment until his or her deferred resignation is effective and termination occurs as defined in s. 121.021.

4. Elected officers are eligible to participate in DROP subject to the following:

a. An elected officer who reaches normal retirement date during a term of office may defer the election to participate until the next succeeding term in that office. An elected officer who exercises this option may participate in DROP for up to 60 calendar months or no longer than the succeeding term of office, whichever is less.

b. 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; 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 is null and void as provided in sub-subparagraph (c)5.d.

c. An elected officer who is dually employed and elects to participate in DROP must terminate all employment relationships as provided in s. 121.021(39) for the nonelected position within the original 60-month period or maximum participation period as provided in subparagraph 1. For DROP participation ending:

(I) Before July 1, 2010, the officer may continue employment as an elected officer as provided in s. 121.053. The elected officer shall be enrolled as a renewed member in the Elected Officers’ Class or the Regular Class, as provided in ss. 121.053 and 121.122, 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).

(II) On or after July 1, 2010, the officer may continue employment as an elected officer but must defer termination as provided in s. 121.053.

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:

Membership Class	Percentage of Gross Compensation, Effective July 1, 2022 2021
Regular Class	<u>5.96%</u> 4.91%
Special Risk Class	<u>16.44%</u> 15.27%
Special Risk Administrative Support Class	<u>10.77%</u> 9.73%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>9.31%</u> 8.49%
Elected Officers' Class— Justices, Judges	<u>14.41%</u> 13.38%
Elected Officers' Class— County Elected Officers	<u>11.30%</u> 10.28%
Senior Management <u>Service</u> Class	<u>7.70%</u> 6.49%
DROP	<u>7.79%</u> 7.23%

(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:

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021
Regular Class	<u>4.23%</u> 4.19%
Special Risk Class	<u>9.67%</u> 8.90%
Special Risk Administrative Support Class	<u>26.16%</u> 26.31%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>56.76%</u> 53.52%
Elected Officers' Class— Justices, Judges	<u>27.64%</u> 25.81%
Elected Officers' Class— County Elected Officers	<u>43.98%</u> 39.42%
Senior Management Service Class	<u>22.15%</u> 20.80%
DROP	<u>9.15%</u> 9.45%

Section 3. Subsection (5) of section 121.72, Florida Statutes, is amended and subsection (6) is added to that section to read:

121.72 Allocations to investment plan member accounts; percentage amounts.—

(5) Effective July 1, 2012, through June 30, 2022, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	6.30%
Special Risk Class	14.00%
Special Risk Administrative Support Class	7.95%

Membership Class	Percentage of Gross Compensation
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	9.38%
Elected Officers' Class— Justices, Judges	13.23%
Elected Officers' Class— County Elected Officers	11.34%
Senior Management Service Class	7.67%

(6) Effective July 1, 2022, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

<u>Membership Class</u>	<u>Percentage of Gross Compensation</u>
<u>Regular Class</u>	<u>9.30%</u>
<u>Special Risk Class</u>	<u>17.00%</u>
<u>Special Risk Administrative Support Class</u>	<u>10.95%</u>
<u>Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</u>	<u>12.38%</u>
<u>Elected Officers' Class— Justices, Judges</u>	<u>16.23%</u>
<u>Elected Officers' Class— County Elected Officers</u>	<u>14.34%</u>
<u>Senior Management Service Class</u>	<u>10.67%</u>

Section 4. The Legislature finds that a proper and legitimate state purpose 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, 2022.

Approved by the Governor June 2, 2022.

Filed in Office Secretary of State June 2, 2022.