An act relating to retirement; amending s. 112.363, F.S.; providing that eligible retirees of the Florida Retirement System Pension Plan shall receive a certain monthly retiree health insurance subsidy payment beginning on a specified date; specifying how such payment is to be calculated; providing construction; providing that eligible members of the Florida Retirement System Investment Plan shall receive a certain monthly retiree health insurance subsidy payment; specifying how such payment is to be calculated; specifying that the member’s spouse at the time of the member’s death is the member’s beneficiary; providing an exception; requiring the employer of members of a state-administered retirement plan to contribute a certain percentage of gross compensation each pay period beginning on a specified date; amending s. 121.021, F.S.; revising the definition of the term “normal retirement date”; decreasing the age and years of service needed to reach the normal retirement date for certain members; amending s. 121.052, F.S.; revising the employer contribution rates for the retiree health insurance subsidy; amending s. 121.053, F.S.; providing that certain elected officers are ineligible to extend participation in the Deferred Retirement Option Program (DROP) beyond a specified period; conforming provisions to changes made by the act; amending ss. 121.055 and 121.071, F.S.; revising the employer contribution rates for the retiree health insurance subsidy; amending s. 121.091, F.S.; revising when members can elect to begin to participate in DROP; increasing the length of time members can participate in DROP; revising the period for which certain members may elect to extend participation in DROP beyond the initial period; providing for the expiration of such extension; providing that certain elected officers are ineligible to extend DROP participation beyond the initial period; increasing the interest accrual rate for DROP, beginning on a specified date; conforming cross-references; conforming provisions to changes made by the act; amending s. 121.4501, F.S.; conforming provisions to changes made by the act; 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.; increasing allocations to investment plan member accounts; amending s. 121.73, F.S.; increasing allocations to provide disability coverage for investment plan members; amending s. 121.735, F.S.; revising allocations to provide line-of-duty death benefits for investment plan members; providing a declaration of important state interest; providing effective dates.

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

Section 1. Paragraph (f) is added to subsection (3) of section 112.363, Florida Statutes, and paragraph (j) is added to subsection (8) of that section, to read:

CODING: Words stricken are deletions; words underlined are additions.
112.363 Retiree health insurance subsidy.—

(3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.—

(f)1. Beginning July 1, 2023, each eligible retiree of the pension plan of the Florida Retirement System, 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 $7.50; however, an eligible retiree or beneficiary may not receive a subsidy payment of more than $225 or less than $45. If there are multiple beneficiaries, the total payment may not be greater than the payment to which the retiree was entitled. The health insurance subsidy amount payable to any person receiving the retiree health insurance subsidy payment on July 1, 2023, may not be reduced solely by operation of this subparagraph.

2. Beginning July 1, 2023, each eligible member of the investment plan of the Florida Retirement System who has met the requirements of this section, or, if the member is deceased, his or her spouse who is the member’s designated beneficiary, shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as provided in this subparagraph, completed at the time of retirement multiplied by $7.50; however, an eligible retiree or beneficiary may not receive a subsidy payment of more than $225 or less than $45. For purposes of determining a member’s creditable service used to calculate the health insurance subsidy, a member’s years of service credit or fraction thereof must be based on the member’s work year as defined in s. 121.021(54). Credit must be awarded for a full work year if health insurance subsidy contributions have been made for each month in the member’s work year. In addition, all years of creditable service retained under the Florida Retirement System Pension Plan must be included as creditable service for purposes of this section. Notwithstanding this section, the spouse at the time of death is the member’s beneficiary unless such member has designated a different beneficiary subsequent to the member’s most recent marriage.

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

(j) Beginning July 1, 2023, the employer of each member of a state-administered retirement plan shall contribute 2.00 percent of gross compensation each pay period.

Such contributions shall be submitted to the Department of Management Services and deposited in the Retiree Health Insurance Subsidy Trust Fund.

Section 2. Effective July 1, 2023, paragraph (b) of subsection (29) of section 121.021, Florida Statutes, is amended to read:

CODING: Words stricken are deletions; words underlined are additions.
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:

(29) “Normal retirement date” means the date a member attains normal retirement age and is vested, which is determined as follows:

(b) For a Special Risk Class member initially enrolled:

1. Before July 1, 2011:
   1.a. The first day of the month the member attains age 55 and completes the years of creditable service in the Special Risk Class equal to or greater than the years of service required for vesting;
   2.b. The first day of the month following the date the member completes 25 years of creditable service in the Special Risk Class, regardless of age; or
   3.c. The first day of the month following the date the member completes 25 years of creditable service and attains age 52, which service may include a maximum of 4 years of military service credit if such credit is not claimed under any other system and the remaining years are in the Special Risk Class.

2. On or after July 1, 2011:
   a. The first day of the month the member attains age 60 and completes the years of creditable service in the Special Risk Class equal to or greater than the years of service required for vesting;
   b. The first day of the month following the date the member completes 30 years of creditable service in the Special Risk Class, regardless of age; or
   c. The first day of the month following the date the member completes 30 years of creditable service and attains age 57, which service may include a maximum of 4 years of military service credit if such credit is not claimed under any other system and the remaining years are in the Special Risk Class.

For a pension plan member, normal retirement age is attained on the normal retirement date. For an investment plan member, normal retirement age is the date a member attains his or her normal retirement date as provided in this section, or the date a member is vested under the investment plan as provided in s. 121.4501(6), whichever is later.

Section 3. Paragraph (d) of subsection (7) of section 121.052, Florida Statutes, is amended to read:

121.052 Membership class of elected officers.—

(7) CONTRIBUTIONS.—

CODING: Words stricken are deletions; words underlined are additions.
(d) The following table states the required employer contribution on behalf of each member of the Elected 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 each such 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:

<table>
<thead>
<tr>
<th>Dates of Contribution</th>
<th>Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 1987, through December 31, 1988</td>
<td>0.24%</td>
</tr>
<tr>
<td>January 1, 1989, through December 31, 1993</td>
<td>0.48%</td>
</tr>
<tr>
<td>January 1, 1994, through December 31, 1994</td>
<td>0.56%</td>
</tr>
<tr>
<td>January 1, 1995, through June 30, 1998</td>
<td>0.66%</td>
</tr>
<tr>
<td>July 1, 1998, through June 30, 2001</td>
<td>0.94%</td>
</tr>
<tr>
<td>July 1, 2001, through June 30, 2013</td>
<td>1.11%</td>
</tr>
<tr>
<td>July 1, 2013, through June 30, 2014</td>
<td>1.20%</td>
</tr>
<tr>
<td>July 1, 2014, through June 30, 2015</td>
<td>1.26%</td>
</tr>
<tr>
<td>Effective July 1, 2015, through June 30, 2023</td>
<td>1.66%</td>
</tr>
<tr>
<td>Effective July 1, 2023</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 4. Paragraph (a) of subsection (7) of section 121.053, Florida Statutes, is amended, and paragraph (c) is added to subsection (3) of that section, to read:

121.053 Participation in the Elected Officers’ Class for retired members.

(3) On or after July 1, 2010:

(c) An elected officer who has deferred termination as provided in subsection (7) before July 1, 2023, is ineligible to extend his or her participation in the Deferred Retirement Option Program beyond the 60-month period.

(7) A member who is elected or appointed to an elective office and who is participating in the Deferred Retirement Option Program is not subject to termination as defined in s. 121.021, or reemployment limitations as provided in s. 121.091(9), until the end of his or her current term of office or, if the officer is consecutively elected or reelected to an elective office eligible for coverage under the Florida Retirement System, until he or she no longer holds an elective office, as follows:

(a) At the end of the member’s 60-month DROP period:
1. The officer’s DROP account may not accrue additional monthly benefits, but does continue to earn interest as provided in s. 121.091(13). However, an officer whose DROP participation begins on or after July 1, 2010, may not continue to earn such interest.

2. Retirement contributions, except for unfunded actuarial liability and health insurance subsidy contributions required in ss. 121.71(5) and 121.76, are not required of the employer of the elected officer, and additional retirement credit may not be earned under the Florida Retirement System.

Section 5. Paragraph (d) of subsection (3) of section 121.055, Florida Statutes, is 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.

(3)

(d) 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 each such 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:

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<tbody>
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<td>July 1, 2014, through June 30, 2015</td>
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</tr>
<tr>
<td>Effective July 1, 2015, through June 30, 2023</td>
<td>1.66%</td>
</tr>
<tr>
<td>Effective July 1, 2023</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 6. Subsection (4) of section 121.071, Florida Statutes, is amended to read:

CODING: Words stricken are deletions; words underlined are additions.
121.071 Contributions.—Contributions to the system shall be made as follows:

(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 each such 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:

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<td>1.66%</td>
</tr>
<tr>
<td>Effective July 1, 2023</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

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

Section 7. Effective July 1, 2023, paragraph (a) of subsection (3) 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.

(3) EARLY RETIREMENT BENEFIT.—Upon retirement on his or her early retirement date, the member shall receive an immediate monthly benefit that shall begin to accrue on the first day of the month of the retirement date and be payable on the last day of that month and each month thereafter during his or her lifetime. Such benefit shall be calculated as follows:

CODING: Words stricken are deletions; words underlined are additions.
(a) For a member initially enrolled:

1. Before July 1, 2011, the amount of each monthly payment shall be computed in the same manner as for a normal retirement benefit, in accordance with subsection (1), but shall be based on the member’s average monthly compensation and creditable service as of the member’s early retirement date. The benefit so computed shall be reduced by five-twelfths of 1 percent for each complete month by which the early retirement date precedes the normal retirement date of age 62 for a member of the Regular Class, Senior Management Service Class, or the Elected Officers’ Class, and age 55 for a member of the Special Risk Class, or age 52 if a Special Risk member has completed 25 years of creditable service in accordance with s. 121.021(29)(b)1.c.

2. On or after July 1, 2011, the amount of each monthly payment shall be computed in the same manner as for a normal retirement benefit, in accordance with subsection (1), but shall be based on the member’s average monthly compensation and creditable service as of the member’s early retirement date. The benefit so computed shall be reduced by five-twelfths of 1 percent for each complete month by which the early retirement date precedes the normal retirement date of age 65 for a member of the Regular Class, Senior Management Service Class, or the Elected Officers’ Class, and age 55 for a member of the Special Risk Class, or age 52 if a special risk member has completed 25 years of creditable service in accordance with s. 121.091(29)(b)2.c.

Section 8. 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.

(a) **Eligibility of member to participate in DROP.**—All active Florida Retirement System members in a regularly established position, and all active members of the Teachers’ Retirement System established in chapter 238 or the State and County Officers’ and Employees’ Retirement System established in chapter 122, which are consolidated within the Florida Retirement System under s. 121.011, are eligible to elect participation in DROP if:

1. The member is not a renewed member under s. 121.122 or a member of the State Community College System Optional Retirement Program under s. 121.051, the Senior Management Service Optional Annuity Program under s. 121.055, or the optional retirement program for the State University System under s. 121.35.

2. Except as provided in subparagraph 6., for members initially enrolled before July 1, 2011, election to participate in DROP may be made at any time within 12 months immediately following the date on which the member first reaches his or her normal retirement date, or, for a member who reaches normal retirement date based on service before he or she reaches age 62, or age 55 for Special Risk Class members, election to participate may be deferred to the 12 months immediately following the date the member attains age 57, or age 52 for Special Risk Class members. Except as provided in subparagraph 6., for members initially enrolled on or after July 1, 2011, election to participate is made within 12 months immediately following the date on which the member first reaches normal retirement date, or, for a member who reaches normal retirement date based on service before he or she reaches age 65, or age 60 for Special Risk Class members, election to participate may be deferred to the 12 months immediately following the date the member attains age 60, or age 55 for Special Risk Class members. A member who delays DROP participation during the 12-month period immediately following his or her maximum DROP deferral date, except as provided in subparagraph 6., loses a month of DROP participation for each month delayed. A member who fails to make an election within the 12-month limitation period forfeits all rights to participate in DROP. The member shall advise his or her employer and the division in writing of the date DROP begins. When establishing eligibility to participate in DROP, the member may elect to include or exclude any optional service credit purchased by the member from the total service used to establish the normal retirement date. A member who has dual normal retirement dates is eligible to elect to participate in DROP after attaining normal retirement date in either class.

CODING: Words stricken are deletions; words underlined are additions.
3. The employer of a member electing to participate in DROP, or employers if dually employed, shall acknowledge in writing to the division the date the member's participation in DROP begins and the date the member's employment and DROP participation terminates.

4. Simultaneous employment of a member by additional Florida Retirement System employers subsequent to the commencement of a member's participation in DROP is permissible if such employers acknowledge in writing a DROP termination date no later than the member's existing termination date or the maximum participation period provided in paragraph (b) subparagraph (b)1.

5. A member may change employers while participating in DROP, subject to the following:
   a. A change of employment takes place without a break in service so that the member receives salary for each month of continuous DROP participation. If a member receives no salary during a month, DROP participation ceases unless the employer verifies a continuation of the employment relationship for such member pursuant to s. 121.021(39)(b).
   b. The member and new employer notify the division of the identity of the new employer on forms required by the division.
   c. The new employer acknowledges, in writing, the member's DROP termination date, which may be extended but not beyond the maximum participation period provided in paragraph (b) subparagraph (b)1, acknowledges liability for any additional retirement contributions and interest required if the member fails to timely terminate employment, and is subject to the adjustment required in sub-subparagraph (c)5.d.

6. Effective July 1, 2001, for instructional personnel as defined in s. 1012.01(2), election to participate in DROP may be made at any time following the date on which the member first reaches normal retirement date. The member shall advise his or her employer and the division in writing of the date on which DROP begins. When establishing eligibility of the member to participate in DROP for the 60-month participation period provided in subparagraph (b)1., the member may elect to include or exclude any optional service credit purchased by the member from the total service used to establish the normal retirement date. A member who has dual normal retirement dates is eligible to elect to participate in either class.

(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 96 60 calendar months.

1.a. 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:

(I) Extend DROP participation beyond the initial 96-calendar-month period if the instructional personnel's termination date is before the end of the school year. Such instructional 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.

(II) Participate in DROP for up to 24 36 calendar months beyond the 96-month period. Effective July 1, 2018, Instructional personnel who are authorized to extend DROP participation beyond the 96-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 24 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. This sub-sub-subparagraph expires June 30, 2029.

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 96 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;

CODING: Words stricken are deletions; words underlined are additions.
b. Selection of DROP participation and termination dates that satisfy the limitations stated in paragraph (a) and this paragraph 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 this paragraph 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 96 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 96-month 60-month limitation established in this paragraph 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 this paragraph 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 employment.
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.

d. An elected officer who has deferred termination as provided in s. 121.053 before June 30, 2023, is ineligible to extend DROP participation beyond 60 months.

(c) Benefits payable under DROP.—

1. Effective on the date of DROP participation, the member’s initial normal monthly benefit, including creditable service, optional form of payment, and average final compensation, and the effective date of retirement are fixed. The beneficiary established under the Florida Retirement System is the beneficiary eligible to receive any DROP benefits payable if the DROP participant dies before completing the period of DROP participation. If a joint annuitant predeceases the member, the member may name a beneficiary to receive accumulated DROP benefits payable. The retirement benefit, the annual cost of living adjustments provided in s. 121.101, and interest accrue monthly in the Florida Retirement System Trust Fund. For members whose DROP participation begins:

a. Before July 1, 2011, the interest accrues at an effective annual rate of 6.5 percent compounded monthly, on the prior month’s accumulated ending balance, up to the month of termination or death, except as provided in s. 121.053(7).

b. On or after July 1, 2011, the interest accrues:

(I) Through June 30, 2023, at an effective annual rate of 1.3 percent, compounded monthly, on the prior month’s accumulated ending balance, up to the month of termination or death, except as provided in s. 121.053(7).

(II) Beginning July 1, 2023, at an effective annual rate of 4 percent, compounded monthly, on the prior month’s accumulated ending balance, up to the month of termination or death, except as provided in s. 121.053(7).

2. Each employee who elects to participate in DROP may elect to receive a lump-sum payment for accrued annual leave earned in accordance with agency policy upon beginning participation in DROP. The accumulated leave payment certified to the division upon commencement of DROP shall be included in the calculation of the member’s average final compensation. The employee electing the lump-sum payment is not eligible to receive a second lump-sum payment upon termination, except to the extent the employee has earned additional annual leave which, combined with the original payment, does not exceed the maximum lump-sum payment allowed by the employing agency’s policy or rules. An early lump-sum payment shall be based on the hourly wage of the employee at the time he or she begins participation in DROP. If the member elects to wait and receive a lump-sum payment upon
termination of DROP and termination of employment with the employer, any accumulated leave payment made at that time may not be included in the member’s retirement benefit, which was determined and fixed by law when the employee elected to participate in DROP.

3. The effective date of DROP participation and the effective date of retirement of a DROP participant shall be the first day of the month selected by the member to begin participation in DROP, provided such date is properly established, with the written confirmation of the employer, and the approval of the division, on forms required by the division.

4. Normal retirement benefits and any interest continue to accrue in DROP until the established termination date of DROP or until the member terminates employment or dies before such date, except as provided in s. 121.053(7). Although individual DROP accounts may not be established, a separate accounting of each member’s accrued benefits under DROP shall be calculated and provided to the member.

5. At the conclusion of the member’s participation in DROP, the division shall distribute the member’s total accumulated DROP benefits, subject to the following:

a. The division shall receive verification by the member’s employer or employers that the member has terminated all employment relationships as provided in s. 121.021(39).

b. The terminated DROP participant or, if deceased, the member’s named beneficiary, shall elect on forms provided by the division to receive payment of the DROP benefits in accordance with one of the options listed below. If a member or beneficiary fails to elect a method of payment within 60 days after termination of DROP, the division shall pay a lump sum as provided in sub-sub-subparagraph (I).

(I) Lump sum.—All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

(II) Direct rollover.—All accrued DROP benefits, plus interest, shall be paid from DROP directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased member, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code.

(III) Partial lump sum.—A portion of the accrued DROP benefits shall be paid to DROP participant or surviving spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits must be transferred directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the
case of an eligible rollover distribution to the surviving spouse of a deceased member, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code. The proportions must be specified by the DROP participant or surviving beneficiary.

c. The form of payment selected by the DROP participant or surviving beneficiary must comply with the minimum distribution requirements of the Internal Revenue Code.

d. A DROP participant who fails to terminate all employment relationships as provided in s. 121.021(39) shall be deemed as not retired, and the DROP election is null and void. Florida Retirement System membership shall be reestablished retroactively to the date of the commencement of DROP, and each employer with whom the member continues employment must pay to the Florida Retirement System Trust Fund the difference between the DROP contributions paid in paragraph (i) and the contributions required for the applicable Florida Retirement System class of membership during the period the member participated in DROP, plus 6.5 percent interest compounded annually.

6. The retirement benefits of any DROP participant who terminates all employment relationships as provided in s. 121.021(39) but is reemployed in violation of the reemployment provisions of subsection (9) are suspended during those months in which the retiree is in violation. Any retiree in violation of this subparagraph and any employer that employs or appoints such person without notifying the division to suspend retirement benefits are jointly and severally liable for any benefits paid during the reemployment limitation period. The employer must have a written statement from the retiree that he or she is not retired from a state-administered retirement system. Any retirement benefits received by a retiree while employed in violation of the reemployment limitations must be repaid to the Florida Retirement System Trust Fund, and his or her retirement benefits shall remain suspended until payment is made. Benefits suspended beyond the end of the reemployment limitation period apply toward repayment of benefits received in violation of the reemployment limitation.

7. The accrued benefits of any DROP participant, and any contributions accumulated under the program, are not subject to assignment, execution, attachment, or any legal process except for qualified domestic relations court orders, income deduction orders as provided in s. 61.1301, and federal income tax levies.

8. DROP participants are not eligible for disability retirement benefits as provided in subsection (4).

(d) Death benefits under DROP.—

CODING: Words stricken are deletions; words underlined are additions.
1. Upon the death of a DROP participant, the named beneficiary is entitled to apply for and receive the accrued benefits in DROP as provided in sub-subparagraph (c)5.b.

2. The normal retirement benefit accrued to DROP during the month of a participant’s death is the final monthly benefit credited for such DROP participant.

3. Eligibility to participate in DROP terminates upon death of the participant. If the participant dies on or after the effective date of enrollment in DROP, but before the first monthly benefit is credited to DROP, Florida Retirement System benefits are paid in accordance with subparagraph (7)(c) 1. or subparagraph 2.

4. A DROP participant’s survivors are not eligible to receive Florida Retirement System death benefits as provided in paragraph (7)(d).

(e) Cost-of-living adjustment.—On each July 1, the participant’s normal retirement benefit shall be increased as provided in s. 121.101.

(f) Retiree health insurance subsidy.—DROP participants are not eligible to apply for the retiree health insurance subsidy payments as provided in s. 112.363 until such participants have terminated employment and participation in DROP.

(g) Renewed membership.—DROP participants are not eligible for renewed membership in the Florida Retirement System under ss. 121.053 and 121.122 until all employment relationships are terminated as provided in s. 121.021(39).

(h) Employment limitation after DROP participation.—Upon termination as defined in s. 121.021, DROP participants are subject to the same reemployment limitations as other retirees. Reemployment restrictions applicable to retirees as provided in subsection (9) do not apply to DROP participants until their employment and participation in DROP are terminated.

(i) Contributions.—

1. All employers paying the salary of a DROP participant filling a regularly established position shall contribute 8.0 percent of such participant’s gross compensation for the period of July 1, 2002, through June 30, 2003, and the percentage of such compensation required by s. 121.71 thereafter, which shall constitute the entire employer DROP contribution with respect to such participant. Such contributions, payable to the Florida Retirement System Trust Fund in the same manner as required in s. 121.071, must be made as appropriate for each pay period and are in addition to contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund. Such employer, social security, and health insurance subsidy contributions are not included in DROP.
2. The employer shall, in addition to subparagraph 1., also withhold one-half of the entire social security contribution required for the participant. Contributions for social security by each participant and each employer, in the amount required for social security coverage as provided by the federal Social Security Act, are in addition to contributions specified in subparagraph 1.

3. All employers paying the salary of a DROP participant filling a regularly established position shall contribute the percent of such participant’s gross compensation required in s. 121.071(4), which constitutes the employer’s health insurance subsidy contribution with respect to such participant. Such contributions must be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

(j) *Forfeiture of retirement benefits.*—This section does not remove DROP participants from the scope of s. 8(d), Art. II of the State Constitution, s. 112.3173, and paragraph (5)(f). DROP participants who commit a specified felony offense while employed are subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those provisions of law.

(k) *Administration of program.*—The division shall adopt rules as necessary for the effective and efficient administration of this subsection. The division is not required to advise members of the federal tax consequences of an election related to the DROP but may advise members to seek independent advice.

Section 9. Effective July 1, 2023, subsection (3) of section 121.4501, Florida Statutes, is amended to read:

121.4501 Florida Retirement System Investment Plan.—

(3) RETIREMENT SERVICE CREDIT; TRANSFER OF BENEFITS.—

(a) An eligible employee who is employed in a regularly established position by a state employer on June 1, 2002; by a district school board employer on September 1, 2002; or by a local employer on December 1, 2002, and who is a member of the pension plan at the time of his or her election to participate in the investment plan shall retain all retirement service credit earned under the pension plan as credited under the system and is entitled to a deferred benefit upon termination. However, election to enroll in the investment plan terminates the active membership of the employee in the pension plan, and the service of a member in the investment plan is not creditable under the pension plan for purposes of benefit accrual but is creditable for purposes of vesting.

(b) Notwithstanding paragraph (a), an eligible employee who elects to participate in, or who defaults into, the investment plan and establishes one or more individual member accounts may elect to transfer to the investment plan a sum representing the present value of the employee’s accumulated benefit obligation under the pension plan, except as provided in paragraph
(4)(b). Upon transfer, all service credit earned under the pension plan is nullified for purposes of entitlement to a future benefit under the pension plan. A member may not transfer the accumulated benefit obligation balance from the pension plan after the time period for enrolling in the investment plan has expired.

1. For purposes of this subsection, the present value of the member’s accumulated benefit obligation is based upon the member’s estimated credited service and estimated average final compensation under the pension plan, subject to recomputation under subparagraph 2. For state employees, initial estimates shall be based upon credited service and average final compensation as of midnight on June 30, 2002; for district school board employees, initial estimates shall be based upon credited service and average final compensation as of midnight on September 30, 2002; and for local government employees, initial estimates shall be based upon credited service and average final compensation as of midnight on December 31, 2002. The dates specified are the “estimate date” for these employees. The actuarial present value of the employee’s accumulated benefit obligation shall be based on the following:

   a. The discount rate and other relevant actuarial assumptions used to value the Florida Retirement System Trust Fund at the time the amount to be transferred is determined, consistent with the factors provided in subparagraphs b. and c.

   b. A benefit commencement age, based on the member’s estimated credited service as of the estimate date.

   c. Except as provided under sub-subparagraph d., for a member initially enrolled:

      (I) Before July 1, 2011, the benefit commencement age is the younger of the following, but may not be younger than the member’s age as of the estimate date:

         (A) Age 62; or

         (B) The age the member would attain if the member completed 30 years of service with an employer, assuming the member worked continuously from the estimate date, and disregarding any vesting requirement that would otherwise apply under the pension plan.

      (II) On or after July 1, 2011, the benefit commencement age is the younger of the following, but may not be younger than the member’s age as of the estimate date:

         (A) Age 65; or

         (B) The age the member would attain if the member completed 33 years of service with an employer, assuming the member worked continuously
from the estimate date, and disregarding any vesting requirement that would otherwise apply under the pension plan.

d. For members of the Special Risk Class and for members of the Special Risk Administrative Support Class entitled to retain the special risk normal retirement date:

(I) Initially enrolled before July 1, 2011, the benefit commencement age is the younger of the following, but may not be younger than the member’s age as of the estimate date:

(I)(A) Age 55; or

(II)(B) The age the member would attain if the member completed 25 years of service with an employer, assuming the member worked continuously from the estimate date, and disregarding any vesting requirement that would otherwise apply under the pension plan.

(II) Initially enrolled on or after July 1, 2011, the benefit commencement age is the younger of the following, but may not be younger than the member’s age as of the estimate date:

(A) Age 60; or

(B) The age the member would attain if the member completed 30 years of service with an employer, assuming the member worked continuously from the estimate date, and disregarding any vesting requirement that would otherwise apply under the pension plan.

e. The calculation must disregard vesting requirements and early retirement reduction factors that would otherwise apply under the pension plan.

2. For each member who elects to transfer moneys from the pension plan to his or her account in the investment plan, the division shall recompute the amount transferred under subparagraph 1. within 60 days after the actual transfer of funds based upon the member’s actual creditable service and actual final average compensation as of the initial date of participation in the investment plan. If the recomputed amount differs from the amount transferred by $10 or more, the division shall:

a. Transfer, or cause to be transferred, from the Florida Retirement System Trust Fund to the member’s account the excess, if any, of the recomputed amount over the previously transferred amount together with interest from the initial date of transfer to the date of transfer under this subparagraph, based upon the effective annual interest equal to the assumed return on the actuarial investment which was used in the most recent actuarial valuation of the system, compounded annually.

b. Transfer, or cause to be transferred, from the member’s account to the Florida Retirement System Trust Fund the excess, if any, of the previously
transferred amount over the recomputed amount, together with interest from the initial date of transfer to the date of transfer under this subparagraph, based upon 6 percent effective annual interest, compounded annually, pro rata based on the member’s allocation plan.

3. If contribution adjustments are made as a result of employer errors or corrections, including plan corrections, following recomputation of the amount transferred under subparagraph 1., the member is entitled to the additional contributions or is responsible for returning any excess contributions resulting from the correction. However, a return of such erroneous excess pretax contribution by the plan must be made within the period allowed by the Internal Revenue Service. The present value of the member’s accumulated benefit obligation may not be recalculated.

4. As directed by the member, the state board shall transfer or cause to be transferred the appropriate amounts to the designated accounts within 30 days after the effective date of the member’s participation in the investment plan unless the major financial markets for securities available for a transfer are seriously disrupted by an unforeseen event that causes the suspension of trading on a national securities exchange in the country where the securities were issued. In that event, the 30-day period may be extended by a resolution of the state board. Transfers are not commissionable or subject to other fees and may be in the form of securities or cash, as determined by the state board. Such securities are valued as of the date of receipt in the member’s account.

5. If the state board or the division receives notification from the United States Internal Revenue Service that this paragraph or any portion of this paragraph will cause the retirement system, or a portion thereof, to be disqualified for tax purposes under the Internal Revenue Code, the portion that will cause the disqualification does not apply. Upon such notice, the state board and the division shall notify the presiding officers of the Legislature.

Section 10. Effective July 1, 2023, 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:

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation, Effective July 1, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Class</td>
<td>6.73% 5.96%</td>
</tr>
</tbody>
</table>

CODING: Words stricken are deletions; words underlined are additions.
<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation, Effective July 1, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Risk Class</td>
<td>18.66% 16.44%</td>
</tr>
<tr>
<td>Special Risk</td>
<td></td>
</tr>
<tr>
<td>Administrative Support Class</td>
<td>11.54% 10.77%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</td>
<td>10.45% 9.31%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>Justices, Judges</td>
<td>14.90% 14.41%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>County Elected Officers</td>
<td>12.39% 11.30%</td>
</tr>
<tr>
<td>Senior Management Service Class</td>
<td>8.56% 7.70%</td>
</tr>
<tr>
<td>DROP</td>
<td>8.49% 7.79%</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation, Effective July 1, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Class</td>
<td>4.78% 4.23%</td>
</tr>
<tr>
<td>Special Risk Class</td>
<td>11.95% 9.67%</td>
</tr>
<tr>
<td>Special Risk</td>
<td></td>
</tr>
<tr>
<td>Administrative Support Class</td>
<td>26.22% 26.16%</td>
</tr>
</tbody>
</table>

CODING: Words stricken are deletions; words underlined are additions.
Section 11. Effective July 1, 2023, subsection (6) of section 121.72, Florida Statutes, is amended, and subsection (7) is added to that section, to read:

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

(6) Effective July 1, 2022, through June 30, 2023, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Class</td>
<td>9.30%</td>
</tr>
<tr>
<td>Special Risk Class</td>
<td>17.00%</td>
</tr>
<tr>
<td>Special Risk Administrative Support Class</td>
<td>10.95%</td>
</tr>
<tr>
<td>Elected Officers’ Class—Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</td>
<td>12.38%</td>
</tr>
<tr>
<td>Elected Officers’ Class—Justices, Judges</td>
<td>16.23%</td>
</tr>
<tr>
<td>Elected Officers’ Class—County Elected Officers</td>
<td>14.34%</td>
</tr>
</tbody>
</table>

CODING: Words stricken are deletions; words underlined are additions.
(7) Effective July 1, 2023, allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts are as follows:

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management Service Class</td>
<td>10.67%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Percentage of Gross Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Class</td>
<td>11.30%</td>
</tr>
<tr>
<td>Special Risk Class</td>
<td>19.00%</td>
</tr>
<tr>
<td>Special Risk Administrative Support Class</td>
<td>12.95%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders</td>
<td>14.38%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>Justices, Judges</td>
<td>18.23%</td>
</tr>
<tr>
<td>Elected Officers’ Class—</td>
<td></td>
</tr>
<tr>
<td>County Elected Officers</td>
<td>16.34%</td>
</tr>
<tr>
<td>Senior Management Service Class</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

Section 12. Effective July 1, 2023, section 121.73, Florida Statutes, is amended to read:

121.73 Allocations for member disability coverage; percentage amounts.

(1) The allocations established in this section subsection (3) shall be used to provide disability coverage for members in the investment plan and shall be transferred monthly by the Division of Retirement from the Florida Retirement System Contributions Clearing Trust Fund to the disability account of the Florida Retirement System Trust Fund.

(2) The allocations are stated as a percentage of each investment plan member’s gross compensation for the calendar month. A change in a contribution percentage is effective the first day of the month for which retirement contributions may be made on or after the beginning date of the change. Contribution percentages may be modified by general law.

(3) Effective July 1, 2002, allocations from the Florida Retirement System Contributions Clearing Trust Fund to provide disability coverage for members in the investment plan, and to offset the costs of administering said coverage, are as follows:
Membership Class | Percentage of Gross Compensation
---|---
Regular Class | 0.25%
Special Risk Class | 1.85% 1.33%
Special Risk Administrative Support Class | 0.45%
Elected Officers’ Class—Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders | 0.41%
Elected Officers’ Class—Justices, Judges | 0.73%
Elected Officers’ Class—County Elected Officers | 0.41%
Senior Management Service Class | 0.26%

Section 13. Effective July 1, 2023, section 121.735, Florida Statutes, is amended to read:

121.735 Allocations for member line-of-duty death benefits; percentage amounts.—

(1) The allocations established in this section subsection (3) shall be used to provide line-of-duty death benefit coverage for members in the investment plan and shall be transferred monthly by the division from the Florida Retirement System Contributions Clearing Trust Fund to the survivor benefit account of the Florida Retirement System Trust Fund.

(2) Such allocations are stated as a percentage of each investment plan member’s gross compensation for the calendar month. Any change in a contribution percentage is effective the first day of the month for which retirement contributions may be made on or after the beginning date of the change. Contribution percentages may be modified by general law.

(3) Allocations from the Florida Retirement System Contributions Clearing Trust Fund to provide line-of-duty death benefits for members in the investment plan and to offset the costs of administering said coverage, are as follows:

Membership Class | Percentage of Gross Compensation
---|---
Regular Class | 0.05%
Special Risk Class | 1.26% 1.21%
Special Risk Administrative Support Class | 0.03%

CODING: Words *stricken* are deletions; words *underlined* are additions.
Membership Class | Percentage of Gross Compensation
--- | ---
Elected Officers’ Class—
Legislators, Governor, 
Lt. Governor, Cabinet Officers, 
State Attorneys, Public Defenders | 0.15%
Elected Officers’ Class—
Justices, Judges | 0.09%
Elected Officers’ Class—
County Elected Officers | 0.20%
Senior Management Service Class | 0.05%

Section 14. 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 15. Except as otherwise provided in this act, this act shall take effect upon becoming a law.

Approved by the Governor June 5, 2023.

Filed in Office Secretary of State June 5, 2023.