

CHAPTER 2014-54

House Bill No. 5005

An act relating to state-administered retirement systems; amending s. 112.363, F.S.; increasing the employer contribution to the retiree health insurance subsidy for members of a state-administered plan; amending s. 121.052, F.S.; increasing the employer contribution to the health insurance subsidy for members of the Elected Officers' Class; amending s. 121.055, F.S.; increasing the employer contribution to the health insurance subsidy for members of the Senior Management Service Class; amending s. 121.071, F.S.; increasing the employer contribution to the health insurance subsidy for members of the Regular, Special Risk, and Special Risk Administrative Support Classes; amending s. 121.71, F.S.; revising the amount of employer contributions for the next fiscal year; amending s. 121.74, F.S.; revising terminology to refer to an employer assessment to offset the costs of administering the investment plan and providing education services; providing findings of important state interests; providing an effective date.

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

Section 1. Paragraph (h) is added to subsection (8) of section 112.363, Florida Statutes, to read:

112.363 Retiree health insurance subsidy.—

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

(h) Beginning July 1, 2014, the employer of each member of a state-administered plan shall contribute 1.26 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. Paragraph (d) of subsection (7) of section 121.052, Florida Statutes, is amended to read:

121.052 Membership class of elected officers.—

(7) CONTRIBUTIONS.—

(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:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
<u>Effective July 1, 2013, through June 30, 2014</u>	1.20%
<u>Effective July 1, 2014</u>	1.26%

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 3. 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:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
<u>Effective July 1, 2013, through June 30, 2014</u>	1.20%
<u>Effective July 1, 2014</u>	1.26%

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

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:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
<u>Effective July 1, 2013, through June 30, 2014</u>	1.20%
<u>Effective July 1, 2014</u>	<u>1.26%</u>

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

Section 5. 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, 2014 2013
Regular Class	3.53%

	Percentage of Gross Compensation, Effective July 1, 2013 2014
Membership Class	
Special Risk Class	<u>11.01%</u> 11.00%
Special Risk	
Administrative	
Support Class	<u>4.18%</u> 4.17%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>6.30%</u> 6.52%
Elected Officers' Class— Justices, Judges	<u>10.10%</u> 10.05%
Elected Officers' Class— County Elected Officers	<u>8.36%</u> 8.44%
Senior Management Class	<u>4.80%</u> 4.81%
DROP	<u>4.30%</u> 4.63%

(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, 2013 2014
Membership Class	
Regular Class	<u>2.54%</u> 2.19%
Special Risk Class	<u>7.51%</u> 6.83%
Special Risk	
Administrative	
Support Class	<u>36.59%</u> 30.56%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>38.66%</u> 24.85%
Elected Officers' Class— Justices, Judges	<u>21.77%</u> 17.00%
Elected Officers' Class— County Elected Officers	<u>33.58%</u> 23.36%

	Percentage of Gross Compensation, Effective July 1, 2014 2013
Membership Class	
Senior Management Service Class	12.27% 15.04%
DROP	7.01% 6.72%

Section 6. 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 contribution rate shall be 0.04 percent of the payroll reported for each class or subclass of membership. The amount assessed contributed 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 7. 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 8. 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 that provide fair and adequate benefits, including health insurance subsidies, and that are managed, administered, and funded in a sustainable manner. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 9. This act shall take effect July 1, 2014.

Approved by the Governor June 2, 2014.

Filed in Office Secretary of State June 2, 2014.