

PCB APC 16-03

ORIGINAL

YEAR

1                                    A bill to be entitled  
 2                    An act relating to state-administered retirement  
 3                    systems; amending s. 121.71, F.S.; revising the  
 4                    required employer retirement contribution rates for  
 5                    members of certain membership classes and subclasses  
 6                    of the Florida Retirement System; amending s. 121.74,  
 7                    F.S.; revising employer assessment to offset the costs  
 8                    of administering the investment plan and providing  
 9                    educational services; providing a finding of important  
 10                   state interest; providing an effective date.

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

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 14                    Section 1. Subsections (4) and (5) of section 121.71,  
 15 Florida Statutes, are amended to read:

16                    121.71 Uniform rates; process; calculations; levy.—

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

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	Percentage of Gross Compensation, Effective
Membership Class	July 1, <u>2016</u> <del>2015</del>

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22	Regular Class	<u>2.97%</u> <del>2.91%</del>
23	Special Risk Class	11.35%
24	Special Risk Administrative Support Class	<u>3.87%</u> <del>3.71%</del>
25	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>6.63%</u> <del>6.48%</del>
26	Elected Officers' Class— Justices, Judges	<u>11.68%</u> <del>11.39%</del>
27	Elected Officers' Class— County Elected Officers	<u>8.55%</u> <del>8.48%</del>
28	Senior Management Class	<u>4.38%</u> <del>4.32%</del>
29	DROP	<u>4.17%</u> <del>4.10%</del>

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(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>2016</u> <del>2015</del>
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>
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers,	<u>33.75%</u> <del>37.62%</del>

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41	State Attorneys, Public Defenders	
42	Elected Officers' Class— Justices, Judges	<u>23.30%</u> <del>22.62%</del>
43	Elected Officers' Class— County Elected Officers	<u>32.20%</u> <del>32.09%</del>
44	Senior Management Service Class	<u>15.67%</u> <del>15.41%</del>
45	DROP	<u>7.10%</u> <del>7.12%</del>

46 Section 2. Section 121.74, Florida Statutes, is amended to  
47 read:

48 121.74 Administrative and educational expenses.—In  
49 addition to contributions required to fund member accounts under  
50 ss. 121.71 and 121.73, effective July 1, 2010, through June 30,  
51 2014, employers participating in the Florida Retirement System  
52 shall contribute an employer assessment amount equal to 0.03  
53 percent of the payroll reported for each class or subclass of  
54 Florida Retirement System membership. Effective July 1, 2014,  
55 the employer assessment is 0.04 percent of the payroll reported  
56 for each class or subclass of membership. Effective July 1,  
57 2016, the employer assessment is 0.06 percent of the payroll  
58 reported for each class and subclass of membership. The amount

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59 assessed shall be transferred by the Division of Retirement from  
 60 the Florida Retirement System Contributions Clearing Trust Fund  
 61 to the State Board of Administration's Administrative Trust Fund  
 62 to offset the costs of administering the investment plan and the  
 63 costs of providing educational services to members of the  
 64 Florida Retirement System. Approval of the trustees is required  
 65 before the expenditure of these funds. Payments for third-party  
 66 administrative or educational expenses shall be made only  
 67 pursuant to the terms of the approved contracts for such  
 68 services.

69 Section 3. The Legislature finds that a proper and  
 70 legitimate state purpose is served when employees, officers, and  
 71 retirees of the state and its political subdivisions, and the  
 72 dependents, survivors, and beneficiaries of such employees,  
 73 officers, and retirees, are extended the basic protections  
 74 afforded by governmental retirement systems. These persons must  
 75 be provided benefits that are fair and adequate and that are  
 76 managed, administered, and funded in an actuarially sound manner  
 77 as required by s. 14, Article X of the State Constitution and  
 78 part VII of chapter 112, Florida Statutes. Therefore, the  
 79 Legislature determines and declares that this act fulfills an  
 80 important state interest.

81 Section 4. This act shall take effect July 1, 2016.