

29 121.051, Florida Statutes, is amended to read:

30 121.051 Participation in the system.—

31 (2) OPTIONAL PARTICIPATION.—

32 (c) Employees of public community colleges or charter
 33 technical career centers sponsored by public community colleges,
 34 designated in s. 1000.21(3), who are members of the Regular
 35 Class of the Florida Retirement System and who comply with the
 36 criteria set forth in this paragraph and s. 1012.875 may, in
 37 lieu of participating in the Florida Retirement System, elect to
 38 withdraw from the system altogether and participate in the State
 39 Community College System Optional Retirement Program provided by
 40 the employing agency under s. 1012.875.

41 1.a. Through June 30, 2001, the cost to the employer for
 42 benefits under the optional retirement program equals the normal
 43 cost portion of the employer retirement contribution which would
 44 be required if the employee were a member of the pension plan's
 45 Regular Class, plus the portion of the contribution rate
 46 required by s. 112.363(8) which would otherwise be assigned to
 47 the Retiree Health Insurance Subsidy Trust Fund.

48 b. Effective July 1, 2001, through June 30, 2011, each
 49 employer shall contribute on behalf of each member of the
 50 optional program an amount equal to 10.43 percent of the
 51 employee's gross monthly compensation. The employer shall deduct
 52 an amount for the administration of the program.

53 c. Effective July 1, 2011, through June 30, 2012, each
 54 member shall contribute an amount equal to the employee
 55 contribution required under s. 121.71(3). The employer shall
 56 contribute on behalf of each program member an amount equal to

57 | the difference between 10.43 percent of the employee's gross
 58 | monthly compensation and the employee's required contribution
 59 | based on the employee's gross monthly compensation.

60 | d. Effective July 1, 2012, each member shall contribute an
 61 | amount equal to the employee contribution required under s.
 62 | 121.71(3). The employer shall contribute on behalf of each
 63 | program member an amount equal to the difference between 8.40
 64 | percent of the employee's gross monthly compensation and the
 65 | employee's required contribution based on the employee's gross
 66 | monthly compensation.

67 | ~~e.d.~~ The employer shall contribute an additional amount to
 68 | the Florida Retirement System Trust Fund equal to the unfunded
 69 | actuarial accrued liability portion of the Regular Class
 70 | contribution rate.

71 | 2. The decision to participate in the optional retirement
 72 | program is irrevocable as long as the employee holds a position
 73 | eligible for participation, except as provided in subparagraph
 74 | 3. Any service creditable under the Florida Retirement System is
 75 | retained after the member withdraws from the system; however,
 76 | additional service credit in the system may not be earned while
 77 | a member of the optional retirement program.

78 | 3. An employee who has elected to participate in the
 79 | optional retirement program shall have one opportunity, at the
 80 | employee's discretion, to transfer from the optional retirement
 81 | program to the pension plan of the Florida Retirement System or
 82 | to the investment plan established under part II of this
 83 | chapter, subject to the terms of the applicable optional
 84 | retirement program contracts.

85 a. If the employee chooses to move to the investment plan,
 86 any contributions, interest, and earnings creditable to the
 87 employee under the optional retirement program are retained by
 88 the employee in the optional retirement program, and the
 89 applicable provisions of s. 121.4501(4) govern the election.

90 b. If the employee chooses to move to the pension plan of
 91 the Florida Retirement System, the employee shall receive
 92 service credit equal to his or her years of service under the
 93 optional retirement program.

94 (I) The cost for such credit is the amount representing
 95 the present value of the employee's accumulated benefit
 96 obligation for the affected period of service. The cost shall be
 97 calculated as if the benefit commencement occurs on the first
 98 date the employee becomes eligible for unreduced benefits, using
 99 the discount rate and other relevant actuarial assumptions that
 100 were used to value the Florida Retirement System Pension Plan
 101 liabilities in the most recent actuarial valuation. The
 102 calculation must include any service already maintained under
 103 the pension plan in addition to the years under the optional
 104 retirement program. The present value of any service already
 105 maintained must be applied as a credit to total cost resulting
 106 from the calculation. The division shall ensure that the
 107 transfer sum is prepared using a formula and methodology
 108 certified by an enrolled actuary.

109 (II) The employee must transfer from his or her optional
 110 retirement program account and from other employee moneys as
 111 necessary, a sum representing the present value of the
 112 employee's accumulated benefit obligation immediately following

113 the time of such movement, determined assuming that attained
 114 service equals the sum of service in the pension plan and
 115 service in the optional retirement program.

116 4. Participation in the optional retirement program is
 117 limited to employees who satisfy the following eligibility
 118 criteria:

119 a. The employee is otherwise eligible for membership or
 120 renewed membership in the Regular Class of the Florida
 121 Retirement System, as provided in s. 121.021(11) and (12) or s.
 122 121.122.

123 b. The employee is employed in a full-time position
 124 classified in the Accounting Manual for Florida's Public
 125 Community Colleges as:

126 (I) Instructional; or

127 (II) Executive Management, Instructional Management, or
 128 Institutional Management and the community college determines
 129 that recruiting to fill a vacancy in the position is to be
 130 conducted in the national or regional market, and the duties and
 131 responsibilities of the position include the formulation,
 132 interpretation, or implementation of policies, or the
 133 performance of functions that are unique or specialized within
 134 higher education and that frequently support the mission of the
 135 community college.

136 c. The employee is employed in a position not included in
 137 the Senior Management Service Class of the Florida Retirement
 138 System as described in s. 121.055.

139 5. Members of the program are subject to the same
 140 reemployment limitations, renewed membership provisions, and

141 forfeiture provisions applicable to regular members of the
 142 Florida Retirement System under ss. 121.091(9), 121.122, and
 143 121.091(5), respectively. A member who receives a program
 144 distribution funded by employer and required employee
 145 contributions is deemed to be retired from a state-administered
 146 retirement system if the member is subsequently employed with an
 147 employer that participates in the Florida Retirement System.

148 6. Eligible community college employees are compulsory
 149 members of the Florida Retirement System until, pursuant to s.
 150 1012.875, a written election to withdraw from the system and
 151 participate in the optional retirement program is filed with the
 152 program administrator and received by the division.

153 a. A community college employee whose program eligibility
 154 results from initial employment shall be enrolled in the
 155 optional retirement program retroactive to the first day of
 156 eligible employment. The employer and employee retirement
 157 contributions paid through the month of the employee plan change
 158 shall be transferred to the community college to the employee's
 159 optional program account, and, effective the first day of the
 160 next month, the employer shall pay the applicable contributions
 161 based upon subparagraph 1.

162 b. A community college employee whose program eligibility
 163 is due to the subsequent designation of the employee's position
 164 as one of those specified in subparagraph 4., or due to the
 165 employee's appointment, promotion, transfer, or reclassification
 166 to a position specified in subparagraph 4., must be enrolled in
 167 the program on the first day of the first full calendar month
 168 that such change in status becomes effective. The employer and

169 employee retirement contributions paid from the effective date
 170 through the month of the employee plan change must be
 171 transferred to the community college to the employee's optional
 172 program account, and, effective the first day of the next month,
 173 the employer shall pay the applicable contributions based upon
 174 subparagraph 1.

175 7. Effective July 1, 2003, through December 31, 2008, any
 176 member of the optional retirement program who has service credit
 177 in the pension plan of the Florida Retirement System for the
 178 period between his or her first eligibility to transfer from the
 179 pension plan to the optional retirement program and the actual
 180 date of transfer may, during employment, transfer to the
 181 optional retirement program a sum representing the present value
 182 of the accumulated benefit obligation under the defined benefit
 183 retirement program for the period of service credit. Upon
 184 transfer, all service credit previously earned under the pension
 185 plan during this period is nullified for purposes of entitlement
 186 to a future benefit under the pension plan.

187 Section 2. Paragraph (d) of subsection (6) of section
 188 121.055, Florida Statutes, is amended to read:

189 121.055 Senior Management Service Class.—There is hereby
 190 established a separate class of membership within the Florida
 191 Retirement System to be known as the "Senior Management Service
 192 Class," which shall become effective February 1, 1987.

193 (6)

194 (d) Contributions.—

195 1.a. Through June 30, 2001, each employer shall contribute
 196 on behalf of each member of the Senior Management Service

197 Optional Annuity Program an amount equal to the normal cost
 198 portion of the employer retirement contribution which would be
 199 required if the member were a Senior Management Service Class
 200 member of the Florida Retirement System Pension Plan, plus the
 201 portion of the contribution rate required in s. 112.363(8) that
 202 would otherwise be assigned to the Retiree Health Insurance
 203 Subsidy Trust Fund.

204 b. Effective July 1, 2001, through June 30, 2011, each
 205 employer shall contribute on behalf of each member of the
 206 optional program an amount equal to 12.49 percent of the
 207 employee's gross monthly compensation.

208 c. Effective July 1, 2011, through June 30, 2012, each
 209 member of the optional annuity program shall contribute an
 210 amount equal to the employee contribution required under s.
 211 121.71(3). The employer shall contribute on behalf of such
 212 employee an amount equal to the difference between 12.49 percent
 213 of the employee's gross monthly compensation and the amount
 214 equal to the employee's required contribution based on the
 215 employee's gross monthly compensation.

216 d. Effective July 1, 2012, each member of the optional
 217 annuity program shall contribute an amount equal to the employee
 218 contribution required under s. 121.73. The employer shall
 219 contribute on behalf of such employee an amount equal to the
 220 difference between 9.93 percent of the employee's gross monthly
 221 compensation and the amount equal to the employee's required
 222 contribution based on the employee's gross monthly compensation.

223 ~~e.d.~~ The department shall deduct an amount approved by the
 224 Legislature to provide for the administration of this program.

225 Payment of the contributions, including contributions made by
 226 the employee, shall be made by the employer to the department,
 227 which shall forward the contributions to the designated company
 228 or companies contracting for payment of benefits for the member
 229 under the program.

230 2. Each employer shall contribute on behalf of each member
 231 of the Senior Management Service Optional Annuity Program an
 232 amount equal to the unfunded actuarial accrued liability portion
 233 of the employer contribution which would be required for members
 234 of the Senior Management Service Class in the Florida Retirement
 235 System. This contribution shall be paid to the department for
 236 transfer to the Florida Retirement System Trust Fund.

237 3. An Optional Annuity Program Trust Fund shall be
 238 established in the State Treasury and administered by the
 239 department to make payments to provider companies on behalf of
 240 the optional annuity program members, and to transfer the
 241 unfunded liability portion of the state optional annuity program
 242 contributions to the Florida Retirement System Trust Fund.

243 4. Contributions required for social security by each
 244 employer and employee, in the amount required for social
 245 security coverage as now or hereafter may be provided by the
 246 federal Social Security Act shall be maintained for each member
 247 of the Senior Management Service retirement program and are in
 248 addition to the retirement contributions specified in this
 249 paragraph.

250 5. Each member of the Senior Management Service Optional
 251 Annuity Program may contribute by way of salary reduction or
 252 deduction a percentage amount of the employee's gross

253 compensation not to exceed the percentage amount contributed by
 254 the employer to the optional annuity program. Payment of the
 255 employee's contributions shall be made by the employer to the
 256 department, which shall forward the contributions to the
 257 designated company or companies contracting for payment of
 258 benefits for the member under the program.

259 Section 3. Paragraph (a) of subsection (4) of section
 260 121.35, Florida Statutes, is amended to read:

261 121.35 Optional retirement program for the State
 262 University System.—

263 (4) CONTRIBUTIONS.—

264 (a)1. Through June 30, 2001, each employer shall
 265 contribute on behalf of each member of the optional retirement
 266 program an amount equal to the normal cost portion of the
 267 employer retirement contribution which would be required if the
 268 employee were a regular member of the Florida Retirement System
 269 Pension Plan, plus the portion of the contribution rate required
 270 in s. 112.363(8) that would otherwise be assigned to the Retiree
 271 Health Insurance Subsidy Trust Fund.

272 2. Effective July 1, 2001, through June 30, 2011, each
 273 employer shall contribute on behalf of each member of the
 274 optional retirement program an amount equal to 10.43 percent of
 275 the employee's gross monthly compensation.

276 3. Effective July 1, 2011, through June 30, 2012, each
 277 member of the optional retirement program shall contribute an
 278 amount equal to the employee contribution required in s.
 279 121.71(3). The employer shall contribute on behalf of each such
 280 member an amount equal to the difference between 10.43 percent

281 of the employee's gross monthly compensation and the amount
 282 equal to the employee's required contribution based on the
 283 employee's gross monthly compensation.

284 4. Effective July 1, 2012, each member of the optional
 285 retirement program shall contribute an amount equal to the
 286 employee contribution required in s. 121.71(3). The employer
 287 shall contribute on behalf of each such member an amount equal
 288 to the difference between 8.40 percent of the employee's gross
 289 monthly compensation and the amount equal to the employee's
 290 required contribution based on the employee's gross monthly
 291 compensation.

292 ~~5.4.~~ The payment of the contributions, including
 293 contributions by the employee, shall be made by the employer to
 294 the department, which shall forward the contributions to the
 295 designated company or companies contracting for payment of
 296 benefits for members of the program. However, such contributions
 297 paid on behalf of an employee described in paragraph (3)(c) may
 298 not be forwarded to a company and do not begin to accrue
 299 interest until the employee has executed a contract and notified
 300 the department. The department shall deduct an amount from the
 301 contributions to provide for the administration of this program.

302 Section 4. Subsection (4) and (5) of section 121.71,
 303 Florida Statutes, are amended to read:

304 121.71 Uniform rates; process; calculations; levy.—

305 (4) Required employer retirement contribution rates for
 306 each membership class and subclass of the Florida Retirement
 307 System for both retirement plans are as follows:
 308

PCB APC 12-03

Redraft - A

2012

Percentage of
Gross
Compensation,
Effective
July 1, 2012
~~2011~~

Percentage of
Gross
Compensation,
Effective
July 1, 2013
~~2012~~

Membership Class

309

310

Regular Class

3.65% ~~3.28%~~

3.65% ~~3.28%~~

311

Special Risk Class

11.05% ~~10.21%~~

11.05% ~~10.21%~~

312

Special Risk

Administrative

Support Class

3.78% ~~4.07%~~

3.78% ~~4.07%~~

313

Elected Officers' Class—

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

6.68% ~~7.02%~~

6.68% ~~7.02%~~

314

Elected Officers' Class—

Justices, Judges

10.06% ~~9.78%~~

10.06% ~~9.78%~~

315

Elected Officers' Class—

8.59% ~~9.27%~~

8.59% ~~9.27%~~

PCB APC 12-03

Redraft - A

2012

County Elected Officers

316
317
318
319
320
321
322
323
324
325
326
327
328

Senior Management Class	<u>5.01%</u> 4.81%	<u>5.01%</u> 4.81%
DROP	<u>4.33%</u> 3.31%	<u>4.33%</u> 3.31%

(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	Percentage of
	Gross	Gross
	Compensation,	Compensation,
	Effective	Effective
	July 1, <u>2012</u>	July 1, <u>2013</u>
	2011	2012
Regular Class	0.49%	<u>2.02%</u> 2.16%
Special Risk Class	2.75%	<u>7.03%</u> 8.21%
Special Risk Administrative Support Class	0.83%	<u>27.04%</u> 21.40%

PCB APC 12-03

Redraft - A

2012

329	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.88%	<u>27.18%</u> 21.76%
330	Elected Officers' Class— Justices, Judges	0.77%	<u>16.38%</u> 12.86%
331	Elected Officers' Class— County Elected Officers	0.73%	<u>23.01%</u> 22.05%
332	Senior Management Service Class	0.32%	<u>11.25%</u> 10.51%
333	DROP	0.00%	<u>6.21%</u> 6.36%

334 Section 5. Subsection (4) of section 121.72, Florida
335 Statutes, is amended, and subsection (5) is added to that
336 section to read:

337 121.72 Allocations to investment plan member accounts;
338 percentage amounts.—

339 (4) Effective July 1, 2002, through June 30, 2012,
340 allocations from the Florida Retirement System Contributions
341 Clearing Trust Fund to investment plan member accounts are as
342 follows:

343

PCB APC 12-03

Redraft - A

2012

	Membership Class	Percentage of Gross Compensation
344		
345		
346	Regular Class	9.00%
347	Special Risk Class	20.00%
348	Special Risk Administrative Support Class	11.35%
349	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	13.40%
350	Elected Officers' Class— Justices, Judges	18.90%
351	Elected Officers' Class— County Elected Officers	16.20%
352	Senior Management Service Class	10.95%

353 (5) Effective July 1, 2012, allocations from the Florida
 354 Retirement System Contributions Clearing Trust Fund to
 355 investment plan member accounts are as follows:

356	<u>Membership Class</u>	<u>Percentage of</u> <u>Gross</u> <u>Compensation</u>
357		
358	<u>Regular Class</u>	<u>6.97%</u>
359	<u>Special Risk Class</u>	<u>14.31%</u>
360	<u>Special Risk Administrative Support Class</u>	<u>7.32%</u>
361	<u>Elected Officers' Class—</u> <u>Legislators, Governor,</u> <u>Lt. Governor, Cabinet Officers,</u> <u>State Attorneys, Public Defenders</u>	<u>10.08%</u>
362	<u>Elected Officers' Class—</u> <u>Justices, Judges</u>	<u>13.88%</u>
363	<u>Elected Officers' Class—</u> <u>County Elected Officers</u>	<u>12.14%</u>
364	<u>Senior Management Service Class</u>	<u>8.39%</u>

365 Section 6. Paragraph (a) of subsection (4) of section
 366 1012.875, Florida Statutes, is amended to read:

367 1012.875 State Community College System Optional
 368 Retirement Program.—Each Florida College System institution may
 369 implement an optional retirement program, if such program is
 370 established therefor pursuant to s. 1001.64(20), under which
 371 annuity or other contracts providing retirement and death
 372 benefits may be purchased by, and on behalf of, eligible
 373 employees who participate in the program, in accordance with s.
 374 403(b) of the Internal Revenue Code. Except as otherwise
 375 provided herein, this retirement program, which shall be known
 376 as the State Community College System Optional Retirement
 377 Program, may be implemented and administered only by an
 378 individual Florida College System institution or by a consortium
 379 of Florida College System institutions.

380 (4)(a)1. Through June 30, 2011, each college must
 381 contribute on behalf of each program member an amount equal to
 382 10.43 percent of the employee's gross monthly compensation.

383 2. Effective July 1, 2011, through June 30, 2012, each
 384 member shall contribute an amount equal to the employee
 385 contribution required under s. 121.71(3). The employer shall
 386 contribute on behalf of each program member an amount equal to
 387 the difference between 10.43 percent of the employee's gross
 388 monthly compensation and the employee's required contribution
 389 based on the employee's gross monthly compensation.

390 3. Effective July 1, 2012, each member shall contribute an
 391 amount equal to the employee contribution required under s.
 392 121.71(3). The employer shall contribute on behalf of each
 393 program member an amount equal to the difference between 8.40
 394 percent of the employee's gross monthly compensation and the

395 employee's required contribution based on the employee's gross
 396 monthly compensation.

397 ~~4.3.~~ The college shall deduct an amount approved by the
 398 district board of trustees of the college to provide for the
 399 administration of the optional retirement program. Payment of
 400 this contribution must be made directly by the college or
 401 through the program administrator to the designated company
 402 contracting for payment of benefits to the program member.

403 Section 7. The Legislature finds that a proper and
 404 legitimate state purpose is served when employees and retirees
 405 of the state and its political subdivisions, and the dependents,
 406 survivors, and beneficiaries of such employees and retirees, are
 407 extended the basic protections afforded by governmental
 408 retirement systems. These persons must be provided benefits that
 409 are fair and adequate and that are managed, administered, and
 410 funded in an actuarially sound manner, as required by s. 14,
 411 Article X of the State Constitution and part VII of chapter 112,
 412 Florida Statutes. Therefore, the Legislature determines and
 413 declares that this act fulfills an important state interest.

414 Section 8. This act shall take effect July 1, 2012.