

	House Bill 1405	Senate Bill 1130																
Defined Contribution Plan	Florida Retirement System Investment Plan Employee contributions required	Enrollment is compulsory for members of the Elected Officers Class, the Senior Management Class, and any member of any class for which the starting salary of the position in which the member is employed is in excess of \$75,000.																
Defined Benefit Plan	Florida Retirement System Pension Plan - Employee contributions required	Florida Retirement System Pension Plan - enrollment available for employees earning less than \$75,000 - Employee contributions required																
Employer Contributions	Required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows: <table border="0"> <tr> <td><u>Membership Class</u></td> <td><u>% of Gross Compensation</u></td> </tr> <tr> <td>Regular Class</td> <td>5.23%</td> </tr> <tr> <td>Special Risk Class</td> <td>11.63%</td> </tr> <tr> <td>Special Risk Administrative & Support Class</td> <td>6.39%</td> </tr> <tr> <td>Elected Officers' Class</td> <td>5.95%</td> </tr> <tr> <td>Elected Officers-Judges</td> <td>7.26%</td> </tr> <tr> <td>Senior Management Class</td> <td>5.63%</td> </tr> <tr> <td>DROP</td> <td>11.14%</td> </tr> </table> Employer contribution – actuarial funding of plan See pages 172-173 of HB 1405 re 2011 and 2013	<u>Membership Class</u>	<u>% of Gross Compensation</u>	Regular Class	5.23%	Special Risk Class	11.63%	Special Risk Administrative & Support Class	6.39%	Elected Officers' Class	5.95%	Elected Officers-Judges	7.26%	Senior Management Class	5.63%	DROP	11.14%	The member's employer will pay the difference between 10.43% of the member's gross monthly compensation and the amount of the member's contribution.
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Employee Contributions	Beginning 7/1/11, each employee shall contribute the contributions required in (3). The employer shall deduct the contribution from the employee's monthly salary, and the contribution shall be submitted to the Division of Retirement. The employee shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the plan. Such contributions are mandatory and each employee shall be considered to consent to payroll deductions. (3) Required employee retirement contribution rates for each membership class of the Florida Retirement System for both retirement plans are as follows: <table border="0"> <tr> <td><u>Membership Class</u></td> <td><u>% of Gross Compens'n</u></td> </tr> <tr> <td>Regular Class</td> <td>5%</td> </tr> <tr> <td>Special Risk Class</td> <td>5%</td> </tr> <tr> <td>Special Risk Administrative & Support Class</td> <td>5%</td> </tr> <tr> <td>Elected Officers' Class</td> <td>5%</td> </tr> <tr> <td>Senior Management Class</td> <td>5%</td> </tr> <tr> <td>DROP</td> <td>0%</td> </tr> </table>	<u>Membership Class</u>	<u>% of Gross Compens'n</u>	Regular Class	5%	Special Risk Class	5%	Special Risk Administrative & Support Class	5%	Elected Officers' Class	5%	Senior Management Class	5%	DROP	0%	Employee Contributions – maximum limits Notwithstanding any other provision of law, the amount of employee retirement contributions for any member of the Regular Class or Special Risk Class may not exceed 2% of such member's annual state compensation and the amount of employee retirement contributions for any member of the Senior Management Service Class or Elected Officers Class may not exceed 4% of such member's annual state compensation. Employee Contribution – actuarial funding of plan Employee retirement contributions are not required if the Florida Retirement System reaches or exceeds 100% of actuarial funding. However, employee contributions shall be set for an entire fiscal year for each membership class and subclass of the FRS for both the pension and investment plans. Employee Contributions – FY 2011-12 Effective July 1, 2011, required employee retirement contribution rates for all members for fiscal year 2011-2012 shall be 0% for gross compensation up to and including \$40,000, plus no more than 2% for gross compensation in excess of \$40,000 and up to and including \$75,000, plus no more than 4% for gross compensation that is greater than \$75,000.		
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TOTAL CONTRIBUTION	Effective 7/1/11 allocations from the Florida Retirement System Contributions Clearing Trust Fund to investment plan member accounts, which includes employee contributions as required in s. 121.71(3), shall be 11.25% of gross compensation for a member in the Special Risk Class and 9% of gross compensation for members in all other classes.																	
Cost of Living Adjustment	No change to current law	No change to current law																
Accrual Value	Reduces the accrual value to 1.60% for each year of service	No change to current law: 1.6% Regular Class; 2% SMS; 3% Elected																

	earned after July 1, 2011. Special Risk Class maintains 3%	Officers' Class; 3.3% Judges
DROP	Effective 7/1/11, DROP is closed to new participants. Only members whose DROP effective date is prior to 7/1/11 may participate in DROP.	No change to current law
Retiree Health Insurance Subsidy	Beginning July 1, 2011, an eligible participant may not receive a monthly subsidy payment of more than \$150 or less than \$5. Service credit earned on or after 7/1/11 may not be used toward the calculation of the amount of the retiree health insurance subsidy. Effective 7/1/11, employer contributions may not be paid to the optional retirement programs provided in ss.121.35 and 1012.875 or the optional annuity program provided in s. 121.055(6).	No change to current law
Retirement Age/Years of Service	Increases the retirement age and years of service for members of the FRS who are initially enrolled on or after July 1, 2011: Special Risk Class & Special Administrative Risk Class: increases the age from 55 to 60; increases years of service from 25 to 30 years of creditable service. All other classes: increases the age from 62 to 65; increases years of service from 30 to 33 years of creditable service. A member only needs to obtain one of the requirements, either the retirement age or the years of creditable service. These provisions do not apply to members who enrolled in the FRS prior to July 1, 2011.	No change to current law
Average Final Compensation		For service earned on or after 7/1/11, average final compensation does not include: a. Compensation paid to professional persons for special or particular services; b. Payments for accumulated sick leave made due to retirement or termination; c. Payments for accumulated annual leave; d. Overtime payments paid from a salary fund; e. Bonuses; f. Third-party payments made on and after July 1, 1990; or g. Fringe benefits, such as automobile allowances or housing allowances.
Vesting	No change to current law - 6 year vesting	Effective July 1, 2011, an 8-year vesting requirement shall be implemented for the Florida Retirement System's pension plan.
Appropriation	APPROPRIATION: \$627,103	APPROPRIATION: \$445,125
Last Action	Governmental Operations – Favorable (9-5) Next: Appropriations; State Affairs	Gov'tal Oversight & Accountability –Favorable (12-1) Next: Budget Committee

The Florida Retirement System (FRS) is a multi-employer, non-contributory pension plan providing retirement income benefits to the 572,000 active and 319,000 retired members and beneficiaries of its more than 900 state and local government public employers. Originally established in 1970 as the successor to the Teachers' Retirement System and the State, and County Officers' and Employees' Retirement System, the FRS is today a combination of five previously separate pension plans. Benefit payments are administered by the Department of Management Services through its Division of Retirement while investment management is undertaken by the Board of Administration. Established as a Section 401(a) government plan under the Internal Revenue Code, its benefits are exempt from federal taxation until received by the employee. As a defined benefit plan, the FRS "Pension Plan" provides retirement income expressed as a percent of final pay. Participants accrue retirement credits based upon their eligibility in one of several membership classes. Years of creditable service multiplied by average final salary multiplied by the accrual rate for the membership class, plus up to 500 hours of annual leave, yield a monthly annuity benefit at normal retirement. The accrual rates range from 1.60 percent for the Regular Class to 3.33 percent for Justices and Judges. For most membership classes normal retirement occurs at the earlier attainment of 30 years' service or age 62.