



ENROLLED

HB 5005, Engrossed 1

2016 Legislature

1  
2 An act relating to state-administered retirement  
3 systems; amending s. 121.4501, F.S.; correcting a  
4 reference to the trust fund to which certain employer  
5 assessments are transferred; amending s. 121.71, F.S.;  
6 revising required employer retirement contribution  
7 rates for each membership class and subclass of the  
8 Florida Retirement System; amending s. 121.74, F.S.;  
9 revising the employer assessment rate for offsetting  
10 administrative and educational costs related to the  
11 Florida Retirement System; providing a declaration of  
12 important state interest; providing an effective date.

13  
14 Be It Enacted by the Legislature of the State of Florida:

15  
16 Section 1. Paragraph (c) of subsection (5) of section  
17 121.4501, Florida Statutes, is amended to read:

18 121.4501 Florida Retirement System Investment Plan.—

19 (5) CONTRIBUTIONS.—

20 (c) The state board, acting as plan fiduciary, must ensure  
21 that all plan assets are held in a trust, pursuant to s. 401 of  
22 the Internal Revenue Code. The fiduciary must ensure that such  
23 contributions are allocated as follows:

24 1. The employer and employee contribution portion  
25 earmarked for member accounts shall be used to purchase  
26 interests in the appropriate investment vehicles as specified by



ENROLLED

HB 5005, Engrossed 1

2016 Legislature

27 | the member, or in accordance with paragraph (4) (d).

28 |         2. The employer contribution portion earmarked for  
 29 | administrative and educational expenses shall be transferred to  
 30 | the state board's Administrative Florida Retirement System  
 31 | ~~Investment Plan~~ Trust Fund.

32 |         3. The employer contribution portion earmarked for  
 33 | disability benefits shall be transferred to the Florida  
 34 | Retirement System Trust Fund.

35 |         Section 2. Subsections (4) and (5) of section 121.71,  
 36 | Florida Statutes, are amended to read:

37 |         121.71 Uniform rates; process; calculations; levy.—

38 |         (4) Required employer retirement contribution rates for  
 39 | each membership class and subclass of the Florida Retirement  
 40 | System for both retirement plans are as follows:

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Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2016</u> <del>2015</del>
Regular Class	<u>2.97%</u> <del>2.91%</del>
Special Risk Class	11.35%

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ENROLLED

HB 5005, Engrossed 1

2016 Legislature

45	Special Risk	
	Administrative	
	Support Class	<u>3.87%</u> <del>3.71%</del>
46	Elected Officers' Class—	
	Legislators, Governor,	
	Lt. Governor,	
	Cabinet Officers,	
	State Attorneys,	
	Public Defenders	<u>6.63%</u> <del>6.48%</del>
47	Elected Officers' Class—	
	Justices, Judges	<u>11.68%</u> <del>11.39%</del>
48	Elected Officers' Class—	
	County Elected Officers	<u>8.55%</u> <del>8.48%</del>
49	Senior Management Class	<u>4.38%</u> <del>4.32%</del>
50	DROP	<u>4.17%</u> <del>4.10%</del>

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52           (5) In order to address unfunded actuarial liabilities of

53 the system, the required employer retirement contribution rates

54 for each membership class and subclass of the Florida Retirement

55 System for both retirement plans are as follows:



ENROLLED

HB 5005, Engrossed 1

2016 Legislature

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	Percentage of Gross Compensation, Effective July 1, <u>2016</u> <del>2015</del>
Membership Class	
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, State Attorneys, Public Defenders	<u>33.75%</u> <del>37.62%</del>



ENROLLED

HB 5005, Engrossed 1

2016 Legislature

64	Elected Officers' Class— Justices, Judges	<u>23.30%</u> <del>22.62%</del>
65	Elected Officers' Class— County Elected Officers	<u>32.20%</u> <del>32.09%</del>
66	Senior Management Service Class	<u>15.67%</u> <del>15.41%</del>
67	DROP	<u>7.10%</u> <del>7.12%</del>

68 Section 3. Section 121.74, Florida Statutes, is amended to  
69 read:

70 121.74 Administrative and educational expenses.—In  
71 addition to contributions required to fund member accounts under  
72 ss. 121.71 and 121.73, effective July 1, 2010, through June 30,  
73 2014, employers participating in the Florida Retirement System  
74 shall contribute an employer assessment amount equal to 0.03  
75 percent of the payroll reported for each class or subclass of  
76 Florida Retirement System membership. Effective July 1, 2014,  
77 the employer assessment is 0.04 percent of the payroll reported  
78 for each class or subclass of membership. Effective July 1,  
79 2016, the employer assessment is 0.06 percent of the payroll  
80 reported for each class or subclass of membership. The amount  
81 assessed shall be transferred by the Division of Retirement from  
82 the Florida Retirement System Contributions Clearing Trust Fund  
83 to the State Board of Administration's Administrative Trust Fund



ENROLLED

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2016 Legislature

84 to offset the costs of administering the investment plan and the  
85 costs of providing educational services to members of the  
86 Florida Retirement System. Approval of the trustees is required  
87 before the expenditure of these funds. Payments for third-party  
88 administrative or educational expenses shall be made only  
89 pursuant to the terms of the approved contracts for such  
90 services.

91       Section 4. The Legislature finds that a proper and  
92 legitimate state interest is served when employees, officers,  
93 and retirees of the state and its political subdivisions, and  
94 the dependents, survivors, and beneficiaries of such employees,  
95 officers, and retirees, are extended the basic protections  
96 afforded by governmental retirement systems. These persons must  
97 be provided benefits that are fair and adequate and that are  
98 managed, administered, and funded in an actuarially sound  
99 manner, as required by s. 14, Article X of the State  
100 Constitution and part VII of chapter 112, Florida Statutes.  
101 Therefore, the Legislature determines and declares that this act  
102 fulfills an important state interest.

103       Section 5. This act shall take effect July 1, 2016.

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