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HB 5007, Engrossed 1

2022 Legislature

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An act relating to state-administered retirement systems; amending s. 121.091, F.S.; authorizing certain members to elect to participate in the deferred retirement program for an additional 36 months; amending s. 121.71, F.S.; revising required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System; amending s. 121.72, F.S.; revising allocations to investment plan member accounts; providing a declaration of important state interest; providing an effective date.

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

Section 1. Paragraph (b) of subsection (13) of section 121.091, Florida Statutes, is amended to read:

121.091 Benefits payable under the system.—Benefits may not be paid under this section unless the member has terminated employment as provided in s. 121.021(39) (a) or begun participation in the Deferred Retirement Option Program as provided in subsection (13), and a proper application has been filed in the manner prescribed by the department. The department may cancel an application for retirement benefits when the member or beneficiary fails to timely provide the information

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26 | and documents required by this chapter and the department's
27 | rules. The department shall adopt rules establishing procedures
28 | for application for retirement benefits and for the cancellation
29 | of such application when the required information or documents
30 | are not received.

31 | (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
32 | subject to this section, the Deferred Retirement Option Program,
33 | hereinafter referred to as DROP, is a program under which an
34 | eligible member of the Florida Retirement System may elect to
35 | participate, deferring receipt of retirement benefits while
36 | continuing employment with his or her Florida Retirement System
37 | employer. The deferred monthly benefits shall accrue in the
38 | Florida Retirement System on behalf of the member, plus interest
39 | compounded monthly, for the specified period of the DROP
40 | participation, as provided in paragraph (c). Upon termination of
41 | employment, the member shall receive the total DROP benefits and
42 | begin to receive the previously determined normal retirement
43 | benefits. Participation in the DROP does not guarantee
44 | employment for the specified period of DROP. Participation in
45 | DROP by an eligible member beyond the initial 60-month period as
46 | authorized in this subsection shall be on an annual contractual
47 | basis for all participants.

48 | (b) Participation in DROP.—Except as provided in this
49 | paragraph, an eligible member may elect to participate in DROP
50 | for a period not to exceed a maximum of 60 calendar months.

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51 1.a. ~~An eligible member may elect to participate in DROP~~
 52 ~~for a period not to exceed a maximum of 60 calendar months.~~
 53 ~~However,~~ Members who are instructional personnel employed by the
 54 Florida School for the Deaf and the Blind and authorized by the
 55 Board of Trustees of the Florida School for the Deaf and the
 56 Blind, who are instructional personnel as defined in s.
 57 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
 58 school superintendent, or who are instructional personnel as
 59 defined in s. 1012.01(2)(a) employed by a developmental research
 60 school and authorized by the school's director, or if the school
 61 has no director, by the school's principal, may participate in
 62 DROP for up to 36 calendar months beyond the 60-month period.
 63 Effective July 1, 2018, instructional personnel who are
 64 authorized to extend DROP participation beyond the 60-month
 65 period must have a termination date that is the last day of the
 66 last calendar month of the school year within the DROP extension
 67 granted by the employer. If, on July 1, 2018, the member's DROP
 68 participation has already been extended for the maximum 36
 69 calendar months and the extension period concludes before the
 70 end of the school year, the member's DROP participation may be
 71 extended through the last day of the last calendar month of that
 72 school year. The employer shall notify the division of the
 73 change in termination date and the additional period of DROP
 74 participation for the affected instructional personnel.
 75 b. Administrative personnel in grades K-12, as defined in

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76 s. 1012.01(3), who have a DROP termination date on or after July
 77 1, 2018, may be authorized to extend DROP participation beyond
 78 the initial 60 calendar month period if the administrative
 79 personnel's termination date is before the end of the school
 80 year. Such administrative personnel may have DROP participation
 81 extended until the last day of the last calendar month of the
 82 school year in which their original DROP termination date
 83 occurred if a date other than the last day of the last calendar
 84 month of the school year is designated. The employer shall
 85 notify the division of the change in termination date and the
 86 additional period of DROP participation for the affected
 87 administrative personnel.

88 c. Effective July 1, 2022, a member of the Special Risk
 89 Class who is a law enforcement officer who meets the criteria in
 90 s. 121.0515(3) (a) and who is a DROP participant on or after July
 91 1, 2022, may participate in DROP for up to 36 calendar months
 92 beyond the 60-month period if he or she enters DROP on or before
 93 June 30, 2028.

94 2. Upon deciding to participate in DROP, the member shall
 95 submit, on forms required by the division:

96 a. A written election to participate in DROP;

97 b. Selection of DROP participation and termination dates
 98 that satisfy the limitations stated in paragraph (a) and
 99 subparagraph 1. The termination date must be in a binding letter
 100 of resignation to the employer establishing a deferred

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101 termination date. The member may change the termination date
 102 within the limitations of subparagraph 1., but only with the
 103 written approval of the employer;

104 c. A properly completed DROP application for service
 105 retirement as provided in this section; and

106 d. Any other information required by the division.

107 3. The DROP participant is a retiree under the Florida
 108 Retirement System for all purposes, except for paragraph (5) (f)
 109 and subsection (9) and ss. 112.3173, 112.363, 121.053, and
 110 121.122. DROP participation is final and may not be canceled by
 111 the participant after the first payment is credited during the
 112 DROP participation period. However, participation in DROP does
 113 not alter the participant's employment status, and the member is
 114 not deemed retired from employment until his or her deferred
 115 resignation is effective and termination occurs as defined in s.
 116 121.021.

117 4. Elected officers are eligible to participate in DROP
 118 subject to the following:

119 a. An elected officer who reaches normal retirement date
 120 during a term of office may defer the election to participate
 121 until the next succeeding term in that office. An elected
 122 officer who exercises this option may participate in DROP for up
 123 to 60 calendar months or no longer than the succeeding term of
 124 office, whichever is less.

125 b. An elected or a nonelected participant may run for a

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126 term of office while participating in DROP and, if elected,
 127 extend the DROP termination date accordingly; however, if such
 128 additional term of office exceeds the 60-month limitation
 129 established in subparagraph 1., and the officer does not resign
 130 from office within such 60-month limitation, the retirement and
 131 the participant's DROP is null and void as provided in sub-
 132 subparagraph (c)5.d.

133 c. An elected officer who is dually employed and elects to
 134 participate in DROP must terminate all employment relationships
 135 as provided in s. 121.021(39) for the nonelected position within
 136 the original 60-month period or maximum participation period as
 137 provided in subparagraph 1. For DROP participation ending:

138 (I) Before July 1, 2010, the officer may continue
 139 employment as an elected officer as provided in s. 121.053. The
 140 elected officer shall be enrolled as a renewed member in the
 141 Elected Officers' Class or the Regular Class, as provided in ss.
 142 121.053 and 121.122, on the first day of the month after
 143 termination of employment in the nonelected position and
 144 termination of DROP. Distribution of the DROP benefits shall be
 145 made as provided in paragraph (c).

146 (II) On or after July 1, 2010, the officer may continue
 147 employment as an elected officer but must defer termination as
 148 provided in s. 121.053.

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

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151 121.71 Uniform rates; process; calculations; levy.—
 152 (4) Required employer retirement contribution rates for
 153 each membership class and subclass of the Florida Retirement
 154 System for both retirement plans are as follows:
 155

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021
156	
157 Regular Class	<u>5.96%</u> 4.91%
158 Special Risk Class	<u>16.44%</u> 15.27%
159 Special Risk	
Administrative	
Support Class	<u>10.77%</u> 9.73%
160 Elected Officers' Class—	
Legislators, Governor,	
Lt. Governor,	
Cabinet Officers,	

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161	State Attorneys, Public Defenders	<u>9.31%</u> 8.49%
162	Elected Officers' Class— Justices, Judges	<u>14.41%</u> 13.38%
163	Elected Officers' Class— County Elected Officers	<u>11.30%</u> 10.28%
164	Senior Management <u>Service</u> Class	<u>7.70%</u> 6.49%
165	DROP	<u>7.79%</u> 7.23%
166	(5) In order to address unfunded actuarial liabilities of	
167	the system, the required employer retirement contribution rates	
168	for each membership class and subclass of the Florida Retirement	
169	System for both retirement plans are as follows:	
170		
171	Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021

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172	Regular Class	<u>4.23%</u> 4.19%
173	Special Risk Class	<u>9.67%</u> 8.90%
174	Special Risk Administrative Support Class	<u>26.16%</u> 26.31%
175	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>56.76%</u> 53.52%
176	Elected Officers' Class— Justices, Judges	<u>27.64%</u> 25.81%
177	Elected Officers' Class— County Elected Officers	<u>43.98%</u> 39.42%
178	Senior Management Service Class	<u>22.15%</u> 20.80%
179	DROP	<u>9.15%</u> 9.45%

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 181 Section 3. Subsection (5) of section 121.72, Florida
 182 Statutes, is amended and subsection (6) is added to that section
 183 to read:

184 121.72 Allocations to investment plan member accounts;
 185 percentage amounts.—

186 (5) Effective July 1, 2012, through June 30, 2022,
 187 allocations from the Florida Retirement System Contributions
 188 Clearing Trust Fund to investment plan member accounts are as
 189 follows:

190

Membership Class	Percentage of Gross Compensation
191	
192 Regular Class	6.30%
193 Special Risk Class	14.00%
194 Special Risk Administrative Support Class	7.95%
195 Elected Officers' Class— Legislators, Governor,	

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196	Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	9.38%
197	Elected Officers' Class— Justices, Judges	13.23%
198	Elected Officers' Class— County Elected Officers	11.34%
199	Senior Management Service Class	7.67%
200	<u>(6) Effective July 1, 2022, allocations from the Florida</u>	
201	<u>Retirement System Contributions Clearing Trust Fund to</u>	
202	<u>investment plan member accounts are as follows:</u>	
203		
	<u>Membership Class</u>	<u>Percentage of</u>
		<u>Gross</u>
		<u>Compensation</u>
204		
205	<u>Regular Class</u>	<u>9.30%</u>
206	<u>Special Risk Class</u>	<u>17.00%</u>
207		

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208	<u>Special Risk Administrative Support Class</u>	<u>10.95%</u>
	<u>Elected Officers' Class—</u>	
	<u>Legislators, Governor,</u>	
	<u>Lt. Governor, Cabinet Officers,</u>	
209	<u>State Attorneys, Public Defenders</u>	<u>12.38%</u>
	<u>Elected Officers' Class—</u>	
210	<u>Justices, Judges</u>	<u>16.23%</u>
	<u>Elected Officers' Class—</u>	
211	<u>County Elected Officers</u>	<u>14.34%</u>
212	<u>Senior Management Service Class</u>	<u>10.67%</u>

213 Section 4. The Legislature finds that a proper and
 214 legitimate state purpose is served when employees, officers, and
 215 retirees of the state and its political subdivisions, and the
 216 dependents, survivors, and beneficiaries of such employees,
 217 officers, and retirees, are extended the basic protections
 218 afforded by governmental retirement systems. These persons must
 219 be provided benefits that are fair and adequate and that are
 220 managed, administered, and funded in an actuarially sound manner
 221 as required by s. 14, Article X of the State Constitution and
 222 part VII of chapter 112, Florida Statutes. Therefore, the

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223 | Legislature determines and declares that this act fulfills an
224 | important state interest.

225 | Section 5. This act shall take effect July 1, 2022.