

## 2009 LEGISLATIVE SESSION BILLS



### MESSAGE FROM EXECUTIVE DIRECTOR

*Originally published Friday, March 5, 2010.*

The big news from Tallahassee this week is that the Florida Retirement System, FRS, is under an unprecedented attack. A number of bills have now been filed and all propose significant changes to FRS.

I have received many emails and calls about what this means for school leaders. First, please know that the majority of these changes will NOT impact you if you are already an FRS member, or in DROP. But it seems almost certain that we will see some change to FRS for all future hires.

The bills that have been filed will affect new hires after some future date, generally on or after January 1, 2011. Examples are: defined benefit option will not be available; retirement age is increased and length of service to be eligible for retirement is increased; and one bill will require a partial contribution by the employee while simultaneously reducing the percentage contributed by the employer.

FASA's Juhan Mixon and his team believe that it is early in the session and Committees in the Senate and House will consolidate the various bills into committee bills and include some of the concepts in the filed bills. We understand the Senate may release a comprehensive retirement bill soon.

FASA wants to relieve the concerns of those who are presently enrolled in FRS. Should the legislature try taking away a vested property right retroactively; FASA will take it to court on your behalf; and we believe we would be successful. However, we think the legislature also knows this case law and it will not come to that.

For a quick look at all the FRS bills filed so far [click here](#):

Also, in FASA's next Legislative Video Update, Juhan Mixon will speak to you directly about these FRS bills.

Have a great Day!  
Jim Warford

**S1902 GENERAL BILL by Bennett (Compare [H 0049](#), [H 1319](#), [S 0198](#))**

Public Retirement Plans [WPSC]; Requires that a retirement system or plan include in its actuarial report a projection of the employer's annual required contributions and an experience study. Limits the benefits payable to a member of a retirement system or plan who has not attained 10 years of service by a certain date. Revises the calculations used for upgrading a special risk member's contributions for past service, etc. EFFECTIVE DATE: 07/01/2010.

02/10/10 SENATE Filed

02/17/10 SENATE Referred to Community Affairs; Governmental Oversight and Accountability; General Government Appropriations; Policy & Steering Committee on Ways and Means

- Actuarial report to include last five years experience, present assumptions using cash accounting method, and projection for next five years.
- June 1, 2010 and afterward with less than ten years, maximum benefit may not exceed 70% of average compensation; If municipality or fire district does not have Social Security, then maximum benefit is 90% of average compensation.
- Not applicable to supplemental or cost of living changes after retirement.

**S660 GENERAL BILL by Fasano (Similar [H 0413](#), Compare [H 1307](#), [S 1078](#))**

Defined Contribution Retirement Program [WPSC]; Changes the name of the Public Employee Optional Retirement Program to the Public Employee Retirement Investment Program. Limits the option of enrolling in the State Retirement System's defined benefit program or defined contribution program to public employees employed before January 1, 2011. Deletes requirements for an educational program that compares retirement programs, etc. EFFECTIVE DATE: 07/01/2010.

11/10/09 SENATE Filed

12/17/09 SENATE Referred to Community Affairs; Governmental Oversight and Accountability; General Government Appropriations; Policy & Steering Committee on Ways and Means

- No choice if employed after January 1, 2011; must be in Investment program.
- If employed before January 1, 2011 and want to transfer, stayed involved in this bill and S1078.
- In our opinion, taking a vested right retroactively will not succeed in court; the legislature can do anything, but this type of action will probably fail if challenged in court; therefore changes of vested rights can only apply to future hires.

**S1078 GENERAL BILL by Ring (Similar [H 1307](#), Compare [H 0413](#), [S 0660](#))**

State Financial Matters [WPSC]; Provides for excess account balances in the Public Employee Optional Retirement Program when an employee transfers to the defined benefit program and for the use of such excess balance. Establishes a forfeiture account in the Public Employee

Retirement Program Trust Fund and providing for the use of funds in the account. Authorizes the state board to develop work products that are subject to trademark, copyright, or patent, etc. EFFECTIVE DATE: 07/01/2010.

01/07/10 SENATE Filed

01/20/10 SENATE Referred to Governmental Oversight and Accountability; Community Affairs; General Government Appropriations; Policy & Steering Committee on Ways and Means

**02/25/10 SENATE On Committee agenda-- Governmental Oversight and Accountability, 03/02/10, 10:15 am, 110-S**

- 02/25/10 SENATE On Committee agenda-- Governmental Oversight and Accountability, 03/02/10, 10:15 am, 110-S
- Transfers from optional annuity to defined benefit may not receive excess funds until retirement or to purchase and/or upgrade service.
- Two amendments filed: both relate to the maximum of 25% invested in bonds of governments or territories- not sure of real impact; must be a reason? Stay tuned!

**H1319 GENERAL BILL by Grady (Compare [S 1902](#))**

Governmental Retirement Systems; Designates act "Public Employee Retirement Preservation Act"; requires certain public employees to contribute an additional specified percentage of their gross income for certain purposes; provides requirements for certain retirement system or plan actuarial reports & experience studies; provides for closing of certain plans; provides maximum retirement benefit for certain retirement system or plan members, etc. EFFECTIVE DATE: 07/01/2010 except as otherwise provided.

02/25/10 HOUSE Filed

- Hired on or after July 1, 2011, contribute 1% from salary.
- Changes in maximum retirement to 80%
- Changes in age and year to retire if hired on or after July 1, 2010: 33yrs or six years if 65.
- Changes in computation percentages; If hired after October 2011, 1.44% not 1.60%
- If employed after normal retirement then have increases for additional years worked: first year is an additional 1.87%; next year is an additional 3.125%; third year is an additional 5% in rate computation.

**H413 GENERAL BILL by Wood; Precourt; (CO-SPONSORS) Mayfield (Similar [S 0660](#),**

**Compare [H 1307](#), [S 1078](#))**

Defined Contribution Retirement Program; Changes name of Public Employee

Optional Retirement Program to Public Employee Retirement Investment Program; limits option of enrolling in State Retirement System's defined benefit program or defined contribution program to certain employees; requires certain public employees to enroll in defined contribution program, etc. EFFECTIVE DATE: 07/01/2010.

11/25/09 HOUSE Filed

12/18/09 HOUSE Referred to Governmental Affairs Policy (EDCA); Full Appropriations Council on Education & Economic Development

- Similar to S660

**H1307 GENERAL BILL by Schenck (Similar [S 1078](#), Compare [H 0413](#), [S 0660](#))**  
State Financial Matters; Provides for excess account balances in Public Employee Optional Retirement Program when employee transfers to defined benefit program; provides for use of such excess balance; requires SBA to develop procedures to resolve complaints; clarifies state board's rule authority with respect to program; establishes forfeiture account in Public Employee Retirement Program Trust Fund; provides for use of funds in account, etc. EFFECTIVE DATE: 07/01/2010.

02/25/10 HOUSE Filed

- Similar to S1078

This is good information on what legislators want to do to our Florida Retirement System. This information was provided to us by our friend LARRY CARMICHAEL. 3/4/10

JOHN MILIZIANO

## 2009 LEGISLATIVE SESSION BILLS

Bill No.	CMPN Bill	Description	Rep./Sen. Sponsor
S162		The old Officer Malcolm Thompson Act; gives a policeman, Fireman, paramedic or EMT who is injured in line of Duty and gets permanent disability retirement the right to go back to work and draw both salary and retirement.	Baker
S198	H049	Allows purchase of upgrade of prior regular class service to the 3 % Special Risk (SR) class for certain members of SR class.	Baker/ Hooper
S612	H249	Prohibits some retirees in SR class from re-employment or contract with agency from which they retired. Extends time in DROP to 96 months for school for deaf teachers, correctional officers, probation officers and law enforcement officers. (8 YEARS)	Baker/ Snyder
S650		Proposes putting an amendment to the state constitution on the November ballot that would replace the State Attorney General On the State Board of Administration (SBA) with the Commissioner of Agriculture.	Gerber
S660	H413	Closes enrollment into the Florida Retirement System pension Plan (Defined Benefits) beginning January , 2011. This would force all new employees eligible for FRS to enter the plan (Defined Contribution Program).	Fasano/Wood/Precourt

Bill No.	CMPN Bill	Description	Rep./Sen. Sponsor
S1078	H1307	Prescribes procedures for handling excess balances when an employee transfers from the Investment Plan to the Pension Plan or vice-versa. Also specifies various investing practices for the SBA.	Ring/ Schenck
S1204	H127	Gives SR class to employees of public acute care hospitals serving people who have deadly or crippling diseases; who are convicted of serious violent crime; who have been exposed to biological or chemical agents through accident or terrorism, or who have illness requiring treatment with toxic substances.	Hill/ Rogers
S1230	H127	Provides that certain positions in the Capital Collateral Regional Counselors' offices will be in the Senior Mgt. class (2.0%).	Crist/ Rogers
S1530	H1345	Requires the SBA to create and audit committee and various other Mandates regarding investing and reporting activities.	Deutch/ Jenne
S1764		Increases the Health Insurance Subsidy from \$5 to \$6 for each year of service beginning 1/1/2011 with maximum of \$180 and to \$7 beginning 1/1/2012 with max of \$210.	Lawson
S1784		This is a statute "clean-up" bill deleting outdated wording and correcting references, etc.	Villalobos

Bill No.	CMPN Bill	Description	Rep./Sen. Sponsor
S1902	H1319 H1543	Requires public retirement systems in Florida include in actuarial Reports a projection of employer required contribution rates. It limits benefits payable to an employee who hasn't attained 10 years credit by July 1, 2010 to a maximum of 70 percent of salary if in social security, and 90 percent if not. Revises the calculation of cost to upgrade prior service to Special Risk class.	Bennett/ Grady/ Zapata
S1932	H1193	"Adam Pierce Act" revises SR membership definition to include firefighters, law enforcement officers and corrections officers actively participating in SR class but not receiving disability retirement benefit after qualifying injury.	Altman / Plakon
S1996	H1315	Gives SR classification to Court Deputies	Smith/ Thurston
S2022		An empty bill reserved for legislative intent to revise FRS laws.	Alexander
S2186	H1345	Revises the membership of the SBA Investment Advisory Council by adding three members (from six to nine). Requires that SBA Trustees receive training, meet at least quarterly, create an audit committee, and other demands.	Ring/ Zapata
S2274	H1353	Requires all public retirement systems to meet rules of actuarial Soundness similar to the rules that FRS must follow.	Hill/ Gibson

<b>Bill No.</b>	<b>CMPN Bill</b>	<b>Description</b>	<b>Rep./Sen. Sponsor</b>
S2468		Revises the calculation of Average Final Compensation to be Based on three years versus five years..	Lawson