

1 A bill to be entitled
2 An act relating to public retirement plans; amending
3 s. 112.63, F.S.; requiring that a retirement system or
4 plan include in its actuarial report a projection of
5 the employers annual required contributions and an
6 experience study; requiring that an enrolled actuary
7 explain variances in assumptions and actual experience
8 and provide recommendations; amending s. 112.65, F.S.;
9 limiting the benefits payable to a member of a
10 retirement system or plan who has not attained 10
11 years of service by a certain date; amending s.
12 112.66, F.S.; requiring the board of trustees of a
13 retirement system or plan to provide an account report
14 of its expenses to the Department of Management
15 Services and to submit its proposed administrative
16 expense budget to the plan sponsor within a certain
17 timeframe; amending s. 121.0515, F.S.; revising the
18 calculations used for upgrading a special risk
19 members contributions for past service; amending s.
20 175.041, F.S.; revising the applicability of ch. 175,
21 F.S., to firefighters who are eligible for the Florida
22 Retirement System; amending s. 175.061, F.S.; limiting
23 the number of trustees of a firefighters pension
24 trust fund who may also be members of the plan;
25 amending s. 175.091, F.S.; removing an adjustment
26 requirement for member contribution rates to a
27 retirement plan for firefighters; amending s. 175.162,
28 F.S.; deleting a provision relating to inadequate
29 state contribution for additional retirement benefits;
30 amending s. 175.351, F.S.; revising provisions
31 relating to benefits paid from the premium tax by a
32 municipality or special fire control district that has
33 its own pension plan; amending s. 175.371, F.S.;
34 revising provisions relating to benefits payable by an
35 existing plan when a firefighter transfers to another
36 retirement system; creating s. 175.372, F.S.;
37 providing for the payment of benefits under another
38 retirement system and the use of premium tax moneys;
39 amending s. 185.02, F.S.; redefining the term
40 "compensation" for purposes of calculating police
41 pensions; amending s. 185.03, F.S.; revising the
42 applicability of ch. 185, F.S., to police officers who
43 are eligible for the Florida Retirement System;
44 amending s. 185.05, F.S.; limiting the number of
45 trustees of a police officers pension trust fund who
46 may also be members of the plan; amending s. 185.07,
47 F.S.; removing an adjustment requirement for member
48 contribution rates to a retirement plan for police
49 officers; amending s. 185.16, F.S.; deleting a
50 provision relating to inadequate state contributions
51 for additional retirement benefits; amending s.
52 185.35, F.S.; revising provisions relating to benefits
53 paid by a municipality that has its own pension plan;
54 amending s. 185.38, F.S.; revising provisions relating

55 to benefits payable by an existing plan when a police
56 officer transfers to another retirement system;
57 creating s. 185.381, F.S.; providing for the payment
58 of benefits under another retirement system and the
59 use of premium tax moneys; providing a declaration of
60 important state interest; providing an effective date.
61

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

63
64 Section 1.Paragraph (g) is added to subsection (1) of
65 section 112.63, Florida Statutes, and subsection (7) is added to
66 that section, to read:

67 112.63Actuarial reports and statements of actuarial
68 impact; review.

69 (1)Each retirement system or plan subject to the
70 provisions of this act shall have regularly scheduled actuarial
71 reports prepared and certified by an enrolled actuary. The
72 actuarial report shall consist of, but shall not be limited to,
73 the following:

74 (g)A 5-year projection of the employers annual required
75 contributions for each of the 5 fiscal years immediately
76 following the date of the actuarial report and which is based on
77 actual experience for the preceding 5-year period and the
78 current assumptions and cost methods of the retirement system or
79 plan.

80
81 The actuarial cost methods utilized for establishing the amount
82 of the annual actuarial normal cost to support the promised
83 benefits shall only be those methods approved in the Employee
84 Retirement Income Security Act of 1974 and as permitted under
85 regulations prescribed by the Secretary of the Treasury.

86 (7)Each retirement system or plan must have an experience
87 study prepared and certified by an enrolled actuary at least
88 once every 5 years. The experience study must compare the
89 retirement systems or plans actual experience on key factors,
90 including, but not limited to, investment return, payroll
91 growth, employee salary changes, employee retirement rates, and
92 employee turnover, along with the retirement systems or plans
93 assumptions on each factor. If a retirement systems or plans
94 actual experience materially varies from a retirement system or
95 plan assumption, the enrolled actuary shall explain the material
96 variance and provide a recommendation as to whether a change in
97 the assumption is appropriate.

98 Section 2.Subsection (1) of section 112.65, Florida
99 Statutes, is amended to read:

100 112.65Limitation of benefits.

101 (1)ESTABLISHMENT OF PROGRAM.

102 (a)On or after January 1, 1980, the normal retirement
103 benefit or pension payable to a ~~retiree who becomes a~~ member of
104 a ~~any~~ retirement system or plan ~~and~~ who has not previously
105 participated in such ~~system or plan may, on or after January 1,~~
106 ~~1980, shall~~ not exceed 100 percent of his or her average final
107 compensation.

108 (b)Notwithstanding paragraph (a), the normal retirement
109 benefit or pension payable to a member of a retirement system or
110 plan who has not attained 10 years of credited service under
111 such a system or plan by July 1, 2010, may not exceed 70 percent

112 of his or her highest annual base pay, excluding overtime and
113 other additional compensation. However, if the members employer
114 does not participate in the federal Social Security Act for such
115 member, the normal retirement benefit or pension payable to the
116 member may not exceed 90 percent of his or her highest annual
117 base pay, excluding overtime and other additional compensation.

118 ~~However, nothing contained in~~

119 (c) This section ~~does not shall~~ apply to supplemental
120 retirement benefits or to pension increases attributable to
121 cost-of-living increases or adjustments. For the purposes of
122 this section, benefits accruing in individual participant
123 accounts established under the Public Employee Optional
124 Retirement Program ~~established~~ in part II of chapter 121 are
125 considered supplemental benefits.

126 (d) As used in this section, the term "average final
127 compensation" means the average of the members earnings over a
128 period of time which the governmental entity has established by
129 statute, charter, or ordinance.

130 Section 3.Subsection (11) is added to section 112.66,
131 Florida Statutes, to read:

132 112.66 General provisions. The following general provisions
133 relating to the operation and administration of any retirement
134 system or plan covered by this part shall be applicable:

135 (11) The board of trustees of each retirement system or
136 plan shall:

137 (a) Provide a detailed accounting report of its expenses
138 for each fiscal year to the plan sponsor and the Department of
139 Management Services, and shall make the report available to
140 every member of the retirement system or plan. The report must
141 include, but need not be limited to, all administrative
142 expenses, which are defined for the purpose of this subsection
143 as all expenses relating to any legal counsel, actuary, plan
144 administrator, and all other consultants, and all travel and
145 other expenses paid to or on behalf of the members of the board
146 of trustees or anyone else on behalf of the retirement system or
147 plan.

148 (b) Submit its proposed administrative expense budget for
149 each fiscal year at least 120 days before the beginning of the
150 fiscal year to the plan sponsor for review and approval. The
151 expense budget must regulate the administrative expenses of the
152 board of trustees. The board of trustees may not amend the
153 budget without the prior approval of the plan sponsor.

154 Section 4.Subsection (5) of section 121.0515, Florida
155 Statutes, is amended to read:

156 121.0515 Special risk membership.

157 (5) CREDIT FOR PAST SERVICE. A special risk member may
158 purchase retirement credit in the Special Risk Class based upon
159 past service, and may upgrade retirement credit for ~~such past~~
160 ~~service, to the extent of 2 percent of~~ the members average
161 monthly compensation as specified in s. 121.091(1)(a) ~~for such~~
162 ~~service~~ as follows:

163 (a) The member may purchase special risk credit for past
164 service with a city or special district ~~that which~~ has elected
165 to join the Florida Retirement System, or with a participating
166 agency to which a members governmental unit was transferred,
167 merged, or consolidated, as provided in s. 121.081(1)(f), if the
168 member was employed with the city or special district at the

169 time it commenced participating in the Florida Retirement System
170 or with the governmental unit at the time of its transfer,
171 merger, or consolidation with the participating agency. The
172 service must satisfy the criteria set forth in subsection (2)
173 for special risk membership as a law enforcement officer,
174 firefighter, or correctional officer; however, a ~~no~~ certificate
175 or waiver of certificate of compliance with s. 943.1395 or s.
176 633.35 ~~is not shall be~~ required for such service.

177 (b) Contributions for upgrading the first 2 percent of the
178 members average monthly compensation for the additional special
179 risk credit ~~pursuant to this subsection~~ shall be equal to the
180 difference in the contributions paid and the special risk
181 percentage rate of gross salary in effect at the time of
182 purchase for the period being claimed, plus interest thereon at
183 the rate of 4 percent a year compounded annually from the date
184 of such service until July 1, 1975, and 6.5 percent a year
185 thereafter until the date of payment. ~~This~~ Past service may be
186 purchased by the member or by the employer on behalf of the
187 member.

188 (c) Contributions for upgrading additional special risk
189 credit greater than 2 percent but not exceeding 3 percent of the
190 members average monthly compensation must be in an amount
191 representing the actuarial accrued liability for the difference
192 in accrual value during the period of service for which credit
193 is being purchased. Contributions shall be calculated by an
194 actuary designated by the department using the discount rate and
195 other relevant actuarial assumptions used to value the Florida
196 Retirement System defined benefit plan liabilities in the most
197 recent actuarial valuation. The contribution for service credit
198 being purchased must be paid by the member or by the employer on
199 behalf of the member immediately upon notification by the
200 division.

201 Section 5.Subsection (3) of section 175.041, Florida
202 Statutes, is amended to read:

203 175.041 Firefighters Pension Trust Fund created;
204 applicability of provisions. For any municipality, special fire
205 control district, chapter plan, local law municipality, local
206 law special fire control district, or local law plan under this
207 chapter:

208 (3) The provisions of this chapter ~~shall~~ apply only to
209 municipalities organized and established pursuant to law the
210 laws of the state and to special fire control districts. This
211 chapter does, and said provisions shall not apply to the
212 unincorporated areas of any county or counties, except with
213 respect to special fire control districts that include
214 unincorporated areas, or ~~nor shall the provisions hereof apply~~
215 to any governmental entity whose firefighters are eligible to
216 participate in the Florida Retirement System, except as provided
217 in s. 175.351(5), s. 175.371, or s. 175.372.

218 (a) Special fire control districts that include, or consist
219 exclusively of, unincorporated areas of one or more counties may
220 levy and impose the tax and participate in the retirement
221 programs enabled by this chapter.

222 (b) With respect to the distribution of premium taxes, a
223 single consolidated government consisting of a former county and
224 one or more municipalities, consolidated pursuant to s. 3 or s.
225 6(e), Art. VIII of the State Constitution, may ~~is~~ also eligible

226 ~~to~~ participate under this chapter. The consolidated government
227 shall notify the division when it has entered into an interlocal
228 agreement to provide fire services to a municipality within its
229 boundaries. The municipality may enact an ordinance levying the
230 tax as provided in s. 175.101. Upon being provided copies of the
231 interlocal agreement and the municipal ordinance levying the
232 tax, the division may distribute any premium taxes reported for
233 the municipality to the consolidated government as long as the
234 interlocal agreement is in effect.

235 (c) Any municipality that has entered into an interlocal
236 agreement to provide fire protection services to any other
237 incorporated municipality, in its entirety, for ~~a period of~~ 12
238 months or more may be eligible to receive the premium taxes
239 reported for such other municipality. ~~In order~~ To be eligible
240 ~~for such premium taxes~~, the municipality providing the fire
241 services must notify the division that it has entered into an
242 interlocal agreement with another municipality. The municipality
243 receiving the fire services may enact an ordinance levying the
244 tax as provided in s. 175.101. Upon being provided copies of the
245 interlocal agreement and the municipal ordinance levying the
246 tax, the division may distribute any premium taxes reported for
247 the municipality receiving the fire services to the
248 ~~participating~~ municipality providing the fire services as long
249 as the interlocal agreement is in effect.

250 Section 6.Paragraph (d) is added to subsection (1) of
251 section 175.061, Florida Statutes, to read:

252 175.061 Board of trustees; members; terms of office;
253 meetings; legal entity; costs; attorneys fees. For any
254 municipality, special fire control district, chapter plan, local
255 law municipality, local law special fire control district, or
256 local law plan under this chapter:

257 (1) In each municipality and in each special fire control
258 district there is hereby created a board of trustees of the
259 firefighters pension trust fund, which shall be solely
260 responsible for administering the trust fund. Effective October
261 1, 1986, and thereafter:

262 (d) A majority of the members of a board of trustees may
263 not be members or retirees of the plan for which the board is
264 administering the trust fund.

265 Section 7.Paragraph (b) of subsection (2) of section
266 175.091, Florida Statutes, is amended to read:

267 175.091 Creation and maintenance of fund. For any
268 municipality, special fire control district, chapter plan, local
269 law municipality, local law special fire control district, or
270 local law plan under this chapter:

271 (2) Member contribution rates may be adjusted as follows:

272 (b) Firefighter member contributions may be increased by
273 consent of the members collective bargaining representative or,
274 if none, by majority consent of firefighter members of the fund
275 ~~to provide greater benefits.~~

276
277 Nothing in this section shall be construed to require adjustment
278 of member contribution rates in effect on the date this act
279 becomes a law, including rates that exceed 5 percent of salary,
280 provided that such rates are at least one-half of 1 percent of
281 salary.

282 Section 8.Paragraph (a) of subsection (2) of section

283 175.162, Florida Statutes, is amended to read:

284 175.162Requirements for retirement.For any municipality,
285 special fire control district, chapter plan, local law
286 municipality, local law special fire control district, or local
287 law plan under this chapter, any firefighter who completes 10 or
288 more years of creditable service as a firefighter and attains
289 age 55, or completes 25 years of creditable service as a
290 firefighter and attains age 52, and who for such minimum period
291 has been a member of the firefighters pension trust fund
292 operating under a chapter plan or local law plan, is eligible
293 for normal retirement benefits. Normal retirement under the plan
294 is retirement from the service of the municipality or special
295 fire control district on or after the normal retirement date. In
296 such event, payment of retirement income will be governed by the
297 following provisions of this section:

298 (2) (a)The amount of monthly retirement income payable to a
299 full-time firefighter who retires on or after his or her normal
300 retirement date ~~is shall be an amount~~ equal to the number of his
301 or her years of credited service multiplied by 2 percent of his
302 or her average final compensation as a full-time firefighter.
303 ~~However, if current state contributions pursuant to this chapter~~
304 ~~are not adequate to fund the additional benefits to meet the~~
305 ~~minimum requirements in this chapter, only such incremental~~
306 ~~increases shall be required as state moneys are adequate to~~
307 ~~provide. Such increments shall be provided as state moneys~~
308 ~~become available.~~

309 Section 9.Section 175.351, Florida Statutes, is amended to
310 read:

311 175.351Municipalities and special fire control districts
312 having their own pension plans ~~for firefighters~~.For any
313 municipality, special fire control district, local law
314 municipality, local law special fire control district, or local
315 law plan under this chapter, in order for municipalities and
316 special fire control districts that have with their own pension
317 plans for firefighters, or for firefighters and police officers,
318 where included, to participate in the distribution of the tax
319 fund established pursuant to s. 175.101, local law plans must
320 provide extra benefits within those pension plans for
321 firefighters, or for firefighters and police officers where
322 included, which are equal to or greater than the value of the
323 premium tax income received ~~meet the minimum benefits and~~
324 ~~minimum standards set forth in this chapter.~~

325 (1) ~~PREMIUM TAX INCOME.If a municipality has a pension~~
326 ~~plan for firefighters, or a pension plan for firefighters and~~
327 ~~police officers, where included, which in the opinion of the~~
328 ~~division meets the minimum benefits and minimum standards set~~
329 ~~forth in this chapter, the board of trustees of the pension~~
330 ~~plan, as approved by a majority of firefighters of the~~
331 ~~municipality, may:~~

332 (a)~~Place the income from the premium tax in s. 175.101 in~~
333 ~~such pension plan for the sole and exclusive use of its~~
334 ~~firefighters, or for firefighters and police officers, where~~
335 ~~included, where it shall become an integral part of that pension~~
336 ~~plan and shall be used to pay extra benefits to the firefighters~~
337 ~~included in that pension plan; or~~

338 (b)~~Place the income from the premium tax in s. 175.101 in~~
339 ~~a separate supplemental plan to pay extra benefits to~~

340 ~~firefighters, or to firefighters and police officers where~~
341 ~~included, participating in such separate supplemental plan.~~ The
342 premium tax provided by this chapter ~~must shall in all cases~~ be
343 used in its entirety to provide extra benefits to firefighters,
344 or to firefighters and police officers, where included.
345 Notwithstanding any other provision of this chapter ~~However,~~
346 local law plans in effect on October 1, 1998, ~~may shall be~~
347 ~~required to~~ comply with the minimum benefit provisions of this
348 chapter by providing pension benefits that, in the aggregate,
349 exceed the minimum benefits set forth in this chapter as
350 determined by the plans actuary only to the extent that
351 ~~additional premium tax revenues become available to~~
352 ~~incrementally fund the cost of such compliance as provided in s.~~
353 ~~175.162(2)(a). When a plan is in compliance with such minimum~~
354 ~~benefit provisions, as subsequent additional premium tax~~
355 ~~revenues become available, they shall be used to provide extra~~
356 ~~benefits.~~ For the purpose of this chapter, "additional premium
357 ~~tax revenues" means revenues received by a municipality or~~
358 ~~special fire control district pursuant to s. 175.121 which~~
359 ~~exceed that amount received for calendar year 1997, and~~ the term
360 "extra benefits" means benefits that are in addition to or
361 greater than those provided to general employees of the
362 municipality regardless of when such benefit was or is provided
363 ~~and in addition to those in existence for firefighters on March~~
364 ~~12, 1999.~~ Local law plans created by special act before May 23,
365 1939, ~~are shall be~~ deemed to comply with this chapter.

366 (2) ~~A ADOPTION OR REVISION OF A LOCAL LAW PLAN. No~~
367 retirement plan or amendment to a retirement plan ~~may not shall~~
368 be proposed for adoption unless the proposed plan or amendment
369 contains an actuarial estimate of the costs involved. ~~The No~~
370 ~~such~~ proposed plan or proposed plan change ~~may not shall~~ be
371 adopted without the approval of the municipality, special fire
372 control district, or, ~~if where~~ permitted, the Legislature.
373 Copies of the proposed plan or proposed plan change and the
374 actuarial impact statement of the proposed plan or proposed plan
375 change shall be furnished to the division prior to the last
376 public hearing thereon. ~~The impact Such~~ statement ~~must shall~~
377 also indicate whether the proposed plan or proposed plan change
378 is in compliance with s. 14, Art. X of the State Constitution
379 and those provisions of part VII of chapter 112 which are not
380 expressly provided in this chapter. Notwithstanding any other
381 provision, only those local law plans created by special act of
382 legislation before prior to May 23, 1939, ~~are shall be~~ deemed to
383 meet the minimum benefits and minimum standards ~~only~~ in this
384 chapter.

385 (3) Notwithstanding any other provision, with respect to a
386 ~~any~~ supplemental plan municipality:

387 (a) Section 175.032(3)(a) ~~does shall~~ not apply, and a local
388 law plan and a supplemental plan may continue to use their
389 definition of compensation or salary in existence on March 12,
390 1999 ~~the effective date of this act.~~

391 (b) Section 175.061(1)(b) ~~does shall~~ not apply, and a local
392 law plan and a supplemental plan shall continue to be
393 administered by a board or boards of trustees numbered,
394 constituted, and selected as the board or boards were numbered,
395 constituted, and selected on December 1, 2000.

396 ~~(c) The election set forth in paragraph (1)(b) shall be~~

397 ~~deemed to have been made.~~

398 (4) The retirement plan setting forth the benefits and the
399 trust agreement, if any, covering the duties and
400 responsibilities of the trustees and the regulations of the
401 investment of funds must be in writing, and copies ~~thereof~~ must
402 be made available to the participants and to the general public.

403 (5) A municipality or special fire control district may
404 establish one or more new plans, or benefit levels within a
405 plan, which provide different benefit levels for plan members
406 based on the members date of hire if the new plan or benefit
407 level provides pension benefits that, in the aggregate, meet or
408 exceed the minimum benefits set forth in this chapter, as
409 determined by the plans actuary. A municipality or special fire
410 control district may elect to maintain an existing plan and join
411 the Florida Retirement System for employees hired after a
412 specified date. A municipality or special fire control district
413 choosing to operate under this subsection shall use the premium
414 tax provided under this chapter for the current plan or benefit
415 level, for any additional plan or benefit level, or for
416 contributions to the Florida Retirement System.

417 Section 10. Section 175.371, Florida Statutes, is amended
418 to read:

419 175.371 Transfer to another state retirement system;
420 benefits payable. For any municipality, special fire control
421 district, chapter plan, local law municipality, local law
422 special fire control district, or local law plan under this
423 chapter:

424 (1) Any firefighter who has a vested right to benefits
425 under a pension plan created pursuant to ~~the provisions of~~ this
426 chapter and who elects to participate in another state
427 retirement system may not receive a benefit under the other
428 ~~provisions of the latter~~ retirement system for any period of
429 years service for which benefits are paid under ~~the provisions~~
430 ~~of the pension plan created pursuant to~~ this chapter.

431 (2) ~~If When~~ every active participant in any pension plan
432 created pursuant to this chapter elects to transfer to another
433 state retirement system, the pension plan created pursuant to
434 this chapter shall be terminated and the assets distributed in
435 accordance with s. 175.361. If, upon joining another state
436 retirement system as the result of a transfer, merger, or
437 consolidation of governmental services, or the municipalities or
438 special fire control districts election to participate in such
439 system, some participants in a pension plan subject created
440 ~~pursuant~~ to this chapter elect to transfer to another state
441 retirement system and other participants elect to remain in the
442 existing plan ~~created pursuant to this chapter~~, the existing
443 plan ~~created pursuant to this chapter~~ shall continue to receive
444 state premium tax moneys until fully funded. If the plan is
445 fully funded at a particular valuation date and not fully funded
446 at a later valuation date, the plan shall resume receipt of
447 state premium tax moneys until the plan is once again fully
448 funded. The term "fully funded" means that the present value of
449 all benefits, accrued and projected, is less than the available
450 assets and the present value of future member contributions and
451 future plan sponsor contributions on an actuarial entry age cost
452 funding basis. Effective May 31, 1998, ~~for~~ plans discussed
453 herein, ~~the plan~~ shall remain in effect until the final benefit

454 payment has been made to the last participant or beneficiary and
455 shall then be terminated in accordance with s. 175.361.

456 Section 11. Section 175.372, Florida Statutes, is created
457 to read:

458 175.372 Benefits under another retirement system or pension
459 program. For any municipality, special fire control district,
460 chapter plan, local law municipality, local law special fire
461 control district, or local law plan under this chapter:

462 (1) A firefighter who has a vested right to benefits under
463 the pension plan may not receive a benefit under a new
464 retirement system or pension program for any period of service
465 for which benefits are being paid pursuant to the pension plan
466 subject to this chapter.

467 (2) If a municipality or special fire control district
468 chooses to create or transfer to another retirement system or
469 pension program, including, but not limited to, a defined
470 contribution program, for all or a portion of its active
471 firefighters who are in a pension plan subject to this chapter,
472 or for firefighters hired after a date certain, the municipality
473 or special fire control district shall continue to receive state
474 premium tax moneys and must use those funds as needed to fully
475 fund a preexisting plan subject to this chapter or to reduce the
476 required contributions of the municipality or special fire
477 control district to the new retirement system or pension
478 program.

479 Section 12. Subsection (4) of section 185.02, Florida
480 Statutes, is amended to read:

481 185.02 Definitions. For any municipality, chapter plan,
482 local law municipality, or local law plan under this chapter,
483 the following words and phrases as used in this chapter shall
484 have the following meanings, unless a different meaning is
485 plainly required by the context:

486 (4) "Compensation" or "salary" means the fixed monthly
487 ~~total cash~~ remuneration ~~including "overtime"~~ paid by the primary
488 employer to a police officer for services rendered, but not
489 including any payments for extra duty or a special detail work
490 performed on behalf of a second party employer. ~~However, a local~~
491 ~~law plan may limit the amount of overtime payments which can be~~
492 ~~used for retirement benefit calculation purposes, but in no~~
493 ~~event shall such overtime limit be less than 300 hours per~~
494 ~~officer per calendar year.~~

495 (a) Any retirement trust fund or plan ~~that which now or~~
496 ~~hereafter~~ meets the requirements of this chapter ~~may shall~~ not,
497 solely by virtue of this subsection, reduce or diminish the
498 monthly retirement income otherwise payable to each police
499 officer covered by the retirement trust fund or plan.

500 (b) The members compensation or salary contributed as
501 employee-elective salary reductions or deferrals to any salary
502 reduction, deferred compensation, or tax-sheltered annuity
503 program authorized under the Internal Revenue Code shall be
504 deemed to be the compensation or salary the member would receive
505 if he or she were not participating in such program and ~~shall be~~
506 treated as compensation for retirement purposes under this
507 chapter.

508 (c) For any person who first becomes a member in a ~~any~~ plan
509 year beginning on or after January 1, 1996, compensation for a
510 ~~any~~ plan year ~~may shall~~ not include ~~any~~ amounts in excess of the

511 Internal Revenue Code s. 401(a)(17) limitation, ~~as amended by~~
512 ~~the Omnibus Budget Reconciliation Act of 1993~~, which limitation
513 of \$150,000 shall be adjusted as required by federal law for
514 qualified government plans and shall be further adjusted for
515 changes in the cost of living in the manner provided by Internal
516 Revenue Code s. 401(a)(17)(B). For any person who first became a
517 member ~~before~~ ~~prior to~~ the first plan year beginning on or after
518 January 1, 1996, the limitation on compensation shall be at
519 ~~least not less than~~ the maximum compensation amount that was
520 allowed to be taken into account under the plan as in effect on
521 July 1, 1993, which limitation shall be adjusted for changes in
522 the cost of living since 1989 ~~as in the manner~~ provided by
523 Internal Revenue Code s. 401(a)(17)(1991).

524 Section 13.Subsection (2) of section 185.03, Florida
525 Statutes, is amended to read:

526 185.03Municipal police officers retirement trust funds;
527 creation; applicability of provisions; participation by public
528 safety officers.For any municipality, chapter plan, local law
529 municipality, or local law plan under this chapter:

530 (2)The provisions of this chapter ~~shall~~ apply only to
531 municipalities organized and established pursuant to the laws of
532 the state, and ~~do said provisions shall~~ not apply to the
533 unincorporated areas of any county or counties ~~or nor shall the~~
534 ~~provisions hereof apply~~ to any governmental entity whose police
535 officers are eligible to participate in the Florida Retirement
536 System, except as provided in s. 185.35(5), s. 185.38, or s.
537 185.381.

538 Section 14.Present paragraphs (c) and (d) of subsection
539 (1) of section 185.05, Florida Statutes, are redesignated as
540 paragraphs (d) and (e), respectively, and a new paragraph (c) is
541 added to that subsection, to read:

542 185.05Board of trustees; members; terms of office;
543 meetings; legal entity; costs; attorneys fees.For any
544 municipality, chapter plan, local law municipality, or local law
545 plan under this chapter:

546 (1)In each municipality described in s. 185.03 there is
547 hereby created a board of trustees of the municipal police
548 officers retirement trust fund, which shall be solely
549 responsible for administering the trust fund. Effective October
550 1, 1986, and thereafter:

551 (c)A majority of the members of a board of trustees may
552 not be members or retirees of the plan for which the board is
553 administering the trust fund.

554 Section 15.Paragraph (b) of subsection (2) of section
555 185.07, Florida Statutes, is amended to read:

556 185.07Creation and maintenance of fund.For any
557 municipality, chapter plan, local law municipality, or local law
558 plan under this chapter:

559 (2)Member contribution rates may be adjusted as follows:

560 (b)Police officer member contributions may be increased by
561 consent of the members collective bargaining representative or,
562 if none, by majority consent of police officer members of the
563 fund ~~to provide greater benefits.~~

564
565 Nothing in this section shall be construed to require adjustment
566 of member contribution rates in effect on the date this act
567 becomes a law, including rates that exceed 5 percent of salary,

568 provided that such rates are at least one-half of 1 percent of
569 salary.

570 Section 16.Subsection (2) of section 185.16, Florida
571 Statutes, is amended to read:

572 185.16Requirements for retirement.For any municipality,
573 chapter plan, local law municipality, or local law plan under
574 this chapter, any police officer who completes 10 or more years
575 of creditable service as a police officer and attains age 55, or
576 completes 25 years of creditable service as a police officer and
577 attains age 52, and for such period has been a member of the
578 retirement fund is eligible for normal retirement benefits.
579 Normal retirement under the plan is retirement from the service
580 of the city on or after the normal retirement date. In such
581 event, for chapter plans and local law plans, payment of
582 retirement income will be governed by the following provisions
583 of this section:

584 (2)The amount of the monthly retirement income payable to
585 a police officer who retires on or after his or her normal
586 retirement date ~~is shall be an amount~~ equal to the number of the
587 police officers years of credited service multiplied by 2
588 percent of his or her average final compensation. ~~However, if~~
589 ~~current state contributions pursuant to this chapter are not~~
590 ~~adequate to fund the additional benefits to meet the minimum~~
591 ~~requirements in this chapter, only increment increases shall be~~
592 ~~required as state moneys are adequate to provide. Such~~
593 ~~increments shall be provided as state moneys become available.~~

594 Section 17.Section 185.35, Florida Statutes, is amended to
595 read:

596 185.35Municipalities having their own pension plans ~~for~~
597 ~~police officers~~.For any municipality, chapter plan, local law
598 municipality, or local law plan under this chapter, in order for
599 municipalities that have with their own pension plans for police
600 officers, or for police officers and firefighters where
601 included, to participate in the distribution of the tax fund
602 established pursuant to s. 185.08, local law plans must provide
603 extra benefits within those pension plans for police officers,
604 or for police officers and firefighters where included, which
605 are equal to or greater than the value of the premium tax income
606 received. ~~meet the minimum benefits and minimum standards set~~
607 ~~forth in this chapter:~~

608 (1) ~~PREMIUM TAX INCOME.If a municipality has a pension~~
609 ~~plan for police officers, or for police officers and~~
610 ~~firefighters where included, which, in the opinion of the~~
611 ~~division, meets the minimum benefits and minimum standards set~~
612 ~~forth in this chapter, the board of trustees of the pension~~
613 ~~plan, as approved by a majority of police officers of the~~
614 ~~municipality, may:~~

615 (a) ~~Place the income from the premium tax in s. 185.08 in~~
616 ~~such pension plan for the sole and exclusive use of its police~~
617 ~~officers, or its police officers and firefighters where~~
618 ~~included, where it shall become an integral part of that pension~~
619 ~~plan and shall be used to pay extra benefits to the police~~
620 ~~officers included in that pension plan; or~~

621 (b) ~~May place the income from the premium tax in s. 185.08~~
622 ~~in a separate supplemental plan to pay extra benefits to the~~
623 ~~police officers, or police officers and firefighters where~~
624 ~~included, participating in such separate supplemental plan. The~~

625 premium tax provided by this chapter ~~must shall in all cases~~ be
626 used in its entirety to provide extra benefits to police
627 officers, or to police officers and firefighters, where
628 included. Notwithstanding any other provision of this chapter
629 ~~However~~, local law plans in effect on October 1, 1998, may shall
630 ~~be required to~~ comply with the minimum benefit provisions of
631 this chapter by providing pension benefits that, in the
632 aggregate, exceed the minimum benefits set forth in this chapter
633 as determined by the plans actuary only to the extent that
634 ~~additional premium tax revenues become available to~~
635 ~~incrementally fund the cost of such compliance as provided in s.~~
636 ~~185.16(2). When a plan is in compliance with such minimum~~
637 ~~benefit provisions, as subsequent additional tax revenues become~~
638 ~~available, they shall be used to provide extra benefits.~~ For the
639 purpose of this chapter, ~~"additional premium tax revenues" means~~
640 ~~revenues received by a municipality pursuant to s. 185.10 which~~
641 ~~exceed the amount received for calendar year 1997, and~~ the term
642 "extra benefits" means benefits that are in addition to or
643 greater than those provided to general employees of the
644 municipality regardless of when such additional or greater
645 benefit was or is provided and in addition to those in existence
646 ~~for police officers on March 12, 1999.~~ Local law plans created
647 by special act before May 23, 1939, are shall be deemed to
648 comply with this chapter.

649 (2) ~~A ADOPTION OR REVISION OF A LOCAL LAW PLAN. No~~
650 retirement plan or amendment to a retirement plan may not shall
651 be proposed for adoption unless the proposed plan or amendment
652 contains an actuarial estimate of the costs involved. ~~The No~~
653 ~~such~~ proposed plan or proposed plan change may not shall be
654 adopted without the approval of the municipality or, ~~if where~~
655 permitted, the Legislature. Copies of the proposed plan or
656 proposed plan change and the actuarial impact statement of the
657 proposed plan or proposed plan change shall be furnished to the
658 division prior to the last public hearing thereon. The impact
659 ~~Such~~ statement must shall also indicate whether the proposed
660 plan or proposed plan change is in compliance with s. 14, Art. X
661 of the State Constitution and those provisions of part VII of
662 chapter 112 which are not expressly provided in this chapter.
663 Notwithstanding any other provision, only those local law plans
664 created by special act of legislation before prior to May 23,
665 1939, are shall be deemed to meet the minimum benefits and
666 minimum standards only in this chapter.

667 (3) Notwithstanding any other provision, with respect to a
668 ~~any~~ supplemental plan municipality:

669 (a) Section 185.02(4)(a) shall not apply, and a local law
670 plan and a supplemental plan may continue to use their
671 definition of compensation or salary in existence on March 12,
672 1999 the effective date of this act.

673 (b) Section 185.05(1)(b) shall not apply, and a local law
674 plan and a supplemental plan shall continue to be administered
675 by a board or boards of trustees numbered, constituted, and
676 selected as the board or boards were numbered, constituted, and
677 selected on December 1, 2000.

678 ~~(c) The election set forth in paragraph (1)(b) shall be~~
679 ~~deemed to have been made.~~

680 (4) The retirement plan setting forth the benefits and the
681 trust agreement, if any, covering the duties and

682 responsibilities of the trustees and the regulations of the
683 investment of funds must be in writing and copies must be made
684 available to the participants and to the general public.

685 (5)A municipality may establish one or more new plans, or
686 benefit levels within a plan, which provide different benefit
687 levels for plan members based on the members date of hire if
688 the new plan or benefit level provides pension benefits that, in
689 the aggregate, meet or exceed the minimum benefits set forth in
690 this chapter, as determined by the plans actuary. A
691 municipality may elect to maintain an existing plan and join the
692 Florida Retirement System for employees hired after a specified
693 date. A municipality choosing to operate under this subsection
694 shall use the premium tax provided under this chapter for the
695 current plan or benefit level, for any additional plan or
696 benefit level, or for contributions to the Florida Retirement
697 System.

698 Section 18.Section 185.38, Florida Statutes, is amended to
699 read:

700 185.38Transfer to another state retirement system;
701 benefits payable.For any municipality, chapter plan, local law
702 municipality, or local law plan under this chapter:

703 (1)Any police officer who has a vested right to benefits
704 under a pension plan created pursuant to ~~the provisions of~~ this
705 chapter and who elects to participate in another state
706 retirement system may not receive a benefit under the other the
707 ~~provisions of the latter~~ retirement system for any period of
708 ~~years~~ service for which benefits are paid under ~~the provisions~~
709 ~~of the pension plan created pursuant to~~ this chapter.

710 (2)~~If When~~ every active participant in any pension plan
711 created pursuant to this chapter elects to transfer to another
712 state retirement system, the pension plan created pursuant to
713 this chapter shall be terminated and the assets distributed in
714 accordance with s. 185.37. If, upon joining another state
715 retirement system as the result of a transfer, merger, or
716 consolidation of governmental services, or as the municipalitys
717 election to participate in such system, some participants in a
718 pension plan subject created pursuant to this chapter elect to
719 transfer to another state retirement system and other
720 participants elect to remain in the existing plan ~~created~~
721 ~~pursuant to this chapter,~~ the existing plan ~~created pursuant to~~
722 ~~this chapter~~ shall continue to receive state premium tax moneys
723 until fully funded. If the plan is fully funded at a particular
724 valuation date and not fully funded at a later valuation date,
725 the plan shall resume receipt of state premium tax moneys until
726 the plan is once again determined to be fully funded. The term
727 "fully funded" means that the present value of all benefits,
728 accrued and projected, is less than the available assets and the
729 present value of future member contributions and future plan
730 sponsor contributions on an actuarial entry age cost funding
731 basis. Effective May 31, 1998, ~~for~~ plans discussed herein, ~~the~~
732 ~~plan shall~~ remain in effect until the final benefit payment has
733 been made to the last participant or beneficiary and shall then
734 be terminated in accordance with s. 185.37.

735 Section 19.Section 185.381, Florida Statutes, is created
736 to read:

737 185.381Benefits under another retirement system or pension
738 program.For any municipality, chapter plan, local law

739 municipality, or local law plan under this chapter:

740 (1)A police officer who has a vested right to benefits
741 under the pension plan may not receive a benefit under a new
742 retirement system or pension program for any period of service
743 for which benefits are paid pursuant to the pension plan subject
744 to this chapter.

745 (2)If a municipality chooses to create or transfer to
746 another retirement system or pension program, including, but not
747 limited to, a defined contribution program, for all or a portion
748 of its active police officers who are in a pension plan subject
749 to this chapter, or for police officers hired after a date
750 certain, the municipality shall continue to receive state
751 premium tax moneys and must use those funds as needed to fully
752 fund a preexisting plan subject to this chapter or to reduce the
753 required contributions of the municipality to the new retirement
754 system or pension program.

755 Section 20.The Legislature finds that a proper and
756 legitimate state purpose is served when employees and retirees
757 of the state and its political subdivisions, and the dependents,
758 survivors, and beneficiaries of such employees and retirees, are
759 extended the basic protections afforded by governmental
760 retirement systems. These persons must be provided benefits that
761 are fair and adequate and that are managed, administered, and
762 funded in an actuarially sound manner, as required by s. 14,
763 Article X of the State Constitution and part VII of chapter 112,
764 Florida Statutes. Therefore, the Legislature determines and
765 declares that this act fulfills an important state interest.

766 Section 21.This act shall take effect July 1, 2010.