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MEMORANDUM #20-17HR

TO: Agency Administrators

FROM: Carolyn Horwich, J.D., Director of Human Resources

THROUGH: Rip Colvin, Executive Director

SUBJECT: Retirement – Legislative Summary

DATE: June 16, 2017

The Division of Retirement has just released its legislative summary of laws affecting retirement matters.

Please do not hesitate to contact your Retirement Coordinator if you have any questions.

Thank you.



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DIVISION OF RETIREMENT INFORMATION RELEASE

Release # 2017-196

June 15, 2017

TO: All FRS Agency Heads and Retirement Coordinators

FROM: Elizabeth Stevens
State Retirement Director

SUBJECT: 2017 Legislation

During the 2017 Regular Legislative Session, the Florida Legislature passed legislation that affects members of the Florida Retirement System (FRS) and other state-administered retirement plans. Legislation summaries and links to the bills that became law are on the Legislation page of the Division of Retirement's website at www.frs.MyFlorida.com. To access the summaries and links from the division's website, please click on Legislation and then 2017 Retirement Legislation.

It is very important that this information release be immediately distributed to the appropriate staff within your agency. Legislative changes are summarized below by subject area. You are notified as policies and procedures are established so that you can implement the changes necessary to comply with new legislation.

Contribution Rates

Information Release 2017-197, dated June 15, 2017, provides employers with the total contribution rates by membership class and reporting plan code to be paid starting with the first payroll dated on or after July 1, 2017, for the 2017-2018 plan year for FRS members as well as rates for other state-administered retirement programs:

- The total contribution rate for FRS members includes required FRS employee and employer contributions, the Retiree Health Insurance Subsidy Program (HIS) contribution rate and the administrative fee for the FRS Investment Plan and the Financial Guidance Program.
- The total contribution rates for State University System Optional Retirement Program (SUSORP), Senior Management Service Optional Annuity Program (SMSOAP) and State Community College System Optional Retirement Program (SCCSORP) members include required employer and employee contributions, the applicable administrative assessment and an unfunded actuarial liability contribution for the FRS Pension Plan. The members of these programs may also contribute optional employee contributions up to the same percentage as the required employer contribution rate that is deposited to the members' accounts.
- The total contribution rates for reemployed retirees without renewed membership include employer contributions for the unfunded actuarial liability contribution for the FRS membership class covering the position and the HIS.
- The entire payroll is subject to a delinquent fee if the payroll is submitted late.

Information Release 2017-197, which includes the total contribution rates by reporting plan code, is also available on the Information Releases subpage under the Employer page of the division's website at www.frs.MyFlorida.com.

In-Line-of-Duty Death Benefits for Investment Plan Members

Senate Bill 7022 creates survivor benefits for Investment Plan members in classes other than the Special Risk Class who are killed in the line of duty. (Investment Plan members in the Special Risk Class became covered for in-line-of-duty death benefits in 2016.) The monthly benefit is 50 percent of the member's base salary for the lifetime of the surviving spouse or until the youngest dependent child turns 18.

- If the member's death occurred between July 1, 2002, and June 30, 2017, the earliest benefit payments can begin is July 2017, depending upon when the application is received and approved.
 - If benefits are being paid on behalf of a dependent child, the child must be under age 18 when the benefit payment becomes effective.
 - The monthly benefit will be actuarially adjusted if the member's Investment Plan account balance was paid out to the surviving spouse or on behalf of a dependent child.
- If the member's death occurs in July 2017 or later, the benefit eligibility begins the month after the member's death.
 - The member's account balance will be transferred to the FRS Trust Fund to help support the monthly benefits paid to the surviving spouse or dependent child.

The retroactive eligibility for in-line-of-duty death benefits for the surviving spouse or dependent child of a Special Risk Class member is extended from July 1, 2013 to July 1, 2002, for benefit payments that begin on or after July 1, 2017.

Default Change

Senate Bill 7022 changes the default membership for FRS members whose initial election period is effective on or after January 1, 2018, and lengthens the initial election period. Members who do not make an active election to participate in the Investment Plan or the Pension Plan within the eight months after the initial month of hire will default into the Investment Plan, except for members in a Special Risk Class position, who will continue to default to the Pension Plan. A member's second election is not impacted by this legislation.

Renewed Membership

Senate Bill 7022 provides renewed membership for retirees of the FRS Investment Plan, the SUSORP, the SMSOAP or the SCCSORP who are employed on or after July 1, 2017:

- These renewed members must participate in the FRS Investment Plan unless the position is covered by the SUSORP or the SCCSORP when the member is initially enrolled.
- A renewed member who participates in the FRS Investment Plan and later becomes employed in a position covered by the SUSORP or the SCCSORP must continue Investment Plan membership unless he or she is employed in a position with a university that requires mandatory SUSORP participation.
- This new tier of renewed membership allows renewed members employed in a Special Risk Class-covered position to participate in the Special Risk Class.

New membership plan codes are required when reporting these renewed members to the division on payrolls dated on or after July 1, 2017. The reporting plan codes and the total contribution rates for these renewed members are outlined in Information Release 2017-196, dated June 15, 2017.

Senior Management Service Optional Annuity Program Participation

Senate Bill 7022 closes the SMSOAP for state senior managers to new members effective July 1, 2017. Existing members are allowed to continue to participate.

Public Records Exemptions and Disclosures

The following public records exemptions apply to information held by the employing agency. The Division of Retirement cannot exclude any exempt information from public records requests for information about members unless we receive a request for exemption from either the employer on behalf of its employees in eligible positions (this can be done via the payroll report) or directly from the employees in eligible positions.

Public records exemptions are provided for personal identifying information including home addresses, telephone numbers, dates of birth and photographs of the employees noted below. In addition to the employee's information, an exemption is provided for information about the spouse and children including home addresses, telephone numbers, dates of birth, places of employment and locations of schools and daycare facilities their children attend. Legislation passed this year made the following changes to include:

- Current or former non-sworn investigative personnel employed by the Department of Financial Services whose duties include the investigation of fraud, theft, other related criminal activities or state regulatory requirement violations effective upon becoming law.
[House Bill 243 (Chapter 2017-053, Laws of Florida)]
- Current or former firefighters and the names of spouses and children of current or former firefighters, in addition to the other information noted above effective October 1, 2017.
[SB 1108]
- The exemption for information about the spouses and children of employees whose information is exempt from public records requests is expanded to include correctional and correctional probation officers; personnel of the Department of Children and Families whose duties include the investigation of abuse, neglect, exploitation, fraud, theft or other criminal activities; personnel of the Department of Health whose duties are to support the investigation of child abuse or neglect and personnel of the Department of Revenue or local governments whose responsibilities include revenue collection and enforcement or child support enforcement; current or former justices of the Supreme Court, district court of appeal judges, circuit court judges and county court judges; current or former state attorneys, assistant state attorneys, statewide prosecutors or assistant statewide prosecutors; general magistrates, special magistrates, judges of compensation claims, administrative law judges of the Division of Administrative Hearings and child support enforcement hearing officers; and current or former public defenders, assistant public defenders, criminal conflict and civil regional counsel, and assistant criminal conflict and civil regional counsel effective October 1, 2017.

[HB 7093 (Chapter 2017-066, Laws of Florida)].

If you have questions, call the Division of Retirement's employer line toll free at 877-377-1266 or 850-907-6540 if you are in the Tallahassee local calling area.