

# 2009 Legislative Update

The Florida Legislature completed its 2009 session and passed several bills affecting the Florida Retirement System. All of these bills have been signed into law. The effective date for the following bills is July 1, 2009, unless noted otherwise.

## Chapter 2009-76, Laws of Florida (Senate Bill 1802) (relating to employer contribution rates)

This bill makes no changes to the current employer contribution rates; the current rates will remain in effect through June 30, 2010. The allocation to Investment Plan member accounts will also remain the same (i.e., 9% for Regular Class, 20% for Special Risk Class, etc.). Requires the 2009 FRS Actuarial Valuation to include employer contribution rate scenarios where the Deferred Retirement Option Program (DROP) is funded within each membership class instead of a separate rate based on the salaries of all DROP participants.

## Chapter 2009-209, Laws of Florida (House Bill 479) (miscellaneous retirement changes)

This bill provides the following:

### Termination

After a member has met the termination requirements to receive a benefit (the Investment Plan currently requires 1 or 3 calendar months and the Pension Plan requires 1 month), the member will be required to be off all payrolls with FRS-covered employers for an additional 6 calendar months. The effective date of this change depends on which retirement plan the member is enrolled in, as follows:

- **Investment Plan members** — the 6 calendar month termination requirement is in effect for those members retiring **on or after July 1, 2009**.
- **Pension Plan/DROP members** — the 6 calendar month termination requirement is in effect for those members retiring or terminating DROP **on or after July 1, 2010**.

Note: If a member is reemployed during this termination period, retirement is voided. Members and their employers must repay any benefits received; their FRS membership will then be reinstated. For Investment Plan members only, an alternative to repayment is for the member to terminate employment for an additional period to satisfy the termination requirements.

### Reemployment Limitations

The reemployment limitations are revised, as follows:

- **Investment Plan members:**
  - **From July 1, 2009 – June 30, 2010**, if a retiree is reemployed by an FRS-covered employer within the 6 calendar months after meeting the 6-month termination requirement, the current Investment Plan reemployment exceptions apply, as follows:
    - If the member returns in an excepted position, there is no impact on receiving additional Investment Plan distributions.
    - If the member returns in a non-excepted position, no additional Investment Plan distributions are permitted until the member terminates employment or completes 12 months of retirement.

Note: An employee is eligible for FRS membership in the above scenario providing they were initially reemployed prior to July 1, 2010.

- **On or after July 1, 2010**, if a retiree is reemployed by an FRS-covered employer within the 6 calendar months after meeting the 6 month termination requirement, there are no reemployment exceptions. No additional Investment Plan distributions are permitted until the member terminates employment or completes 12 months of retirement. When 1 year has passed after retirement, a member can receive additional Investment Plan distributions, even if they become reemployed by an FRS-covered employer. However, employees in this instance are not eligible for FRS membership.
- **Pension Plan members:**
  - **On or after July 1, 2010**, if a retiree is reemployed by an FRS-covered employer within the 6 calendar months after meeting the 6 month termination requirement, there are no reemployment exceptions; the member must suspend further monthly Pension Plan benefits for every month they are employed during this period. When 1 year has passed after retirement, a member can receive monthly Pension Plan benefits, even if they become

reemployed by an FRS-covered employer. However, employees in this instance are not eligible for FRS membership.

- **Firefighters or paramedics:**

- Effective July 1, 2009, the reemployment exception for retirees reemployed as firefighters or paramedics is repealed.

**Renewed Membership**

- A retiree<sup>1</sup> who initially returns to FRS-covered employment **prior to July 1, 2010** will remain covered for FRS membership until they retire.
- A retiree<sup>1</sup> who initially returns to FRS-covered employment **on or after July 1, 2010** will not be eligible for FRS membership.
- Employers will be required to pay retirement contributions for any retiree who initially returns to employment **on or after July 1, 2010**. These contributions will include a retirement contribution equal to the unfunded actuarial liability portion of the employer contribution rate required for active FRS members, a PEORP administrative fee, the Retiree Health Insurance Subsidy contribution, and Social Security contributions.

**Interest on DROP Accounts for Elected Officers**

The DROP account will no longer earn interest after DROP participation ends if:

- DROP participation begins on or after July 1, 2010;
- The DROP participant holds an elective office covered by the Elected Officers' Class at the end of DROP; and
- The elected officer chooses to delay termination to the end of the term or successively held term after his/her DROP participation has ended.

**Choosing Elected Officers' Class Coverage for the Officials of Municipalities and Special Districts**

- A 6-month window is provided from July 1, 2009 through December 31, 2009, for current municipalities and special districts to choose whether their elected officers can change their membership class from the Regular Class to the Elected Officers' Class.
- Municipalities and special districts that join the FRS for their elected officials on or after January 1, 2010, can choose to cover their elected officers under the Elected Officers' Class. This decision must be made for this group at the time the agency joins the FRS.

**Miscellaneous and Technical Changes Effective July 1, 2009, include:**

- A number of definitions in s. 121.021, Florida Statutes, were revised or added.
- Any promotional materials or advertisements that refer to the "FRS" or the "Florida Retirement System" must contain a disclaimer that the information is not approved or endorsed by the FRS.
- The following changes were made to the State Community College System Optional Retirement Program, the State University System Optional Retirement Program, and the Senior Management Service Optional Annuity Program:
  - A member who receives a distribution is considered retired from a state-administered retirement program. If the member is subsequently employed by an FRS employer, he will be considered a retiree.
  - A member who receives a mandatory distribution of a de minimis account (\$5,000 or less) will not be considered a retiree.

**Chapter 2009-97, Laws of Florida (Senate Bill 538) (relating to offering one terror-free investment fund)**

This bill requires the FRS Investment Plan to offer at least one terror-free investment fund by March 1, 2010, if the fund is determined by the SBA to be consistent with prudent investor standards. A terror-free fund excludes any companies doing business in Iran or Sudan (under certain conditions).

**Chapter 2009-237, Laws of Florida (House Bill 7051) (relating to public records)**

Effective October 1, 2009, makes the Social Security numbers of FRS Investment Plan members *confidential* and exempt from the public records requirements, raising the standard from just exempt. The bill also extends this exemption to October 2, 2014.

*Additional information on legislation passed during the 2009 session is available [here](#).*

---

<sup>1</sup> Includes retirees of the Pension Plan, Investment Plan, State Community College System Optional Retirement Program, the State University System Optional Retirement Program, and the Senior Management Service Optional Annuity Program.