

Important Notice on 2012 Legislation

The Florida Legislature completed its 2012 session and passed several bills affecting the Florida Retirement System. Additional information on 2012 legislation can be found online in [2012 Legislation](#). The effective date for the following bills is July 1, 2012, unless noted otherwise.

House Bill 5005 (Chapter 2012-146, Laws of Florida) (contribution rates)

Investment Plan Contributions

Changes the amount paid into Investment Plan member's accounts effective July 1, 2012, as shown in Tables 1 and 2 below. **No change was made to the 3% contribution rate paid by employees, or to the employer contribution for Investment Plan disability benefits.** However, the Legislature **reduced** the contributions paid by employers, which results in an overall reduction of **30%** in total contributions paid into Investment Plan member's accounts.

Table 1 Current Investment Plan Contributions

| Membership Class | Paid by Employee | Paid by Employer ¹ | Total to Employee Account |
|--|------------------|-------------------------------|---------------------------|
| Regular Class | 3% | 6.00% | 9.00% |
| Special Risk Class | 3% | 17.00% | 20.00% |
| Special Risk Administrative Support Class | 3% | 8.35% | 11.35% |
| Elected Officers' Class - (Judges) | 3% | 15.90% | 18.90% |
| Elected Officers' Class - (Legislature/Cabinet/Public Defender/State Attorney) | 3% | 10.40% | 13.40% |
| Elected Officers' Class - (County and Local) | 3% | 13.20% | 16.20% |
| Senior Management Service Class | 3% | 7.95% | 10.95% |

Table 2 Investment Plan Contributions Effective July 1, 2012

| Membership Class | Paid by Employee | Paid by Employer ¹ | Total to Employee Account |
|--|------------------|-------------------------------|---------------------------|
| Regular Class | 3% | 3.30% | 6.30% |
| Special Risk Class | 3% | 11.00% | 14.00% |
| Special Risk Administrative Support Class | 3% | 4.95% | 7.95% |
| Elected Officers' Class - (Judges) | 3% | 10.23% | 13.23% |
| Elected Officers' Class - (Legislature/Cabinet/Public Defender/State Attorney) | 3% | 6.38% | 9.38% |
| Elected Officers' Class - (County and Local) | 3% | 8.34% | 11.34% |
| Senior Management Service Class | 3% | 4.67% | 7.67% |

¹Paid by employers via the uniform contribution rates specified in Tables 3 and 4.

Because the reduction in Investment Plan contributions will have an impact on future Investment Plan benefits, Investment Plan members are encouraged to call the MyFRS Financial Guidance Line at

1-866-446-9377, Option 2, and speak with a financial planner who can help them calculate estimated future benefits under the Investment Plan.

FRS Employer Contribution Rates

Changes the employer contribution rates effective July 1, 2012, as shown in Tables 3 and 4 below. Employers make uniform contributions for both Investment Plan and Pension Plan members (i.e., pay the same rate for members under both plans). **No change was made to the 3% contribution rate paid by employees**, the 1.11% Health Insurance Subsidy contribution, or the Investment Plan .03% administrative and educational contribution. The new uniform contribution rates provide for full funding of Pension Plan normal cost benefits, but do not provide full funding for the unfunded actuarial accrued liability, which will result in a continued overall underfunding of the Pension Plan.

Table 3 Current Uniform Contribution Rates

| Membership Class | Paid by Employee | Paid by Employer | | | Total Paid by Employee and Employer |
|--|------------------|------------------|----------------------------|--------------------------|-------------------------------------|
| | Retirement | Retirement | Administrative & Education | Health Insurance Subsidy | |
| Regular Class | 3% | 3.77% | .03% | 1.11% | 7.91% |
| Special Risk Class | 3% | 12.96% | .03% | 1.11% | 17.10% |
| Special Risk Administrative Support Class | 3% | 4.90% | .03% | 1.11% | 9.04% |
| Elected Officers' Class - (Judges) | 3% | 10.55% | .03% | 1.11% | 14.69% |
| Elected Officers' Class - (Legislature/Cabinet/Public Defender/State Attorney) | 3% | 7.90% | .03% | 1.11% | 12.04% |
| Elected Officers' Class - (County and Local) | 3% | 10.00% | .03% | 1.11% | 14.14% |
| Senior Management Service Class | 3% | 5.13% | .03% | 1.11% | 9.27% |
| DROP | 0% | 3.31% | 0% | 1.11% | 4.42% |

Table 4 Uniform Contribution Rates Effective July 1, 2012

| Membership Class | Paid by Employee | Paid by Employer | | | Total Paid by Employee and Employer |
|--|------------------|------------------|----------------------------|--------------------------|-------------------------------------|
| | Retirement | Retirement | Administrative & Education | Health Insurance Subsidy | |
| Regular Class | 3% | 4.04% | .03% | 1.11% | 8.18% |
| Special Risk Class | 3% | 13.76% | .03% | 1.11% | 17.90% |
| Special Risk Administrative Support Class | 3% | 4.77% | .03% | 1.11% | 8.91% |
| Elected Officers' Class - (Judges) | 3% | 10.79% | .03% | 1.11% | 14.93% |
| Elected Officers' Class - (Legislature/Cabinet/Public Defender/State Attorney) | 3% | 7.39% | .03% | 1.11% | 11.53% |
| Elected Officers' Class - (County and Local) | 3% | 9.09% | .03% | 1.11% | 13.23% |
| Senior Management Service Class | 3% | 5.16% | .03% | 1.11% | 9.30% |
| DROP | 0% | 4.33% | 0% | 1.11% | 5.44% |

Optional Programs Contribution Rates

Changes the optional programs employer contribution rates effective July 1, 2012, as shown in Tables 5 and 6 below. **No change was made to the 3% contribution rate paid by employees.**

Table 5 Current Contribution Rates

| Optional Programs ² | Paid by Employee | Paid by Employer | | | Total Paid by Employee and Employer |
|--|------------------|------------------|---------------------|------------------------------|-------------------------------------|
| | Contribution | Contribution | Administrative Cost | Unfunded Actuarial Liability | |
| State University System Optional Retirement Program | 3% | 7.42% | 0.01% | 0.49% | 10.92% |
| Senior Management Service Optional Annuity Program | 3% | 9.49% | 0% | 0.32% | 12.81% |
| State Community College System Optional Retirement Program | 3% | 7.43% | 0% | 0.49% | 10.92% |

Table 6 Contribution Rates Effective July 1, 2012

| Optional Programs ² | Paid by Employee | Paid by Employer | | | Total Paid by Employee and Employer |
|--|------------------|------------------|---------------------|------------------------------|-------------------------------------|
| | Contribution | Contribution | Administrative Cost | Unfunded Actuarial Liability | |
| State University System Optional Retirement Program | 3% | 5.14% | 0.01% | 0.49% | 8.64% |
| Senior Management Service Optional Annuity Program | 3% | 6.27% | 0% | 0.32% | 9.59% |
| State Community College System Optional Retirement Program | 3% | 5.15% | 0% | 0.49% | 8.64% |

²Rates for local annuity programs are not listed since those rates are established by local authority, per s. 121.055(1)(b)2., Florida Statutes.

[House Bill 7079 \(Chapter 2012-222, Laws of Florida\) \(miscellaneous Investment Plan and Pension Plan changes\)](#)

This bill made the following miscellaneous changes:

- Clarifies that the provisions of Part I of the Florida Retirement System Act (Chapter 121, Florida Statutes) are applicable to Parts II and III of the Act.
- Defines normal retirement for Investment Plan members as the later of the date a member reaches normal retirement date under the Pension Plan, or the date the member is vested in the Investment Plan.
- Allows a member of the State University System Optional Retirement Program, Senior Management Service Optional Annuity Program, and State Community College System Optional Retirement Program to receive up to 10% of their account balance one month after termination, if they have reached the Pension Plan's normal retirement provisions.
- Clarifies that members first hired on or after July 1, 2011 may defer joining DROP until age 55 for Special Risk members and age 60 for all other members.

[Senate Bill 1986 \(Chapter 2012-126, Laws of Florida\) \(regularly established position definition\)](#)

The bill provides a new definition of "regularly established position" and "temporary position" for five state water management districts. The new definition provides that a position within a water management district's adopted budget that is compensated from a salaries and benefits appropriation or account will be considered a regularly established position for retirement purposes.

Senate Bill 198 (Chapter 2012-10, Laws of Florida) (increases providers in SUSORP)

This bill increases the number of companies who may offer contracts under the State University System Optional Retirement Program from the current five to six.

House Bill 1417 (Chapter 2012-112, Laws of Florida) (State Board of Administration alternative investments)

This bill increases the amount the State Board of Administration can invest in alternative investments from 10% to 20%. This will permit the SBA to further diversify the FRS portfolio and protect it in times of volatile markets.

House Bill 959 (Chapter 2012-196, Laws of Florida) (State Board of Administration proxy voting/investments in Cuba and Syria)

The bill provides that the SBA will vote against any proxy resolutions advocating expanded U.S. trade with Cuba or Syria.

Additionally, the bill amends section 287.135, F.S., pertaining to purchasing to prohibit any company doing business with Cuba or Syria from bidding on, submitting a proposal for, or entering into or renewing a contract with a state agency or local governmental entity for goods or services of \$1 million or more.

House Bill 629 (Chapter 2012-149, Laws of Florida) (date of birth exemption)

This bill adds the date of birth to the list of exempt information for certain people under section 119.071, F.S., including law enforcement personnel, judges and justices, and the spouses and children of such individuals. The bill is effective October 1, 2012.

House Bill 1089 (Chapter 2012-214, Laws of Florida) (exemption for certain state employees and county tax collectors)

This bill provides a public records exemption for current or former investigators or inspectors with the Department of Business and Professional Regulation covering their home addresses, telephone numbers, and photographs; as well as the names, home addresses, telephone numbers, places of employment, and school or day care facilities for the children and spouses of these employees. The bill also provides a public records exemption for the home addresses and telephone numbers of county tax collectors and the names, home addresses, telephone numbers, places of employment, and school or day care location for the children and spouses of county tax collectors. These exemptions are from the list of exempt information for certain people under section 119.071, F.S. The bill is effective upon becoming law.

If you have any questions on any of this legislation, the FRS encourages you to call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).