

Florida Legislature Approves New FRS Employer Contribution Rates

During the 2023 session, the Florida Legislature passed and the Governor approved **Senate Bill 7024**, which changes the Florida Retirement System's (FRS's) employer contribution rates, effective July 1, 2023.

What's Changing?

- The uniform normal cost and unfunded actuarial liability contribution rates for the FRS.
- The unfunded actuarial liability contribution rates for the FRS that are paid by the employer on the compensation of members in the non-integrated optional programs: State University System Optional Retirement Program (SUSORP), Senior Management Service Optional Annuity Program (SMSOAP), and State Community College System Optional Retirement Program (SCCSORP).
- The employer contribution rates paid into members' Investment Plan accounts will increase by 2% for all membership classes. This change will increase the overall funds Investment Plan members will be able to accumulate in their Investment Plan accounts. These contributions are paid by employers via the uniform contribution rates specified in Table 1 on page 4.
- The Health Insurance Subsidy contribution rate will increase to 2%.

What's Not Changing?

- The required 3% contribution rate paid by employees into any FRS-administered or other state-administered plan.
- The administrative and education assessment.

The uniform employer contribution rates are the same for Investment Plan and Pension Plan members, regardless of membership class. Employer contributions provide funding for the normal cost of benefits for both plans as well as the employers' required contributions for the Pension Plan's unfunded actuarial liability.

The Division of Retirement will soon provide all FRS employers with an Information Release with contribution rate information by reporting plan codes.

To review the new contribution rates, refer to the tables on the following pages.



Legislative Roundup

The Division of Retirement will provide all FRS employers with an additional Information Release about the Special Risk Class, Deferred Retirement Option Program (DROP), Health Insurance Subsidy, and volunteer service changes resulting from additional legislation passed by the Florida Legislature during the 2023 session.

Senate Bill 7024 – In addition to the contribution rate changes on page 1, this bill makes the following retirement changes:

- Amends the normal retirement date for Special Risk Class members initially enrolled on or after July 1, 2011, to be the earlier of 25 years of creditable service, or age 55, effective upon becoming law.
- Revises the Deferred Retirement Option Program (DROP) by:
 - Eliminating the restrictive entry window for eligible members to participate in DROP. It allows entry into DROP at any time after the member reaches their normal retirement date and their vesting requirement is met;
 - Increasing the maximum amount of time eligible members may participate in DROP from 60 to 96 calendar months for all membership classes;
 - Allowing instructional personnel, as defined in s. 1012.01(2)(a)-(d), Florida Statutes, to extend their DROP participation for up to 24 calendar months in addition to the 96 months; and
 - Increasing the interest rate applied to a member's accrued monthly benefit from 1.3% to 4%, effective July 1, 2023.
- Increases the monthly retiree Health Insurance Subsidy from \$5 to \$7.50 for each year of creditable service. The maximum monthly benefit is adjusted from \$150 to \$225 and the minimum monthly benefit is adjusted from \$30 to \$45, effective July 1, 2023.

Continues on next page.



Legislative Roundup — continued

House Bill 1121 — This bill amends the definition of termination in s. 121.021(39), Florida Statutes, for clarity and provides authority for FRS employers to establish a post-employment volunteer program that allows retirees to provide civic, charitable, and humanitarian services during the first 12 calendar months following retirement without causing the retiree to violate the termination requirements. These volunteer programs must meet specified criteria. A definition of “volunteer services” is also created in s. 121.021(65), Florida Statutes. This change is pending approval of the Governor.

Senate Bill 110 (Chapter No. 2023-111, Laws of Florida) — This bill, effective May 24, 2023, makes the following retirement changes:

- Clarifies that the benefits cannot be paid to a member of the Investment Plan who has been charged with or convicted of specific offenses; and
- Permits a waiver of the requirement that a member of the Investment Plan who wishes to designate a non-spouse as their beneficiary receive an acknowledgement of that designation from the spouse.

To keep up with legislation, visit [MyFRS.com](https://www.myfrs.com) and click “**Legislation**” in the “Recent News Articles” box.

EY Is Our Exclusive Financial Planning Partner

The FRS contracts with EY to provide FRS members with free, unbiased financial planning and counseling services. EY does not sell any investment or insurance products. No other financial planners, financial institutions, or firms are affiliated with or endorsed by the Florida Retirement System, by Alight Financial Solutions, or by Alight Solutions, the Investment Plan Administrator.



New Contribution Rates Effective July 1, 2023

Table 1: New Uniform Contribution Rates

Membership Class	Paid by Employee		Paid by Employer										Total Paid by Employee and Employer	
	Retirement		Normal Cost		Unfunded Actuarial Liability		Administrative and Education		Health Insurance Subsidy		Total Paid by Employer		Total Paid by Employee and Employer	
	Current	New	Current	New	Current	New	Current	New	Current	New	Current	New	Current	New
Regular Class	3%	3%	5.96%	6.73%	4.23%	4.78%	0.06%	0.06%	1.66%	2.00%	11.91%	13.57%	14.91%	16.57%
Special Risk Class	3%	3%	16.44%	18.66%	9.67%	11.95%	0.06%	0.06%	1.66%	2.00%	27.83%	32.67%	30.83%	35.67%
Special Risk Administrative Support Class	3%	3%	10.77%	11.54%	26.16%	26.22%	0.06%	0.06%	1.66%	2.00%	38.65%	39.82%	41.65%	42.82%
Elected Officers' Class (Judges)	3%	3%	14.41%	14.90%	27.64%	27.93%	0.06%	0.06%	1.66%	2.00%	43.77%	44.89%	46.77%	47.89%
Elected Officers' Class (Legislature/Cabinet/Public Defender/State Attorney)	3%	3%	9.31%	10.45%	56.76%	50.21%	0.06%	0.06%	1.66%	2.00%	67.79%	62.72%	70.79%	65.72%
Elected Officers' Class (County and Local)	3%	3%	11.30%	12.39%	43.98%	44.23%	0.06%	0.06%	1.66%	2.00%	57.00%	58.68%	60.00%	61.68%
Senior Management Service Class	3%	3%	7.70%	8.56%	22.15%	23.90%	0.06%	0.06%	1.66%	2.00%	31.57%	34.52%	34.57%	37.52%
DROP	0%	0%	7.79%	8.49%	9.15%	10.64%	0%	0%	1.66%	2.00%	18.60%	21.13%	18.60%	21.13%

New Contribution Rates — continued

Table 2: New Optional Program Contribution Rates

Optional Programs ¹	Paid by Employee		Paid by Employer						Total Paid by Employee and Employer	
	Contribution		Contribution		Administrative Cost		FRS Unfunded Actuarial Liability		Total Paid by Employee and Employer	
	Current	New	Current	New	Current	New	Current	New	Current	New
State University System Optional Retirement Program	3%	3%	5.14%	5.14%	0.01%	0.01%	4.23%	4.78%	12.38%	12.93%
Senior Management Service Optional Annuity Program	3%	3%	6.27%	6.27%	0%	0%	22.15%	23.90%	31.42%	33.17%
State Community College System Optional Retirement Program	3%	3%	5.15%	5.15%	0% ²	0% ²	4.23%	4.78%	12.38%	12.93%

¹ Rates for local annuity programs are not listed since those rates are established by local authority.

² Administrative cost is determined by each state college offering this program.

Table 3: New Investment Plan Contribution Rates

Membership Class	Paid by Employee		Paid by Employer ¹		Total to Employee Account	
	Current	New	Current	New	Current	New
Regular Class	3%	3%	6.30%	8.30%	9.30%	11.30%
Special Risk Class	3%	3%	14.00%	16.00%	17.00%	19.00%
Special Risk Administrative Support Class	3%	3%	7.95%	9.95%	10.95%	12.95%
Elected Officers' Class (Judges)	3%	3%	13.23%	15.23%	16.23%	18.23%
Elected Officers' Class (Legislature/Cabinet/Public Defender/State Attorney)	3%	3%	9.38%	11.38%	12.38%	14.38%
Elected Officers' Class (County and Local)	3%	3%	11.34%	13.34%	14.34%	16.34%
Senior Management Service Class	3%	3%	7.67%	9.67%	10.67%	12.67%

¹ Paid by employers via the uniform contribution rates specified in Table 1. Built into the uniform contribution rates is a contribution that funds guaranteed monthly benefits for Investment Plan members who are totally and permanently disabled from all employment.

Monitoring IRS Contribution Limits for Investment Plan Members

In July 2023, the Investment Plan Administrator (Alight Solutions) will send an email notification to Retirement Coordinators and/or Payroll Officers who have Investment Plan members who either:

- Have reached the Internal Revenue Code (IRC), Section 415 contribution limits; or
- Do not have the required information to monitor contribution limits.

IRC Section 415 limits employer and employee contributions to the Investment Plan. The FRS performs testing on a semiannual basis to ensure we are in compliance with these limits. This monitoring is an important part of maintaining the FRS's status as a governmental IRC tax-qualified plan.

A sample of the Section 415 email notification is provided to the right. For additional information, refer to the Frequently Asked Questions on pages 7 and 8.



Sample Section 415 Email Notification

Dear Florida Retirement System (FRS) Retirement Coordinator/Agency Payroll Officer:

Employer and employee contributions to the Investment Plan are limited by the Internal Revenue Code (IRC), Section 415. This information is monitored by the Investment Plan Administrator for your employees enrolled in the Investment Plan based on the information submitted to the Division of Retirement on your agency's monthly retirement reports. This testing is performed on a semiannual basis to ensure compliance with the IRS limits. This monitoring is an important part of maintaining the FRS status as a governmental IRC tax-qualified plan. To properly monitor the contribution limits for Investment Plan members, accurate information must be received.

A review has been performed of your employees enrolled in the Investment Plan, and we have determined that there are employees who have missing, inaccurate, or insufficient information for the 415 Eligible Compensation that is needed to test the 415 federal limits. We are not able to test for exceeding the federal limits. For calendar year 2023 IRC limits, the total contributions to a defined contribution plan(s) is the lesser of \$66,000 or \$73,500 if the member is over age 50, or 100% eligible 415 compensation. You have 141 impacted members. The following is a sample of members that are impacted. To receive the full and more detailed list of the impacted members, please contact the Investment Plan Administrator by calling the toll-free MyFRS Employer Assistance Line at 1-866-377-2121, Option 3.

The below members were reported with missing or insufficient data:

415 Limit - Compensation Missing	415 Limit - Exceeded	Insufficient Data	Birth Year	Full Name
YES	N/A	YES	1961	DOE, JANE
YES	N/A	YES	1985	DOE, JOHN
YES	N/A	YES	1998	SMITH, JANE
YES	N/A	YES	1959	SMITH, JOHN
YES	N/A	YES	1989	DOE, JANE
YES	N/A	YES	1997	SMITH, JOHN
YES	N/A	YES	1969	DOE, JOHN
YES	N/A	YES	1974	SMITH, JANE
YES	N/A	YES	1992	DOE, JANE

Frequently Asked Questions About IRC Section 415

Why did I receive the email notification?

It was determined that there are Investment Plan members employed with your agency who have either met the 415 contribution limits and/or this information is not being reported correctly to the Division of Retirement.

Where on the monthly retirement report should this information be reported?

The 415 Eligible Compensation field immediately follows the Annualized Salary Amount field on the monthly retirement report.

What information should be included in this field?

The total year-to-date 415 eligible compensation the member has received up to the date the retirement report is submitted. This is the total compensation an employee received, not the total employer and employee contributions. This amount will increase each month and is based on calendar year contributions, **not fiscal year**, and will reset in January with the new calendar year. This information should be included for all Investment Plan members, and not just for those listed on the notification email. For example, when you report 415 eligible compensation for a member who has earned \$25,000 in eligible compensation through June 2023, the \$25,000 should be reported on the June 2023 monthly retirement report in the Year-to-Date 415 Eligible Compensation field.

How do I know if I am reporting 415 information on our monthly retirement report?

Review the monthly report you submit to the Division of Retirement to see if 415 information is included in the 415 Eligible Compensation field. Also, make sure the retirement plan codes are updated for members and reported correctly to the Division in a timely fashion.

Continues on next page.



Frequently Asked Questions — continued

What other information is needed to perform 415 testing?

No additional information is needed if you are reporting employees correctly on your monthly retirement report, which includes the resubmittal of Loss of Service Errors (LOSE). It is important that your employees are reported with correct salary information and retirement plan codes. If an Investment Plan member is incorrectly reported with a Pension Plan retirement plan code, that member's 415 eligible compensation information will not be sent to Alight and cannot be monitored, regardless of the data entered in the 415 Eligible Compensation field.

Do these limits also apply to any other eligible employer-sponsored plans in which the member participates outside of the FRS?

Yes. If members are making additional contributions to other employer-sponsored defined contribution accounts, such as 457(b), 403(b), 401(a), and 401(k) accounts, the contributions for these plans should also be reported to the Division of Retirement as part of your regular monthly retirement report so that they can be included in the limit tests.

What is considered 415 Compensation and what amounts should be included when reporting this compensation?

This is a determination that should be made by your agency. You should consult with your tax advisor in reference to Treasury Regulations and what amounts to include in the calculation.

For More Information

For additional information, review these pages in the Division of Retirement's [FRS Pension Plan Employer Handbook](#):

- [Chapter 3](#), pages 3-15 through 3-18
- [Chapter 4](#), pages 4-5 through 4-6

If you have questions about the 415 Eligible Compensation or 415 Contribution Limits, contact the Investment Plan Administrator:

FRS Employer Assistance Line
1-866-377-2121, Option 3



FRS Resources Are Unbiased

All resources used by the MyFRS Financial Guidance Program, including publications, website, workshops, and EY and Alight call centers, are unbiased and do not favor one retirement plan over the other. Both retirement plans have advantages, and our role is to provide new hires and existing members with the information they need to choose the correct plan for themselves. We strictly follow the education directive provided in s. [121.4501\(10\)\(b\)](#), Florida Statutes, which states: "The education component must provide system members with impartial and balanced information about plan choices."

Advise Members to Use Caution Before Granting SDBA Access to Third Parties

Investment Plan members should be very cautious about providing access to their self-directed brokerage account (SDBA) to any investment advisor or other outside party. This access could include SDBA trading authorization, the member's PIN, and/or their MyFRS.com user ID and password. While these types of agreements are allowed, they are made directly between the member and the investment advisor.

If a member does grant access to their SDBA, they are encouraged to:

- Monitor their Investment Plan account closely;
- Review any trades made on their behalf;
- Ensure no unauthorized distributions are made; and
- Be aware of any fees charged by their outside investment advisor.

If a member has any questions, have them call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).



Attend an FRS Employer Training Workshop

FRS employer training workshops are an excellent opportunity for you and your staff to receive an overview of the FRS plans and the various areas, functions, and processes that involve your agency and its employees. View the online [workshop calendar](#) for a list of in-person and Zoom workshops being offered.

Upcoming Workshops

Pension Plan

8:30 to 11:30 a.m. ET

August 1, 2023

November 8, 2023

Investment Plan

1:00 to 4:00 p.m. ET

August 1, 2023

November 8, 2023



To register:

By phone (in-person or Zoom):

1-866-377-2121, Option 1

Be ready to provide your name, your contact information, the date and time of the workshop you want to attend, and the number of people from your agency who will be attending.

Online (Zoom only):

- Go to the [workshop calendar](#).
- Locate the employer workshop you want to attend via Zoom, then register.
- You will receive a confirmation email after registration and a reminder email the day before the webinar.

You must register separately for each workshop you wish to attend.

Free Financial Planning Workshops for Employees

The following live webinars are free and unlimited for FRS members. To schedule an in-person workshop or live webinar for your FRS employees, please reach out to Angela Ko by email at Angela.Ko@ey.com or by telephone at 201-872-0176.

July 6	Taking Control of Your Finances (60 minutes)	10:00 a.m. to noon
July 6	Investment Planning	1:00 to 3:00 p.m.
July 7	Education Planning	10:00 a.m. to noon
July 7	Understanding the FRS Investment Plan	1:00 to 3:00 p.m.
October 2	Social Security and Your Retirement	10:00 a.m. to noon
October 2	Understanding Your Benefits under the FRS Pension Plan	1:00 to 3:00 p.m.
October 3	Nearing Retirement in the FRS	10:00 a.m. to noon
October 3	Group Health Insurance (state employees only)	1:00 to 3:00 p.m.
ALL TIMES ARE ET		

To register:

By phone (in-person or Zoom):
1-866-446-9377, Option 2

Online (Zoom only):

- Go to the [workshop calendar](#).
- Locate the employee workshop you want to attend via Zoom, then register.
- You will receive a confirmation email after registration and a reminder email the day before the webinar.

You must register separately for each workshop you wish to attend.



Upcoming 1st Election Deadlines

Making an active retirement plan choice by the election deadline is the best way for members to ensure they participate in their preferred plan. Members should be encouraged to make an active election even if their preferred plan is the default.

Receiving a new hire kit and election reminder means the member is in their retirement plan choice period and must make an active election or they will be defaulted into the Investment Plan (or Pension Plan, if they are in the Special Risk Class).

Deadline dates and times apply to all members, no matter how they submit their retirement plan choice. To confirm a new hire’s deadline, call the FRS Employer Assistance Line at 1-866-377-2121, Option 3, or refer to the member’s benefit comparison statement.

What Happens If a Member Misses the Deadline?

A member whose retirement plan choice is not received by their 1st Election deadline will be enrolled in the default plan based on their membership class, as shown at right.

What About Members with Prior Pension Plan Service?

The plan defaults shown at right apply to any members who did not submit a retirement plan choice prior to January 1, 2018 or did not have a plan choice period – even if they were previously enrolled in the FRS. Here’s an example:

- **April 1, 1999** – The member initially enrolls in the FRS. (At that time, the Pension Plan was the only retirement program available, so no retirement plan choice was made.)
- **May 2001** – The member terminates employment.
- **February 1, 2023** – The member returns to work. (The enrollment deadline based on the member’s month of hire is October 31, 2023, by 4:00 p.m. ET.)
- **October 31, 2023** – No election is received for this member.
- **November 1, 2023** – The member will be enrolled in the default plan based on their membership class. If enrolled in the Investment Plan, the member’s prior Pension Plan service will be transferred to the Investment Plan as an opening account balance, which is subject to the Pension Plan’s vesting provisions.

Plan Default¹

Membership Class	Plan Default
Special Risk Class	Pension Plan
All classes (except Special Risk Class)	Investment Plan

1st Election Deadlines

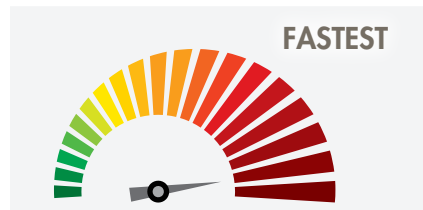
Month of Hire	Enrollment Deadline ²
October 2022	June 30, 2023
November 2022	July 31, 2023
December 2022	August 31, 2023
January 2023	September 29, 2023
February 2023	October 31, 2023
March 2023	November 30, 2023
April 2023	December 29, 2023
May 2023	January 31, 2024
June 2023	February 29, 2024
July 2023	March 29, 2024
August 2023	April 30, 2024
September 2023	May 31, 2024

¹ Applies to members initially enrolled in the FRS on or after January 1, 2018.

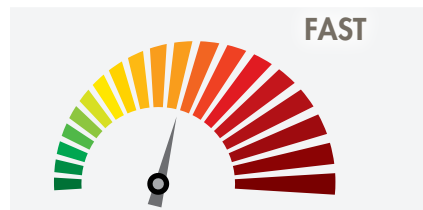
² By 4:00 p.m. ET.

ChooseMyFRSplan.com Is the Fastest Way to Submit a Retirement Plan Choice

Here are some additional options from next fastest to slowest:



Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711).
This is a good option if the employee has questions.

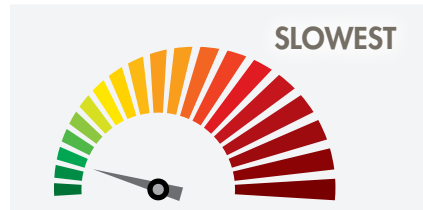


Submit the [online EZ Retirement Plan Enrollment Form](#).



Submit the hard copy form available on [MyFRS.com](#):

By Fax: 1-888-310-5559



By Mail:
Plan Choice Administrator
P.O. Box 785027
Orlando, FL 32878-5027

Help Keep Your Co-Workers Informed

If you know a co-worker who should receive this newsletter, send an email to walter.kelleher@sbafla.com with the co-worker's name, title, agency name, and email address.



Help Keep Members' Names and Addresses Current

Encourage your active, inactive and retired FRS members to keep their contact information current so they don't miss any important information from you or the FRS.

Investment Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly retirement report.

Inactive or Retired

See the online FAQ **"How can I change my name or mailing address if retired or terminated from the Investment Plan?"**

Pension Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly retirement report.

Inactive (Not Currently Employed)

Address Change – Call the DMS, Division of Retirement.

Retired and Receiving a Benefit

Address Change – The retiree can log in to their FRS Online account at frs.fl.gov to update their address. If you have questions, call the DMS, Division of Retirement.

Name Change – The member must **mail or fax** a signed letter to the DMS, Division of Retirement. The letter must be accompanied by a copy of the court order, marriage certificate, or valid driver license reflecting the member's new name.

How to Reach the DMS, Division of Retirement



Department of Management
Services, Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000



850-410-2010



1-844-377-1888 (toll-free)
or 850-907-6500



Resources

FRS Employer Assistance Line

1-866-377-2121 (toll-free)

EY and Alight Solutions representatives are available from 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays.

DMS, Division of Retirement, staff are available from 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.

MyFRS.com Resources

- [Recent News Articles](#) — Keep up with the latest legislation and more
- [Contribution Rates](#) — See “Retirement and Health Insurance Subsidy (HIS) Contribution Rates”
- [Employer Forms](#) and [General Forms](#) — Current forms available to print on demand
- [Employer Handbooks](#) — Technical guides for retirement coordinators, payroll staff, and others who have FRS responsibilities
- [FAQs](#) — Frequently asked questions and glossary
- [Helpful Links/Websites](#) — Links to agencies, departments, and other resources
- [Laws and Rules](#) — Florida Statutes and Administrative Code governing the FRS
- [Order Materials](#) — Online catalog of printed materials that you can order free of charge
- [Public Records](#) — State Board of Administration and DMS, Division of Retirement, Public Records Policy
- [Publications](#) — All available online publications
- [Request for Intervention/Final Orders](#) — Interventions may include unresolved customer service complaints, and allegations of misconduct or misrepresentation
- [Videos](#) — New hire, educational, and training videos

Are You Using Outdated FRS Forms?

FRS forms are routinely updated throughout the year. To use up-to-date forms and save paper, go to the [Forms section on MyFRS.com](#) to download and print the forms as you need them.

