



Watching Our Legislators

Retirement Issues The 2010 legislative Session Alert! Alert! Alert!

Though we have fought off several issues that affect both the Florida retirement system and all local law pension programs, it is important to note that the legislature has decided to split the baby and we now have The House Of Representatives attacking the health insurance subsidy for all retirees past and present, and the Florida Senate has a bill that is going to require all employees to pay into their retirement.

House Bill 1501 will be heard in the House of Representatives on Wednesday March 31st, 2010.

Senate Bill 2022 will be heard on the Senate floor on Wednesday March 31st, 2010.

House Bill 5701 does the following:

Health Insurance Subsidies

Effective July 1, 2010, the bill reduces employer HIS contribution rates to zero, thereby terminating employer contributions. In addition, eligibility to participate in the HIS is closed to retirees that do not establish eligibility prior to July 1, 2010. The State Board of Administration projects that there will be sufficient cash in the fund to continue paying full benefits to eligible retirees through December 31, 2010, leaving a reasonable operating cushion. At that point, the bill terminates HIS payments for all recipients.

The projected annual fiscal impact to the state is a savings of approximately \$196.7 million in General Revenue and \$26.7 million in trust funds. The projected fiscal impact to counties, municipalities and other participants is a savings of approximately \$111.4 million.

Senate Bill 2022 does the following:

The Florida Retirement System

Employees will make contributions to the Florida Retirement System beginning January 1, 2011.

Clarifies that only at the time of joining the FRS, newly participating employers have the option to provide benefits based on past service. This section also clarifies that any employer-paid employee contributions are subject to federal FICA taxes.

States that the calculation for determining the contributions necessary for upgrading prior special risk service includes employee contributions.

Refunds of employee contributions do not include any interest earnings, and employer contributions are not refundable.

If a defined benefit program member receives an invalid refund, the member must repay the full amount of the invalid refund plus interest.

The employers are permitted to deduct the employee contributions from the employee's monthly gross salary on a pretax basis.

Employee contributions are set at 0.25% of gross salary beginning January 1, 2011.

The employer contributions are set to meet the blended normal costs of the FRS (the defined benefit and defined contribution plans combined). The contribution rates for the unfunded actuarial liability are set at 0% for FY 2010-2011 and at the blended UAL rate beginning July 1, 2011.

Reduce, for a four year period, the employer contribution paid to the State Board of Administration for administrative and educational expenses from 0.05% of payroll to 0.03% of payroll. Effective July 1, 2014, the contribution rate will increase to 0.04% of payroll.

It is vital that you contact as many legislators as you can, so that your voice is heard.

There will be a list of leadership members below, we need everyone to send an e-mail 1 to that list of members.

Senate President Jeff Atwater atwater.jeff.web@flsenate.gov

Senator Mike Haridopolos haridopolos.mike.web@flsenate.gov

Senator JD Alexander alexander.jd.web@flsenate.gov

Speaker of the House Larry Cretul larry.cretul@myfloridahouse.gov

Representative Dean Cannon dean.cannon@myfloridahouse.gov

Representative Will Weatherford will.weatherford@myfloridahouse.gov