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MEMORANDUM HR08-2023

To: Agency Administrators
 From: Andy Snuggs, Director of Human Resources
 Subject: SB 7024 – Retirement changes
 Date: June 7, 2023

Senate Bill 7024, Retirement, was signed by the Governor on Monday, June 5th. The provisions in this legislation are effective immediately, with the exception of certain aspects which will take effect July 1, 2023.

Summary:

- Increases the allowable DROP participation period from five to eight years.
 - This includes employees currently in DROP with an end-date of June 2023 or later.
- Increases the interest applied to a participant's DROP accumulation from 1.3% annually to 4% annually (compounded monthly), effective July 1, 2023.
 - This includes employees currently in DROP.
- All employees who have met the normal retirement requirements may elect to enroll at any time after meeting these requirements.
 - This includes employees who may have missed their original DROP enrollment window.
 - The one-year DROP enrollment window upon reaching normal retirement is eliminated, as is deferral of DROP entry when employees attained the required years of service before a specified age (most often, 30 years of service before age 57).
- Restores the pre-2011 normal retirement requirements for Special Risk members.
 - Special Risk employees who initially enrolled in the FRS after July 1, 2011 (Tier 2) would be eligible to begin DROP five years earlier, as long as their eight-year vesting requirement is met.
- Increases the monthly Health Insurance Subsidy paid to retirees from \$5 to \$7.50 for each year of service. The maximum benefit is adjusted from \$150 to \$225 per month and the minimum benefit is adjusted from \$30 to \$45 per month.

- It is our understanding at this time that an increased HIS benefit will be paid to all active retirees as of July 1, 2023 and future retirees thereafter, provided the Legislature’s continued annual approval and funding.
- Increases employer-funded allocations to an employee’s Investment Plan account by 2% for each membership class.

Membership Class	Percentage of Gross Compensation
Elected Officers Class	14.38%
Regular Class	11.30%
Senior Management Services Class	12.67%
Special Risk	19%

We are in contact with staff of the Division of Retirement regarding the interpretation and procedural implementation of SB 7024. As of now, we have been told that the Division is working toward the approval of revised forms to be used by DROP participants to elect continued participation for up to an additional 3 years. Specifically, forms DP-ELE, Notice of Election to Participate in DROP and Resignation of Employment, and DP-11, Application for Service Retirement and the DROP, are being revised for this purpose.

Like all FRS employers, we anxiously await the official information release from the Division, and will disseminate all publications immediately after receipt. With that said, we understand that several of your employees are asking many questions, and that some calls they have made to FRS have not provided the answers sought. Therefore, JAC Retirement Coordinators will begin to accept questions from you and your employees as they arise. We will answer what we can at this time and maintain a pending list of questions than cannot be answered immediately, and will respond those questions as soon as feasible.

We will keep you posted on any new developments.

If you have questions, please send those to the Retirement.Coordinator@justiceadmin.org email group.

Thank you.