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MEMORANDUM #010---13HR

TO: Agency Administrators

FROM: Carolyn Horwich, J.D., Director of Human Resources

THROUGH: Rip Colvin, Executive Director

SUBJECT: Retirement Contribution Rates – 2013-2014

DATE: May 20, 2013

Governor Rick Scott approved Senate Bill 1810 today regarding the Florida Retirement System. The Florida Department of Management Services, Division of Retirement, has released the attached Information Release, #2013-165, regarding the contribution rates for the 2013-2014 Fiscal Year. Please read the Information Release carefully as it likely will answer any questions you may have.

If you have any questions, or need additional information, please contact Jennifer Henderson at retirementcoordinator@justiceadmin.org or 850-488-2415, ext. 265.



DEPARTMENT OF MANAGEMENT
SERVICES

RICK SCOTT
Governor

CRAIG J. NICHOLS
Secretary

**DIVISION OF RETIREMENT
INFORMATION RELEASE**

Release # 2013-165

May 15, 2013

TO: All FRS Agency Heads and Retirement Coordinators
FROM: Dan Drake
State Retirement Director
SUBJECT: Retirement Contribution Rates for 2013-2014

It is very important that this information release is immediately distributed to the appropriate staff within your agency.

The 2013 Florida Legislature enacted Senate Bill 1810, Enrolled, that established the Florida Retirement System (FRS) employer contribution rates for the 2013-2014 plan year. The new rates should be reflected on your first payroll dated on or after July 1, 2013. This bill was presented to Governor Scott on May 10, 2013; he has until May 25, 2013, to act on the bill. You will be notified if this bill does not become law.

The uniform contribution rate system is continued. Participating employers make uniform contributions by membership class to support both the FRS Pension Plan and Investment Plan. Employers contribute a percentage of the total payroll for each class or subclass of FRS membership based upon the uniform or "blended" rates, regardless of the retirement plan chosen by your employees. Therefore, your agency pays the same contribution rates by membership class or subclass for members under both plans.

The unfunded actuarial liability (UAL) rates effective July 1, 2013, are increased based on the 2012 actuarial valuation and uniform blended rates recommended by the consulting actuary. This is the first year the legislature has required employers to pay the full UAL contribution recommended by the actuary for all membership classes and DROP participants. For the past two fiscal years, the legislature required only a portion of the UAL rate recommended by the actuary to be paid for all membership class and excluded DROP participants.

The required employee contribution rate remains at 3 percent. The Health Insurance Subsidy contribution rate increases from 1.11 percent to 1.20 percent, and the fee assessed for administering the FRS Investment Plan and the MyFRS Financial Guidance Program remains at 0.03 percent. The maximum salary that may be reported for your FRS members and other state-administered retirement system members for fiscal year 2013-14 is \$382,900 if they were initially enrolled before July 1, 1996, or \$255,000 if they were initially enrolled on or after July 1, 1996.

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The total employer contribution rates for the State University System Optional Retirement Program, the State Community College Optional Retirement Program, and the State Senior Management Service Optional Annuity Program will increase effective July 1, 2013, due to the increase in the required UAL contributions. The total employer contribution rates are provided in the attached separate charts.

FOR RETIREMENT COORDINATORS: The last page includes the schedule of due dates for your monthly payroll reports for the next plan year. Revised chapters of the *FRS Employer Handbook* will be posted outlining changes on the "Employers" page of the division's website at www.frs.MyFlorida.com. If you have questions about contributions or completing the payroll report, call the Contributions Section of the Bureau of Enrollment and Contributions toll-free at (877) 377-1266 or (850) 488-6011 in the Tallahassee local calling area, or e-mail contributions@dms.MyFlorida.com.

DD/gg

Attachments

CONTRIBUTION RATES EFFECTIVE JULY 1, 2013

Employer contribution rates are set by law. Rates below include the appropriate retirement contribution rate, 1.20 percent HIS contribution rate, 0.03 percent administrative/educational fee, and any applicable UAL rates¹.

FRS Membership Plan & Class (Rates below apply to FRS members who are in either the FRS Pension Plan or the FRS Investment Plan)	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
HA/PA – Regular Class	3.00%	6.95%	9.95%
HB/PB – Special Risk Class	3.00%	19.06%	22.06%
HC/PC – Judges – Elected Officers’ Class (EOC)	3.00%	28.28%	31.28%
HE/PE – Legislators - EOC	3.00%	32.60%	35.60%
HG/PG – Gov./Lt. Gov. & Cabinet - EOC	3.00%	32.60%	35.60%
HH/PH – State Atty./Public Defender - EOC	3.00%	32.60%	35.60%
HI/PI – County, City, Special District Elected Officers - EOC	3.00%	33.03%	36.03%
HJ/PJ – Special Risk Administrative Support Class	3.00%	35.96%	38.96%
HM/PM – Senior Management Service Class (SMSC)	3.00%	18.31%	21.31%

Renewed Membership Plan & Class² (Rates below apply to renewed members in either the FRS Pension Plan or the FRS Investment Plan, including renewed members in the EOC & SMSC, as well as renewed EOC members who chose to join SMSC)	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
RA/QA – Regular	3.00%	6.95%	9.95%
RC/QC – Judges	3.00%	28.28%	31.28%
RE/QE – Legislators	3.00%	32.60%	35.60%
RG/QG – Gov./Lt. Gov. & Cabinet	3.00%	32.60%	35.60%
RH/QH – State Atty./ Public Defender	3.00%	32.60%	35.60%
RI/QI – County, City, Sp. Dist. Elect. Officers	3.00%	33.03%	36.03%
RM/QM – Senior Management (SMSC)	3.00%	18.31%	21.31%
RP/QP – <i>SMSC in lieu of EOC:</i>			
Judges	3.00%	18.31%	21.31%
Legislators	3.00%	18.31%	21.31%
Gov./Lt. Gov. & Cabinet	3.00%	18.31%	21.31%
State Atty./Public Defender	3.00%	18.31%	21.31%
RQ/QQ – <i>SMSC in lieu of EOC:</i>			
County, City, Sp. Dist. Elect. Officers	3.00%	18.31%	21.31%

Institute for Food and Agricultural Science (IFAS) Supplemental Retirement Plan³	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
HK – IFAS Supplemental	0.00%	18.75%	18.75%

¹ See the rate chart on Page 4 for a complete breakdown of the UAL contribution rates by membership class.

² See chart at the top of Page 4 of this attachment for rates for retirees initially reemployed on or after July 1, 2011, who are not eligible for retirement coverage.

³ IFAS is a closed, grandfathered retirement system and the rates for F Y 2013-14 did not change; the 1.20 percent HIS rate, the 0.03 percent administrative/educational fee, and UAL rates do not apply to members in IFAS.

CONTRIBUTION RATES EFFECTIVE JULY 1, 2013

Employer contribution rates are set by law. Rates below include the appropriate retirement contribution rate, 1.20 percent HIS contribution rate, 0.03 percent administrative/educational fee, and any applicable UAL rates⁴.

Teachers' Retirement System (TRS)⁵	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
IA – TRS Plan A	Individual Rates	Individual Rates	Individual Rates
IB – TRS Plan B	"	"	"
IC – TRS Plan C	"	"	"
ID – TRS Plan D	"	"	"
IE – TRS Plan E	6.25%	11.44%	17.69%
IF – TRS Plan E (plus Social Security)	6.25%	11.44%	17.69%

State and County Officers and Employees' Retirement System (SCOERS)⁵	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
AA – Division A	6.00%	11.19%	17.19%
AB – Division A, High Hazard	8.50%	11.19%	19.69%
AD – Division B	4.00%	9.19%	13.19%
AE – Division B	4.00%	9.19%	13.19%
AF – Division B	4.00%	9.19%	13.19%
FK – Division A (plus Social Security)	6.00%	11.19%	17.19%

EOC Members Who Chose to Join SMSC	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
HP/PP – Judges	3.00%	18.31%	21.31%
Legislators	3.00%	18.31%	21.31%
Gov./Lt. Gov. & Cabinet	3.00%	18.31%	21.31%
State Atty./Public Defender	3.00%	18.31%	21.31%
HQ/PQ – County, City, Sp. Dist. Elected Officers	3.00%	18.31%	21.31%

Deferred Retirement Option Program (DROP)	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate⁶
DP – DROP from FRS	N/A	12.84%	12.84%
DR – DROP from Plan A, SCOERS	N/A	12.84%	12.84%
DS – DROP from Plan B, SCOERS	N/A	12.84%	12.84%
DT – DROP from TRS, all plans	N/A	12.84%	12.84%
DE, DF, DG, DH – DROP terminated in EOC	N/A	8.21% ⁶	8.21% ⁶

⁴ See the rate chart on Page 4 for a complete breakdown of the UAL rates by membership class.

⁵ TRS and SCOERS are closed, grandfathered retirement systems; the 0.03 percent administrative/educational fee and UAL rates do not apply to the salaries of members in TRS or SCOERS.

⁶ The DROP rate includes the 1.20 percent HIS rate and any applicable UAL rates, but the 0.03 percent administrative/educational fee does not apply to DROP participants. Prior to plan year 2013-14, the UAL contribution rate was not required on the salaries of DROP participants.

CONTRIBUTION RATES EFFECTIVE JULY 1, 2013

Rates for optional programs listed below include an amount provided to program participants in lieu of the health insurance subsidy and may include an administrative charge, as indicated. The 0.03 percent administrative/educational fee does not apply to participants of these plans.

Non-Integrated Optional Programs	Employee Contribution Rate	Employer Contribution Rate	Admin. Cost	UAL	Total Contribution Rate
HO – Local Annuity Programs	---- ⁷	---- ⁷	---- ⁷	N/A	---- ⁷
OP – SUS Optional Retirement Program	3.00%	5.14%	0.01%	2.19%	10.34%
OM – SMS Optional Annuity Program	3.00%	6.27%	N/A	12.27%	21.54%
OC – State College System Optional Retirement Program	3.00%	5.15%	---- ⁸	2.19%	10.34%

EOC Members Opting out of the SMSC into the SMSOAP or Local Annuity	Employee Contribution Rate	Employer Contribution Rate	Admin. Cost	UAL	Total Contribution Rate
OM – Judges	3.00%	6.27%	N/A	12.27%	21.54%
Legislators	3.00%	6.27%	N/A	12.27%	21.54%
Gov./Lt. Gov. & Cabinet	3.00%	6.27%	N/A	12.27%	21.54%
State Atty./Public Defender	3.00%	6.27%	N/A	12.27%	21.54%
HO – County, City, Sp. Dist. Elected Officers	---- ⁷	---- ⁷	---- ⁷	N/A	---- ⁷

Renewed Membership Optional Programs	Employee Contribution Rate	Employer Contribution Rate	Admin. Cost	UAL	Total Contribution Rate
OR – State Senior Managers	3.00%	6.27%	N/A	12.27%	21.54%
OZ – Local Senior Managers	---- ⁷	---- ⁷	---- ⁷	N/A	---- ⁷
OS – SUS Optional Retirement Program	3.00%	5.14%	0.01%	2.19%	10.34%
OD – State College System	3.00%	5.15%	---- ⁸	2.19%	10.34%

Renewed EOC Members Opting out of the SMSC into the SMSOAP or a Local Annuity	Employee Contribution Rate	Employer Contribution Rate	Admin. Cost	UAL	Total Contribution Rate
OR – Judges	3.00%	6.27%	N/A	12.27%	21.54%
Legislators	3.00%	6.27%	N/A	12.27%	21.54%
Gov./Lt. Gov. & Cabinet	3.00%	6.27%	N/A	12.27%	21.54%
State Atty./Public Defender	3.00%	6.27%	N/A	12.27%	21.54%
OQ – County, City, Sp. Dist. Elected Officers	---- ⁷	---- ⁷	---- ⁷	N/A	---- ⁷

⁷ This contribution rate is established by local authority [see section 121 055 (1)(b)2 , Florida Statutes].

⁸ Colleges choosing to charge an administrative fee must reduce the employer contribution by the amount of the fee.

CONTRIBUTION RATES EFFECTIVE JULY 1, 2013

Rates listed below include the 1.20 percent HIS contribution rate and any applicable UAL rates⁹

Retirees Initially Reemployed On or After July 1, 2010, Who Are Not Eligible For Retirement Coverage
(Rates below apply to salaries of retirees based on the membership class that the position is covered by even though the individual is not eligible to participate in a state-administered retirement plan.)

Total Employer Contribution

UA – Regular Class	3.39%	UG – Gov./Lt. Gov. & Cabinet – EOC	26.05%
UB – Special Risk Class	8.03%	UH – State Atty./Public Defender – EOC	26.05%
UC – Judges – EOC	18.20%	UI – County, City, Sp. Dist. Elected Officers	24.56%
UE – Legislators – EOC	26.05%	UM – Senior Management Service Class	13.47%

Unfunded Actuarial Liability (UAL) Contribution By FRS Membership Class (Rates below apply to FRS members who are in the FRS Pension Plan, the FRS Investment Plan, or the non-integrated defined contribution plans) for FY 2013-14.	UAL Rate	FRS Investment Plan Allocations to the Member's Account On or After July 1, 2012 (Total employer and employee contribution rates below apply to salaries of investment plan members based on the membership class for that position. The contribution rates do not include the employer funded disability rates.)	Employee and Employer Contribution to Member Account
Regular Class ¹⁰	2.19%	Regular Class	6.30%
Special Risk Class	6.83%	Special Risk Class	14.00%
Judges - EOC	17.00%	Special Risk Administrative Support Class	7.95%
Legislators - EOC	24.85%	Senior Management Service Class	7.67%
Gov./Lt. Gov. & Cabinet - EOC	24.85%	Elected Officers' Class	
State Atty./Public Defender - EOC	24.85%	Judges	13.23%
County, City, Sp. Dist. Elected Officers - EOC	23.36%	Legislators, Governor, Lt. Gov., Cabinet	9.38%
Special Risk Administrative Support Class	30.56%	State Attorney, Public Defender	9.38%
Senior Management Service Class ¹¹	12.27%	County, City, Sp. Dist. Elected Officers	11.34%
DROP ¹²	7.01%		

DATES CONTRIBUTIONS AND REPORTS ARE DUE*

Report Month	Date Due	Report Month	Date Due
June 2013	July 8	January 2014	February 7
July 2013	August 7	February 2014	March 7
August 2013	September 9	March 2014	April 7
September 2013	October 7	April 2014	May 7
October 2013	November 7	May 2014	June 6
November 2013	December 6	June 2014	July 8
December 2013	January 8		

* Contribution payments made using the Department of Revenue's Electronic Tax Payment System must be initiated no later than 5 p.m., E.S.T., on the fourth business day of each month for the Division to receive them by the fifth business day of each month.

⁹ See the rate chart on this page for a complete breakdown of the UAL rates by membership class.

¹⁰ Also applies to the State University System Optional Retirement Program and the State Community College System Optional Retirement Program.

¹¹ Also applies to the Senior Management Service Optional Annuity Program.

¹² Prior to FY 2013-14 the UAL contribution rate was not required on the salaries of DROP participants.