



DISTRICT SCHOOL BOARD OF PASCO COUNTY

Kurt S. Browning, Superintendent of Schools

I know many District School Board of Pasco employees have questions about the proposal to change the Florida Retirement System. Below is a summary of the proposed changes, followed by some questions and answers. I hope this is helpful.

Senate Bill 1392-Florida Retirement System by Senator Wilton Simpson

The Senate bill makes four changes, effective July 1, 2014:

- 1) All newly hired employees in the Regular and Special Risk Classes who have never previously participated in the state retirement system continue to have a choice between the pension plan and the investment plan. If the new member fails to make an active election, the member will default into the Investment Plan.
- 2) All newly elected officials and newly hired employees within the Senior Management Service Class who have never previously participated in the FRS will be required to enroll in the investment plan.
- 3) The vesting period for the pension plan will be increased from eight years to ten years for members initially enrolling on or after July 1, 2014. The vesting period for the investment plan will remain one year.
- 4) Beginning July 1, 2014, all employees participating in the investment plan will contribute 2% of their salary towards retirement. Employees participating in the pension plan will continue to contribute 3%.

Questions & Answers About SB 1392



Question: Does this bill change anything for existing FRS members?

Answer: No.

Question: Does this bill change anything for newly hired rank-and-file employees, such as teachers and other regular class employees?

Answer: Employees who have never previously participated in the Florida Retirement System will continue to have a choice between the pension plan and the investment plan. The vesting period for the pension plan will be increased from 8 years to 10 years. Also, if the employee does not choose which plan to be in within the first six months of employment, they will be placed in the investment plan.

Question: Does this bill take away a rank-and-file employee's ability to make a 2nd election (or 2nd choice) about what plan to participate in?

Answer: No. This bill continues to allow the 2nd election as it is in current law.

Question: Will this bill provide any incentive for choosing the investment plan?

Answer: Yes. All employees currently participating in the investment plan and any who choose to do so in the future will contribute 2% towards their retirement, with the employer contributing an additional 1%. Employees in the pension plan will continue to contribute 3%.

Question: Will any employee be forced into the investment plan?

Answer: Newly hired elected officers (legislators, judges, etc.) and Senior Management Service employees who are hired after the bill takes effect will only be able to select the investment plan. All other employees will still have the option to choose between the two plans.

Question: Will this bill affect current FRS retirees?

Answer: No.