

# Side-by-side state retirement proposals

Changes are coming to the Florida Retirement System. There are 655,367 active members in the public plan, all with 100-percent paid contributions. None of the plans will change earned benefits of current participants or the benefits of the 304,337 retirees.

Proposals from Gov. Rick Scott, the Senate and House make changes going forward that will affect the paychecks of teachers, state employees, county workers and others covered by FRS and will significantly change the options for hires after July 1.

For taxpayers, it's a big deal that costs governments \$3.7 billion a year. Scott's and the House proposal would save more than \$1 billion.

## Here's what's on the table now:

	CURRENT	GOV. SCOTT	HOUSE	SENATE
<b>PLANS</b>	Choice of defined-benefit pension plan, which are traditional pensions that pay a percentage of pay for life after retirement, or defined-contribution plans, which are similar to 401(k) plans. Eighty-five percent of FRS participants are in the first option.	Investment plan only for new hires. The investment plan allows beneficiaries to direct investments and take them with them when they leave employment before retirement.	Unchanged from current	Closes pension plan to all new employees except Special Risk
<b>CONTRIBUTIONS</b>	Fully paid by employer	<b>Employees pay 5% of salary</b> How much government will pay depends on a whole host of factors, including the employee's class. Rank-and-file employees, for example, (like school teachers) this year have 9.63 percent of their salaries paid by their employers. School districts would this year pay 4.63 percent and the teacher would pay 5 percent.	<b>Employees pay 3% of salary</b> Law enforcement officers, for example, this year 22.21 percent of their salaries contributed by government. Deputies would pay 3 percent and sheriff's offices would pay 19.21 percent.	<b>Employees pay 3%</b> with same scenario for government contributions as House.
<b>ACCURAL RATES</b> Accrual rates dictate the percentage of average salary that is collected at retirement.	<b>CLASSES</b> • Regular: 1.6 to 1.68% • Senior Management: 2% <b>Elected Officials</b> • Judges: 3.33% • All others: 3%  • Special Risk Support: 1.6 to 1.68% • Special Risk: 3%	<b>CLASSES</b> • Special Risk: 2% A special-risk employee who works for 20 years, for example, would get 60 percent of his or her average highest five years of pay (20 years times 3 percent). • All others: 1.6%	Unchanged from current. • A teacher, for example, who works for 20 years would get 32 percent of average pay (20 years times 1.6 percent).	Unchanged from current. • A teacher, for example, who works for 20 years would get 32 percent of average pay (20 years times 1.6 percent).
<b>RETIREMENT AGE</b>	• 62 years old or 30 years of service • Special Risk: 55 years old or 25 years of service	Unchanged from current	• 65 years old or 33 years of service • Special Risk: 60 years old or 30 years of service for enrollees after July 1	Raises Special Risk retirement age to 62 years old or 30 years of service
<b>DEFERRED RETIREMENT OPTION PROGRAM</b>	DROP allows employees to retire and keep working for up to five years. Benefits accumulate at 6.5 percent interest and are paid in a lump sum	DROP closed to new participants after July 1	DROP closed to new participants after July 1	DROP closed to new participants after July 1
<b>RETIREE HEALTH INSURANCE SUBSIDY</b>	Retirees each month get \$5 for each year of service up to a maximum \$150	Current retirees retain benefit. Current participants maintain earned benefit with no additional benefit offered after July 1.	Unchanged from current	Unchanged from current
<b>COST OF LIVING ADJUSTMENT</b>	After retirement, the benefit automatically increases 3 percent a year, no matter the rate of inflation.	Eliminated on benefits earned after July 1	Unchanged from current	Eliminated on benefits earned after July 1
<b>HEALTH INSURANCE SUBSIDY</b>	\$5 a month for each year of service up to maximum \$150	No additional credits earned after July 1	Unchanged from current	Unchanged from current
<b>PROJECTED 2011-12 TAXPAYER COST/SAVINGS</b>	<b>PROJECTED COST</b>	<b>PROJECTED SAVINGS</b>	<b>PROJECTED SAVINGS</b>	<b>PROJECTED SAVINGS</b>
State	\$668 million	\$220 million	\$208 million	\$307 million
School boards	\$1.37 billion	\$595 million	\$521 million	\$679 million
State universities	\$125 million	\$50 million	\$44 million	\$58 million
State colleges	\$95 million	\$40 million	\$36 million	\$47 million
Counties	\$1.2 billion	\$365 million	\$253 million	Undetermined
Municipalities	\$197 million	\$75 million	\$49 million	Undetermined
<b>TOTAL</b>	<b>\$3.7 billion</b>	<b>\$1.35 billion</b>	<b>\$1.1 billion</b>	<b>\$1.1 billion</b>