

CHAPTER 2026-235

House Bill No. 5205-E

An act relating to retirement; amending s. 121.053, F.S.; authorizing an elected officer, except while serving as a legislator, to remain in elective office and receive accumulated Deferred Retirement Option Program (DROP) proceeds after the officer attains a certain age; providing that, upon termination, the officer receives accumulated DROP proceeds including interest earned in accordance with a specified provision; amending s. 121.091, F.S.; requiring the Division of Retirement or the State Board of Administration, as appropriate, to take steps to recoup from the elected officer any DROP proceeds distributed in accordance with a specified provision, under specified circumstances; amending s. 121.101, F.S.; revising the cost-of-living adjustment for eligible Special Risk Class retirees; defining the term “eligible Special Risk Class retiree”; amending s. 121.71, F.S.; revising required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System; amending s. 121.73, F.S.; revising required allocations from the Contributions Clearing Trust Fund to provide disability coverage to members of the investment plan of the Florida Retirement System; amending s. 121.735, F.S.; revising allocations from the Contributions Clearing Trust Fund to provide line-of-duty death benefits to members of the investment plan of the Florida Retirement System; providing a declaration of important state interest; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (7) of section 121.053, Florida Statutes, is amended to read:

121.053 Participation in the Elected Officers’ Class for retired members.

(7) A member who is elected or appointed to an elective office and who is participating in the Deferred Retirement Option Program is not subject to termination as defined in s. 121.021, or reemployment limitations as provided in s. 121.091(9), until the end of his or her current term of office or, if the officer is consecutively elected or reelected to an elective office eligible for coverage under the Florida Retirement System, until he or she no longer holds an elective office, as follows:

(a) At the end of the member’s DROP period:

1. The officer’s DROP account may not accrue additional monthly benefits, but does continue to earn interest as provided in s. 121.091(13). However, an officer whose DROP participation begins on or after July 1, 2010, may not continue to earn such interest.

2. Retirement contributions, except for unfunded actuarial liability and health insurance subsidy contributions required in ss. 121.71(5) and 121.76, are not required of the employer of the elected officer, and additional retirement credit may not be earned under the Florida Retirement System.

3. The officer, except while serving as a legislator, may remain in elective office and receive his or her accumulated DROP proceeds, including interest earned in accordance with subparagraph 1., after attaining the age of 59 ½ years.

(b) An elected officer may voluntarily terminate his or her elective office at any time and receive his or her DROP proceeds. However, until termination occurs, an elected officer whose termination limitations are extended by this section is ineligible for renewed membership in the system and may not receive pension payments, ~~DROP lump sum payments~~, or any other state payment other than the statutorily determined salary, travel, and per diem for the elective office.

(c) Upon termination, the officer shall receive his or her accumulated DROP account, including plus interest earned in accordance with subparagraph (a)1., and shall accrue and commence receiving monthly retirement benefits, which must be paid on a prospective basis only.

Section 2. Subsection (5) of section 121.091, Florida Statutes, is amended to read:

121.091 Benefits payable under the system.—Benefits may not be paid under this section unless the member has terminated employment as provided in s. 121.021(39)(a) or begun participation in the Deferred Retirement Option Program as provided in subsection (13), and a proper application has been filed in the manner prescribed by the department. The department may cancel an application for retirement benefits when the member or beneficiary fails to timely provide the information and documents required by this chapter and the department's rules. The department shall adopt rules establishing procedures for application for retirement benefits and for the cancellation of such application when the required information or documents are not received.

(5) TERMINATION BENEFITS.—A member whose employment is terminated prior to retirement retains membership rights to previously earned member-noncontributory service credit, and to member-contributory service credit, if the member leaves the member contributions on deposit in his or her retirement account. If a terminated member receives a refund of member contributions, such member may reinstate membership rights to the previously earned service credit represented by the refund by completing 1 year of creditable service and repaying the refunded member contributions, plus interest.

(a) A member whose employment is terminated for any reason other than death or retirement before becoming vested is entitled to the return of

his or her accumulated contributions as of the date of termination. Effective July 1, 2011, upon termination of employment from all participating employers for 3 calendar months as defined in s. 121.021(39)(c) for any reason other than retirement, a member may receive a refund of all contributions he or she has made to the pension plan, subject to the restrictions otherwise provided in this chapter. The refund may be received as a lump-sum payment, a rollover to a qualified plan, or a combination of these methods. Partial refunds are not permitted. The refund may not include any interest earnings on the contributions for a member of the pension plan. Employer contributions made on behalf of the member are not refundable. A member may not receive a refund of employee contributions if a pending or an approved qualified domestic relations order is filed against his or her retirement account. By obtaining a refund of contributions, a member waives all rights under the Florida Retirement System and the health insurance subsidy to the service credit represented by the refunded contributions, except the right to purchase his or her prior service credit in accordance with s. 121.081(2).

(b) A member whose employment is terminated for any reason other than death or retirement after becoming vested may elect to receive a deferred monthly benefit which shall begin to accrue on the first day of the month of normal or early retirement and shall be payable on the last day of that month and each month thereafter during his or her lifetime. The amount of monthly benefit shall be computed in the same manner as for a normal retirement benefit in accordance with subsection (1) or early retirement benefit in accordance with s. 121.021(30), but based on average monthly compensation and creditable service as of the date of termination.

(c) In lieu of the deferred monthly benefit provided in paragraph (b), the terminated member may elect to receive a lump-sum amount equal to his or her accumulated contributions as of the date of termination. Effective July 1, 2011, upon termination of employment from all participating employers for 3 calendar months as defined in s. 121.021(39)(c) for any reason other than retirement, a member may receive a refund of all contributions he or she has made to the pension plan, subject to the restrictions otherwise provided in this chapter. Partial refunds are not permitted. The refund may not include any interest earnings on the contributions for a member of the pension plan. Employer contributions made on behalf of the member are not refundable. A member may not receive a refund of employee contributions if a pending or an approved qualified domestic relations order is filed against his or her retirement account. By obtaining a refund of contributions, a member waives all rights under the Florida Retirement System and the health insurance subsidy to the service credit represented by the refunded contributions, except the right to purchase his or her prior service credit in accordance with s. 121.081(2).

(d) If any retired member dies without having received in benefit payments an amount equal to his or her accumulated contributions, there shall be payable to his or her designated beneficiary an amount equal to the

excess, if any, of the member's accumulated contributions over the total monthly payments made to the member prior to the date of death.

(e) A member shall be deemed a terminated member when termination of employment has occurred as provided in s. 121.021(39).

(f) Any member who has been found guilty by a verdict of a jury, or by the court trying the case without a jury, of committing, aiding, or abetting any embezzlement or theft from his or her employer, bribery in connection with the employment, or other felony specified in chapter 838, except ss. 838.15 and 838.16, committed prior to retirement, or who has entered a plea of guilty or of nolo contendere to such crime, or any member whose employment is terminated by reason of the member's admitted commitment, aiding, or abetting of an embezzlement or theft from his or her employer, bribery, or other felony specified in chapter 838, except ss. 838.15 and 838.16, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of termination.

(g) Any elected official who is convicted by the Senate of an impeachable offense shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(h) Any member who, prior to retirement, is adjudged by a court of competent jurisdiction to have violated any state law against strikes by public employees, or who has been found guilty by such court of violating any state law prohibiting strikes by public employees, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(i) The division or the state board may not pay benefits to any member convicted of a felony committed on or after October 1, 2008, defined in s. 800.04 against a victim younger than 16 years of age, or defined in chapter 794 against a victim younger than 18 years of age, through the use or attempted use of power, rights, privileges, duties, or position of the member's public office or employment position. However, the division or the state board shall return the member's accumulated contributions, if any, that the member accumulated as of the date of conviction.

(j) Any beneficiary who by a verdict of a jury or by the court trying the case without a jury is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of the member forfeits all rights to the deceased member's benefits under this chapter, and the benefits will be paid as if such beneficiary had predeceased the decedent.

(k) Benefits may not be paid by the division or the state board pending final resolution of such charges against a member or beneficiary if the resolution of such charges could require the forfeiture of benefits as provided

in paragraph (f), paragraph (g), paragraph (h), paragraph (i), paragraph (j), or chapter 112.

(l) The division and the state board, as appropriate, must take steps to recoup from the elected officer any DROP proceeds distributed pursuant to s. 121.053(7)(a)3. if:

1. Such DROP proceeds were distributed before the elected officer's termination; and

2. The division or state board would be prohibited pursuant to paragraph (k) from making a distribution to the elected officer, absent the distribution to the elected officer pursuant to s. 121.053(7)(a)3.

Section 3. Present subsections (5) through (9) of section 121.101, Florida Statutes, are redesignated as subsections (6) through (10), respectively, and a new subsection (5) is added to that section, to read:

121.101 Cost-of-living adjustment of benefits.—

(5)(a) Commencing July 1, 2026, and in lieu of any annual adjustment authorized in paragraph (4)(b) occurring after the fifth anniversary of retirement of an eligible Special Risk Class member whose effective retirement date is on or after July 1, 2011, the adjusted monthly benefit of each eligible Special Risk Class retiree and annuitant shall be the amount of the monthly benefit being received on June 30 immediately preceding the adjustment date plus the greater of the amount determined by multiplying the benefit by the factor calculated pursuant to paragraph (4)(c) or the amount equal to 1.5 percent of this benefit.

(b) For purposes of this subsection, the term “eligible Special Risk Class retiree” means a retiree:

1. Initially enrolled in the Florida Retirement System prior to July 1, 2011, who has completed at least 72 calendar months of creditable service as a Special Risk Class member; or

2. Initially enrolled in the Florida Retirement System on or after July 1, 2011, who has completed at least 96 calendar months of creditable service as a Special Risk Class member.

Section 4. Subsections (4) and (5) of section 121.71, Florida Statutes, are amended to read:

121.71 Uniform rates; process; calculations; levy.—

(4) Required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective July 1, <u>2026</u> 2025
Membership Class	
Regular Class	<u>7.11%</u> 7.10%
Special Risk Class	<u>21.58%</u> 20.10%
Special Risk Administrative Support Class	<u>11.45%</u> 10.88%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>10.30%</u> 10.04%
Elected Officers' Class— Justices, Judges	<u>15.54%</u> 15.62%
Elected Officers' Class— County Elected Officers	<u>11.45%</u> 11.79%
Senior Management Service Class	<u>8.68%</u> 8.73%
DROP	<u>9.86%</u> 9.37%

(5) In order to address unfunded actuarial liabilities of the system, the required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

	Percentage of Gross Compensation, Effective July 1, <u>2026</u> 2025
Membership Class	
Regular Class	<u>4.42%</u> 4.87%
Special Risk Class	<u>14.10%</u> 13.03%
Special Risk Administrative Support Class	<u>28.28%</u> 26.54%

	Percentage of Gross Compensation, Effective July 1, <u>2026</u> 2025
Membership Class	
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>51.43%</u> 50.56%
Elected Officers' Class— Justices, Judges	<u>28.40%</u> 28.46%
Elected Officers' Class— County Elected Officers	<u>41.49%</u> 40.72%
Senior Management Service Class	<u>21.86%</u> 22.45%
DROP	<u>10.26%</u> 10.65%

Section 5. Subsection (3) of section 121.73, Florida Statutes, is amended to read:

121.73 Allocations for member disability coverage; percentage amounts.

(3) Effective July 1, 2026 ~~2002~~, allocations from the Florida Retirement System Contributions Clearing Trust Fund to provide disability coverage for members in the investment plan, and to offset the costs of administering said coverage, are as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	0.25%
Special Risk Class	<u>1.91%</u> 1.85%
Special Risk Administrative Support Class	<u>0.46%</u> 0.45%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.41%
Elected Officers' Class— Justices, Judges	0.73%
Elected Officers' Class— County Elected Officers	0.41%

Membership Class	Percentage of Gross Compensation
Senior Management Service Class	0.26%

Section 6. Subsection (3) of section 121.735, Florida Statutes, is amended to read:

121.735 Allocations for member line-of-duty death benefits; percentage amounts.—

(3) Allocations from the Florida Retirement System Contributions Clearing Trust Fund to provide line-of-duty death benefits for members in the investment plan and to offset the costs of administering said coverage, are as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	0.05%
Special Risk Class	<u>1.28%</u> 1.26%
Special Risk Administrative Support Class	0.03%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	0.15%
Elected Officers' Class— Justices, Judges	0.09%
Elected Officers' Class— County Elected Officers	0.20%
Senior Management Service Class	0.05%

Section 7. The Legislature finds that a proper and legitimate state purpose is served when employees, officers, and retirees of the state and its political subdivisions, and the dependents, survivors, and beneficiaries of such employees, officers, and retirees, are extended the basic protections afforded by governmental retirement systems. These persons must be provided benefits that are fair and adequate and that are managed, administered, and funded in an actuarially sound manner as required by s. 14, Article X of the State Constitution and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 8. This act shall take effect July 1, 2026.

Approved by the Governor June 29, 2026.

Filed in Office Secretary of State June 29, 2026.