



***PERCEPTIONS LEGISLATIVE E-Zine***

***April 30, 2010***

**For members of the Florida Association of Community Colleges**

**SPECIAL RETIREMENT UPDATE**

As the 2010 Legislative session comes to a close today, the issues that impact your retirement seem to be resolved, finally. Although “retirement” was relatively unscathed as a whole, DROP was affected. Below is a status summary of the retirement issues we have been monitoring and lobbying for on your behalf.

**DROP**

As reported in previous weeks, legislators have been looking at ways to cut costs to the state in administering the retirement system. Late Thursday evening, legislative budget leaders met to forge an agreement on retirement. The vehicle for these changes is [HB 5607](#). The bill still must be voted up on the floor today. If it does pass, the Governor will have 15 days to sign it, let it pass without his signature, or veto it. The bill includes, among other procedural and administrative issues, the following provisions:

1. Reduces the interest rate on DROP account accumulations from 6.5% to 3% per year for members entering DROP on or after July 1, 2010. Members currently in DROP not affected.
2. Instructs the Division of Retirement to contract with the state actuary to conduct a special study of the funding methodology of DROP. This would indicate that more changes could be made in subsequent years based on the findings of the study.

**Retirement**

**Employee Co-pay**

This issue was initially proposed in [SB 2022](#). It would have required all state retirement system participants to make a co-pay towards their retirement. The co-pay was set at .25% or one-quarter of one percent of your salary. After significant opposition from many public sector entities including the FACC on behalf of Florida college system employees, the issue was negotiated out in budget conference.

**Elimination of Health Insurance Subsidy**

This issue was initially proposed in [HB 5701](#), by the Education and Economic Development Council. It proposed to eliminate the health insurance subsidy for state system retirees. The subsidy pays \$5 per month for each year of service. For some retirees this would be an \$1800 a year reduction. Again, after significant opposition from many public sector entities including the FACC on behalf of Florida college system retirees, the issue was negotiated out in budget conference.

Numerous other proposals to change the retirement system came and went during the Legislative session. These included changing the average salary calculation, extending the years of service to retire, eliminating the defined benefit program, and limiting the payout percentage. Many concepts put forward in those proposals are expected to re-surface next year.