FTA-11 FL RETIREMENT CONTRIBUTION EXEMPTION—REEMPLOYED RETIREES

STAFF ANALYSIS

PROPOSAL INFORMATION			
SUBMITTING COUNTY:	Glades County		
SPONSOR CONTACT:	Tim Stanley, Chairman; tstanley@myglades.com; 863-232-7314		
FAC COMMITTEE:	FTA	**CROSS-CLAIMS:**	
FAC STAFF:	M. Black	**DATE:**	October 3, 2026

This staff analysis is based on the proposal as submitted and does not reflect an adopted position of the Florida Association of Counties.

POLICY PROPOSAL:

Florida Retirement System (FRS) rules currently require participating employers to make retirement-related contributions to the FRS for certain employees who have previously retired from the FRS and are subsequently reemployed. In certain circumstances, the reemployed retiree is not eligible to accrue additional FRS retirement benefits, the employer does not benefit in any way despite the employer continuing to make contributions to the FRS retirement-related costs, again with no benefit provided to the employee or the employer.

This creates an inequitable situation for local governments that seek to recruit experienced retired public safety personnel. The County is required to make retirement contributions even though the employee cannot receive additional FRS retirement benefits for the service being performed. Consequently, the County incurs an additional personnel cost without a corresponding retirement benefit accruing to the employee.

The County currently employs two (2) firefighters, a County Commissioner and the County Manager who, previously retired from the FRS and are no longer eligible to receive additional FRS retirement benefits. The County must nevertheless continue to make the applicable retirement contributions associated with their employment.

<u>Proposed Policy</u>
Amend Florida law and applicable FRS rules to establish an exemption from required FRS employer contributions for a retired FRS member who:
1. Has previously retired from the Florida Retirement System;
2. Has satisfied all applicable termination and retirement requirements;

3. Is subsequently reemployed by a county, municipality, or other participating local government employer;
4. Is not eligible to accrue additional FRS retirement benefits as a result of the reemployment; and
5. Is employed in a qualifying public safety position, including firefighters, law enforcement officers, emergency medical personnel, and other positions designated by law.

The exemption would permit the local government employer to discontinue the otherwise required FRS contributions for the reemployed retiree for the period during which the employee remains ineligible to accrue additional retirement benefits.

Public Safety Recruitment:
The proposed change would provide local governments with greater flexibility to recruit experienced public safety retirees. Retired firefighters, law enforcement officers, emergency medical personnel, and other public safety professionals represent a highly trained workforce that can immediately contribute to the delivery of essential services.

Under the current structure, a retired public safety employee who returns to work may not receive an additional FRS retirement benefit, while the local government continues to incur retirement-related employment costs. This can make reemployment less attractive to both the employee and the employer.

Allowing the employer contribution requirement to be suspended when no additional FRS benefit can be earned would remove this financial disincentive and create a more competitive mechanism for recruiting experienced public safety personnel.

Fiscal Impact
The proposal would reduce personnel costs for counties and municipalities employing eligible FRS retirees. The savings would be directly attributable to the elimination of retirement contributions for employees who are not eligible to accrue additional FRS benefits.

The policy would not reduce an employee's existing FRS retirement benefit or alter benefits previously earned. Rather, it would recognize that additional employer contributions are not generating an additional retirement benefit for the reemployed retiree.

Policy Rationale

The proposed policy addresses a disconnect between retirement eligibility and employer contribution requirements. Where a reemployed FRS retiree is legally prohibited from earning additional FRS retirement benefits, requiring the local government to continue making retirement contributions creates an unnecessary additional cost.

I. SUMMARY:

Glades County asks FAC to support legislation exempting local government employers from Florida Retirement System (FRS) contributions for retirees reemployed in public safety positions who cannot accrue additional FRS benefits. Under s. 121.091(9)(c), F.S., a retiree reemployed on or after July 1, 2010, may not renew membership in FRS, but the employer pays the unfunded actuarial liability (UAL) portion of the active-member rate for the position's class plus the retiree health insurance subsidy (HIS) contribution. Those contributions do not fund the reemployed retiree's benefit; and exempting local government employers would reduce costs for employing counties while shifting UAL amortization onto remaining FRS enrollees in an amount no actuarial study has measured. No legislation in the last three sessions has proposed the same or similar exemption for employers, and the Legislature retained the contribution when it revised chapter 121 of the Florida Statutes for other provisions impacting reemployed retirees in 2024.

II. PRESENT SITUATION:

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated several retirement plans. The FRS is a contributory system, with active members contributing 3 percent of their salaries. The FRS is a multi-employer plan, governed by ch. 121, F.S., the "Florida Retirement System Act."

Participation in the FRS is required for county officers and employees, and every county participates; municipalities and special districts may elect to join. A retiree may return to work for an FRS employer only after he or she has satisfied the termination and reemployment-limitation requirements of ss. 121.021(39) and 121.091(9), F.S. The most recent change to chapter 121, CS/HB 151 (2024), allows a retiree who satisfies those requirements to receive salary and retirement benefits concurrently.

A retiree initially reemployed in a regularly established position on or after July 1, 2010, may not be enrolled as a renewed member and earns no further service credit except retirees of the FRS Investment Plan and the optional retirement programs reemployed on or after July 1, 2017, who are enrolled as renewed members of the Investment Plan and do continue to accrue.

For reemployed retirees without renewed membership, s. 121.091(9)(c)2., F.S., requires the employer to pay retirement contributions equal to the UAL portion of the employer

contribution required for active members, in addition to the contributions required by s. 121.76, F.S. (HIS).

III. EFFECT OF THE PROPOSAL:

The proposal would amend s. 121.091(9)(c)2., F.S., to exempt a participating local government employer from the reemployed-retiree contribution for a retiree who has satisfied termination requirements, is ineligible for renewed membership, and is employed in a qualifying public safety position (firefighter, law enforcement officer, emergency medical personnel, or other positions designated by law). The exemption would run only while the retiree remains ineligible to accrue benefits. Essentially, the exemption reallocates rather than eliminates cost. The contribution is not tied to any benefit for the individual retiree; it amortizes the system's existing UAL and funds the HIS, which the reemployed retiree continues to receive as a retiree under s. 112.363. Removing the exempt payroll from the amortization base would raise UAL rates on all other FRS payroll.

IV. COUNTY IMPACT:

- Counties may discontinue the reemployed-retiree contribution for qualifying public safety retirees, a saving of 15.03 percent of salary per Special Risk position at FY 2025-26 rates.
- Counties would be required to prepare if UAL rates are recalibrated, every county that participates in the FRS would pay marginally higher UAL rates on its active payroll, including counties that employ no reemployed retirees. Counties are a principal FRS employer group; county contributions moved by $102.5 million under the FY 2026-27 rate legislation, more than any other employer group. Savings to employing counties would therefore be partly funded by counties generally.
- Counties would be required to update retirement reporting for exempt positions; sheriffs and other constitutional officers are separate FRS employers. Should monitor: Division rate releases and any accompanying actuarial study.
- Scope: all 67 counties, plus participating municipalities and special districts. The savings concentrate in counties that rehire public safety retirees, and the submission frames the need around small and rural recruitment. The cost of recalibration is spread across all FRS employers.

Protective of Home Rule: Yes — the proposal expands local fiscal flexibility in staffing decisions and imposes no preemption or new restriction on county authority.

V. FISCAL IMPACT:

- Per-position savings to an employing county equal the applicable reemployed-retiree rate. At the FY 2025-26 Special Risk rate of 15.03 percent, the saving is about $7,515 per $50,000 of salary (illustrative). FY 2026-27 rates were revised

by HB 5205-E (2026E); Figures will be updated from the Division's 2026-27 rate release.

- Aggregate savings are indeterminate. Staff found no published statewide count of reemployed retirees without renewed membership in Special Risk positions.
- Offsetting cost: excluding exempt payroll from the UAL amortization base would increase UAL rates on remaining payroll for all FRS employers, including counties, the state, and school districts. The magnitude is indeterminate without a special actuarial study. No REC or EDR estimate exists.
- If the HIS contribution is also exempted, HIS Trust Fund revenue would decline while HIS payments to the same retirees continue.

Unfunded Mandate (Art. VII, s. 18, Fla. Const.): No — the proposal reduces required expenditures for employing local governments. Any offsetting UAL rate adjustment would apply to all similarly situated FRS employers and has customarily been enacted with an important-state-interest finding, as in SB 7028 (2026).

VI. LEGISLATIVE & FAC HISTORY:

- Enacted framework: 2009 legislation closed renewed membership for retirees initially reemployed on or after July 1, 2010 (s. 121.122(2), F.S.). The reemployed-retiree contribution continues the UAL-portion requirement that applied to reemployed retirees before July 1, 1991.
- 2024: CS/HB 151 (Busatta Cabrera), Ch. 2024-92, Laws of Fla., passed 39–0 (Senate) and 109–0 (House). It allowed retirees to receive salary and benefits concurrently after termination and retained the employer contribution in s. 121.091(9)(c)2. CS/SB 400 (Burgess) and HB 853 (McClure) died in Appropriations.
- 2025: SB 7022, Ch. 2025-205, set FY 2025-26 employer rates. It made no change to the reemployed-retiree contribution.
- 2026: HB 5205 passed both chambers in regular session and died in conference. HB 5205-E (Maggard) / SB 2-E (Mayfield) passed in Special Session E (Senate 34–0; House 101–3), setting FY 2026-27 rates and creating a minimum COLA for eligible Special Risk retirees. It made no change to the reemployed-retiree contribution.
- Staff identified no bill in the 2024–2026 sessions proposing to exempt employers from the reemployed-retiree contribution. Recent legislative action has eased the conditions for reemployment while preserving the contribution.
- Past FAC statements: None
- Guiding Principles: ADMINISTRATION (A. Administrative Costs and Fiscal Predictability) FAC supports state law that governs personnel and state-mandated expenditures, and counties need sound data and predictable rules to manage long-term financial plans.
- BoCC action: the Glades County BoCC has voted to support the proposal, as stated in the submission.

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