

## Final Retirement Update

### 2010 Legislative Session

- Employee contribution: No employee contribution to FRS will be required. FEA members will not be required to personally contribute any percentage of their pay for retirement. Current law is maintained. **This is a big win.**
- Health Insurance Subsidy (HIS): No FRS participant will lose this subsidy. Current law is maintained. **This is another big win.**
- DROP: The program maintains current law for members currently in DROP. **BUT**, a provision reducing the interest rate on accumulating DROP deposits passed both the House and the Senate and is included in the final budget/appropriations bill. This means that for anyone “entering DROP *on or after* July 1, 2010, the interest accrues at an effective annual rate of 3.0 percent compounded monthly, . . .”. **This is a reduction from the current DROP interest rate which is 6.5%.**

Throughout the 2010 Session of the FL Legislature, significant changes were proposed to all of these FRS programs. Proponents of drastic changes to FRS benefits advanced their proposals to reduce FRS benefits by reciting both ideological and financial reasons. A recent OPPAGA report showing a potential \$15.4 billion shortfall in future payments helped spark debate about forcing the state's 27,000 workers to pay into the fund. Most of that fund deficit has been erased, which eased the call for changes.

FEA members made their voices heard by sending thousands of emails and phone calls to their Legislators voicing their opposition to any changes in FRS benefits. As a result of the relentless public pressure from FEA members sending emails and making phone calls to their Legislators, the proposed changes to FRS benefits failed to be included in the final legislation.

Pat Dix

**Questions? Call FEA Public Policy Advocacy at 850.224.2078**