

**STATE OF FLORIDA  
STATE BOARD OF ADMINISTRATION**

JONATHAN FRISARD,	)	
	)	
Petitioner,	)	
	)	
vs.	)	Case No. 2011-2019
	)	
STATE BOARD OF ADMINISTRATION,	)	
	)	
Respondent.	)	
	)	
	)	
_____	)	

**FINAL ORDER**

On July 11, 2011, the presiding officer submitted her Recommended Order to the State Board of Administration in this proceeding. A copy of the Recommended Order indicates that copies were served upon the pro se Petitioner, Jonathan Frisard, and upon counsel for the Respondent. Respondent filed a Proposed Recommended Order. Petitioner made no further submissions. Neither party filed exceptions, which were due on July 26, 2011. A copy of the Recommended Order is attached hereto as Exhibit A. The matter is now pending before the Senior Defined Contribution Programs Officer for final agency action.

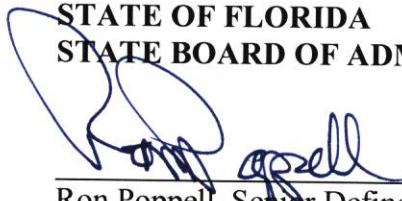
**ORDERED**

The Recommended Order (Exhibit A) is hereby adopted in its entirety. The Petitioner's request that he be entitled to renewed membership in the Florida Retirement System (FRS), despite being an FRS Investment Plan retiree initially rehired after July 1, 2010, hereby is denied.

Any party to this proceeding has the right to seek judicial review of the Final Order pursuant to Section 120.68, Florida Statutes, by the filing of a Notice of Appeal pursuant to Rule 9.110, Florida Rules of Appellate Procedure, with the Clerk of the State Board of Administration in the Office of the General Counsel, State Board of Administration, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida, 32308, and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within thirty (30) days from the date the Final Order is filed with the Clerk of the State Board of Administration.

DONE AND ORDERED this 17<sup>th</sup> day of August, 2011, in Tallahassee, Florida.

**STATE OF FLORIDA  
STATE BOARD OF ADMINISTRATION**



Ron Poppell, Senior Defined Contribution  
Programs Officer  
State Board of Administration  
1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406

FILED ON THIS DATE PURSUANT TO  
SECTION 120.52, FLORIDA STATUTES  
WITH THE DESIGNATED CLERK OF THE  
STATE BOARD OF ADMINISTRATION,  
RECEIPT OF WHICH IS HEREBY  
ACKNOWLEDGED.

  
Clerk TINA JOANDZ

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Final Order was sent by UPS to Jonathan Frisard, pro se, [REDACTED], and by U.S. mail to Brian Newman and Brandice Dickson, Esq., at Pennington, Moore, Wilkinson, Bell & Dunbar, P.A., P.O. Box 10095, Tallahassee, Florida 32302-2095, this 17<sup>th</sup> day of August, 2011.



---

Ruth A. Smith  
Assistant General Counsel  
State Board of Administration of Florida  
1801 Hermitage Boulevard  
Suite 100  
Tallahassee, FL 32308

STATE OF FLORIDA  
STATE BOARD OF ADMINISTRATION

JONATHAN FRISARD,

Petitioner,

vs.

Case No. 2011-2019

STATE BOARD OF ADMINISTRATION,

Respondent.

---

**RECOMMENDED ORDER**

This case was heard in an informal proceeding before Glenn E. Thomas for the State Board of Administration on March 21, 2011, in Tallahassee, Florida. The appearances were as follows:

**APPEARANCES**

For Petitioner: Jonathan Frisard



For Respondent: Brandice D. Dickson, Esquire  
Pennington, Moore, Wilkinson,  
Bell & Dunbar, P.A.  
215 S. Monroe Street, Suite 200  
Tallahassee, Florida 32301

RECEIVED  
STATE BOARD OF ADMIN  
11 JUL 12 AM 9:56  
GENERAL COUNSEL'S OFFICE

**STATEMENT OF THE ISSUE**

The issue is whether Petitioner is entitled to renewed membership in the Florida Retirement System (FRS).

**EXHIBIT A**

## **PRELIMINARY STATEMENT**

Petitioner requested that he be permitted to re-enroll in the Florida Retirement System. By letter of February 1, 2011, Respondent SBA informed Petitioner that this request could not be honored because of changes to the applicable statutes. Petitioner then filed a Petition for Hearing requesting the same relief, and this administrative proceeding followed.

Petitioner attended the hearing by telephone and testified on his own behalf. Respondent presented the testimony of Daniel Beard, SBA Director of Policy, Risk Management, and Compliance. Respondent's Exhibits R-1 through R-4 were admitted into evidence.

A transcript of the hearing was filed with the agency and copies provided to the parties, who were invited to submit proposed recommended orders. Respondent submitted a proposed recommended order; Petitioner made no further submissions.

## **UNDISPUTED MATERIAL FACTS**

1. In 2008, Petitioner was a member of the Florida Retirement System enrolled in the Public Employee Optional Retirement Program, known informally as the Investment Plan.
2. Petitioner terminated employment with his FRS-participating employer in 2008 and then, on September 29, 2008, took a total distribution of his Investment Plan account by rolling it into an Individual Retirement Account.
3. Prior to taking a distribution of his Investment Plan account, Petitioner called the MyFRS Financial Guidance Line and in response to questioning from the telephone counselor, answered affirmatively that he understood he would be considered retired from the FRS if he took the distribution he sought.

4. Petitioner was hired by the Office of Insurance Regulation, an FRS-participating employer, after July 1, 2010.

### CONCLUSIONS OF LAW

5. During the 2009 legislative session, the Florida Legislature revised Section 121.122, Florida Statutes to exclude from renewed membership in the FRS any retiree who becomes reemployed on or after July 1, 2010. That revised section states:

#### **121.122. Renewed membership in system**

(1) Except as provided in s. 121.053, effective July 1, 1991, through June 30, 2010, any retiree of a state-administered retirement system who is initially reemployed in a regularly established position with a covered employer, including an elective public office that does not qualify for the Elected Officer's Class, shall be enrolled as a compulsory member of the Regular Class of the Florida Retirement System. Effective July 1, 1997, through June 30, 2010, any retiree of a state-administered retirement system who is initially reemployed in a position included in the Senior Management Service Class shall be enrolled as a compulsory member of the Senior Management Service Class of the Florida Retirement System as provided in s. 121.055. A retiree is entitled to receive an additional retirement benefit, subject to the following conditions:

(a) Such member must resatisfy the age and service requirements as provided in this chapter for initial membership under the system, unless such member elects to participate in the Senior Management Service Optional Annuity Program in lieu of the Senior Management Service Class, as provided in s. 121.055(6).

(b) Such member is not entitled to disability benefits as provided in s. 121.091(4).

(c) Such member must meet the reemployment after retirement limitations as provided in s. 121.091(9), as applicable.

(d) Upon renewed membership or reemployment of a retiree, the employer of such member shall pay the applicable employer contributions as required by ss. 112.363, 121.71, 121.74, and 121.76.

(e) Such member is entitled to purchase additional retirement credit in the Regular Class or the Senior Management Service Class, as applicable, for any

postretirement service performed in a regularly established position as follows:

1. For regular class service prior to July 1, 1991, by paying the Regular Class applicable employee and employer contributions for the period being claimed, plus 4 percent interest compounded annually from first year of service claimed until July 1, 1975, and 6.5 percent interest compounded thereafter, until full payment is made to the Florida Retirement System Trust Fund; or
2. For Senior Management Service Class prior to June 1, 1997, as provided in s. 121.055(1)(j).

The contribution for postretirement service between July 1, 1985, and July 1, 1991, for which the reemployed retiree contribution was paid, shall be the difference between such contribution and the total applicable contribution for the period being claimed, plus interest. The employer of such member may pay the applicable employer contribution in lieu of the member. If a member does not wish to claim credit for all of the postretirement service for which he or she is eligible, the service the member claims must be the most recent service.

(f) No creditable service for which credit was received, or which remained unclaimed, at retirement may be claimed or applied toward service credit earned following renewed membership. However, service earned as an elected officer with renewed membership in the Elected Officers' Class may be used in conjunction with creditable service earned under this section, provided the applicable vesting requirements and other existing statutory conditions required by this chapter are met.

(g) Notwithstanding any other limitations provided in this section, a participant of the State University System Optional Retirement Program, the State Community College Optional Retirement Program, or the Senior Management Service Optional Annuity Program who terminated employment and commenced receiving a distribution under the optional program, who initially renews membership as required by this section upon reemployment after retirement, and who had previously earned creditable Florida Retirement System service that was not included in any retirement benefit may include such previous service toward vesting and service credit in the second career benefit provided under renewed membership.

(h) A renewed member who is not receiving the maximum health insurance subsidy provided in s. 112.363 is entitled to earn additional credit toward the maximum health insurance subsidy. Any additional subsidy due because of such additional credit may be received only at the time of payment of the second career retirement benefit. The total health insurance subsidy received by a retiree

receiving benefits from initial and renewed membership may not exceed the maximum allowed in s. 112.363.

**(2) A retiree of a state-administered retirement system who is initially reemployed on or after July 1, 2010, is not eligible for renewed membership.**

§121.122, Fla.Stat.(2009)(emphasis added).

6. A “retiree” is defined as “a former participant of the optional retirement program who has terminated employment and has taken a distribution as provided in s.121.591, except for a mandatory distribution of a de minimis account authorized by the state board. § 121.4501(2)(k), Fla.Stat. (2010). Because Petitioner terminated FRS employment and took a distribution from his Investment Plan account, he is considered a retiree.

7. The enactment history of the applicable statutory change reflects that the legislature was aware of the result of the potentially harsh effect of excluding from participation in the FRS those who had terminated employment and taken a distribution early in their working years. As the agency affected by the change in the statute, Respondent submitted an analysis of House Bill 479 to the Full Appropriations Council on General Government & Health Care which stated:

HB 479 would also close the renewed membership class to retirees of a state-administered retirement system initially reemployed by a Florida Retirement System participating employer on or after January 1, 2010. However, this bill would require employer contributions to be paid on the salary of reemployed retirees who are not enrolled as renewed members to maintain the funding base for the Health Insurance Subsidy Program. In addition, this bill would require the employer to pay any unfunded actuarial liability portion of the employer contribution rate for active members if an unfunded actuarial liability cost re-emerges. The bill does not provide for the paying of the Investment Plan administrative contribution.

Retirees initially reemployed before January 1, 2010, would continue their renewed membership and employers would continue to owe the total employer contribution rate for these renewed members. As the number of retirees who are enrolled as renewed members in the FRS is reduced over time, this would gradually reduce the overall cost to employers.



In the longer-term, these changes could result in savings to the FRS Pension Plan by limiting future liabilities for renewed membership and by altering retirement patterns based upon plans for returning to work within a few months of terminating employment. The actual impact would have to be determined by an actuarial special study conducted by the Division of Retirement's consulting actuary.

Closing the Renewed Membership Class to future participation would impact not only those reemployed retirees who retired at normal retirement, but it would also impact those who retired early.

Under the FRS Pension Plan a member becomes vested with six years of service. A retiree may take an early retirement if vested and within 20 years of the normal retirement age. However, in doing so the benefit is reduced by five percent for each year remaining before the retiree reaches normal retirement age. For retirees of the Special Risk Class, the earliest a member could receive an early retirement benefit would be at age 35 and one month. For retirees of the other membership classes, early retirement benefit would be at age 42 and one month if vested. These early retirement retirees would be ineligible for renewed membership should they return to FRS employment.

Under the FRS Investment Plan, a participant vests after only one year of service. If a member terminates and takes a distribution, he or she is considered a retiree and ineligible for renewed membership in the FRS. **Conceivably, a retiree who participated in the Investment Plan for one year and took a distribution at the age of 24 could later return to work for an FRS employer for 30 years or more and never be eligible for a retirement benefit.** This could impact the ability of FRS employer's (sic) to recruit employees in the future.

Florida State Board of Administration Report to Full Appropriations Council on General Government & Health Care on HB # 479, Feb. 16, 2009, p. 5 (emphasis added).

8. Petitioner asserts that he should not be considered a retiree because he was not put on notice through the "Benefits Payable" section of Section 121.4501 that taking a rollover from an Investment Plan account equates to taking a distribution. That section expressly states, however, that benefits under the Investment Plan are payable as described in Section 121.591, Florida Statutes: "the total accumulated benefit shall be payable to the participant, as...[a] lump-sum direct rollover distribution...." §121.591(1)(c)2. Petitioner was on notice that taking a rollover was a distribution and acknowledged during his telephone call with the MyFRS

Financial Guidance Line counselor that taking the distribution would classify him as an FRS retiree. He also was told during that call that retirees could not return to FRS-covered employment for 12 months after retirement, except under limited circumstances. No one at that time could have known that the law would be changed to forbid FRS retirees reemployed on or after July 1, 2010, from ever again participating in the FRS.

9. Petitioner asserts that various other disparate sections of Chapter 121 can be read together to support his position, and he has diligently advanced a number of provisions that appear to have a tangential bearing on his situation. But the statute directly on point, Section 121.122(2), Florida Statutes, is express in its meaning and controls in this circumstance.

10. In addition, Section 121.4501(2)(g), Florida Statutes limits the definition of “eligible employee” to “any renewed member of the Florida Retirement System initially enrolled before July 1, 2010.”

11. Respondent SBA cannot deviate from the Florida Statutes creating and governing the Florida Retirement System, Balezentis v. Department of Management Services, Division of Retirement, 2005 WL 517476 (Fla.Div.Admin.Hrgs.), and its construction and application of Chapter 121, Florida Statutes, the statute it is charged to implement, will be followed unless proven to be clearly erroneous or amounting to an abuse of discretion. Level 3 Communications v. C.V. Jacobs, 841 So.2d 447, 450 (Fla. 2002); Okeechobee Health Care v. Collins, 726 So.2d 775 (Fla. 1st DCA 1998).

12. It is unfortunate that the timing of Petitioner’s employment and reemployment with FRS-covered entities has precluded him, because of intervening statutory changes, from eligibility for state sponsored retirement benefits. Despite the inequity of the outcome here, it appears to be in accordance with the applicable law.

**RECOMMENDATION**

Having considered the law and the undisputed facts of record, I recommend that the Respondent, State Board of Administration issue a final order denying the relief requested.

RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of July, 2011.



Anne Longman, Esquire  
Glenn Thomas, Esquire  
Presiding Officer  
For the State Board of Administration  
Lewis, Longman & Walker, P.A.  
P.O. Box 16098  
Tallahassee, FL 32317

**NOTICE: THIS IS NOT A FINAL ORDER**

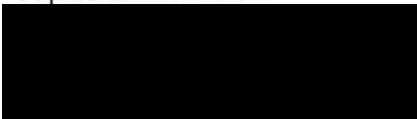
All parties have the right to submit written exceptions within 15 days from the date of this Recommended Order, which must be filed with the Agency Clerk of the State Board of Administration and served on opposing counsel at the addresses shown below. The SBA then will enter a Final Order which will set out the final agency decision in this case.

7/26/11

Filed with:  
Agency Clerk  
Office of the General Counsel  
Florida State Board of Administration  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308  
(850) 488-4406

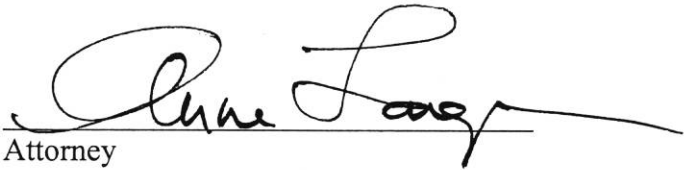
This 11<sup>th</sup> day of July, 2011.

Copies furnished to:



Petitioner

Brian A. Newman, Esquire  
Brandice D. Dickson  
Pennington, Moore, Wilkinson Bell & Dunbar  
Post Office Box 10095  
Tallahassee, FL 32302-2095  
Attorneys for Respondent

  
Attorney