

By Senator Silver

38-704-99

1 A bill to be entitled
2 An act relating to the Florida Retirement
3 System; creating a trust fund for deposit of
4 contributions to the preservation plan
5 established under s. 121.091(15), F.S.;
6 prescribing ownership and use of assets;
7 providing a contingent effective date.

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

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11 Section 1. Contributions to the preservation plan
12 established in section 121.091, Florida Statutes, shall be
13 deposited into a separate trust fund established and
14 administered by the Division of Retirement as trustee. This
15 trust fund shall be maintained and used solely for the purpose
16 of providing benefits under the preservation plan. Income
17 accruing to the trust fund shall constitute income derived
18 from the exercise of an essential governmental function upon
19 which such trust fund is exempt from tax under s. 115 of the
20 Internal Revenue Code. The trust fund moneys and assets used
21 to provide benefits under the preservation plan may not be
22 commingled with the moneys and assets of the remainder of the
23 Florida Retirement System or of any other qualified plan. The
24 preservation plan and the trust fund created in this section
25 shall never receive any transfer of moneys or assets from the
26 remainder of the Florida Retirement System or any other
27 qualified plan. Title to the beneficial ownership of any
28 assets, whether cash or other investments that the employers
29 may earmark to pay any amount under the preservation plan,
30 shall at all times remain in the employer until used to pay
31 benefits under the preservation plan, administrative expenses,

1 or employer taxes, if any. Participants and other persons
2 receiving benefits under the preservation plan shall not have
3 any property or ownership interest whatsoever in any specific
4 assets of the employer. The obligation of the employer to make
5 payments pursuant to the preservation plan shall be according
6 to law. A participant or other person receiving benefits under
7 section 121.091, Florida Statutes, does not have a preferred
8 claim or lien on any asset of the employer. The benefit
9 liabilities of the preservation plan shall be funded on a
10 plan-year-to-plan-year basis. The trust fund assets required
11 under section 121.091, Florida Statutes, shall not be
12 accumulated to pay benefits in future years. Any assets of the
13 trust fund not used for paying benefits for a current year
14 shall be used, as determined by the Division of Retirement,
15 for the payment of the administrative expenses of the
16 preservation plan for the current plan year or for future plan
17 years.

18 Section 2. This act shall take effect on the effective
19 date of Senate Bill ____, but it shall not take effect unless
20 it is enacted by a three-fifths vote of the membership of each
21 house of the Legislature and unless Senate Bill ____, 1999
22 Regular Session, becomes a law.

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25 SENATE SUMMARY

26 Creates the trust fund into which will be deposited
27 contributions to the preservation of benefits plan
28 established in section 121.091, Florida Statutes.
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