

By the Committee on Appropriations; and Senator Wise

309-2160-04

1 A bill to be entitled
2 An act relating to state financial matters;
3 amending s. 112.363, F.S.; providing that the
4 spouse at the time of a Florida Retirement
5 System participant's death is considered the
6 beneficiary for purposes of the retiree health
7 insurance subsidy unless a different
8 beneficiary has been designated; amending s.
9 121.4501, F.S.; defining the term "retiree" for
10 purposes of the Public Employee Optional
11 Retirement Program; changing the dates for
12 election to participate in the program;
13 prescribing the obligation of system employers
14 to communicate the existence of both retirement
15 plans; amending s. 121.591, F.S.; providing for
16 cashing out de minimis accounts; amending s.
17 121.78, F.S.; providing the participant's
18 obligation to return excess contributions;
19 amending s. 215.47, F.S.; revising guidelines
20 for foreign obligations that are eligible for
21 state investment; providing that expenditures
22 for acquisition for private equity or other
23 private investment partnerships shall be
24 included in the cost of the investment;
25 amending ss. 215.475, 215.5601, F.S.;
26 redesignating investment plans as "investment
27 policy statements"; providing an effective
28 date.

30 Be It Enacted by the Legislature of the State of Florida:
31

1 Section 1. Paragraph (e) of subsection (3) of section
2 112.363, Florida Statutes, is amended to read:

3 112.363 Retiree health insurance subsidy.--

4 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

5 (e)1. Beginning July 1, 2001, each eligible retiree of
6 the defined benefit program of the Florida Retirement System,
7 or, if the retiree is deceased, his or her beneficiary who is
8 receiving a monthly benefit from such retiree's account and
9 who is a spouse, or a person who meets the definition of joint
10 annuitant in s. 121.021(28), shall receive a monthly retiree
11 health insurance subsidy payment equal to the number of years
12 of creditable service, as defined in s. 121.021(17), completed
13 at the time of retirement multiplied by \$5; however, no
14 eligible retiree or beneficiary may receive a subsidy payment
15 of more than \$150 or less than \$30. If there are multiple
16 beneficiaries, the total payment must not be greater than the
17 payment to which the retiree was entitled. The health
18 insurance subsidy amount payable to any person receiving the
19 retiree health insurance subsidy payment on July 1, 2001,
20 shall not be reduced solely by operation of this subparagraph.

21 2. Beginning July 1, 2002, each eligible participant
22 of the Public Employee Optional Retirement Program of the
23 Florida Retirement System who has met the requirements of this
24 section, or, if the participant is deceased, his or her spouse
25 who is the participant's designated beneficiary, shall receive
26 a monthly retiree health insurance subsidy payment equal to
27 the number of years of creditable service, as provided in this
28 subparagraph, completed at the time of retirement, multiplied
29 by \$5; however, no eligible retiree or beneficiary may receive
30 a subsidy payment of more than \$150 or less than \$30. For
31 purposes of determining a participant's creditable service

1 used to calculate the health insurance subsidy, a
2 participant's years of service credit or fraction thereof
3 shall be based on the participant's work year as defined in s.
4 121.021(54). Credit shall be awarded for a full work year
5 whenever health insurance subsidy contributions have been made
6 as required by law for each month in the participant's work
7 year. In addition, all years of creditable service retained
8 under the Florida Retirement System defined benefit program
9 shall be included as creditable service for purposes of this
10 section. Notwithstanding any other provision in this section
11 to the contrary, the spouse at the time of death shall be the
12 participant's beneficiary unless such participant has
13 designated a different beneficiary subsequent to the
14 participant's most recent marriage.

15 Section 2. Subsections (2), (4), (10), and (15) of
16 section 121.4501, Florida Statutes, are amended to read:

17 121.4501 Public Employee Optional Retirement
18 Program.--

19 (2) DEFINITIONS.--As used in this part, the term:

20 (a) "Approved provider" or "provider" means a private
21 sector company that is selected and approved by the state
22 board to offer one or more investment products or services to
23 the Public Employee Optional Retirement Program. The term
24 includes a bundled provider that offers participants a range
25 of individually allocated or unallocated investment products
26 and may offer a range of administrative and customer services,
27 which may include accounting and administration of individual
28 participant benefits and contributions; individual participant
29 recordkeeping; asset purchase, control, and safekeeping;
30 direct execution of the participant's instructions as to asset
31 and contribution allocation; calculation of daily net asset

1 values; direct access to participant account information;
2 periodic reporting to participants, at least quarterly, on
3 account balances and transactions; guidance, advice, and
4 allocation services directly relating to its own investment
5 options or products, but only if the bundled provider complies
6 with the standard of care of s. 404(a)(1)(A-B) of the Employee
7 Retirement Income Security Act of 1974 (ERISA) and if
8 providing such guidance, advice, or allocation services does
9 not constitute a prohibited transaction under s. 4975(c)(1) of
10 the Internal Revenue Code or s. 406 of ERISA, notwithstanding
11 that such prohibited transaction provisions do not apply to
12 the optional retirement program; a broad array of distribution
13 options; asset allocation; and retirement counseling and
14 education. Private sector companies include investment
15 management companies, insurance companies, depositories, and
16 mutual fund companies.

17 (b) "Average monthly compensation" means one-twelfth
18 of average final compensation as defined in s. 121.021(24).

19 (c) "Covered employment" means employment in a
20 regularly established position as defined in s. 121.021(52).

21 (d) "Department" means the Department of Management
22 Services.

23 (e) "Division" means the Division of Retirement within
24 the Department of Management Services.

25 (f) "Eligible employee" means an officer or employee,
26 as defined in s. 121.021(11), who:

27 1. Is a member of, or is eligible for membership in,
28 the Florida Retirement System, including any renewed member of
29 the Florida Retirement System;

30 2. Participates in, or is eligible to participate in,
31 the Senior Management Service Optional Annuity Program as

1 established under s. 121.055(6) or the State Community College
2 Optional Retirement Program as established under s.
3 121.051(2)(c); or

4 3. Is eligible to participate in, but does not
5 participate in, the State University System Optional
6 Retirement Program established under s. 121.35.

7
8 The term does not include any member participating in the
9 Deferred Retirement Option Program established under s.
10 121.091(13) or any employee participating in an optional
11 retirement program established under s. 121.051(2)(c) or s.
12 121.35.

13 (g) "Employer" means an employer, as defined in s.
14 121.021(10), of an eligible employee.

15 (h) "Participant" means an eligible employee who
16 elects to participate in the Public Employee Optional
17 Retirement Program and enrolls in such optional program as
18 provided in subsection (4).

19 (i) "Public Employee Optional Retirement Program,"
20 "optional program," or "optional retirement program" means the
21 alternative defined contribution retirement program
22 established under this section.

23 (j) "Retiree" means a former participant of the
24 Florida Retirement System Public Employee Optional Retirement
25 Program who has terminated employment and has taken a
26 distribution as provided in s. 121.591, except for a mandatory
27 distribution of a de minimis account authorized by the state
28 board.

29 (k)(j) "State board" or "board" means the State Board
30 of Administration.

31

1 (1)~~(k)~~ "Trustees" means Trustees of the State Board of
2 Administration.

3 (m)~~(l)~~ "Vested" or "vesting" means the guarantee that
4 a participant is eligible to receive a retirement benefit upon
5 completion of the required years of service under the Public
6 Employee Optional Retirement Program.

7 (4) PARTICIPATION; ENROLLMENT.--

8 (a)1. With respect to an eligible employee who is
9 employed in a regularly established position on June 1, 2002,
10 by a state employer:

11 a. Any such employee may elect to participate in the
12 Public Employee Optional Retirement Program in lieu of
13 retaining his or her membership in the defined benefit program
14 of the Florida Retirement System. The election must be made in
15 writing or by electronic means and must be filed with the
16 third-party administrator by August 31, 2002, or, in the case
17 of an active employee who is on a leave of absence on April 1,
18 2002, by the last business day of the 5th month following
19 ~~August 31, 2002, or within 90 days after the month the leave~~
20 ~~of absence concludes conclusion of the leave of absence,~~
21 ~~whichever is later~~. This election is irrevocable, except as
22 provided in paragraph (e). Upon making such election, the
23 employee shall be enrolled as a participant of the Public
24 Employee Optional Retirement Program, the employee's
25 membership in the Florida Retirement System shall be governed
26 by the provisions of this part, and the employee's membership
27 in the defined benefit program of the Florida Retirement
28 System shall terminate. The employee's enrollment in the
29 Public Employee Optional Retirement Program shall be effective
30 the first day of the month for which a full month's employer
31 contribution is made to the optional program.

1 b. Any such employee who fails to elect to participate
2 in the Public Employee Optional Retirement Program within the
3 prescribed time period is deemed to have elected to retain
4 membership in the defined benefit program of the Florida
5 Retirement System, and the employee's option to elect to
6 participate in the optional program is forfeited.

7 2. With respect to employees who become eligible to
8 participate in the Public Employee Optional Retirement Program
9 by reason of employment in a regularly established position
10 with a state employer commencing after April 1, 2002:

11 a. Any such employee shall, by default, be enrolled in
12 the defined benefit retirement program of the Florida
13 Retirement System at the commencement of employment, and may,
14 by the last business day ~~end~~ of the 5th month following the
15 employee's month of hire, elect to participate in the Public
16 Employee Optional Retirement Program. The employee's election
17 must be made in writing or by electronic means and must be
18 filed with the third-party administrator. The election to
19 participate in the optional program is irrevocable, except as
20 provided in paragraph (e).

21 b. If the employee files such election within the
22 prescribed time period, enrollment in the optional program
23 shall be effective on the first day of employment. The
24 employer retirement contributions paid through the month of
25 the employee plan change shall be transferred to the optional
26 program, and, effective the first day of the next month, the
27 employer shall pay the applicable contributions based on the
28 employee membership class in the optional program.

29 c. Any such employee who fails to elect to participate
30 in the Public Employee Optional Retirement Program within the
31 prescribed time period is deemed to have elected to retain

1 membership in the defined benefit program of the Florida
2 Retirement System, and the employee's option to elect to
3 participate in the optional program is forfeited.

4 3. With respect to employees who become eligible to
5 participate in the Public Employee Optional Retirement Program
6 pursuant to s. 121.051(2)(c)3., any such employee may elect to
7 participate in the Public Employee Optional Retirement Program
8 in lieu of retaining his or her participation in the State
9 Community College Optional Retirement Program. The election
10 must be made in writing or by electronic means and must be
11 filed with the third-party administrator. This election is
12 irrevocable, except as provided in paragraph (e). Upon making
13 such election, the employee shall be enrolled as a participant
14 of the Public Employee Optional Retirement Program, the
15 employee's membership in the Florida Retirement System shall
16 be governed by the provisions of this part, and the employee's
17 participation in the State Community College Optional
18 Retirement Program shall terminate. The employee's enrollment
19 in the Public Employee Optional Retirement Program shall be
20 effective the first day of the month for which a full month's
21 employer contribution is made to the optional program.

22 4. For purposes of this paragraph, "state employer"
23 means any agency, board, branch, commission, community
24 college, department, institution, institution of higher
25 education, or water management district of the state, which
26 participates in the Florida Retirement System for the benefit
27 of certain employees.

28 (b)1. With respect to an eligible employee who is
29 employed in a regularly established position on September 1,
30 2002, by a district school board employer:

31

1 a. Any such employee may elect to participate in the
2 Public Employee Optional Retirement Program in lieu of
3 retaining his or her membership in the defined benefit program
4 of the Florida Retirement System. The election must be made in
5 writing or by electronic means and must be filed with the
6 third-party administrator by November 30, or, in the case of
7 an active employee who is on a leave of absence on July 1,
8 2002, by the last business day of the 5th month following
9 ~~November 30, 2002, or within 90 days after the~~ month the leave
10 of absence concludes ~~conclusion of the leave of absence,~~
11 ~~whichever is later~~. This election is irrevocable, except as
12 provided in paragraph (e). Upon making such election, the
13 employee shall be enrolled as a participant of the Public
14 Employee Optional Retirement Program, the employee's
15 membership in the Florida Retirement System shall be governed
16 by the provisions of this part, and the employee's membership
17 in the defined benefit program of the Florida Retirement
18 System shall terminate. The employee's enrollment in the
19 Public Employee Optional Retirement Program shall be effective
20 the first day of the month for which a full month's employer
21 contribution is made to the optional program.

22 b. Any such employee who fails to elect to participate
23 in the Public Employee Optional Retirement Program within the
24 prescribed time period is deemed to have elected to retain
25 membership in the defined benefit program of the Florida
26 Retirement System, and the employee's option to elect to
27 participate in the optional program is forfeited.

28 2. With respect to employees who become eligible to
29 participate in the Public Employee Optional Retirement Program
30 by reason of employment in a regularly established position
31

1 with a district school board employer commencing after July 1,
2 2002:

3 a. Any such employee shall, by default, be enrolled in
4 the defined benefit retirement program of the Florida
5 Retirement System at the commencement of employment, and may,
6 by the last business day ~~end~~ of the 5th month following the
7 employee's month of hire, elect to participate in the Public
8 Employee Optional Retirement Program. The employee's election
9 must be made in writing or by electronic means and must be
10 filed with the third-party administrator. The election to
11 participate in the optional program is irrevocable, except as
12 provided in paragraph (e).

13 b. If the employee files such election within the
14 prescribed time period, enrollment in the optional program
15 shall be effective on the first day of employment. The
16 employer retirement contributions paid through the month of
17 the employee plan change shall be transferred to the optional
18 program, and, effective the first day of the next month, the
19 employer shall pay the applicable contributions based on the
20 employee membership class in the optional program.

21 c. Any such employee who fails to elect to participate
22 in the Public Employee Optional Retirement Program within the
23 prescribed time period is deemed to have elected to retain
24 membership in the defined benefit program of the Florida
25 Retirement System, and the employee's option to elect to
26 participate in the optional program is forfeited.

27 3. For purposes of this paragraph, "district school
28 board employer" means any district school board that
29 participates in the Florida Retirement System for the benefit
30 of certain employees, or a charter school or charter technical
31

1 career center that participates in the Florida Retirement
2 System as provided in s. 121.051(2)(d).

3 (c)1. With respect to an eligible employee who is
4 employed in a regularly established position on December 1,
5 2002, by a local employer:

6 a. Any such employee may elect to participate in the
7 Public Employee Optional Retirement Program in lieu of
8 retaining his or her membership in the defined benefit program
9 of the Florida Retirement System. The election must be made in
10 writing or by electronic means and must be filed with the
11 third-party administrator by February 28, 2003, or, in the
12 case of an active employee who is on a leave of absence on
13 October 1, 2002, by the last business day of the 5th month
14 following February 28, 2003, or within 90 days after the month
15 the leave of absence concludes ~~conclusion of the leave of~~
16 ~~absence, whichever is later~~. This election is irrevocable,
17 except as provided in paragraph (e). Upon making such
18 election, the employee shall be enrolled as a participant of
19 the Public Employee Optional Retirement Program, the
20 employee's membership in the Florida Retirement System shall
21 be governed by the provisions of this part, and the employee's
22 membership in the defined benefit program of the Florida
23 Retirement System shall terminate. The employee's enrollment
24 in the Public Employee Optional Retirement Program shall be
25 effective the first day of the month for which a full month's
26 employer contribution is made to the optional program.

27 b. Any such employee who fails to elect to participate
28 in the Public Employee Optional Retirement Program within the
29 prescribed time period is deemed to have elected to retain
30 membership in the defined benefit program of the Florida
31

1 Retirement System, and the employee's option to elect to
2 participate in the optional program is forfeited.

3 2. With respect to employees who become eligible to
4 participate in the Public Employee Optional Retirement Program
5 by reason of employment in a regularly established position
6 with a local employer commencing after October 1, 2002:

7 a. Any such employee shall, by default, be enrolled in
8 the defined benefit retirement program of the Florida
9 Retirement System at the commencement of employment, and may,
10 by the last business day ~~end~~ of the 5th month following the
11 employee's month of hire, elect to participate in the Public
12 Employee Optional Retirement Program. The employee's election
13 must be made in writing or by electronic means and must be
14 filed with the third-party administrator. The election to
15 participate in the optional program is irrevocable, except as
16 provided in paragraph (e).

17 b. If the employee files such election within the
18 prescribed time period, enrollment in the optional program
19 shall be effective on the first day of employment. The
20 employer retirement contributions paid through the month of
21 the employee plan change shall be transferred to the optional
22 program, and, effective the first day of the next month, the
23 employer shall pay the applicable contributions based on the
24 employee membership class in the optional program.

25 c. Any such employee who fails to elect to participate
26 in the Public Employee Optional Retirement Program within the
27 prescribed time period is deemed to have elected to retain
28 membership in the defined benefit program of the Florida
29 Retirement System, and the employee's option to elect to
30 participate in the optional program is forfeited.

31

1 3. For purposes of this paragraph, "local employer"
2 means any employer not included in paragraph (a) or paragraph
3 (b).

4 (d) Contributions available for self-direction by a
5 participant who has not selected one or more specific
6 investment products shall be allocated as prescribed by the
7 board. The third-party administrator shall notify any such
8 participant at least quarterly that the participant should
9 take an affirmative action to make an asset allocation among
10 the optional program products.

11 (e) After the period during which an eligible employee
12 had the choice to elect the defined benefit program or the
13 Public Employee Optional Retirement Program, or the month
14 following the eligible employee's plan selection effective
15 date, if sooner, the employee shall have one opportunity, at
16 the employee's discretion, to choose to move from the defined
17 benefit program to the Public Employee Optional Retirement
18 Program or from the Public Employee Optional Retirement
19 Program to the defined benefit program. This paragraph shall
20 be contingent upon approval from the Internal Revenue Service
21 for including the choice described herein within the programs
22 offered by the Florida Retirement System.

23 1. If the employee chooses to move to the Public
24 Employee Optional Retirement Program, the applicable
25 provisions of this section shall govern the transfer.

26 2. If the employee chooses to move to the defined
27 benefit program, the employee must transfer from his or her
28 Public Employee Optional Retirement Program account and from
29 other employee moneys as necessary, a sum representing the
30 present value of that employee's accumulated benefit
31 obligation immediately following the time of such movement,

1 determined assuming that attained service equals the sum of
2 service in the defined benefit program and service in the
3 Public Employee Optional Retirement Program. Benefit
4 commencement occurs on the first date the employee would
5 become eligible for unreduced benefits, using the discount
6 rate and other relevant actuarial assumptions that were used
7 to value the Florida Retirement System defined benefit plan
8 liabilities in the most recent actuarial valuation. For any
9 employee who, at the time of the second election, already
10 maintains an accrued benefit amount in the defined benefit
11 plan, the then-present value of such accrued benefit shall be
12 deemed part of the required transfer amount described in this
13 subparagraph. The division shall ensure that the transfer sum
14 is prepared using a formula and methodology certified by an
15 enrolled actuary.

16 3. Notwithstanding subparagraph 2., an employee who
17 chooses to move to the defined benefit program and who became
18 eligible to participate in the Public Employee Optional
19 Retirement Program by reason of employment in a regularly
20 established position with a state employer after June 1, 2002;
21 a district school board employer after September 1, 2002; or a
22 local employer after December 1, 2002, must transfer from his
23 or her Public Employee Optional Retirement Program account
24 and, from other employee moneys as necessary, a sum
25 representing that employee's actuarial accrued liability.

26 4. Employees' ability to transfer from the Florida
27 Retirement System defined benefit program to the Public
28 Employee Optional Retirement Program pursuant to paragraphs
29 (a) through (d), and the ability for current employees to have
30 an option to later transfer back into the defined benefit
31 program under subparagraph 2., shall be deemed a significant

1 system amendment. Pursuant to s. 121.031(4), any such
2 resulting unfunded liability arising from actual original
3 transfers from the defined benefit program to the optional
4 program shall be amortized within 30 plan years as a separate
5 unfunded actuarial base independent of the reserve
6 stabilization mechanism defined in s. 121.031(3)(f). For the
7 first 25 years, no direct amortization payment shall be
8 calculated for this base. During this 25-year period, such
9 separate base shall be used to offset the impact of employees
10 exercising their second program election under this paragraph.
11 It is the legislative intent that the actuarial funded status
12 of the Florida Retirement System defined benefit plan is
13 neither beneficially nor adversely impacted by such second
14 program elections in any significant manner, after due
15 recognition of the separate unfunded actuarial base. Following
16 this initial 25-year period, any remaining balance of the
17 original separate base shall be amortized over the remaining 5
18 years of the required 30-year amortization period.

19 (10) EDUCATION COMPONENT.--

20 (a) The board, in coordination with the department,
21 shall provide for an education component for system members in
22 a manner consistent with the provisions of this section. The
23 education component must be available to eligible employees at
24 least 90 days prior to the beginning date of the election
25 period for the employees of the respective types of employers.

26 (b) The education component must provide system
27 members with impartial and balanced information about plan
28 choices. The education component must involve multimedia
29 formats. Program comparisons must, to the greatest extent
30 possible, be based upon the retirement income that different
31 retirement programs may provide to the participant. The board

1 shall monitor the performance of the contract to ensure that
2 the program is conducted in accordance with the contract,
3 applicable law, and the rules of the board.

4 (c) The board, in coordination with the department,
5 shall provide for an initial and ongoing transfer education
6 component to provide system members with information necessary
7 to make informed plan choice decisions. The transfer education
8 component must include, but is not limited to, information on:

9 1. The amount of money available to a member to
10 transfer to the defined contribution program.

11 2. The features of and differences between the defined
12 benefit program and the defined contribution program, both
13 generally and specifically, as those differences may affect
14 the member.

15 3. The expected benefit available if the member were
16 to retire under each of the retirement programs, based on
17 appropriate alternative sets of assumptions.

18 4. The rate of return from investments in the defined
19 contribution program and the period of time over which such
20 rate of return must be achieved to equal or exceed the
21 expected monthly benefit payable to the member under the
22 defined benefit program.

23 5. The historical rates of return for the investment
24 alternatives available in the defined contribution programs.

25 6. The benefits and historical rates of return on
26 investments available in a typical deferred compensation plan
27 or a typical plan under s. 403(b) of the Internal Revenue Code
28 for which the employee may be eligible.

29 7. The program choices available to employees of the
30 State University System and the comparative benefits of each
31 available program, if applicable.

1 8. Payout options available in each of the retirement
2 programs.

3 (d) An ongoing education and communication component
4 must provide system members with information necessary to make
5 informed decisions about choices within their program of
6 membership and in preparation for retirement. The component
7 must include, but is not limited to, information concerning:

8 1. Rights and conditions of membership.

9 2. Benefit features within the program, options, and
10 effects of certain decisions.

11 3. Coordination of contributions and benefits with a
12 deferred compensation plan under s. 457 or a plan under s.
13 403(b) of the Internal Revenue Code.

14 4. Significant program changes.

15 5. Contribution rates and program funding status.

16 6. Planning for retirement.

17 (e) Descriptive materials must be prepared under the
18 assumption that the employee is an unsophisticated investor,
19 and all materials used in the education component must be
20 approved by the state board prior to dissemination.

21 (f) The board and the department shall also establish
22 a communication component to provide program information to
23 participating employers and the employers' personnel and
24 payroll officers and to explain their respective
25 responsibilities in conjunction with the retirement programs.

26 (g) Funding for education of new employees may reflect
27 administrative costs to the optional program and the defined
28 benefit program.

29 (h) Pursuant to paragraph (8)(a), all Florida
30 Retirement System employers have an obligation to regularly
31 communicate the existence of the two Florida Retirement System

1 plans and the plan choice in the natural course of
2 administering their personnel functions, using the educational
3 materials supplied by the state board and the Department of
4 Management Services.

5 (15) STATEMENT OF FIDUCIARY STANDARDS AND
6 RESPONSIBILITIES.--

7 (a) Investment of optional defined contribution
8 retirement plan assets shall be made for the sole interest and
9 exclusive purpose of providing benefits to plan participants
10 and beneficiaries and defraying reasonable expenses of
11 administering the plan. The program's assets are to be
12 invested, on behalf of the program participants, with the
13 care, skill, and diligence that a prudent person acting in a
14 like manner would undertake. The performance of the investment
15 duties set forth in this paragraph shall comply with the
16 fiduciary standards set forth in the Employee Retirement
17 Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)-(C).
18 In case of conflict with other provisions of law authorizing
19 investments, the investment and fiduciary standards set forth
20 in this subsection shall prevail.

21 (b) If a participant or beneficiary of the Public
22 Employee Optional Retirement Program exercises control over
23 the assets in his or her account, as determined by reference
24 to regulations of the United States Department of Labor under
25 s. 404(c) of the Employee Retirement Income Security Act of
26 1974 and all applicable laws governing the operation of the
27 program, no program fiduciary shall be liable for any loss to
28 a participant's or beneficiary's account which results from
29 such participant's or beneficiary's exercise of control.

30 (c) Subparagraph (8)(b)4. and paragraph (15)(b)
31 incorporate the federal law concept of participant control,

1 established by regulations of the United States Department of
2 Labor under s. 404(c) of the Employee Retirement Income
3 Security Act of 1974 (ERISA). The purpose of this paragraph is
4 to assist employers and the State Board of Administration in
5 maintaining compliance with s. 404(c), while avoiding
6 unnecessary costs and eroding participant benefits under the
7 Public Employee Optional Retirement Program. Pursuant to 29
8 C.F.R. s. 2550.404c-1(b)(2)(i)(B)(1)(viii), the State Board of
9 Administration or its designated agents shall deliver to
10 participants of the Public Employee Optional Retirement
11 Program a copy of the prospectus most recently provided to the
12 plan, and, pursuant to 29 C.F.R. s.

13 2550.404c-1(b)(2)(i)(B)(2)(ii), ~~or~~ shall provide such
14 participants an opportunity to obtain this information, except
15 that:

16 1. The requirement to deliver a prospectus shall be
17 deemed to be satisfied by delivery of a fund profile that
18 contains the information that would be included in a summary
19 prospectus as described by Rule 498 under the Securities Act
20 of 1933, 17 C.F.R. s. 230.498. When the transaction fees,
21 expense information or other information provided by a mutual
22 fund in the prospectus does not reflect terms negotiated by
23 the State Board of Administration or its designated agents,
24 the aforementioned requirement is deemed to be satisfied by
25 delivery of a separate document described by Rule 498
26 substituting accurate information; and

27 2. Delivery shall be deemed to have been effected if
28 delivery is through electronic means and the following
29 standards are satisfied:

30
31

1 a. Electronically-delivered documents are prepared and
2 provided consistent with style, format, and content
3 requirements applicable to printed documents;

4 b. Each participant is provided timely and adequate
5 notice of the documents that are to be delivered and their
6 significance thereof, and of the participant's right to obtain
7 a paper copy of such documents free of charge;

8 c.(I) Participants have adequate access to the
9 electronic documents, at locations such as their worksites or
10 public facilities, and have the ability to convert the
11 documents to paper free of charge by the State Board of
12 Administration, and the board or its designated agents take
13 appropriate and reasonable measures to ensure that the system
14 for furnishing electronic documents results in actual receipt,
15 or

16 (II) Participants have provided consent to receive
17 information in electronic format, which consent may be
18 revoked; and

19 d. The State Board of Administration, or its
20 designated agent, actually provides paper copies of the
21 documents free of charge, upon request.

22 Section 3. Section 121.591, Florida Statutes, is
23 amended to read:

24 121.591 Benefits payable under the Public Employee
25 Optional Retirement Program of the Florida Retirement
26 System.--Benefits may not be paid under this section unless
27 the member has terminated employment as provided in s.
28 121.021(39)(a) or is deceased and a proper application has
29 been filed in the manner prescribed by the state board or the
30 department. The state board or department, as appropriate, may
31 cancel an application for retirement benefits when the member

1 or beneficiary fails to timely provide the information and
2 documents required by this chapter and the rules of the state
3 board and department. In accordance with their respective
4 responsibilities as provided herein, the State Board of
5 Administration and the Department of Management Services shall
6 adopt rules establishing procedures for application for
7 retirement benefits and for the cancellation of such
8 application when the required information or documents are not
9 received. The State Board of Administration and the Department
10 of Management Services, as appropriate, are authorized to cash
11 out a de minimis account of a participant who has been
12 terminated from Florida Retirement System covered employment
13 for a minimum of 6 calendar months. A de minimis account is an
14 account containing employer contributions and accumulated
15 earnings of not more than \$5,000 made under the provisions of
16 this chapter. Such cash-out must either be a complete lump-sum
17 liquidation of the account balance, subject to the provisions
18 of the Internal Revenue Code, or a lump-sum direct rollover
19 distribution paid directly to the custodian of an eligible
20 retirement plan, as defined by the Internal Revenue Code, on
21 behalf of the participant.

22 (1) NORMAL BENEFITS.--Under the Public Employee
23 Optional Retirement Program:

24 (a) Benefits in the form of vested accumulations as
25 described in s. 121.4501(6) shall be payable under this
26 subsection in accordance with the following terms and
27 conditions:

28 1. To the extent vested, benefits shall be payable
29 only to a participant.

30 2. Benefits shall be paid by the third-party
31 administrator or designated approved providers in accordance

1 with the law, the contracts, and any applicable board rule or
2 policy.

3 3. To receive benefits under this subsection, the
4 participant must be terminated from all employment with all
5 Florida Retirement System employers, as provided in s.
6 121.021(39).

7 (b) If a participant elects to receive his or her
8 benefits upon termination of employment, the participant must
9 submit a written application to the third-party administrator
10 indicating his or her preferred distribution date and
11 selecting an authorized method of distribution as provided in
12 paragraph (c). The participant may defer receipt of benefits
13 until he or she chooses to make such application, subject to
14 federal requirements.

15 (c) Upon receipt by the third-party administrator of a
16 properly executed application for distribution of benefits,
17 the total accumulated benefit shall be payable to the
18 participant, as:

- 19 1. A lump-sum distribution to the participant;
20 2. A lump-sum direct rollover distribution whereby all
21 accrued benefits, plus interest and investment earnings, are
22 paid from the participant's account directly to the custodian
23 of an eligible retirement plan, as defined in s. 402(c)(8)(B)
24 of the Internal Revenue Code, on behalf of the participant; or
25 3. Periodic distributions, as authorized by the state
26 board.

27 (2) DISABILITY RETIREMENT BENEFITS.--Benefits provided
28 under this subsection are payable in lieu of the benefits
29 which would otherwise be payable under the provisions of
30 subsection (1). Such benefits shall be funded entirely from
31 employer contributions made under s. 121.571, transferred

1 participant funds accumulated pursuant to paragraph (a), and
2 interest and earnings thereon. Pursuant thereto:

3 (a) Transfer of funds.--To qualify to receive monthly
4 disability benefits under this subsection:

5 1. All moneys accumulated in the participant's Public
6 Employee Optional Retirement Program accounts, including
7 vested and nonvested accumulations as described in s.
8 121.4501(6), shall be transferred from such individual
9 accounts to the Division of Retirement for deposit in the
10 disability account of the Florida Retirement System Trust
11 Fund. Such moneys shall be separately accounted for. Earnings
12 shall be credited on an annual basis for amounts held in the
13 disability accounts of the Florida Retirement System Trust
14 Fund based on actual earnings of the Florida Retirement System
15 Trust Fund.

16 2. If the participant has retained retirement credit
17 he or she had earned under the defined benefit program of the
18 Florida Retirement System as provided in s. 121.4501(3)(b), a
19 sum representing the actuarial present value of such credit
20 within the Florida Retirement System Trust Fund shall be
21 reassigned by the Division of Retirement from the defined
22 benefit program to the disability program as implemented under
23 this subsection and shall be deposited in the disability
24 account of the Florida Retirement System Trust Fund. Such
25 moneys shall be separately accounted for.

26 (b) Disability retirement; entitlement.--

27 1. A participant of the Public Employee Optional
28 Retirement Program who becomes totally and permanently
29 disabled, as defined in s. 121.091(4)(b), after completing 8
30 years of creditable service, or a participant who becomes
31 totally and permanently disabled in the line of duty

1 regardless of his or her length of service, shall be entitled
2 to a monthly disability benefit as provided herein.

3 2. In order for service to apply toward the 8 years of
4 service required to vest for regular disability benefits, or
5 toward the creditable service used in calculating a
6 service-based benefit as provided for under paragraph (g), the
7 service must be creditable service as described below:

8 a. The participant's period of service under the
9 Public Employee Optional Retirement Program will be considered
10 creditable service, except as provided in subparagraph d.

11 b. If the participant has elected to retain credit for
12 his or her service under the defined benefit program of the
13 Florida Retirement System as provided under s. 121.4501(3)(b),
14 all such service will be considered creditable service.

15 c. If the participant has elected to transfer to his
16 or her participant accounts a sum representing the present
17 value of his or her retirement credit under the defined
18 benefit program as provided under s. 121.4501(3)(c), the
19 period of service under the defined benefit program
20 represented in the present value amounts transferred will be
21 considered creditable service for purposes of vesting for
22 disability benefits, except as provided in subparagraph d.

23 d. Whenever a participant has terminated employment
24 and has taken distribution of his or her funds as provided in
25 subsection (1), all creditable service represented by such
26 distributed funds is forfeited for purposes of this
27 subsection.

28 (c) Disability retirement effective date.--The
29 effective retirement date for a participant who applies and is
30 approved for disability retirement shall be established as
31 provided under s. 121.091(4)(a)2. and 3.

1 (d) Total and permanent disability.--A participant
2 shall be considered totally and permanently disabled if, in
3 the opinion of the division, he or she is prevented, by reason
4 of a medically determinable physical or mental impairment,
5 from rendering useful and efficient service as an officer or
6 employee.

7 (e) Proof of disability.--The division, before
8 approving payment of any disability retirement benefit, shall
9 require proof that the participant is totally and permanently
10 disabled in the same manner as provided for members of the
11 defined benefit program of the Florida Retirement System under
12 s. 121.091(4)(c).

13 (f) Disability retirement benefit.--Upon the
14 disability retirement of a participant under this subsection,
15 the participant shall receive a monthly benefit that shall
16 begin to accrue on the first day of the month of disability
17 retirement, as approved by the division, and shall be payable
18 on the last day of that month and each month thereafter during
19 his or her lifetime and continued disability. All disability
20 benefits payable to such member shall be paid out of the
21 disability account of the Florida Retirement System Trust Fund
22 established under this subsection.

23 (g) Computation of disability retirement benefit.--The
24 amount of each monthly payment shall be calculated in the same
25 manner as provided for members of the defined benefit program
26 of the Florida Retirement System under s. 121.091(4)(f). For
27 such purpose, creditable service under both the defined
28 benefit program and the Public Employee Optional Retirement
29 Program of the Florida Retirement System shall be applicable
30 as provided under paragraph (b).

31

1 (h) Reapplication.--A participant whose initial
2 application for disability retirement has been denied may
3 reapply for disability benefits in the same manner, and under
4 the same conditions, as provided for members of the defined
5 benefit program of the Florida Retirement System under s.
6 121.091(4)(g).

7 (i) Membership.--Upon approval of an application for
8 disability benefits under this subsection, the applicant shall
9 be transferred to the defined benefit program of the Florida
10 Retirement System, effective upon his or her disability
11 retirement effective date.

12 (j) Option to cancel.--Any participant whose
13 application for disability benefits is approved may cancel his
14 or her application for disability benefits, provided that the
15 cancellation request is received by the division before a
16 disability retirement warrant has been deposited, cashed, or
17 received by direct deposit. Upon such cancellation:

18 1. The participant's transfer to the defined benefit
19 program under paragraph (i) shall be nullified;

20 2. The participant shall be retroactively reinstated
21 in the Public Employee Optional Retirement Program without
22 hiatus;

23 3. All funds transferred to the Florida Retirement
24 System Trust Fund under paragraph (a) shall be returned to the
25 participant accounts from which such funds were drawn; and

26 4. The participant may elect to receive the benefit
27 payable under the provisions of subsection (1) in lieu of
28 disability benefits as provided under this subsection.

29 (k) Recovery from disability.--

30 1. The division may require periodic reexaminations at
31 the expense of the disability program account of the Florida

1 Retirement System Trust Fund. Except as otherwise provided in
2 subparagraph 2., the requirements, procedures, and
3 restrictions relating to the conduct and review of such
4 reexaminations, discontinuation or termination of benefits,
5 reentry into employment, disability retirement after reentry
6 into covered employment, and all other matters relating to
7 recovery from disability shall be the same as are set forth
8 under s. 121.091(4)(h).

9 2. Upon recovery from disability, any recipient of
10 disability retirement benefits under this subsection shall be
11 a compulsory member of the Public Employee Optional Retirement
12 Program of the Florida Retirement System. The net difference
13 between the recipient's original account balance transferred
14 to the Florida Retirement System Trust Fund, including
15 earnings, under paragraph (a) and total disability benefits
16 paid to such recipient, if any, shall be determined as
17 provided in sub-subparagraph a.

18 a. An amount equal to the total benefits paid shall be
19 subtracted from that portion of the transferred account
20 balance consisting of vested accumulations as described under
21 s. 121.4501(6), if any, and an amount equal to the remainder
22 of benefit amounts paid, if any, shall then be subtracted from
23 any remaining portion consisting of nonvested accumulations as
24 described under s. 121.4501(6).

25 b. Amounts subtracted under sub-subparagraph a. shall
26 be retained within the disability account of the Florida
27 Retirement System Trust Fund. Any remaining account balance
28 shall be transferred to the third-party administrator for
29 disposition as provided under sub-subparagraph c. or
30 sub-subparagraph d., as appropriate.

31

1 c. If the recipient returns to covered employment,
2 transferred amounts shall be deposited in individual accounts
3 under the Public Employee Optional Retirement Program, as
4 directed by the participant. Vested and nonvested amounts
5 shall be separately accounted for as provided in s.
6 121.4501(6).

7 d. If the recipient fails to return to covered
8 employment upon recovery from disability:

9 (I) Any remaining vested amount shall be deposited in
10 individual accounts under the Public Employee Optional
11 Retirement Program, as directed by the participant, and shall
12 be payable as provided in subsection (1).

13 (II) Any remaining nonvested amount shall be held in a
14 suspense account and shall be forfeitable after 5 years as
15 provided in s. 121.4501(6).

16 3. If present value was reassigned from the defined
17 benefit program to the disability program of the Florida
18 Retirement System as provided under subparagraph (a)2., the
19 full present value amount shall be returned to the defined
20 benefit account within the Florida Retirement System Trust
21 Fund and the affected individual's associated retirement
22 credit under the defined benefit program shall be reinstated
23 in full. Any benefit based upon such credit shall be
24 calculated as provided in s. 121.091(4)(h)1.

25 (1) Nonadmissible causes of disability.--A participant
26 shall not be entitled to receive a disability retirement
27 benefit if the disability results from any injury or disease
28 sustained or inflicted as described in s. 121.091(4)(i).

29 (m) Disability retirement of justice or judge by order
30 of Supreme Court.--

31

1 1. If a participant is a justice of the Supreme Court,
2 judge of a district court of appeal, circuit judge, or judge
3 of a county court who has served for 6 years or more as an
4 elected constitutional judicial officer, including service as
5 a judicial officer in any court abolished pursuant to Art. V
6 of the State Constitution, and who is retired for disability
7 by order of the Supreme Court upon recommendation of the
8 Judicial Qualifications Commission pursuant to the provisions
9 of Art. V of the State Constitution, the participant's Option
10 1 monthly disability benefit amount as provided in s.
11 121.091(6)(a)1. shall be two-thirds of his or her monthly
12 compensation as of the participant's disability retirement
13 date. Such a participant may alternatively elect to receive
14 an actuarially adjusted disability retirement benefit under
15 any other option as provided in s. 121.091(6)(a), or to
16 receive the normal benefit payable under the Public Employee
17 Optional Retirement Program as set forth in subsection (1).
18 2. If any justice or judge who is a participant of the
19 Public Employee Optional Retirement Program of the Florida
20 Retirement System is retired for disability by order of the
21 Supreme Court upon recommendation of the Judicial
22 Qualifications Commission pursuant to the provisions of Art. V
23 of the State Constitution and elects to receive a monthly
24 disability benefit under the provisions of this paragraph:
25 a. Any present value amount that was transferred to
26 his or her program account and all employer contributions made
27 to such account on his or her behalf, plus interest and
28 earnings thereon, shall be transferred to and deposited in the
29 disability account of the Florida Retirement System Trust
30 Fund; and
31

1 b. The monthly benefits payable under this paragraph
2 for any affected justice or judge retired from the Florida
3 Retirement System pursuant to Art. V of the State Constitution
4 shall be paid from the disability account of the Florida
5 Retirement System Trust Fund.

6 (n) Death of retiree or beneficiary.--Upon the death
7 of a disabled retiree or beneficiary thereof who is receiving
8 monthly benefits under this subsection, the monthly benefits
9 shall be paid through the last day of the month of death and
10 shall terminate, or be adjusted, if applicable, as of that
11 date in accordance with the optional form of benefit selected
12 at the time of retirement. ~~The deceased disabled retiree's~~
13 ~~beneficiary shall also receive the amount of the participant's~~
14 ~~remaining account balance, if any, in the Florida Retirement~~
15 ~~System Trust Fund.~~The Department of Management Services may
16 adopt rules necessary to administer this paragraph.

17 (3) DEATH BENEFITS.--Under the Public Employee
18 Optional Retirement Program:

19 (a) Survivor benefits shall be payable in accordance
20 with the following terms and conditions:

21 1. To the extent vested, benefits shall be payable
22 only to a participant's beneficiary or beneficiaries as
23 designated by the participant. If a participant designates a
24 primary beneficiary other than the participant's spouse, the
25 participant's spouse shall be notified of the designation.
26 This requirement shall not apply to the designation of one or
27 more contingent beneficiaries to receive any benefits
28 remaining upon the death of the primary beneficiary or
29 beneficiaries.

30 2. Benefits shall be paid by the third-party
31 administrator or designated approved providers in accordance

1 with the law, the contracts, and any applicable board rule or
2 policy.

3 3. To receive benefits under this subsection, the
4 participant must be deceased.

5 (b) In the event of a participant's death, all vested
6 accumulations as described in s. 121.4501(6), less withholding
7 taxes remitted to the Internal Revenue Service, shall be
8 distributed, as provided in paragraph (c), to the
9 participant's designated beneficiary or beneficiaries, or to
10 the participant's estate, as if the participant retired on the
11 date of death. No other death benefits shall be available for
12 survivors of participants under the Public Employee Optional
13 Retirement Program, except for such benefits, or coverage for
14 such benefits, as are otherwise provided by law or are
15 separately afforded by the employer, at the employer's
16 discretion.

17 (c) Upon receipt by the third-party administrator of a
18 properly executed application for distribution of benefits,
19 the total accumulated benefit shall be payable by the
20 third-party administrator to the participant's surviving
21 beneficiary or beneficiaries, as:

22 1. A lump-sum distribution payable to the beneficiary
23 or beneficiaries, or to the deceased participant's estate;

24 2. An eligible rollover distribution on behalf of the
25 surviving spouse of a deceased participant, whereby all
26 accrued benefits, plus interest and investment earnings, are
27 paid from the deceased participant's account directly to the
28 custodian of an eligible retirement plan, as described in s.
29 402(c)(8)(B) of the Internal Revenue Code, on behalf of the
30 surviving spouse; or

31

1 3. A partial lump-sum payment whereby a portion of the
2 accrued benefit is paid to the deceased participant's
3 surviving spouse or other designated beneficiaries, less
4 withholding taxes remitted to the Internal Revenue Service,
5 and the remaining amount is transferred directly to the
6 custodian of an eligible retirement plan, as described in s.
7 402(c)(8)(B) of the Internal Revenue Code, on behalf of the
8 surviving spouse. The proportions must be specified by the
9 participant or the surviving beneficiary.

10
11 This paragraph does not abrogate other applicable provisions
12 of state or federal law providing for payment of death
13 benefits.

14 (4) LIMITATION ON LEGAL PROCESS.--The benefits payable
15 to any person under the Public Employee Optional Retirement
16 Program, and any contributions accumulated under such program,
17 are not subject to assignment, execution, attachment, or any
18 legal process, except for qualified domestic relations orders
19 by a court of competent jurisdiction, income deduction orders
20 as provided in s. 61.1301, and federal income tax levies.

21 Section 4. Paragraph (b) of subsection (3) of section
22 121.78, Florida Statutes, is amended to read:

23 121.78 Payment and distribution of contributions.--

24 (3)

25 (b) If contributions made by an employer on behalf of
26 participants of the optional retirement program or
27 accompanying payroll data are not received within the calendar
28 month they are due, including, but not limited to,
29 contribution adjustments as a result of employer errors or
30 corrections, and if that delinquency results in market losses
31 to participants, the employer shall reimburse each

1 participant's account for market losses resulting from the
2 late contributions. If a participant has terminated employment
3 and taken a distribution, the participant is responsible for
4 returning any excess contributions erroneously provided by
5 employers, adjusted for any investment gain or loss incurred
6 during the period such excess contributions were in the
7 participant's Public Employee Optional Retirement Program
8 account. The State Board of Administration or its designated
9 agent shall communicate to terminated participants any
10 obligation to repay such excess contribution amounts. However,
11 the State Board of Administration, its designated agents, the
12 Public Employee Optional Retirement Program Trust Fund, the
13 Department of Management Services, or the Florida Retirement
14 System Trust Fund shall not incur any loss or gain as a result
15 of an employer's correction of such excess contributions.The
16 third-party administrator, hired by the board pursuant to s.
17 121.4501(8), shall calculate the market losses for each
18 affected participant. When contributions made on behalf of
19 participants of the optional retirement program or
20 accompanying payroll data are not received within the calendar
21 month due, the employer shall also pay the cost of the
22 third-party administrator's calculation and reconciliation
23 adjustments resulting from the late contributions. The
24 third-party administrator shall notify the employer of the
25 results of the calculations and the total amount due from the
26 employer for such losses and the costs of calculation and
27 reconciliation. The employer shall remit to the division the
28 amount due within 10 working days after the date of the
29 penalty notice sent by the division. The division shall
30 transfer said amount to the third-party administrator, who
31 shall deposit proceeds from the 1-percent assessment and from

1 individual market losses into participant accounts, as
2 appropriate. The board is authorized to adopt rules to
3 implement the provisions regarding late contributions, late
4 submission of payroll data, the process for reimbursing
5 participant accounts for resultant market losses, and the
6 penalties charged to the employers.

7 Section 5. Paragraphs (f), (g), and (i) of subsection
8 (2) of section 215.47, Florida Statutes, are amended to read:

9 215.47 Investments; authorized securities; loan of
10 securities.--Subject to the limitations and conditions of the
11 State Constitution or of the trust agreement relating to a
12 trust fund, moneys available for investments under ss.
13 215.44-215.53 may be invested as follows:

14 (2) With no more than 25 percent of any fund in:

15 (f) Certain interests in real property and related
16 personal property, including mortgages and related instruments
17 on commercial or industrial real property, with provisions for
18 equity or income participation or with provisions for
19 convertibility to equity ownership; and interests in
20 collective investment funds. Associated expenditures for
21 acquisition and operation of assets purchased under this
22 provision or of investments in private equity or other private
23 investment partnerships or limited liability companies shall
24 be included as a part of the cost of the investment.

25 1. The title to real property acquired under this
26 paragraph shall be vested in the name of the respective fund.

27 2. For purposes of taxation of property owned by any
28 fund, the provisions of s. 196.199(2)(b) do not apply.

29 3. Real property acquired under the provisions of this
30 paragraph shall not be considered state lands or public lands
31

1 and property as defined in chapter 253, and the provisions of
2 that chapter do not apply to such real property.

3 (g) Fixed-income obligations not otherwise authorized
4 by this section issued by foreign governments or political
5 subdivisions or agencies thereof, supranational agencies,
6 foreign corporations, or foreign commercial entities, if the
7 obligations are rated investment grade by at least one
8 nationally recognized rating service.~~General obligations~~
9 ~~backed by the full faith and credit of a foreign government~~
10 ~~which has not defaulted on similar obligations for a minimum~~
11 ~~period of 25 years prior to purchase of the obligation and has~~
12 ~~met its payments of similar obligations when due.~~

13 (i) Obligations of agencies of the government of the
14 United States, provided such obligations have been included in
15 and authorized by the Florida Retirement System Defined
16 Benefit Total Fund Investment Plan Investment Policy Statement
17 established in s. 215.475.

18 Section 6. Section 215.475, Florida Statutes, is
19 amended to read:

20 215.475 Investment policy statement plan.--

21 (1) In making investments for the System Trust Fund
22 pursuant to ss. 215.44-215.53, the board shall make no
23 investment which is not in conformance with the Florida
24 Retirement System Defined Benefit Total Fund Investment Plan
25 Investment Policy Statement, hereinafter referred to as "the
26 IPS plan," as developed by the executive director and approved
27 by the board. The IPS plan must include, among other items,
28 the investment objectives of the System Trust Fund; permitted
29 types of securities in which the board may invest; and
30 evaluation criteria necessary to measure the investment
31 performance of the fund. As required from time to time, the

1 executive director of the board may present recommended
2 changes in the IPS plan to the board for approval.

3 (2) Prior to any recommended changes in the IPS plan
4 being presented to the board, the executive director of the
5 board shall present such changes to the Investment Advisory
6 Council for review. The council shall present the results of
7 its review to the board prior to the board's final approval of
8 the IPS plan or changes in the IPS plan.

9 Section 7. Paragraph (a) of subsection (4) of section
10 215.5601, Florida Statutes, is amended to read:

11 215.5601 Lawton Chiles Endowment Fund.--

12 (4) ADMINISTRATION.--

13 (a) The board may invest and reinvest funds of the
14 endowment in accordance with s. 215.47 and consistent with an
15 investment policy statement plan developed by the executive
16 director and approved by the board.

17 Section 8. This act shall take effect July 1, 2004.

18

19 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
20 COMMITTEE SUBSTITUTE FOR
21 Senate Bill 1650

22

22 Restores current law to allow only active employees of
23 employers participating in the Florida Retirement System to
24 elect to move between the defined benefit and defined
25 contribution retirement programs.

26 Adds a provision that holds the Department of Management
27 Services and the defined benefit program of the Florida
28 Retirement System harmless for gains and losses attributed to
29 errors made by employers regarding retirement contributions.

30 Adds a provision that requires expenditures for acquisition of
31 private equity or other private investment partnerships to be
included in the cost of the investment for purposes of valuing
investments made by the State Board of Administration.

30

31