

FOR CONSIDERATION By the Committee on Governmental Oversight and Productivity

585-680A-06

1 A bill to be entitled  
2 An act relating to the Florida Retirement  
3 System; creating s. 121.047, F.S.;  
4 consolidating the operation of the Institute of  
5 Food and Agricultural Sciences Supplemental  
6 Retirement Program under the Florida Retirement  
7 System; providing for assumption of program  
8 liabilities and obligations; abolishing the  
9 Institute of Food and Agricultural Sciences  
10 Supplemental Retirement Trust Fund; barring  
11 program participants from membership in the  
12 Florida Retirement System; amending s. 121.40,  
13 F.S., relating to the establishment and  
14 administration of the Institute of Food and  
15 Agricultural Sciences Supplemental Retirement  
16 Program; conforming provisions to changes made  
17 by the act; redefining the term "trust fund"  
18 for purposes of administering the program;  
19 providing a rate of monthly contributions;  
20 removing provisions relating to investments of  
21 the program trust fund; providing a legislative  
22 finding that the act fulfills an important  
23 state interest; providing an effective date.  
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25 Be It Enacted by the Legislature of the State of Florida:  
26  
27 Section 1. Section 121.047, Florida Statutes, is  
28 created to read:  
29 121.047 Consolidation of liabilities and assets;  
30 Institute of Food and Agricultural Sciences Supplemental  
31 Retirement Program; restriction.--

1           (1) Effective July 1, 2006, the Institute of Food and  
2 Agricultural Sciences Supplemental Retirement Program, as  
3 established under s. 121.40, shall be consolidated under the  
4 Florida Retirement System and the system shall assume:

5           (a) All liabilities related to the payment of  
6 supplemental monthly benefits to retired employees of the  
7 institute and their surviving beneficiaries; and

8           (b) All obligations in regard to funding and  
9 administering benefits accrued for the benefit of retired  
10 employees of the institute and their surviving beneficiaries.

11           (2) The administrator shall, as of July 1, 2006, cause  
12 to be transferred to the trust fund of the Florida Retirement  
13 System all assets of the Institute of Food and Agricultural  
14 Sciences Supplemental Retirement Trust Fund, including moneys,  
15 securities, and other property accumulated to date, as well as  
16 all liabilities and obligations connected therewith. Upon such  
17 transfer of assets, liabilities, and obligations, the  
18 Institute of Food and Agricultural Sciences Supplemental  
19 Retirement Trust Fund shall be abolished and the administrator  
20 shall become the trustee of any funds transferred to the  
21 Florida Retirement System.

22           (3) Participation in the Institute of Food and  
23 Agricultural Sciences Supplemental Retirement Program does not  
24 constitute membership in the Florida Retirement System.

25           Section 2. Section 121.40, Florida Statutes, is  
26 amended to read:

27           121.40 Cooperative extension personnel at the  
28 Institute of Food and Agricultural Sciences; supplemental  
29 retirement benefits.--  
30  
31

1 (1) SHORT TITLE.--This section shall be known and may  
2 be cited as the "Institute of Food and Agricultural Sciences  
3 Supplemental Retirement Act."

4 (2) PURPOSE.--The purpose of this act is to provide a  
5 supplement to the monthly retirement benefits being paid under  
6 the federal Civil Service Retirement System to, or with  
7 respect to, certain retired employees of the Institute of Food  
8 and Agricultural Sciences at the University of Florida, whose  
9 positions were ineligible for coverage under a state-supported  
10 retirement system.

11 (3) DEFINITIONS.--The definitions provided in s.  
12 121.021 shall not apply to this program ~~section~~ except when  
13 specifically cited. For the purposes of this section, the  
14 following words or phrases have the respective meanings set  
15 forth:

16 (a) "Institute" means the Institute of Food and  
17 Agricultural Sciences of the University of Florida.

18 (b) "Department" means the Department of Management  
19 Services.

20 (c) "Participant" means any employee of the institute  
21 who is eligible to receive a supplemental benefit under this  
22 program as provided in subsection (4).

23 (d) "Trust fund" means the Florida Retirement System  
24 ~~Institute of Food and Agricultural Sciences Supplemental~~  
25 ~~Retirement~~ Trust Fund.

26 (e) "Creditable service" means any service subsequent  
27 to December 1, 1970, with the institute as a cooperative  
28 extension employee holding both state and federal  
29 appointments, that is credited for retirement purposes by the  
30 institute toward a federal Civil Service Retirement System  
31 annuity.

1 (4) ELIGIBILITY FOR SUPPLEMENT.--To be eligible for a  
2 benefit under this program pursuant to the provisions of this  
3 section, a person must meet all of the following eligibility  
4 criteria:

5 (a) The person must have held both state and federal  
6 appointments while employed at the institute, and have  
7 completed 10 years of creditable service with the institute,  
8 subsequent to December 1, 1970.

9 (b) The person must be participating in the federal  
10 Civil Service Retirement System based on service at the  
11 institute.

12 (c) The person must have retired from the institute on  
13 or after January 1, 1985, and must have been eligible for  
14 benefits under the federal Civil Service Retirement System  
15 commencing immediately upon the termination of service with  
16 the institute.

17 (d) The person must have attained the age of 62.

18 (e) The person must not be entitled to any benefit  
19 from a state-supported retirement system or from social  
20 security based upon service as a cooperative extension  
21 employee of the institute. Participation in the Institute of  
22 Food and Agricultural Sciences Supplemental Retirement Program  
23 shall not constitute membership in the Florida Retirement  
24 System.

25 (f) The person must have been employed with the  
26 institute prior to, and on, July 1, 1983.

27 (5) SUPPLEMENT AMOUNT.--The supplemental payment shall  
28 provide a benefit to the retiree equal to the amount by which  
29 the retirement annuity, without a survivor benefit, earned by  
30 the employee under the federal Civil Service Retirement System  
31

1 with respect to service as a cooperative extension employee of  
2 the institute after December 1, 1970, is inferior to:

3 (a) An amount equal to the option one retirement  
4 benefit that the employee would have been entitled to receive  
5 at his or her normal retirement age under the Florida  
6 Retirement System, attributable only to creditable service  
7 after December 1, 1970, as a cooperative extension employee of  
8 the institute, excluding any past or prior service credit, had  
9 such employee been a member of the Florida Retirement System;  
10 plus

11 (b) An amount equal to the primary insurance amount  
12 that the individual employee would have been entitled to  
13 receive under social security at age 62 had he or she been  
14 covered for such employment, such amount to be computed in  
15 accordance with the Social Security Act only with respect to  
16 employment as a cooperative extension employee of the  
17 institute after December 1, 1970.

18 (6) PAYMENT OF SUPPLEMENT.--Any participant who  
19 retires on or after January 1, 1985, from the federal Civil  
20 Service Retirement System as a cooperative extension employee  
21 of the institute at the University of Florida and who  
22 satisfies all of the eligibility criteria specified in  
23 subsection (4) shall be entitled to receive a supplemental  
24 benefit under this program computed in accordance with  
25 subsection (5), to begin July 1, 1985, or the month of  
26 retirement, or the month in which the participant becomes age  
27 62, whichever is later. Upon application to the  
28 administrator, the participant shall receive a monthly  
29 supplemental benefit which shall commence on the last day of  
30 the month of retirement and shall be payable on the last day  
31 of the month thereafter during his or her lifetime. A

1 participant may have federal income tax and health insurance  
2 premiums deducted from his or her monthly supplemental benefit  
3 in the same manner as provided in s. 121.091(14)(a) and (b)  
4 for monthly retirement benefits under the Florida Retirement  
5 System.

6 (7) OPTIONAL FORMS OF SUPPLEMENTAL RETIREMENT  
7 BENEFITS.--Prior to the receipt of the first monthly  
8 supplemental retirement payment under this program, a  
9 participant shall elect to receive the supplemental retirement  
10 benefits to which he or she is entitled under subsection (6)  
11 in accordance with s. 121.091(6).

12 (8) DEATH BENEFITS.--

13 (a) If the employment of a participant of this program  
14 is terminated by reason of his or her death subsequent to the  
15 completion of 10 years of creditable service with the  
16 institute but prior to his or her actual retirement, such  
17 10-year period having commenced on or after December 1, 1970,  
18 it shall be assumed that the participant had met all of the  
19 eligibility requirements under this section and had retired  
20 from the federal Civil Service Retirement System and under  
21 this section as of the date of death, having elected, in  
22 accordance with subsection (7), the optional form of  
23 supplemental payment most favorable to his or her beneficiary,  
24 as determined by the administrator. The monthly supplemental  
25 benefit provided in this paragraph shall be paid to the  
26 participant's beneficiary (spouse or other financial  
27 dependent) upon such beneficiary's attaining the age of 62 and  
28 shall be paid thereafter for the beneficiary's lifetime.

29 (b) If a participant of this program dies subsequent  
30 to his or her actual retirement under the federal Civil  
31 Service Retirement System but prior to attaining age 62, and

1 such participant was otherwise eligible for supplemental  
2 benefits under this section, it shall be assumed that the  
3 participant had met all of the eligibility requirements under  
4 this section and had retired as of the date of death, having  
5 elected, in accordance with subsection (7), the optional form  
6 of supplemental payment most favorable to his or her  
7 beneficiary, as determined by the administrator. The monthly  
8 supplemental benefit provided in this paragraph shall be paid  
9 to the participant's beneficiary (spouse or other financial  
10 dependent) upon such beneficiary's attaining the age of 62 and  
11 shall be paid thereafter for the beneficiary's lifetime.

12 (9) DESIGNATION OF BENEFICIARIES.--Each participant of  
13 this program may designate beneficiaries in accordance with s.  
14 121.091(8).

15 (10) COST-OF-LIVING ADJUSTMENT OF SUPPLEMENTAL  
16 BENEFITS.--On each July 1, the supplemental benefit of each  
17 retired participant of this program and each annuitant thereof  
18 shall be adjusted as provided in s. 121.101.

19 (11) EMPLOYMENT AFTER RETIREMENT: LIMITATION.--Any  
20 person who is receiving a supplemental retirement benefit  
21 under this program ~~section~~ may be reemployed by any private or  
22 public employer after retirement and receive supplemental  
23 retirement benefits pursuant to this section and compensation  
24 from his or her employer, without any limitations. However,  
25 if a retired participant who is receiving a supplemental  
26 retirement benefit under this section is reemployed at the  
27 institute in a position as a cooperative extension employee of  
28 the institute, he or she shall forfeit all rights to  
29 supplemental retirement benefits in accordance with the  
30 eligibility provisions of paragraph (4)(e).

31 (12) CONTRIBUTIONS.--

1 (a) For the purpose ~~purposes~~ of funding the  
2 supplemental benefits provided by this section, the institute  
3 is authorized and required to pay, commencing July 1, 1985,  
4 the necessary monthly contributions from its appropriated  
5 budget. These amounts shall be paid into the Florida  
6 ~~Retirement System Institute of Food and Agricultural Sciences~~  
7 ~~Supplemental Retirement Trust Fund, which is hereby created.~~

8 (b) The monthly contributions required to be paid  
9 pursuant to paragraph (a) on the gross monthly salaries, from  
10 all sources with respect to such employment, paid to those  
11 employees of the institute who hold both state and federal  
12 appointments and who participate in the federal Civil Service  
13 Retirement System shall be as follows:

14	15	16	17	18	19	20	21	22	23	24	25	26	27
	Dates of Contribution												
	Rate Changes												
	July 1, 1985, through December 31, 1988												
	January 1, 1989, through December 31, 1993												
	January 1, 1994, through December 31, 1994												
	January 1, 1995, through June 30, 1996												
	July 1, 1996, through June 30, 1998												
	July 1, 1998, through June 30, 2001												
	July 1, 2001, through June 30, 2003												
	July 1, 2003, through June 30, 2005												
	<del>Effective</del> July 1, 2005, through June 30, <u>2006</u>												
	<del>2007</del>												
	<u>Effective July 1, 2006</u>												

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29 ~~(13) INVESTMENT OF THE TRUST FUND.~~

30 ~~(a) The State Board of Administration shall invest and~~  
31 ~~reinvest available funds of the trust fund in accordance with~~



1 ~~the provisions of ss. 215.44 215.53. The board shall consider~~  
2 ~~investment techniques, such as contingent immunization or the~~  
3 ~~development of a dedicated portfolio, which are directed~~  
4 ~~toward developing minimum risk procedures for supporting a~~  
5 ~~prescribed liability schedule.~~

6 ~~(b) Costs incurred in carrying out the provisions of~~  
7 ~~this section shall be deducted from the interest earnings~~  
8 ~~accruing to the trust fund.~~

9 ~~(13)(14)~~ ADMINISTRATION OF PROGRAM SYSTEM.--

10 (a) The department shall make such rules as are  
11 necessary for the effective and efficient administration of  
12 this program system. The secretary of the department shall be  
13 the administrator of the program system. The funds to pay the  
14 expenses for such administration shall be appropriated from  
15 the interest earned on investments made for the Florida  
16 Retirement System Trust Fund.

17 (b) The department may ~~is authorized to~~ require oaths,  
18 by affidavit or otherwise, and acknowledgments from persons in  
19 connection with the administration of its duties and  
20 responsibilities under this section.

21 ~~(c) The administrator shall cause an actuarial study~~  
22 ~~of the system to be made at least once every 2 years and shall~~  
23 ~~report the results of such study to the next session of the~~  
24 ~~Legislature following completion of the study.~~

25 Section 3. The Legislature finds that a proper and  
26 legitimate state purpose is served when employees and retirees  
27 of the state and of its political subdivisions, and the  
28 dependents, survivors, and beneficiaries of such employees and  
29 retirees, are extended the basic protections afforded by  
30 governmental retirement systems that provide fair and adequate  
31 benefits that are managed, administered, and funded in an

1 actuarially sound manner, as required by Section 14, Article X  
2 of the State Constitution and part VII of chapter 112 of the  
3 Florida Statutes. Therefore, the Legislature determines and  
4 declares that this act fulfills an important state interest.

5 Section 4. This act shall take effect July 1, 2006.

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8 SENATE SUMMARY

9 Consolidates under the Florida Retirement System the  
10 operation of the Institute of Food and Agricultural  
11 Sciences Supplemental Retirement Program. Provides for  
12 the Florida Retirement System to assume the liabilities  
13 and obligations of the institute's program. Abolishes the  
14 Institute of Food and Agricultural Sciences Supplemental  
15 Retirement Trust Fund. Provides a rate of contribution.  
16 (See bill for details.)  
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