2006

1	A bill to be entitled
2	An act relating to the Florida Retirement System; creating
3	s. 121.047, F.S.; consolidating the operation of the
4	Institute of Food and Agricultural Sciences Supplemental
5	Retirement Program under the Florida Retirement System;
6	providing for assumption of program liabilities and
7	obligations; abolishing the Institute of Food and
8	Agricultural Sciences Supplemental Retirement Trust Fund;
9	barring program participants from membership in the
10	Florida Retirement System; amending s. 121.40, F.S.,
11	relating to the establishment and administration of the
12	Institute of Food and Agricultural Sciences Supplemental
13	Retirement Program; conforming provisions to changes made
14	by the act; redefining the term "trust fund" for purposes
15	of administering the program; providing a rate of monthly
16	contributions; removing provisions relating to investments
17	of the program trust fund; providing a declaration of
18	important state interest; providing an effective date.
19	
20	Be It Enacted by the Legislature of the State of Florida:
21	
22	Section 1. Section 121.047, Florida Statutes, is created
23	to read:
24	121.047 Consolidation of liabilities and assets; Institute
25	of Food and Agricultural Sciences Supplemental Retirement
26	Program; restriction
27	(1) Effective July 1, 2006, the Institute of Food and
28	Agricultural Sciences Supplemental Retirement Program, as
I	Page 1 of 11

CODING: Words stricken are deletions; words <u>underlined</u> are additions.

2006

29	established under s. 121.40, shall be consolidated under the
30	Florida Retirement System and the system shall assume:
31	(a) All liabilities related to the payment of supplemental
32	monthly benefits to retired employees of the institute and their
33	surviving beneficiaries; and
34	(b) All obligations in regard to funding and administering
35	benefits accrued for the benefit of retired employees of the
36	institute and their surviving beneficiaries.
37	(2) The administrator shall, as of July 1, 2006, cause to
38	be transferred to the trust fund of the Florida Retirement
39	System all assets of the Institute of Food and Agricultural
40	Sciences Supplemental Retirement Trust Fund, including moneys,
41	securities, and other property accumulated to date, as well as
42	all liabilities and obligations connected therewith. Upon such
43	transfer of assets, liabilities, and obligations, the Institute
44	of Food and Agricultural Sciences Supplemental Retirement Trust
45	Fund shall be abolished and the administrator shall become the
46	trustee of any funds transferred to the Florida Retirement
47	System.
48	(3) Participation in the Institute of Food and
49	Agricultural Sciences Supplemental Retirement Program does not
50	constitute membership in the Florida Retirement System.
51	Section 2. Section 121.40, Florida Statutes, is amended to
52	read:
53	121.40 Cooperative extension personnel at the Institute of
54	Food and Agricultural Sciences; supplemental retirement
55	benefits
56	(1) SHORT TITLEThis section shall be known and may be
I	Page 2 of 11

CODING: Words stricken are deletions; words underlined are additions.

57 cited as the "Institute of Food and Agricultural Sciences58 Supplemental Retirement Act."

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

66 (3) DEFINITIONS.--The definitions provided in s. 121.021
67 shall not apply to this program section except when specifically
68 cited. For the purposes of this section, the following words or
69 phrases have the respective meanings set forth:

70 (a) "Institute" means the Institute of Food and71 Agricultural Sciences of the University of Florida.

72 (b) "Department" means the Department of Management73 Services.

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

77 (d) "Trust fund" means the <u>Florida Retirement System</u>
78 Institute of Food and Agricultural Sciences Supplemental
79 Retirement Trust Fund.

80 (e) "Creditable service" means any service subsequent to
81 December 1, 1970, with the institute as a cooperative extension
82 employee holding both state and federal appointments, that is
83 credited for retirement purposes by the institute toward a
84 federal Civil Service Retirement System annuity.

Page 3 of 11

CODING: Words stricken are deletions; words underlined are additions.

hb7211-00

85 (4) ELIGIBILITY FOR SUPPLEMENT.--To be eligible for a
86 benefit <u>under this program</u> pursuant to the provisions of this
87 section, a person must meet all of the following eligibility
88 criteria:

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

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

95 (c) The person must have retired from the institute on or 96 after January 1, 1985, and must have been eligible for benefits 97 under the federal Civil Service Retirement System commencing 98 immediately upon the termination of service with the institute.

99

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

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

(f) The person must have been employed with the instituteprior to, and on, July 1, 1983.

(5) SUPPLEMENT AMOUNT.--The supplemental payment shall provide a benefit to the retiree equal to the amount by which the retirement annuity, without a survivor benefit, earned by the employee under the federal Civil Service Retirement System with respect to service as a cooperative extension employee of Page 4 of 11

CODING: Words stricken are deletions; words underlined are additions.

hb7211-00

113 the institute after December 1, 1970, is inferior to:

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

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

128 (6) PAYMENT OF SUPPLEMENT .-- Any participant who retires on or after January 1, 1985, from the federal Civil Service 129 Retirement System as a cooperative extension employee of the 130 131 institute at the University of Florida and who satisfies all of the eligibility criteria specified in subsection (4) shall be 132 133 entitled to receive a supplemental benefit under this program computed in accordance with subsection (5), to begin July 1, 134 1985, or the month of retirement, or the month in which the 135 participant becomes age 62, whichever is later. Upon application 136 to the administrator, the participant shall receive a monthly 137 supplemental benefit which shall commence on the last day of the 138 month of retirement and shall be payable on the last day of the 139 month thereafter during his or her lifetime. A participant may 140 Page 5 of 11

CODING: Words stricken are deletions; words underlined are additions.

hb7211-00

141 have federal income tax and health insurance premiums deducted 142 from his or her monthly supplemental benefit in the same manner 143 as provided in s. 121.091(14)(a) and (b) for monthly retirement 144 benefits under the Florida Retirement System.

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

151

(8) DEATH BENEFITS. --

If the employment of a participant of this program is 152 (a) terminated by reason of his or her death subsequent to the 153 154 completion of 10 years of creditable service with the institute but prior to his or her actual retirement, such 10-year period 155 156 having commenced on or after December 1, 1970, it shall be 157 assumed that the participant had met all of the eligibility 158 requirements under this section and had retired from the federal 159 Civil Service Retirement System and under this section as of the 160 date of death, having elected, in accordance with subsection 161 (7), the optional form of supplemental payment most favorable to 162 his or her beneficiary, as determined by the administrator. The monthly supplemental benefit provided in this paragraph shall be 163 paid to the participant's beneficiary (spouse or other financial 164 dependent) upon such beneficiary's attaining the age of 62 and 165 shall be paid thereafter for the beneficiary's lifetime. 166

(b) If a participant <u>of this program</u> dies subsequent to his or her actual retirement under the federal Civil Service Page 6 of 11

CODING: Words stricken are deletions; words underlined are additions.

hb7211-00

169 Retirement System but prior to attaining age 62, and such 170 participant was otherwise eligible for supplemental benefits 171 under this section, it shall be assumed that the participant had met all of the eligibility requirements under this section and 172 173 had retired as of the date of death, having elected, in 174 accordance with subsection (7), the optional form of 175 supplemental payment most favorable to his or her beneficiary, as determined by the administrator. The monthly supplemental 176 177 benefit provided in this paragraph shall be paid to the participant's beneficiary (spouse or other financial dependent) 178 upon such beneficiary's attaining the age of 62 and shall be 179 paid thereafter for the beneficiary's lifetime. 180

(9) DESIGNATION OF BENEFICIARIES.--Each participant <u>of</u>
 <u>this program</u> may designate beneficiaries in accordance with s.
 121.091(8).

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

EMPLOYMENT AFTER RETIREMENT: LIMITATION. -- Any person 188 (11)189 who is receiving a supplemental retirement benefit under this 190 program section may be reemployed by any private or public employer after retirement and receive supplemental retirement 191 benefits pursuant to this section and compensation from his or 192 her employer, without any limitations. However, if a retired 193 participant who is receiving a supplemental retirement benefit 194 under this section is reemployed at the institute in a position 195 as a cooperative extension employee of the institute, he or she 196 Page 7 of 11

CODING: Words stricken are deletions; words underlined are additions.

hb7211-00

197 shall forfeit all rights to supplemental retirement benefits in 198 accordance with the eligibility provisions of paragraph (4)(e). 199

(12)CONTRIBUTIONS. --

For the purpose purposes of funding the supplemental 200 (a) 201 benefits provided by this section, the institute is authorized 202 and required to pay, commencing July 1, 1985, the necessary 203 monthly contributions from its appropriated budget. These 204 amounts shall be paid into the Florida Retirement System 205 Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund, which is hereby created. 206

The monthly contributions required to be paid pursuant 207 (b) to paragraph (a) on the gross monthly salaries, from all sources 208 with respect to such employment, paid to those employees of the 209 institute who hold both state and federal appointments and who 210 participate in the federal Civil Service Retirement System shall 211 be as follows: 212

213

Dates of Contribution Rate Percentage Due Changes

214

July 1, 1985, through 6.68% December 31, 1988

215

January 1, 1989, through 6.35% December 31, 1993

216

January 1, 1994, through 6.69%

Page 8 of 11

CODING: Words stricken are deletions; words underlined are additions.

```
HB 7211
                                                                     2006
     December 31, 1994
217
     January 1, 1995, through June 6.82%
     30, 1996
218
     July 1, 1996, through June 5.64%
     30, 1998
219
     July 1, 1998, through June 7.17%
     30, 2001
220
     July 1, 2001, through June 6.96%
     30, 2003
221
     July 1, 2003, through June
                                    13.83%
     30, 2005
222
     Effective July 1, 2005, 20.23%
     through June 30, 2006 <del>2007</del>
223
     Effective July 1, 2006
                                     17.57%
224
225
          (13) INVESTMENT OF THE TRUST FUND.
          (a) The State Board of Administration shall invest and
226
227
     reinvest available funds of the trust fund in accordance with
     the provisions of ss. 215.44 215.53. The board shall consider
228
     investment techniques, such as contingent immunization or the
229
     development of a dedicated portfolio, which are directed toward
230
                                   Page 9 of 11
```

CODING: Words stricken are deletions; words underlined are additions.

231 developing minimum risk procedures for supporting a prescribed
232 liability schedule.

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

236

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

(a) The department shall make such rules as are necessary
for the effective and efficient administration of this program
system. The secretary of the department shall be the
administrator of the program system. The funds to pay the
expenses for such administration shall be appropriated from the
interest earned on investments made for the <u>Florida Retirement</u>
System Trust Fund.

(b) The department <u>may</u> is authorized to require oaths, by
affidavit or otherwise, and acknowledgments from persons in
connection with the administration of its duties and
responsibilities under this section.

248 (c) The administrator shall cause an actuarial study of 249 the system to be made at least once every 2 years and shall 250 report the results of such study to the next session of the 251 Legislature following completion of the study.

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

```
Page 10 of 11
```

CODING: Words stricken are deletions; words underlined are additions.

2006

259	actuarially sound manner, as required by s. 14, Art. X of the
260	State Constitution and part VII of chapter 112, Florida
261	Statutes. Therefore, the Legislature determines and declares
262	that this act fulfills an important state interest.
263	Section 4. This act shall take effect July 1, 2006.

Page 11 of 11

CODING: Words stricken are deletions; words underlined are additions.