

1 A bill to be entitled
2 An act relating to retirement; amending s.
3 112.0801, F.S.; providing a definition for the
4 term "retiree" for purposes of participation in
5 group insurance; creating s. 121.047, F.S.;
6 consolidating the operation of the Institute of
7 Food and Agricultural Sciences Supplemental
8 Retirement Program under the Florida Retirement
9 System; providing for assumption of program
10 liabilities and obligations; abolishing the
11 Institute of Food and Agricultural Sciences
12 Supplemental Retirement Trust Fund; barring
13 program participants from membership in the
14 Florida Retirement System; amending s. 121.40,
15 F.S., relating to the establishment and
16 administration of the Institute of Food and
17 Agricultural Sciences Supplemental Retirement
18 Program; conforming provisions to changes made
19 by the act; redefining the term "trust fund"
20 for purposes of administering the program;
21 providing a rate of monthly contributions;
22 removing provisions relating to investments of
23 the program trust fund; providing a legislative
24 finding that the act fulfills an important
25 state interest; providing an effective date.

26
27 Be It Enacted by the Legislature of the State of Florida:

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29 Section 1. Section 112.0801, Florida Statutes, is
30 amended to read:
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1 112.0801 Group insurance; participation by retired
2 employees.--

3 (1) Any state agency, county, municipality, special
4 district, community college, or district school board which
5 provides life, health, accident, hospitalization, or annuity
6 insurance, or all of any kinds of such insurance, for its
7 officers and employees and their dependents upon a group
8 insurance plan or self-insurance plan shall allow all former
9 personnel who have retired prior to October 1, 1987, as well
10 as those who retire on or after such date, and their eligible
11 dependents, the option of continuing to participate in such
12 group insurance plan or self-insurance plan. Retirees and
13 their eligible dependents shall be offered the same health and
14 hospitalization insurance coverage as is offered to active
15 employees at a premium cost of no more than the premium cost
16 applicable to active employees. For the retired employees and
17 their eligible dependents, the cost of any such continued
18 participation in any type of plan or any of the cost thereof
19 may be paid by the employer or by the retired employees. To
20 determine health and hospitalization plan costs, the employer
21 shall commingle the claims experience of the retiree group
22 with the claims experience of the active employees; and, for
23 other types of coverage, the employer may commingle the claims
24 experience of the retiree group with the claims experience of
25 active employees. Retirees covered under Medicare may be
26 experience-rated separately from the retirees not covered by
27 Medicare and from active employees, provided that the total
28 premium does not exceed that of the active group and coverage
29 is basically the same as for the active group.

30 (2) For purposes of this section, "retiree" means any
31 officer or employee who retires under a state retirement

1 system or a state optional annuity or retirement program or is
 2 placed on disability retirement and who begins receiving
 3 retirement benefits immediately after retirement from
 4 employment. In addition to these requirements, any officer or
 5 employee who retires under the Public Employee Optional
 6 Retirement Program established under part II of chapter 121
 7 shall be considered a "retired officer or employee" or
 8 "retiree" as used in this section if he or she:

9 (a) Meets the age and service requirements to qualify
 10 for normal retirement as set forth in s. 121.021(29); or

11 (b) Has attained the age specified by s.
 12 72(t)(2)(A)(i) of the Internal Revenue Code and has 6 years of
 13 creditable service.

14 Section 2. Section 121.047, Florida Statutes, is
 15 created to read:

16 121.047 Consolidation of liabilities and assets;
 17 Institute of Food and Agricultural Sciences Supplemental
 18 Retirement Program; restriction.--

19 (1) Effective July 1, 2007, the Institute of Food and
 20 Agricultural Sciences Supplemental Retirement Program, as
 21 established under s. 121.40, shall be consolidated under the
 22 Florida Retirement System and the system shall assume:

23 (a) All liabilities related to the payment of
 24 supplemental monthly benefits to retired employees of the
 25 institute and their surviving beneficiaries; and

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

29 (2) The administrator shall, as of July 1, 2007, cause
 30 to be transferred to the trust fund of the Florida Retirement
 31 System all assets of the Institute of Food and Agricultural

1 Sciences Supplemental Retirement Trust Fund, including moneys,
 2 securities, and other property accumulated to date, as well as
 3 all liabilities and obligations connected therewith. Upon such
 4 transfer of assets, liabilities, and obligations, the
 5 Institute of Food and Agricultural Sciences Supplemental
 6 Retirement Trust Fund shall be abolished and the administrator
 7 shall become the trustee of any funds transferred to the
 8 Florida Retirement System.

9 (3) Participation in the Institute of Food and
 10 Agricultural Sciences Supplemental Retirement Program does not
 11 constitute membership in the Florida Retirement System.

12 Section 3. Section 121.40, Florida Statutes, is
 13 amended to read:

14 121.40 Cooperative extension personnel at the
 15 Institute of Food and Agricultural Sciences; supplemental
 16 retirement benefits.--

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

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

27 (3) DEFINITIONS.--The definitions provided in s.
 28 121.021 shall not apply to this program ~~section~~ except when
 29 specifically cited. For the purposes of this section, the
 30 following words or phrases have the respective meanings set
 31 forth:

- 1 (a) "Institute" means the Institute of Food and
2 Agricultural Sciences of the University of Florida.
- 3 (b) "Department" means the Department of Management
4 Services.
- 5 (c) "Participant" means any employee of the institute
6 who is eligible to receive a supplemental benefit under this
7 program as provided in subsection (4).
- 8 (d) "Trust fund" means the Florida Retirement System
9 ~~Institute of Food and Agricultural Sciences Supplemental~~
10 ~~Retirement~~ Trust Fund.
- 11 (e) "Creditable service" means any service subsequent
12 to December 1, 1970, with the institute as a cooperative
13 extension employee holding both state and federal
14 appointments, that is credited for retirement purposes by the
15 institute toward a federal Civil Service Retirement System
16 annuity.
- 17 (4) ELIGIBILITY FOR SUPPLEMENT.--To be eligible for a
18 benefit under this program pursuant to the provisions of this
19 section, a person must meet all of the following eligibility
20 criteria:
- 21 (a) The person must have held both state and federal
22 appointments while employed at the institute, and have
23 completed 10 years of creditable service with the institute,
24 subsequent to December 1, 1970.
- 25 (b) The person must be participating in the federal
26 Civil Service Retirement System based on service at the
27 institute.
- 28 (c) The person must have retired from the institute on
29 or after January 1, 1985, and must have been eligible for
30 benefits under the federal Civil Service Retirement System
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1 commencing immediately upon the termination of service with
2 the institute.

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

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

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

13 (5) SUPPLEMENT AMOUNT.--The supplemental payment shall
14 provide a benefit to the retiree equal to the amount by which
15 the retirement annuity, without a survivor benefit, earned by
16 the employee under the federal Civil Service Retirement System
17 with respect to service as a cooperative extension employee of
18 the institute after December 1, 1970, is inferior to:

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

27 (b) An amount equal to the primary insurance amount
28 that the individual employee would have been entitled to
29 receive under social security at age 62 had he or she been
30 covered for such employment, such amount to be computed in
31 accordance with the Social Security Act only with respect to

1 employment as a cooperative extension employee of the
2 institute after December 1, 1970.

3 (6) PAYMENT OF SUPPLEMENT.--Any participant who
4 retires on or after January 1, 1985, from the federal Civil
5 Service Retirement System as a cooperative extension employee
6 of the institute at the University of Florida and who
7 satisfies all of the eligibility criteria specified in
8 subsection (4) shall be entitled to receive a supplemental
9 benefit under this program computed in accordance with
10 subsection (5), to begin July 1, 1985, or the month of
11 retirement, or the month in which the participant becomes age
12 62, whichever is later. Upon application to the
13 administrator, the participant shall receive a monthly
14 supplemental benefit which shall commence on the last day of
15 the month of retirement and shall be payable on the last day
16 of the month thereafter during his or her lifetime. A
17 participant may have federal income tax and health insurance
18 premiums deducted from his or her monthly supplemental benefit
19 in the same manner as provided in s. 121.091(14)(a) and (b)
20 for monthly retirement benefits under the Florida Retirement
21 System.

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

28 (8) DEATH BENEFITS.--

29 (a) If the employment of a participant of this program
30 is terminated by reason of his or her death subsequent to the
31 completion of 10 years of creditable service with the

1 institute but prior to his or her actual retirement, such
2 10-year period having commenced on or after December 1, 1970,
3 it shall be assumed that the participant had met all of the
4 eligibility requirements under this section and had retired
5 from the federal Civil Service Retirement System and under
6 this section as of the date of death, having elected, in
7 accordance with subsection (7), the optional form of
8 supplemental payment most favorable to his or her beneficiary,
9 as determined by the administrator. The monthly supplemental
10 benefit provided in this paragraph shall be paid to the
11 participant's beneficiary (spouse or other financial
12 dependent) upon such beneficiary's attaining the age of 62 and
13 shall be paid thereafter for the beneficiary's lifetime.

14 (b) If a participant of this program dies subsequent
15 to his or her actual retirement under the federal Civil
16 Service Retirement System but prior to attaining age 62, and
17 such participant was otherwise eligible for supplemental
18 benefits under this section, it shall be assumed that the
19 participant had met all of the eligibility requirements under
20 this section and had retired as of the date of death, having
21 elected, in accordance with subsection (7), the optional form
22 of supplemental payment most favorable to his or her
23 beneficiary, as determined by the administrator. The monthly
24 supplemental benefit provided in this paragraph shall be paid
25 to the participant's beneficiary (spouse or other financial
26 dependent) upon such beneficiary's attaining the age of 62 and
27 shall be paid thereafter for the beneficiary's lifetime.

28 (9) DESIGNATION OF BENEFICIARIES.--Each participant of
29 this program may designate beneficiaries in accordance with s.
30 121.091(8).
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1 (10) COST-OF-LIVING ADJUSTMENT OF SUPPLEMENTAL
2 BENEFITS.--On each July 1, the supplemental benefit of each
3 retired participant of this program and each annuitant thereof
4 shall be adjusted as provided in s. 121.101.

5 (11) EMPLOYMENT AFTER RETIREMENT: LIMITATION.--Any
6 person who is receiving a supplemental retirement benefit
7 under this program ~~section~~ may be reemployed by any private or
8 public employer after retirement and receive supplemental
9 retirement benefits pursuant to this section and compensation
10 from his or her employer, without any limitations. However,
11 if a retired participant who is receiving a supplemental
12 retirement benefit under this section is reemployed at the
13 institute in a position as a cooperative extension employee of
14 the institute, he or she shall forfeit all rights to
15 supplemental retirement benefits in accordance with the
16 eligibility provisions of paragraph (4)(e).

17 (12) CONTRIBUTIONS.--

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

25 (b) The monthly contributions required to be paid
26 pursuant to paragraph (a) on the gross monthly salaries, from
27 all sources with respect to such employment, paid to those
28 employees of the institute who hold both state and federal
29 appointments and who participate in the federal Civil Service
30 Retirement System shall be as follows:

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1 Dates of Contribution	Percentage
2 Rate Changes	Due
3 July 1, 1985, through December 31, 1988	6.68%
4 January 1, 1989, through December 31, 1993	6.35%
5 January 1, 1994, through December 31, 1994	6.69%
6 January 1, 1995, through June 30, 1996	6.82%
7 July 1, 1996, through June 30, 1998	5.64%
8 July 1, 1998, through June 30, 2001	7.17%
9 July 1, 2001, through June 30, 2003	6.96%
10 July 1, 2003, through June 30, 2005	13.83%
11 Effective July 1, 2005, through June 30, 2007	20.23%
12 <u>Effective July 1, 2007</u>	<u>18.75%</u>
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14 (13) INVESTMENT OF THE TRUST FUND.—	
15 (a) The State Board of Administration shall invest and 16 reinvest available funds of the trust fund in accordance with 17 the provisions of ss. 215.44 215.53. The board shall consider 18 investment techniques, such as contingent immunization or the 19 development of a dedicated portfolio, which are directed 20 toward developing minimum risk procedures for supporting a 21 prescribed liability schedule.	
22 (b) Costs incurred in carrying out the provisions of 23 this section shall be deducted from the interest earnings 24 accruing to the trust fund.	
25 (13)(14) ADMINISTRATION OF <u>PROGRAM SYSTEM</u>.--	
26 (a) The department shall make such rules as are 27 necessary for the effective and efficient administration of 28 this <u>program system</u> . The secretary of the department shall be 29 the administrator of the <u>program system</u> . The funds to pay the 30 expenses for such administration shall be appropriated from	
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1 the interest earned on investments made for the Florida
2 Retirement System Trust Fund.

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

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

11 Section 4. The Legislature finds that a proper and
12 legitimate state purpose is served when employees and retirees
13 of the state and of its political subdivisions, and the
14 dependents, survivors, and beneficiaries of such employees and
15 retirees, are extended the basic protections afforded by
16 governmental retirement systems that provide fair and adequate
17 benefits that are managed, administered, and funded in an
18 actuarially sound manner, as required by Section 14, Article X
19 of the State Constitution and part VII of chapter 112 of the
20 Florida Statutes. Therefore, the Legislature determines and
21 declares that this act fulfills an important state interest.

22 Section 5. This act shall take effect July 1, 2007.
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