

1                   A bill to be entitled  
 2           An act relating to the optional retirement program for the  
 3           State University System; amending s. 121.35, F.S.;  
 4           revising provisions relating to provider contracts that  
 5           provide benefits to program participants; revising  
 6           provisions relating to contributions employers are  
 7           required to make on behalf of participants; revising  
 8           provisions relating to contract recommendations the Board  
 9           of Governors and State Board of Education are required to  
 10          submit to the Department of Management Services;  
 11          increasing the number of companies that may provide  
 12          contracts from five to seven; deleting obsolete  
 13          provisions; providing an effective date.

14  
 15 Be It Enacted by the Legislature of the State of Florida:  
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17           Section 1. Subsection (1), paragraph (a) of subsection  
 18           (4), paragraph (a) of subsection (5), and paragraphs (a), (b),  
 19           and (c) of subsection (6) of section 121.35, Florida Statutes,  
 20           are amended to read:

21           121.35 Optional retirement program for the State  
 22           University System.--

23           (1) OPTIONAL RETIREMENT PROGRAM ESTABLISHED.--The  
 24           department ~~of Management Services~~ shall establish an optional  
 25           retirement program under which contracts providing retirement  
 26           and death benefits may be purchased for eligible members of the  
 27           State University System who elect to participate in the program.  
 28           The benefits to be provided for or on behalf of participants in

29 such ~~optional retirement~~ program shall be provided through  
 30 individual contracts or individual certificates issued for group  
 31 annuity contracts or other contracts, which may be fixed,  
 32 variable, or a combination thereof; or through other contracts,  
 33 in accordance with s. 403(b) of the Internal Revenue Code. Any  
 34 individual contract or certificate must ~~shall~~ state the annuity  
 35 plan on its face page, and ~~shall~~ include, but not be limited to,  
 36 a statement of ownership, the contract benefits, annuity income  
 37 options, limitations, expense charges, and surrender charges, if  
 38 any. The state shall contribute, as provided in this section,  
 39 toward the purchase of such optional benefits.

40 (4) CONTRIBUTIONS.--

41 (a) ~~Through June 30, 2001, each employer shall contribute~~  
 42 ~~on behalf of each participant in the optional retirement program~~  
 43 ~~an amount equal to the normal cost portion of the employer~~  
 44 ~~retirement contribution which would be required if the~~  
 45 ~~participant were a regular member of the Florida Retirement~~  
 46 ~~System defined benefit program, plus the portion of the~~  
 47 ~~contribution rate required in s. 112.363(8) that would otherwise~~  
 48 ~~be assigned to the Retiree Health Insurance Subsidy Trust Fund.~~  
 49 Effective July 1, 2001, each employer shall contribute on behalf  
 50 of each participant in the optional program ~~an amount equal to~~  
 51 10.43 percent of the participant's gross monthly compensation.  
 52 The department shall deduct an amount approved by the  
 53 Legislature to provide for the administration of the ~~this~~  
 54 program. Contributions shall be paid ~~The payment of the~~  
 55 ~~contributions to the optional program which is required by this~~  
 56 ~~paragraph for each participant shall be made by the employer to~~

HB 621

2009

57 | the department, which shall forward the contributions to the  
58 | designated company or companies contracting for payment of  
59 | benefits for the participant under the program. However, ~~such~~  
60 | contributions paid on behalf of an employee described in  
61 | paragraph (3)(c) may ~~shall~~ not be forwarded to a company and do  
62 | ~~shall~~ not begin to accrue interest until the employee has  
63 | executed a contract with one of the designated companies and  
64 | notified the department.

65 | (5) BENEFITS.--

66 | (a) Benefits are ~~shall be~~ payable under the optional  
67 | retirement program only to vested participants in the program,  
68 | or their beneficiaries, as designated by the participant in the  
69 | contract with a provider company, and ~~such benefits~~ shall be  
70 | paid only by the designated company in accordance with s. 403(b)  
71 | of the Internal Revenue Code and ~~in accordance with~~ the terms of  
72 | the annuity contract or other contracts applicable to the  
73 | participant. Benefits shall accrue in individual accounts that  
74 | are participant-directed, portable, and funded by employer  
75 | contributions and the earnings thereon. The participant must be  
76 | terminated from all employment with all Florida Retirement  
77 | System employers, as provided in s. 121.021(39), to begin  
78 | receiving the employer-funded benefit. Benefits funded by  
79 | employer contributions are ~~shall be~~ payable in accordance with  
80 | the following terms and conditions:

81 | 1. Benefits are ~~shall be~~ payable only to a participant, to  
82 | his or her beneficiaries, or to his or her estate, as designated  
83 | by the participant.

84 | 2. Benefits must ~~shall~~ be paid by the provider company or

85 | companies in accordance with ~~the~~ law, the provisions of the  
 86 | contract, and any applicable board rule or policy.

87 |         3. In the event of a participant's death, moneys  
 88 | accumulated by, or on behalf of, the participant, less  
 89 | withholding taxes remitted to the Internal Revenue Service, if  
 90 | any, must ~~shall~~ be distributed to the participant's designated  
 91 | beneficiary or beneficiaries, or to the participant's estate, as  
 92 | if the participant retired on the date of death and~~7~~ as provided  
 93 | in paragraph (c). No other death benefits are ~~shall be~~ available  
 94 | for survivors of participants ~~under the optional retirement~~  
 95 | ~~program~~ except for ~~such~~ benefits~~7~~, or coverage for such benefits  
 96 | which~~7~~, as are separately provided ~~afforded~~ by the employer, at  
 97 | the employer's discretion.

98 |         (6) ADMINISTRATION OF PROGRAM.--

99 |         (a) The optional retirement program authorized by this  
 100 | section shall be administered by the department. The department  
 101 | shall adopt rules establishing the responsibilities of the  
 102 | institutions in the State University System in administering the  
 103 | optional retirement program. ~~The Board of Regents shall, no more~~  
 104 | ~~than 90 days after July 1, 1983, submit to the department its~~  
 105 | ~~recommendations for the contracts to be offered by the companies~~  
 106 | ~~chosen by the department. Effective July 1, 2001, the State~~  
 107 | ~~Board of Education shall submit to the department its~~  
 108 | ~~recommendations for the contracts to be offered by the companies~~  
 109 | ~~chosen by the department. Effective July 1, 2007, the Board of~~  
 110 | ~~Governors of the State University System shall submit~~  
 111 | ~~recommendations on contracts~~ to be offered by the department  
 112 | within 90 days after request by the department. The

HB 621

2009

113 recommendations of the board shall include the following:

114 1. The nature and extent of the rights and benefits in  
115 relation to the required contributions; and

116 2. The suitability of the rights and benefits to the needs  
117 of the participants and the interests of the institutions in the  
118 recruitment and retention of eligible employees.

119 (b) After receiving and considering the recommendations of  
120 the Board of Governors of the State University System, the  
121 department shall designate up to seven ~~no more than five~~  
122 companies from which contracts may be purchased under the  
123 program and shall approve the form and content of the ~~optional~~  
124 ~~retirement program~~ contracts. Any domestic company that was ~~has~~  
125 ~~been~~ designated as of July 1, 2005, shall be included in the  
126 seven ~~five~~ companies until expiration of its existing contract  
127 with the department. The domestic company may assign its  
128 contract with the department to an affiliated qualified company  
129 that is wholly owned by the domestic company's parent company  
130 and has assumed 100 percent of the responsibility for the  
131 contracts purchased from the domestic company.

132 (c) ~~Effective July 1, 1997,~~ The State Board of  
133 Administration shall review and make recommendations to the  
134 department on the acceptability of all investment products  
135 proposed by provider companies of the optional retirement  
136 program before they are offered through annuity contracts or  
137 other contracts to the participants and may advise the  
138 department of any changes necessary to ensure that the optional  
139 retirement program offers an acceptable mix of investment  
140 products. The department shall make the final determination as

HB 621

2009

141 | to whether an investment product will be approved for the  
142 | program.

143 |       Section 2. This act shall take effect July 1, 2009.