

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

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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~~

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

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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

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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

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

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