

Committee Substitute for Senate Bill No. 1488

An act relating to retirement; amending s. 112.0801, F.S.; providing a definition for the term “retiree” for purposes of participation in group insurance; creating s. 121.047, F.S.; consolidating the operation of the Institute of Food and Agricultural Sciences Supplemental Retirement Program under the Florida Retirement System; providing for assumption of program liabilities and obligations; abolishing the Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund; barring program participants from membership in the Florida Retirement System; amending s. 121.40, F.S., relating to the establishment and administration of the Institute of Food and Agricultural Sciences Supplemental Retirement Program; conforming provisions to changes made by the act; redefining the term “trust fund” for purposes of administering the program; providing a rate of monthly contributions; removing provisions relating to investments of the program trust fund; providing a legislative finding that the act fulfills an important state interest; providing an effective date.

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

Section 1. Section 112.0801, Florida Statutes, is amended to read:

112.0801 Group insurance; participation by retired employees.—

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

(2) For purposes of this section, “retiree” means any officer or employee who retires under a state retirement system or a state optional annuity or

retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition to these requirements, any officer or employee who retires under the Public Employee Optional Retirement Program established under part II of chapter 121 shall be considered a “retired officer or employee” or “retiree” as used in this section if he or she:

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

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

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

121.047 Consolidation of liabilities and assets; Institute of Food and Agricultural Sciences Supplemental Retirement Program; restriction.—

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

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

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

(2) The administrator shall, as of July 1, 2007, cause to be transferred to the trust fund of the Florida Retirement System all assets of the Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund, including moneys, securities, and other property accumulated to date, as well as all liabilities and obligations connected therewith. Upon such transfer of assets, liabilities, and obligations, the Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund shall be abolished and the administrator shall become the trustee of any funds transferred to the Florida Retirement System.

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

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

121.40 Cooperative extension personnel at the Institute of Food and Agricultural Sciences; supplemental retirement benefits.—

(1) SHORT TITLE.—This section shall be known and may be cited as the “Institute of Food and Agricultural Sciences 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.

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

(a) “Institute” means the Institute of Food and Agricultural Sciences of the University of Florida.

(b) “Department” means the Department of Management Services.

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

(d) “Trust fund” means the Florida Retirement System Institute of Food and Agricultural Sciences Supplemental Retirement Trust Fund.

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

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

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

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

(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 institute prior 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 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.

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

(7) OPTIONAL FORMS OF SUPPLEMENTAL RETIREMENT BENEFITS.—Prior to the receipt of the first monthly supplemental retirement payment under this program, 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).

(8) DEATH BENEFITS.—

(a) If the employment of a participant of this program is terminated by reason of his or her death subsequent to the completion of 10 years of creditable service with the institute but prior to his or her actual retirement, such 10-year period having commenced on or after December 1, 1970, it shall be assumed that the participant had met all of the eligibility requirements

under this section and had retired from the federal Civil Service Retirement System and under this section as of the date of death, having elected, in accordance with subsection (7), the optional form of supplemental payment most favorable to his or her beneficiary, as determined by the administrator. The monthly supplemental benefit provided in this paragraph shall be paid to the participant's beneficiary (spouse or other financial dependent) upon such beneficiary's attaining the age of 62 and shall be paid thereafter for the beneficiary's lifetime.

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

(9) DESIGNATION OF BENEFICIARIES.—Each participant of this program 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.

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

(12) CONTRIBUTIONS.—

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

(b) The monthly contributions required to be paid pursuant to paragraph (a) on the gross monthly salaries, from all sources with respect to such employment, paid to those employees of the institute who hold both state

and federal appointments and who participate in the federal Civil Service Retirement System shall be as follows:

Dates of Contribution Rate Changes	Percentage Due
July 1, 1985, through December 31, 1988	6.68%
January 1, 1989, through December 31, 1993	6.35%
January 1, 1994, through December 31, 1994	6.69%
January 1, 1995, through June 30, 1996	6.82%
July 1, 1996, through June 30, 1998	5.64%
July 1, 1998, through June 30, 2001	7.17%
July 1, 2001, through June 30, 2003	6.96%
July 1, 2003, through June 30, 2005	13.83%
<u>Effective July 1, 2005, through June 30, 2007</u>	<u>20.23%</u>
<u>Effective July 1, 2007</u>	<u>18.75%</u>

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

(a) ~~The State Board of Administration shall invest and reinvest available funds of the trust fund in accordance with the provisions of ss. 215.44-215.53. The board shall consider investment techniques, such as contingent immunization or the development of a dedicated portfolio, which are directed toward developing minimum-risk procedures for supporting a prescribed 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.~~

(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 Florida Retirement System Trust Fund.

(b) The department may ~~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.

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

Section 4. The Legislature finds that a proper and legitimate state purpose is served when employees and retirees of the state and of its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by governmental retirement systems that provide fair and adequate benefits that are managed, administered, and funded in an actuarially sound manner, as required by Section 14, Article X of the State Constitution and part VII of

chapter 112 of the Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

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

Approved by the Governor June 12, 2007.

Filed in Office Secretary of State June 12, 2007.