

2007 LEGISLATIVE ISSUE FORM

BOG ISSUE: SUS Optional Retirement Plan



PROPOSED STATUTORY LANGUAGE: Draft Statutory Language Complete

1. Need for Change: Sections 121.051, 121.35, and 121.4501, Florida Statutes

The proposed changes to the State University System Optional Retirement Plan (SUS-ORP) provide the following benefits to current and future employees participating in the SUS-ORP:

- A. Retirees who are reemployed by a state university and therefore eligible for renewed membership in the Florida Retirement System (FRS) may elect to participate in the SUS-ORP;
- B. Eligible university personnel who participate in the SUS-ORP will have a one-time opportunity to switch from the SUS-ORP to FRS or Public Employee Optional Retirement Program (PEORP);
- C. Eligible university personnel who participate in the SUS-ORP will be able to transfer to their SUS-ORP accounts the value of any FRS benefit they accrued while making their initial decision to join the SUS-ORP.

2. Current Condition:

Currently, participants in PEORP are provided the opportunity to make a one-time switch during their career from PEORP to FRS. In 2003, this feature was added to the Community College Optional Retirement Program (CC-ORP) to benefit those participants, allowing them to switch from CC-ORP to FRS or PEORP. Similarly, the transfer of FRS benefits that have accrued while employees were making their initial decision to join an Optional Retirement Program is presently permitted for participants in the PEORP and CC-ORP. The proposed changes will provide SUS-ORP participants the same benefits as those available to participants in PEORP and CC-ORP.

4. Fiscal Impact:

There is no fiscal impact to the Universities, the Board of Governors, or the Division of Retirement. If an employee participating in the SUS-ORP elects to switch to FRS, the employee is responsible for any cost differential associated with such transfer. Similarly, an SUS-ORP participant transferring to the PEOPR would simply transfer the current value of the employee's SUS-ORP to the PEORP.

5. Justification for BOARD OF GOVERNOR'S Priority (if applicable):

The proposed changes provide greater retirement flexibility to SUS employees participating in the SUS-ORP by offering the same benefits afforded to those participants in the PEORP and the CC-ORP. At a time when it is becoming increasingly difficult to recruit and retain top-quality faculty and staff, the additional flexibility achieved by the proposed statutory changes provides employees the valuable benefit of changing their retirement options as their personal circumstances change. This benefit will be available to SUS-ORP employees without any additional cost to the universities.

6. Link to BOG Strategic Plan:

Because the proposed changes will provide an expanded benefit that will aid in the attraction and retention of outstanding faculty and staff, they are linked to the following goals of the Board of Governors as articulated in the State University System Strategic Plan:

- A. Access to and production of degrees
- C. Building world-class academic programs and research capacity