

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
September 13, 2012**

**SUBJECT:** Optional Retirement Program (ORP)

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**PROPOSED BOARD ACTION**

Approve the recommendation from the Council of Administrative and Financial Affairs regarding the services to be provided by ORP vendors.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution, Section 121.35(6) Florida Statute

**BACKGROUND INFORMATION**

Section 121.35 Florida Statute establishes the ORP for the SUS. The Department of Management Services (DMS) manages the program on behalf of the SUS. The statute requires the Board of Governors to make recommendations on what types of services should be included in the program and on the number of investment providers from which ORP contracts may be purchased.

The current providers and number of SUS participants:

- ING (3,042 participants)
- Jefferson national Life Insurance Co (134 participants)
- MetLife Investors USA Insurance Co (1,853 participants)
- TIAA-CREF (teachers insurance & annuity association - college retirement equities fund) (8,870 participants)
- VALIC retirement (4,615 participants)

The statute previously limited the number of investment providers to no more than five; however, during the 2012 session Senate Bill 198 passed increasing the number of investment providers to six.

The contracts for the current providers expire on January 1, 2015. The DMS has initiated the process to begin the competitive process to not only select a sixth vendor, but also providers whose contracts will expire in two years.

In a letter to Governor Colson on July 12, 2012, DMS requests that the Board provide the following recommendations on the contract to be provided:

1. The nature and extent of the rights and benefits in relation to the required contributions; and
2. The suitability of the rights and benefits to the needs of the participants and the interests of the institution in the recruitment and retention of eligible employees.

Pursuant to Section 121.35, Florida Statute, this information needs to be submitted to DMS by October 12, 2012.

During an update to the Budget and Finance Committee in June it was recommended that the Council of Administrative and Financial Affairs (CAFA) take the lead on developing the recommendations for the Board to consider.

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**Supporting Documentation Included:** Information located in the Budget & Finance Committee agenda materials