

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

SUBJECT: RECOMMENDATION FOR CONTRIBUTION RATES FOR BOARD MEMBERS WHO CHOOSE TO OPT OUT OF FLORIDA RETIREMENT SYSTEM

Pursuant to changes enacted by the legislature in 1997, School Board Members, referred to by the Florida Retirement System (FRS) as Elected Officers' Class (EOC), have the opportunity to voluntarily withdraw from participation in the FRS.

The Board named ICMA Retirement Corporation as the plan administrator for the Miami-Dade County School Board Money Purchase Plan and Trust, effective March 1, 1999. Since that time, Board members who chose to have their retirement contribution not sent to Tallahassee as part of FRS have had their money invested in a individual investment program offered by ICMA Retirement Corporation.

The State of Florida dictates on an annual basis the percentage contribution for FRS for all classes of employees and elected officials, by FRS Membership Plan and Class, including HA (regular), and HI (County, City, Special District Elected Officers). The state used to also dictate the percentage contribution for those who are eligible for the local annuity programs including Membership Plan HO (Local Annuity Programs) and OQ (Renewed Elected Officers Class - Local Annuity Programs), however, as a result of a change in Florida law, the contribution rate is now determined by the local authority, which in this instance is the School Board.

Staff is recommending that the Board adopt a contribution rate for Board members who elect to opt out of the FRS equal to that of the contribution rate for those Board members who have their contribution go towards the FRS. Effective July 1, 2001 the state required contribution for EOC employees in class HI is 15.14%. It is recommended that Board members eligible for plans HO and OQ for whom the Board is currently contributing 11.19% be increased to 15.14%, effective July 1, 2001, and remain equal to the HI contribution rate as determined by the State of Florida in future years.

RECOMMENDED: That The School Board of Miami-Dade County, Florida adopt a set retirement contribution rate for Board members who elect to not participate in the Florida Retirement System (FRS) equal to the contribution rate for Board members who elect to participate in the FRS, as determined by the State of Florida Division of Retirement to become effective July 1, 2001, at which time all Board members will receive an equal contribution rate of 15.14%, for fiscal year 2001-2002, with future percentage contributions to remain equal for all Board members as determined by the State of Florida in future years.