

Financial Services  
Richard H. Hinds, Chief Financial Officer

**SUBJECT:                   REQUEST FOR AUTHORIZATION TO CONTRACT WITH  
BENCOR, INC. FOR ADMINISTRATION OF THE  
TERMINAL LEAVE RETIREMENT PLAN (TLRP)**

**COMMITTEE:               INNOVATION,   EFFICIENCY   &   GOVERNMENTAL  
RELATIONS**

**LINK TO STRATEGIC  
FRAMEWORK:               FINANCIAL EFFICIENCY/STABILITY**

At the School Board meeting of April 16, 2012, authorization was received to enter into a contract with Bencor, Inc. (Bencor) to provide administrative services for the District's Terminal Leave Retirement Plan (TLRP), pursuant to the provisions of School Board Policy 6320 - Purchasing, wherein Miami-Dade County Public Schools is purchasing such administrative services pursuant to the provisions of the School Board of Broward County (SBBC) Request For Proposal (RFP) #28-001V. This authorization became effective May 16, 2012 – June 30, 2013. The original award from SBBC was for the time period of July 1, 2007 – June 30, 2012, and was extended by SBBC's Insurance Committee for one-year period of July 1, 2013 – June 30, 2014.

As result, the Board took action at its meeting of June 19, 2013 to extend its contract with Bencor for that one-year extension. An additional one-year extension of the SBBC contract between SBBC and Bencor has been authorized for July 1, 2014 – June 30, 2015 and staff is recommending that a new contract with Bencor be approved effective July 1, 2014 through the new contract extension of June 30, 2015. No District funds are required for this contract.

This program has been in place since 2003 to provide employees who are separating from service as a result of retirement, or entering into or continuing their participation in the Deferred Retirement Option Program (DROP), the opportunity to invest their accrued annual leave or terminal sick leave into a tax-favored retirement plan. These payments which are unilaterally contributed to a tax sheltered annuity program in lieu of cash payments allow employees to defer Federal Income Tax until funds are withdrawn in the future, subject to the Internal Revenue Service (IRS) maximum contributions as well as Social Security Tax (FICA). The District also benefits from the savings of FICA match (7.65%) on these funds.

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In addition to the existing program at SBBC, over 50 of Florida's 67 School Districts have implemented the plan with Bencor including Palm Beach, Duval, Orange, Hillsborough and Pinellas. The University of Florida, Florida State University, the University of Central Florida and most of the Florida Community colleges utilize the TLRP program with Bencor as well.

The following provisions apply to this contract:

- Guaranteed Pooled Fund offered by Transamerica Financial Life Insurance Company (TFLIC) provides guaranteed interest rates of 2.05% for contributions made prior to September 1, 2011 and 1.00% for contributions made after August 31, 2011.
- Investment products are provided by Diversified Investment Advisors and Transamerica Financial Life Insurance Company with two mutual funds, Fidelity Contrafund and T. Rowe Price Capital Appreciation Fund.
- Participating employees pay no administrative fees to Bencor, all fees are paid by Diversified Investment Advisors and Transamerica Financial Life Insurance Company.
- There is no cost to the District. However, the District does save its portion of FICA expenses for all terminal leave monies paid by the District on behalf of employees.
- Bencor will provide an annual fee to Miami-Dade County Public Schools of \$55,000 to offset administrative support costs in the Office of Risk and Benefits Management.

Over the past 6 years, the IRS 401(a) portion of this program has been suspended, leaving only the IRS 403(b) portion in effect, as the District attempted to receive a determination letter from the IRS with respect to whether or not the plan provides for substantial and recurring contributions. Bencor has provided updated data which supports the re-establishment of the 401(a) program which will be reviewed by the law firm of Greenberg Traurig, P.A., which previously provided IRS support on this program.

Staff is evaluating the potential benefit of creating a multi-faceted Request For Information (RFI) on all District offered Supplemental Retirement Plans, including the Bencor Program. If the RFI is issued and recommendations are made for this program, there is the ability to cancel the current contract with Bencor prior to June 30, 2015.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, contract with Bencor, Inc. as the district's Terminal Leave Retirement Plan Administrator (TLRP), pursuant to the provisions of School Board Policy 6320 - Purchasing, wherein Miami-Dade County Public Schools is purchasing such administrative services pursuant to the provisions of Broward County Public Schools RFP #28-001V, and Bencor, Inc.'s proposal as approved and amended as of February 21, 2014, inclusive of all terms, conditions, fees and administrative support costs, effective July 1, 2014 to June 30, 2015.

RHH:sbc