

Financial Services  
Mr. Ron Y. Steiger, Chief Financial Officer

**SUBJECT:** INITIAL **READING: PROPOSED AMENDMENT TO  
POLICY 6144.01, SUPPLEMENTAL RETIREMENT  
INVESTMENT PROGRAMS**

**COMMITTEE:** **FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS**

**LINK TO STRATEGIC  
BLUEPRINT:** **EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES**

Under Section 1001.41(1) and 1001.43(10), F.S., the School Board is responsible for adopting and revising policies necessary for the efficient operation and general improvement of the school system, including ensuring that its policies are correct, comply with statutory requirements, and conform to current practices. At the School Board meeting of November 18, 2008, a new School Board Rule was adopted to provide for three distinct groups of Tax Sheltered Annuity providers, subject to Internal Revenue Code (IRC) § 403(b), including those categorized as "Run Off", "Grandfathered", or "Independent Benefits Council Approved."

The proposed changes are intended to reflect changes that have taken place to the program since the last time the Policy was revised, as well as revising the language on the collection of fees to comport with industry practice.

Attached is the Notice of Intended Action and the proposed policy amendments. Changes are indicated by underscoring words to be added and ~~striking through~~ words to be deleted.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida direct the Superintendent to initiate rulemaking proceedings for Initial reading in accordance with the Administrative Procedures Act to amend School Board Policy 6144.01, *Supplemental Retirement Investment Programs*.

**E-66**

## NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on May 16, 2018 its intention to amend Board Policy 6144.01, *Supplemental Retirement Investment Programs*, at its regular meeting on May 16, 2018.

**PURPOSE AND EFFECT:** The proposed changes are intended to reflect changes that have taken place to the program since the last time the Policy was revised at the November 18, 2008 School Board Meeting, as well as revising the language on the collection of fees to comport with industry practice.

**SUMMARY:** Assure District's IRC § 403(b) Tax Sheltered Annuity Investment Program, hereafter referred to as the "403(b) Plan" adheres with all IRC regulations including approval of investment options and plan administration guidelines.

**SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED:** 1001.41(1); 1001.41(2), F.S.

**LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC:** F.S. 1001.43(6); 1001.43(10), F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING of, June 20, 2018, which begins at 1:00 p.m., in the School Board Administration Building, School Board Auditorium, 1450 N. E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing by June 12, 2018 to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WHO DECIDES TO APPEAL THE DECISION made by The School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings including the testimony and evidence upon which the appeal is to be based. Section 286.0105, F. S.

A COPY OF THE PROPOSED AMENDED POLICY is available at cost to the public for inspection and copying in the Citizen Information Center, Room 102, 1450 Northeast Second Avenue, Miami, Florida 33132.

Originator: Mr. Michael G. Fox  
Supervisor: Mr. Ron Y. Steiger  
Date: February 12, 2018

1                    SUPPLEMENTAL RETIREMENT INVESTMENT PROGRAMS

2    The purpose of this policy is to:

3            A.    Assure compliance of the District's Internal Revenue Code (IRC) §  
4                    403(b) Tax Sheltered Annuity Investment Program with Federal  
5                    Regulations.

6            B.    Adopt an official plan document for the School Board as the plan  
7                    sponsor of the District's IRC § 403(b) Tax Sheltered Annuity  
8                    Investment Program, hereafter referred to as the "403(b) PlanTSA  
9                    Investment Program" which can be amended, from time to time to  
10                    assure adherence with all IRC regulations including approval of  
11                    investment options and plan administration guidelines.

12           C.    Adopt the Independent Benefits Council's (IBC) Statewide "Model  
13                    Plan" as the accepted platform for companies offering investments to  
14                    District employees as part of the TSA Investment Program403(b)  
15                    Plan, including any newly added providers to be offered to District  
16                    employees. Providers will be classified into one (1) of three (3)  
17                    categories, defined as follows:

18                    1.    "Run Off Provider" - This category includes any plan  
19                    investment provider that is restricted to receiving and/or  
20                    changing contribution amounts from employees with current  
21                    contributions ~~as of November 18, 2008~~. Those employees  
22                    may continue to direct contributions to the Run Off Provider,  
23                    and may change contribution amounts and investment  
24                    allocations. However, a Run Off Provider may not accept  
25                    contributions or rollovers from any ~~plan~~ 403(b) Plan  
26                    participant that does not have a plan account with the Run  
27                    Off Provider ~~as of November 18, 2008~~ the date the provider's  
28                    status is determined to be that of a Run Off Provider.

29                    2.    "IBC Approved Provider" - This category includes those  
30                    investment providers currently listed in the model-Model  
31                    planPlan -as recommended by the IBC.

1 3. "Grandfathered Provider" - This category includes any  
2 investment provider receiving employee contributions ~~as of~~  
3 ~~November 18, 2008~~, that is not classified as either a Run Off  
4 Provider or as an IBC Approved Provider.

5 Both IBC Approved Providers and Grandfathered Providers will  
6 continue ~~their current to be eligibility~~ eligible to add new  
7 participants, as well as make any and all necessary changes  
8 including, but not limited to starts, stops, changes, distributions,  
9 etc.

10 Run Off Providers, IBC Approved Providers and Grandfathered  
11 Providers shall be responsible to complete all necessary due  
12 diligence with the Board to be in complete compliance with all  
13 Internal Revenue Code (IRC) § 403 (b) requirements which become  
14 effective January 1, 2009 and beyond. In particular, each of the  
15 above providers will be required to complete an Information Sharing  
16 Agreement (ISA). In the event an ISA is not in place for a particular  
17 provider, restrictions will be imposed on that provider in accordance  
18 with the IRC and the regulations thereunder.

19  
20 The classification of an investment provider into either  
21 Grandfathered Provider or ~~Run Off Provider~~ shall be determined  
22 after a periodic review and subsequent recommendation by the  
23 District's 403(b) Plan Administrator.

24  
25 D. Create choice, compliance, and a source of revenue for the District  
26 in determining the number of providers offering investments to  
27 District employees, in conjunction with a per participant fee  
28 structure to be collected by the District from providers to offset  
29 administrative expenses, including the possibility in the future of  
30 seeking the services of a third party administrator to assist in the  
31 plan's administration with funds to pay the administrator to come  
32 from the revenue from participating companies.

33 E. Document in Board policy the existence of the District's IRC §457  
34 and §401(k) plans.

35 Requirements for the ~~TSA Investment Program~~ 403(b) Plan are:

36 A. All employees of the District are eligible to participate, subject to the  
37 requirements as set forth in Chapter 72. Employee Plans Technical  
38 Guidelines, Section 13. IRC 403(b) Plans.

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- B. Employees' investments will be limited to maximums as determined by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be determined in the future under the Internal Revenue Code.
- C. Employees may select from providers incorporated as part of the State of Florida Model Plan, as recommended by the Independent Benefits Council (IBC), and adopted by the District, which may change from time-to-time. All terms and conditions of such participation in the Model Plan are comprised of the Letters of Agreement between the IBC and selected companies agreeing to provide competitive rate structures to maximize potential returns on investments for employees and also agree to the fee structure as agreed upon by the IBC to offset District administrative expenses. Any newly added providers to the ~~TSA Investment Program 403(b) Plan~~ must be part of the Model Plan.
- D. Employees may also select from providers which ~~are receiving contributions as of November 18, 2008. Providers will be classified into one (1) of three (3) categories, as follows:~~
- ~~1. "Run Off Provider" This category includes any plan investment provider that is restricted to receiving and/or changing contribution amounts from employees with current contributions as of November 18, 2008. Those employees may continue to direct contributions to the Run Off Provider, and may change contribution amounts and investment allocations. However, a Run Off Provider may not accept contributions or rollovers from any plan participant that does not have a plan account with the Run Off Provider as of November 18, 2008.~~
  - ~~2. "IBC Approved Provider" This category includes those investment providers listed in the model plan as recommended by the IBC.~~
  - ~~3. "Grandfathered Provider" This category includes any investment provider receiving employee contributions as of November 18, 2008, that is not classified as either a Run Off Provider or as an IBC Approved Provider.~~
- ~~Both which have been designated as either IBC Approved Providers and Grandfathered Providers. These investment providers will continue their current eligibility to add new participants, as well as make any and all necessary changes including, but not limited to starts, stops, changes, distributions, etc.~~

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2 E. All companies shall be responsible to complete all necessary due  
3 diligence with the Board to be in complete compliance with all  
4 Internal Revenue Code (IRC) § 403 (b) requirements which become  
5 effective January 1, 2009 and beyond. In particular, each of the  
6 above providers will be required to complete an Information Sharing  
7 Agreement (ISA). In the event an ISA is not in place for a particular  
8 provider, restrictions will be imposed on that provider in accordance  
9 with the IRC and the regulations thereunder.

10

11 F. All companies shall be responsible for compliance with existing  
12 Board Policies and District procedures regarding the outreach,  
13 education and processing of 403(b) Plan enrollments and account  
14 transactions and;

15 GF. The District adopts the 403(b) Plan Document for Public  
16 Educational Organizations ("Plan Document") as modified by an  
17 Adoption Agreement which is incorporated herein by reference.

18 The District will collect fees in an amounts determined by the Model Plan set forth in  
19 the agreement between the Board and the District's 403(b) Plan Administrator  
20 (currently \$12/participant/year), in addition to the existing \$5/participant/year to  
21 be paid by all investment providers other than Run-Off Providers to offset  
22 administrative expenses for the Office of Risk and Benefits Management to manage  
23 the pPlan. -These funds will continue to be used to offset administrative expenses  
24 within the Office of Risk and Benefits Management to administer the TSA  
25 Investment Program, as well as the expenses necessary to contract a third-party  
26 administrator for services such as plan level transaction recordkeeping, common  
27 remitting and educating employees about the availability of the Plan, including the  
28 possibility of using such funds to pay for a third-party administrator and using the  
29 administrator as a common remitter for all employee funds.

30 Requirements for the District's IRC §457 Plan are:

31 A. All employees are eligible to participate.

32 B. Employees' investments will be limited to maximums as determined  
33 by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be  
34 determined by the Internal Revenue Code in the future.

35 C. Employees may select from investment options which are offered by  
36 the plan administrator which may change from time-to-time.

37 ~~D. The Plan Document is incorporated by reference to assure~~  
38 ~~adherence with the Internal Revenue Code and its regulations,~~  
39 ~~including approval of investment options and plan administration~~  
40 ~~guidelines.~~

1 Requirements for the District's IRC § 401(k) Plan:

2 A. All full time employees are eligible to participate.

3 B. Employees' investments will be limited to maximums as determined  
4 by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be  
5 determined by the Internal Revenue Code in the future.

6 C. Employees may select from investment choices which are offered by  
7 the plan administrator which may change from time to time.

8 D. The Plan Document is incorporated by reference to assure  
9 adherence with the Internal Revenue Code and its regulations,  
10 including approval of investment options and plan administration  
11 guidelines.

12 Specific administrative criteria for all Supplemental Retirement  
13 Investment Programs regarding the processing of contribution  
14 changes including, but not limited to starts, stops, dollar  
15 contribution level changes, loans, and distributions will be made in  
16 accordance with applicable IRC regulations and will be recorded by  
17 the Office of Risk and Benefits Management in a handbook entitled  
18 Procedures Manual for Supplemental Retirement Investment  
19 Programs.

20 F.S. 1001.41(1), 1001.41(2), 1001.412(5), 1001.42(234), 1001.43(6), 1001.43(10)

21 F.S. 1001.43(11), 1012.23, 1012.685(3)

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