

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

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

COMMITTEE: FISCAL ACCOUNTABILITY

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

At the School Board meeting of June 18, 2014, 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. Previously, at the School Board meeting of May 16, 2012, authorization was received through June 30, 2013.

The original award from SBBC was for the time period of July 1, 2007 - June 30, 2012, which was extended by SBBC's Insurance Committee for three, one-year periods through June 30, 2015. Staff is recommending that a new contract with Bencor be approved effective July 1, 2015 for an initial three-year term, through the provisions of the School Board of Broward County (SBBC) Request For Proposal (RFP) #16-005V, which was issued on December 12, 2014 and responded to by Bencor on the due date of February 6, 2015. The term of the agreement between Bencor and SBBC may be extended by two additional one-year periods. Additionally, if needed, the SBBC contract award provides for the ability to extend the contract for 180 days beyond the expiration period, after the initial contract period or any one-year renewal options.

The TLRP 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. All District employees who receive terminal leave payments participate in this program, with the exception of those employees represented by AFSCME Local 1184 who opted out at their request through the collective bargaining process.

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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) contribution limits as well as permanently saving Social Security Tax (FICA). The District also benefits from the saving of the FICA match (7.65%) on these funds. Since the program's inception, the District has saved approximately \$1MM in FICA payments annually.

In addition to the existing program at SBBC, 63 of Florida's 67 School Districts have implemented the TLRP plan with Bencor including Palm Beach, Duval, Orange, Hillsborough and Pinellas.

The following provisions apply to this contract:

- Guaranteed Pooled Fund (GPF) offered by Transamerica Financial Life Insurance Company (TFLIC) provides guaranteed interest rates of 2.05% for contributions made prior to September 1, 2011. For investments made subsequent to September 1, 2011, all monies on deposit and all new contributions will be directed to the Prudential Guaranteed Long-Term Fund, providing a guaranteed interest rate of 1.7% for the next 12 months, through June 30, 2016. Mapping of existing funds will be completed no later than September 1, 2015.
- Investment products are provided by Transamerica Retirement Solutions and Transamerica Financial Life Insurance Company (TFLIC). This product includes the TFLIC Guaranteed Pooled Fund (stable value component) and a mutual fund platform.
- Participating employees pay no administrative fees to Bencor, all fees are paid by the selected investment product provider.
- 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 seven years, the IRS 401(a) portion of this program has been suspended, leaving only the IRS 403(b) portion in effect. 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.

Staff has now received confirmation from the law firm of Greenberg, Traurig, P.A., that as a result of their review, the IRS 401(a) portion of this program can be reinstated for new participants. Therefore, it is being recommended that effective July 1, 2015, or as soon as possible, the TLRP program through Bencor be re-established to include both the 401(a) and 403(b) options for new participants to maximize their tax deferral potential.

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 #16-005V, and Bencor, Inc.'s proposal as proposed on February 6, 2015, and approved at its meeting of May 19, 2015, inclusive of all terms, conditions, fees and administrative support costs, including both the IRS 401(a) and 403(b) plan options for new participants, effective July 1, 2015 to December 31, 2018.

JMM:sbc