



October 21, 2015

TO: THE DISTRICT BOARD OF TRUSTEES  
of VALENCIA COLLEGE

FROM: SANFORD C. SHUGART  
President

RE: RETIREMENT CONTRIBUTIONS – (6Hx28: 3C-11)

The proposed amendments to the Retirement Contributions policy are required to conform to all applicable laws, and to provide updates to reflect current and desired practices.

RECOMMENDED ACTION:

The President recommends that the District Board of Trustees of Valencia College approve the “Retirement Contributions” policy as presented.

  
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President



**POLICY: 6Hx28: 3C-11**

Responsible Official: Vice President,  
Organizational Development & Human  
Resources

Specific Authority: 1001.64, F.S.

Law Implemented: 1001.64, F.S.

Effective Date: XX-XX-2015

**Volume 3C- Human Resources, Hours of Work, Compensation, Retirement, and Benefits**

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**Retirement Programs**

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**Policy Statement:**

**In order to attract, motivate, develop, and retain excellent employees who contribute to student success, the college provides access to retirement programs in accordance with applicable laws, rules, college policies or procedures. The purpose of these programs is to promote an atmosphere of well-being for employees by supporting and encouraging their personal financial security. The President, or designee(s), may establish and/or implement programs and procedures to effectuate this policy.**

- A. FLORIDA RETIREMENT SYSTEM (FRS): Upon employment, all eligible full-time employees become members of the FRS unless currently enrolled in the State and County Officers' and Employees' Retirement System, Teachers' Retirement System, or another program as otherwise permitted by applicable laws or rules. Part-time, hourly employees who work a cumulative total of 2080 hours at the College will be enrolled in the FRS.
- B. ALTERNATIVE PLAN TO SOCIAL SECURITY: Part-time faculty and staff; temporary, full-time employees filling a position for six months or less; and part-time, hourly employees who have not completed 2080 hours of employment and are not enrolled in the Florida Retirement System will be enrolled in the Alternative Plan to Social Security in lieu of participating in and contributing to Social Security.
- C. OPTIONAL RETIREMENT PROGRAM: The College is authorized to establish and administer an Optional Retirement Program (ORP), under the State of Florida of which applicable to the College is the State Community College System Optional Retirement Program or as otherwise may be

determined by the State of Florida in the future, for full-time, designated classes of employees who are eligible for the Regular Class of the Florida Retirement System (FRS). The ORP will be administered in accordance with applicable laws, rules, college policies or procedures.

### **Policy History**

Adopted 1-19-83; Amended 11-18-92; Amended 5-20-98; Amended 5-15-01; Amended XX-X-15;  
Formerly 6Hx28:07-06

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**Procedure Effective Date:** 05/15/2001

### **Procedure Statement:**

- A. The College shall, on behalf of eligible employees, contribute to a retirement plan as set forth in applicable laws, rules, college policies or procedures. Where applicable, the employee's share of the Social Security contribution will be deducted in accordance with federal law. Employee retirement contributions may also be required by applicable laws, rules, college policies or procedures.
- B. Newly-hired full-time employees are automatically enrolled in the Florida Retirement System (FRS). Part-time and temporary instructional employees; temporary, full-time employees filling a position for six months or less; and part-time, hourly employees who have not completed 2080 hours of employment and are not enrolled in the FRS will automatically be enrolled in the Alternative Plan to Social Security at the time of hire. Part-time, hourly employees who complete 2080 hours of employment will be automatically enrolled in the FRS. Human Resources will notify the employee and the supervisor of this enrollment.
- C. Upon termination, employees who participated in the FRS prior to January 1, 1975, may receive a refund of individual contributions if the contributions will not be applied toward retirement vesting. Employees who terminate employment and who participated in the FRS Pension Plan after July 1, 2011, may receive a refund of their individual employee contributions to the plan if the contributions will not be applied toward retirement vesting. Employees who terminate employment and who participated in the FRS Investment Plan or the State Community College System Optional Retirement Program (ORP) will be considered retired if they take a distribution or rollover of the individual employee contributions. Retirees returning to an FRS employer after July 1, 2010, are not eligible for enrollment in the FRS or the ORP.
- D. Members of executive staff have the option to participate in the Valencia Optional Retirement Program (VORP) in which contributions are administered through an employer-sponsored Special Pay Plan. The criteria for participation are as follows:

1. In lieu of participation in the Senior Management Service Class (SMSC) of the FRS, members of the executive staff whose positions are designated as SMSC may withdraw from the FRS and enroll in the VORP. The decision to withdraw from the FRS is irrevocable while the employee holds the position occupied at the time of such withdrawal. Any years of service creditable under any FRS service class shall be retained by the executive staff employee following withdrawal from the FRS and enrollment in the VORP; however, additional FRS service credit in any FRS service class may not be earned by the executive staff employee after such withdrawal from the FRS while the employee holds the position occupied at the time of such withdrawal.
  2. In addition to their participation in the regular FRS or regular ORP, members of the executive staff whose positions have not been designated as SMSC shall be eligible to enroll in the VORP and receive a contribution.
  3. Members of executive staff whose positions are designated as SMSC, and who participate in the SMSC of the FRS, shall not be eligible for the VORP until they withdraw from the SMSC of the FRS and enroll in the VORP within a prescribed VORP enrollment period.
- E. Full-time Instructional and Administrative employees are eligible to participate in the ORP. These employees will have 90 calendar days from their date of hire to elect to participate in the ORP in lieu of the FRS by filing with Human Resources both a written election form and a completed application for an individual annuity contract or certificate with an authorized provider company. Employees who fail to make an election to participate in the ORP within 90 days after commencing qualifying employment or by reason of a change in position status have elected to become or continue to be compulsory members of the Regular Class of FRS.
1. NEW HIRES: An employee's participation in ORP commences retroactive to the first day of the qualifying employment following the filing of the election and completed application.
  2. POSITION CHANGE: An employee's participation in ORP begins the first day of the first full calendar month that the change of position status becomes effective.

### **Related Items**

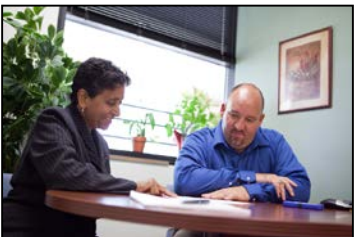
See Policy 6Hx28:3C-14 "401(a) Qualified Retirement Plan"

### **Procedure History**

Adopted 1-19-83; Amended 11-18-92; Amended 5-20-98; Amended 5-15-01; Amended XX-X-15; Formerly 6Hx28:07-06

# Retirement Programs Policy Revision

Presented to District Board of Trustees  
October 21, 2015



# Why are we recommending a policy change?

- Division of Retirement has increased required contribution rates for Senior Management Service Class from 6.3% in 2012 to 21.4% in 2015
- Senior Management Service Class participant does not realize a substantially increased monthly pension or investment benefit
- Legislature has opened a window to undesignate positions from Senior Management Service Class
- Opportunity to recruit and retain senior level leaders through alternative retirement programs

# What is the Valencia Optional Retirement Program?

- Available to senior leaders whose positions are or would be eligible for Senior Management Service Class designation
- Creates a local retirement investment option (401a) to which the College will contribute a competitive percentage (but substantially less than the rate required by Senior Management Service Class in FRS)
- Provides immediate vesting, more flexible investment options for the senior leader

# What are the costs and benefits of the Valencia Optional Retirement Program ?

- No additional cost to the College, potential savings of up to \$900,000 over 5 years
- No loss of benefits to any current senior level leader
- Potential improved opportunity for retirement savings for some senior level leaders *(depending upon age, years of service in the Florida Retirement System, other retirement savings, etc.)*