

A bill to be entitled

An act relating to the City of West Palm Beach, Palm Beach County; amending chapter 24981 (1947), Laws of Florida, as amended; extending the period in which funds received under chapter 175, F.S., shall be used to reduce employee contributions to the West Palm Beach Firefighters Pension Fund; clarifying that such funds are not refundable as employee contributions; authorizing vested members to request refund of contributions in lieu of a benefit; requiring payment of certain benefits to a designated beneficiary; clarifying requirement for certain members to take a lump sum distribution of their entire lump sum accumulated sick leave and vacation leave within a specified time after their termination of employment in certain circumstances; reducing actuarial assumed rate of return; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (a) and (b) of subsection (3), paragraphs (i) and (j) of subsection (5), subsection (7), paragraph (b) of subsection (21), and paragraph (b) of subsection (22) of section 17 of chapter 24981 (1947), Laws of Florida, as amended, is amended to read:

Section 17. West Palm Beach Firefighters Pension Fund.—

27 (3) Sources of revenue.—The financing of the Fund shall
 28 consist of the following sources of revenue:

29 (a) Taxes of insurance companies.—The moneys returned to
 30 the City as provided by chapter 175, Florida Statutes, shall be
 31 used to fund the share account benefit described in paragraph
 32 (5) (j). The chapter 175 funds received in calendar years 2012,
 33 ~~and 2013,~~ and 2014 shall be utilized to reduce the employee
 34 contributions to 13.1 percent. No amount of the chapter 175
 35 funds is to be considered employee contributions for purposes of
 36 a refund of contributions as provided for in paragraph (5) (i).
 37 Effective beginning calendar year 2015 ~~2014~~, the chapter 175
 38 funds shall again be used in full to fund the share account
 39 benefits provided for in paragraph (5) (j). The City shall not
 40 opt out of participation in chapter 175, Florida Statutes, or
 41 any similar statutory enactment unless exigent circumstances
 42 exist, such as the bankruptcy of the City or changes or
 43 amendments to the statute regarding extra benefits by the
 44 Legislature. If any statutory changes are made by the
 45 Legislature, the City and the Board may renegotiate the impact
 46 of such changes, if necessary.

47 (b) Member contributions.—Effective May 13, 2012, the
 48 member shall contribute 25 percent of his or her salary to the
 49 Fund. The full amount of the chapter 175 funds received in
 50 calendar years 2012, ~~and 2013,~~ and 2014 shall be used to reduce
 51 the employee contributions to 13.1 percent. No amount of the
 52 chapter 175 funds is to be considered employee contributions for

53 purposes of a refund of contributions as provided for in
54 paragraph (5) (i). Effective October 1, 2014 ~~2013~~, the employee
55 contributions shall be 13.1 percent, which shall be deducted
56 each pay period from the salary of each member in the
57 Department, and the chapter 175 funds received in calendar year
58 2015 ~~2014~~ and thereafter shall once again be allocated to the
59 share accounts. If the chapter 175 funds are insufficient to
60 reduce the member's contributions to 13.1 percent, the city
61 shall make up the difference. All amounts of member
62 contributions that are deducted shall be immediately paid over
63 to the Pension Fund. For contributions made on or after May 13,
64 2012, any contribution amount over 11.1 percent is to be used to
65 purchase eligibility in the postretirement health insurance,
66 excluding the amounts of chapter 175 funds used to offset the
67 member contribution rate.

68 (5) Service pension.—

69 (i) Refund of contributions.—In the event a member leaves
70 the employ of the Department or dies with less than 10 years of
71 credited service, and no service pension, disability pension, or
72 beneficiary benefit is payable, the contributions made by him or
73 her to the Fund shall be refunded, without interest (less any
74 disability payments paid to the member), to the member or, in
75 the event of death, to the beneficiary or to the member's
76 estate. In the event a member leaves the employ of the
77 Department with more than 10 years of service, the member may
78 request a refund of contributions without interest instead of

79 receiving any future benefits, including the share account
 80 benefit, that may be payable under the plan.

81 (j) Chapter 175, Florida Statutes, share accounts.—

82 1. Individual member accounts.—A separate account shall be
 83 established and maintained in each member's name effective on or
 84 after October 1, 1988.

85 2. Share account funding.—

86 a. Each individual member account shall be credited with a
 87 pro rata share of all of the moneys received from chapter 175,
 88 Florida Statutes, tax revenues in June 1988 and thereafter. For
 89 the chapter 175 funds received in calendar years 2012, and 2013,
 90 and 2014, the full amount of the chapter 175 funds shall be used
 91 to reduce the employee contributions to 13.1 percent as provided
 92 for in subsection (3) (a). Effective October 1, 2014 ~~2013~~, the
 93 employee contributions shall be 13.1 percent and the chapter 175
 94 money received in calendar year 2015 ~~2014~~ and thereafter shall
 95 be allocated to the share accounts.

96 b. In addition, any forfeitures as provided in
 97 subparagraph 5. shall be credited to the individual member
 98 accounts in accordance with the formula set forth in
 99 subparagraph 3.

100 3. Annual allocation of accounts.—

101 a. Moneys shall be credited to each individual member
 102 account in an amount directly proportionate to the number of pay
 103 periods for which the member was paid compared to the total
 104 number of pay periods for which all members were paid, counting

105 the pay periods in the calendar year preceding the date for
106 which chapter 175, Florida Statutes, tax revenues were received.
107 Share account allocations made on and after October 1, 2004,
108 shall be made to each individual share account.

109 b. At the end of each fiscal quarter, each individual
110 account shall be adjusted to reflect the earnings or losses
111 resulting from investment, as well as reflecting costs, fees,
112 and expenses of administration.

113 c. Vested participants have the option to select one of
114 three methods to credit investment earnings to their account.
115 The method may be changed each year effective October 1;
116 however, the method must be elected prior to October 1. The
117 methods are:

118 (I) The investment earnings or losses credited to the
119 individual member accounts shall be in the same percentage as
120 are earned or lost by the total investment earnings or losses of
121 the Fund as a whole, unless the Board dedicates a separate
122 investment portfolio for chapter 175, Florida Statutes, share
123 accounts, in which case the investment earnings or losses shall
124 be measured by the investment earnings or losses of the separate
125 investment portfolio;

126 (II) A fixed annual rate of 8.25 percent for members who
127 reached normal retirement age on or before May 13, 2012, or
128 members that have a calculated BackDROP date of October 1, 2011,
129 or earlier. Effective May 13, 2012, the fixed rate is 4 percent
130 for members who retire on or after May 13, 2012; or

131 (III) A percentage of the share account assets to be
 132 credited with earnings or losses in accordance with sub-sub-
 133 subparagraph (I) and a corresponding percentage of the share
 134 account assets credited in accordance with sub-sub-subparagraph
 135 (II). The combined total percentage invested under this sub-sub-
 136 subparagraph must equal 100 percent.

137 d. Costs, fees, and expenses of administration shall be
 138 debited from the individual member accounts on a proportionate
 139 basis, taking the cost, fees, and expenses of administration of
 140 the Fund as a whole, multiplied by a fraction, the numerator of
 141 which is the total assets in all individual member accounts and
 142 the denominator of which is the total assets of the Fund as a
 143 whole. The proportionate share of the costs, fees, and expenses
 144 shall be debited from each individual member account on a pro
 145 rata basis in the same manner as chapter 175, Florida Statutes,
 146 tax revenues are credited to each individual member account
 147 (i.e., based on pay periods).

148 4. Eligibility for benefits.—Any member who terminates
 149 employment with the City, upon the member's filing an
 150 application with the Board, shall be entitled to 100 percent of
 151 the value of his or her individual member account, provided the
 152 member meets any of the following criteria:

153 a. The member is eligible to receive, and is receiving, a
 154 service pension as provided in this subsection;

155 b. The member has 5 or more years of credited service and
 156 is eligible to receive, and is receiving, either:

157 (I) A nonduty disability pension as provided in paragraph
158 (6) (a); or

159 (II) Beneficiary benefits for nonduty death as provided in
160 paragraph (7) (a); or

161 c. The member has any credited service and is eligible to
162 receive, and is receiving, either:

163 (I) A duty disability pension as provided in paragraph
164 (6) (c); or

165 (II) Beneficiary benefits for death in the line of duty as
166 provided in paragraph (7) (b).

167 5. Forfeitures.—Any member who has less than 10 years of
168 credited service and who is not eligible for payment of benefits
169 after termination of employment with the City shall forfeit his
170 or her individual member account. The amounts credited to said
171 individual member account shall be redistributed to the other
172 individual member accounts in the same manner as chapter 175,
173 Florida Statutes, tax revenues are credited (i.e., based on pay
174 periods). However, the assets shall first be used to ensure that
175 the former member's refund of contributions has not actuarially
176 adversely impacted the payment for the extra benefits. If there
177 has been an adverse impact, the shortfall shall be made up first
178 before the amounts are reallocated to active members.

179 6. Payment of benefits.—The normal form of benefit payment
180 shall be a lump sum payment of the entire balance of the
181 individual member account. Effective on or after May 13, 2012,
182 members must take a lump sum distribution of their entire share

183 account balance within 6 months after their termination of
184 employment. For members who reached normal retirement age on or
185 before May 13, 2012, or who had a calculated BackDROP date of
186 October 1, 2011, or earlier, the member may leave his or her
187 money in the account until the latest day under subsection (18),
188 choose a lump sum distribution; or, upon the written election of
189 the member, upon a form prescribed by the Board, payment may be
190 made either by:

191 a. Installments.—The account balance shall be paid out to
192 the member in three equal payments paid over 3 years, the first
193 payment to be made upon approval of the Board; or

194 b. Annuity.—The account balance shall be paid out in
195 monthly installments over the lifetime of the member or until
196 the entire balance is exhausted. The monthly amount paid shall
197 be determined by the Fund's actuary in accordance with
198 selections made by the member in a form provided by the Board.

199 7. Death of a member.—If a member dies and is eligible for
200 benefits from the individual member account, the entire balance
201 of the individual member account shall be paid in a lump sum to
202 the beneficiaries designated in accordance with paragraph (h).
203 If a member fails to designate a beneficiary or, if the
204 beneficiary predeceases the member, the entire balance shall be
205 paid in a lump sum in the following order:

206 a. To the spouse;

207 b. If there is no spouse or the spouse is not alive, to
208 the member's surviving child or children on a pro rata basis;

209 c. If there are no children or no child is alive, to the
 210 member's parent or parents; or

211 d. If no parent is alive, to the estate of the member.

212 (7) Beneficiary benefits.—

213 (a) Death while in service; 5 years or more (nonduty).—In
 214 the event a member with 5 or more years of service credit dies
 215 while in the employ of the Department, and the Board finds his
 216 or her death to have occurred as the result of causes arising
 217 outside the performance of his or her duties as a firefighter in
 218 the employ of the City, the following applicable pensions shall
 219 be paid:

220 1. Surviving spouse's benefits.—The surviving spouse shall
 221 receive a pension equal to two-thirds of the pension the member
 222 would otherwise have been entitled to receive under paragraph
 223 (5) (a), as if the member had retired the day preceding the date
 224 of his or her death, notwithstanding that the member might not
 225 have met the age and service requirements for retirement as
 226 specified in subsection (5). Upon the surviving spouse's death,
 227 the pension shall terminate.

228 2. Benefits for children, surviving spouse, etc.—In the
 229 event the deceased member does not leave a surviving spouse, or
 230 if the surviving spouse shall die, and the member leaves an
 231 unmarried child or children under age 18, each such child shall
 232 receive a pension of an equal share of the pension to which said
 233 member's surviving spouse was or would have been entitled. Upon
 234 any such child's adoption, marriage, death, or attainment of age

235 18, the child's pension shall terminate and said child's pension
236 shall be apportioned to the deceased member's remaining eligible
237 children under age 18.

238 3. Benefits for dependent parents.—In the event a member
239 dies and does not leave a surviving spouse or children eligible
240 to receive a pension provided for in subparagraphs 1. and 2.,
241 and the member leaves a parent or parents whom the Board finds
242 to have been dependent upon the member for 50 percent or more of
243 their financial support, each such parent shall receive a
244 pension of an equal share of the pension to which the member's
245 surviving spouse would have been entitled. Upon any such
246 parent's remarriage or death, the parent's pension shall
247 terminate.

248 4. Estate.—In the event a member dies and does not leave a
249 surviving spouse, children, or parents eligible to receive a
250 pension provided for in subparagraph 1., subparagraph 2., or
251 subparagraph 3., then the benefits remaining, if any, shall be
252 paid to the member's designated beneficiary. If there is no
253 designated beneficiary, any remaining benefits shall be paid to
254 the member's estate.

255 (b) Death in the line of duty.—In the event a member dies
256 while in the employ of the Department, and the Board finds his
257 or her death to be the natural and proximate result of causes
258 arising out of and in the actual performance of duty as a
259 firefighter in the employ of the City, the following applicable
260 pensions shall be paid:

261 1. Surviving spouse's benefits.—The surviving spouse shall
262 receive a monthly pension equal to the greater of:

263 a. Sixty-six and two-thirds of the member's highest 12
264 months' salary or top step firefighter pay, whichever is
265 greater; or

266 b. The surviving spouse's share of the member's accrued
267 benefit. Upon the surviving spouse's death, the pension shall
268 terminate.

269 2. Benefits for children, surviving spouse, etc.—In the
270 event the deceased member does not leave a surviving spouse, or
271 if the surviving spouse shall die, and the member leaves an
272 unmarried child or children under age 18, each such child shall
273 receive a pension of an equal share of the pension to which the
274 member's surviving spouse was or would have been entitled. Upon
275 any such child's adoption, marriage, death, or attainment of age
276 18, the child's pension shall terminate and said child's pension
277 shall be apportioned to the deceased member's remaining eligible
278 children under age 18.

279 3. Benefits for dependent parents.—In the event a member
280 dies and does not leave a surviving spouse or children eligible
281 to receive a pension provided for in subparagraphs 1. and 2.,
282 and the member leaves a parent or parents whom the Board finds
283 to have been dependent upon the member for 50 percent or more of
284 their financial support, each such parent shall receive a
285 pension of an equal share of the pension to which said member's
286 surviving spouse would have been entitled. Upon any such

287 parent's remarriage or death, the parent's pension shall
288 terminate.

289 4. Estate.—In the event a member dies and does not leave a
290 surviving spouse, children, or parents eligible to receive a
291 pension provided for in subparagraph 1., subparagraph 2., or
292 subparagraph 3., then the benefits remaining, if any, shall be
293 paid to the member's designated beneficiary. If there is no
294 designated beneficiary, any remaining benefits shall be paid to
295 the member's estate.

296 (c) Death after retirement.—Upon the death of a retirant
297 or a vested deferred retirant, the following applicable pensions
298 shall be paid:

299 1. Surviving spouse's benefits.—The surviving spouse shall
300 receive a pension equal to three-fourths of the retirant's
301 pension at the time of his or her death. Upon the surviving
302 spouse's death, the pension shall terminate.

303 2. Benefits for children, surviving spouse, etc.—In the
304 event a deceased retirant does not leave a surviving spouse, or
305 if the surviving spouse shall die, and the retirant leaves an
306 unmarried child or children under age 18, each such child shall
307 receive a pension of an equal share of the pension to which the
308 retirant's surviving spouse was or would have been entitled.
309 Upon any such child's adoption, marriage, death, or attainment
310 of age 18, the child's pension shall terminate and said child's
311 pension shall be apportioned to the deceased retirant's
312 remaining eligible children under age 18.

313 3. Benefits for dependent parents.—In the event a retirant
314 dies and does not leave a surviving spouse or children eligible
315 to receive a pension provided for in subparagraphs 1. and 2.,
316 and the retirant leaves a parent or parents whom the Board finds
317 to have been dependent upon the retirant for 50 percent or more
318 of their financial support, each such parent shall receive a
319 pension of an equal share of the pension to which the retirant's
320 surviving spouse would have been entitled. Upon any such
321 parent's remarriage or death, the parent's pension shall
322 terminate.

323 4. Estate.—In the event a retirant dies and does not leave
324 a surviving spouse, children, or parents eligible to receive a
325 pension provided for in subparagraph 1., subparagraph 2., or
326 subparagraph 3., then the benefits remaining, if any, shall be
327 paid to the member's designated beneficiary. If there is no
328 designated beneficiary, any remaining benefits shall be paid to
329 the retirant's estate.

330 (21) Rollovers from qualified plans.—

331 (b) Transfer of accumulated leave.—

332 1. Members eligible to receive accumulated sick leave,
333 accumulated vacation leave, or any other accumulated leave
334 payable upon separation shall have the leave transferred to the
335 Fund up to the amount permitted by law. Any additional amounts
336 shall be paid directly to the member. Members on whose behalf
337 leave has been transferred shall maintain the entire amount of
338 the transferred leave balance in the DROP or Share Account.

339 2. If a member on whose behalf the City makes a
340 transferred leave balance to the Plan dies after retirement or
341 other separation, then any person who would have received a
342 death benefit had the member died in service immediately prior
343 to the date of retirement or other separation shall be entitled
344 to receive an amount equal to the transferred leave balance in a
345 lump sum. In the case of a surviving spouse or former spouse, an
346 election may be made to transfer the leave balance to an
347 eligible retirement plan in lieu of the lump sum payment.
348 Failure to make such an election by the surviving spouse or
349 former spouse within 60 days after the member's death shall be
350 deemed an election to receive the lump sum payment.

351 3. The Board, by rule, shall prescribe the method for
352 implementing the provisions of this paragraph.

353 4. Effective on or after May 13, 2012, members must take a
354 lump sum distribution of the amounts transferred under this
355 section within 6 months after their termination of employment.
356 For members who reached normal retirement age on or before May
357 13, 2012, or who had a calculated BackDROP date of October 1,
358 2011, or earlier, the member's transferred leave must remain
359 invested in the Pension Fund for at least a period of not less
360 than 1 year.

361 (22) Actuarial assumptions.—The following actuarial
362 assumptions shall be used for all purposes in connection with
363 this Fund, effective October 1, 1998:

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364 (b) The assumed investment rate of return shall be 8.25
365 percent. Effective October 1, 2014, the assumed investment rate
366 of return shall be 8 percent. Due to the other assumption
367 changes that were made at the same time as this reduction in the
368 assumed rate of return, the City did not have an increase in
369 City contributions as a result of the change of the assumed
370 investment rate of return. Therefore, there was no change
371 necessary to the 3-percent accrual factor in subparagraph
372 (5) (a) 2.

373 Section 2. This act shall take effect upon becoming a law.