

By Representatives Fuller, King, Wise, Thrasher, Arnall,
Hill and Crady

1 A bill to be entitled
2 An act relating to the City of Jacksonville
3 Beach, Duval County; amending chapter 27643,
4 Laws of Florida, 1951, as amended, the
5 Employees' Retirement System of the City of
6 Jacksonville Beach; specifying that benefits
7 may be payable to a participant's Deferred
8 Retirement Option Program; specifying that the
9 option selection for payment of benefits shall
10 be final at the time a benefit payment is
11 assigned to the Deferred Retirement Option
12 Program; specifying death benefits applicable
13 to Deferred Retirement Option Program
14 participants; providing overview of the
15 Deferred Retirement Option Program; providing
16 eligibility criteria; providing for procedures
17 for election of participation; providing for
18 benefits payable; providing for death benefits;
19 providing limitations on employment after
20 participation; specifying contribution rates;
21 specifying that Deferred Retirement Option
22 Program participation does not exempt such
23 participants from the forfeiture of benefits
24 under the provisions of s. 112.3173, F.S.;
25 providing for administration of the program;
26 providing an effective date.

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

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30 Section 1. Subsection (5) is added to section 9 of
31 chapter 27643, Laws of Florida, 1951, as amended, to read:

1 Section 9. Amount of a pension.--
2 (5) Deferred retirement option program.--In general,
3 and subject to the provisions of this section, the Deferred
4 Retirement Option Program, hereinafter referred to as the
5 DROP, is a program under which an eligible member of the
6 retirement system may elect to participate, deferring receipt
7 of retirement benefits while continuing employment with the
8 city. The deferred monthly benefits shall accrue in the
9 reserve for pension payments fund on behalf of the
10 participant, plus interest compounded monthly, for the
11 specified period of the DROP participation, as provided in
12 paragraph (c). Upon termination of employment, the participant
13 shall receive the total DROP benefits and begin to receive the
14 previously determined normal retirement benefits. Employment
15 in the DROP does not guarantee employment for the specified
16 period of DROP.

17 (a) Eligibility of member to participate in the
18 DROP.--All retirement system members are eligible to elect
19 participation in the DROP provided that election to
20 participate is made on or after the member first reaches
21 normal retirement date or age. The member shall advise the
22 city and the retirement system in writing of the date on which
23 the DROP shall begin.

24 (b) Participation in the DROP.--
25 1. An eligible member may elect to participate in the
26 DROP for a period not to exceed a maximum of 36 consecutive
27 months. Any member who has exceeded the 36-month limitation
28 shall not be eligible to participate in the DROP.

29 2. Upon deciding to participate in the DROP, the
30 member shall submit on forms required by the retirement
31 system:

- 1 a. A written election to participate in the DROP.
2 b. Selection of the DROP participation and termination
3 dates, which satisfy the limitations stated in paragraph (a)
4 and subparagraph 1. Such termination date shall be in a
5 binding letter of resignation with the city, establishing a
6 deferred termination date. The member may terminate before the
7 termination date within the limitations of subparagraph 1.,
8 but only with advance written notice to the city.
9 c. A properly completed DROP application for service
10 retirement as provided in this section.
11 d. A written election of form of pension payment,
12 pursuant to section 10.
13 e. Any other information required by the retirement
14 system.
15 3. The DROP participant shall be a retirant under the
16 retirement system for all purposes except that payment of
17 benefits to the retirant shall be deferred until separation
18 from city employment.
19 4. A reemployed retirant with renewed membership is
20 not eligible for DROP participation.
21 (c) Benefits payable under the DROP.--
22 1. Effective with the date of DROP participation, the
23 member's initial normal monthly benefit, including credited
24 service and final average compensation, shall be fixed. Such
25 retirement benefit, any annual cost-of-living adjustments
26 which may be provided, and interest shall accrue monthly in
27 the retirement system's reserve for pension payments. Such
28 interest shall accrue at an annual rate set quarterly by the
29 board of trustees, which shall not be less than 3.5 percent
30 compounded monthly, on the prior month's accumulated ending
31 balance, up to the month of termination or death. An annual

1 administration fee of 0.75 percent shall be deducted from each
2 DROP participant's accrued benefits, prorated monthly.

3 2. The effective date of retirement of a DROP
4 participant shall be the first day of the month selected by
5 the member to begin participation in the DROP.

6 3. Normal retirement benefits and interest thereon
7 shall continue to accrue in the DROP until the established
8 termination date of the DROP, or until the participant
9 terminates employment or dies prior to such date. Although
10 individual DROP accounts shall not be established, a separate
11 accounting of each participant's accrued benefits under the
12 DROP shall be calculated and provided to participants
13 annually.

14 4. At the conclusion of the participant's DROP, the
15 retirement system shall distribute the participant's total
16 accumulated DROP benefits, subject to the following
17 provisions:

18 a. The retirement system shall receive verification
19 from the city that the participant has terminated employment.

20 b. The terminated DROP participant or if deceased,
21 such participant's named beneficiary, shall elect on forms
22 provided by the retirement system to receive payment of the
23 DROP benefits in accordance with one of the options listed
24 below. For a participant or beneficiary who fails to elect a
25 method of payment within 60 days of termination of the DROP,
26 the retirement system will pay a lump sum as provided in (I).

27 I. Lump sum.--All accrued DROP benefits, plus
28 interest, less withholding taxes remitted to the Internal
29 Revenue Service, shall be paid to the DROP participant or
30 surviving beneficiary.

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1 II. Direct rollover.--All accrued DROP benefits, plus
2 interest, shall be paid from the DROP directly to the
3 custodian of an eligible retirement plan as defined in Section
4 402(c)(8)(B) of the Internal Revenue Code. However, in the
5 case of an eligible rollover distribution to the surviving
6 spouse of a deceased participant, an eligible retirement plan
7 is an individual retirement account or an individual
8 retirement annuity as described in Section 402(c)(9) of the
9 Internal Revenue Code.

10 III. Partial lump sum.--A portion of the accrued DROP
11 benefits shall be paid to the DROP participant or surviving
12 spouse, less withholding taxes remitted to the Internal
13 Revenue Service, and the remaining DROP benefits shall be
14 transferred directly to the custodian of an eligible
15 retirement plan as defined in Section 402(c)(8)(B) of the
16 Internal Revenue Code. However, in the case of an eligible
17 rollover distribution to the surviving spouse of a deceased
18 participant, an eligible retirement plan is an individual
19 retirement account or an individual retirement annuity as
20 described in Section 402(c)(9) of the Internal Revenue Code.
21 The proportions shall be specified by the DROP participant or
22 surviving beneficiary.

23 c. The form of payment selected by the DROP
24 participant or surviving beneficiary complies with the minimum
25 distribution requirements of the Internal Revenue Code and
26 payments begin no later than the date on which the participant
27 reaches age 70 years and 6 months.

28 d. For a DROP participant who fails to terminate city
29 employment at the expiration of the 36-month maximum DROP
30 participation period, the member shall be deemed not to be
31 retired, the DROP election shall be null and void, and the

1 member shall have no accumulated DROP benefits. Retirement
2 system membership shall be reestablished retroactively to the
3 date of the commencement of the DROP, and the member shall be
4 required to pay to the retirement system the member
5 contributions at the rate set forth in section 20, and the
6 city contributions, as established pursuant to section 32,
7 required during the period the member participated in the
8 DROP, plus 6.5 percent interest compounded annually.

9 5. The accrued benefits of any DROP participant, and
10 any contributions accumulated under such program, shall not be
11 subject to assignment, execution, attachment, or to any legal
12 process whatsoever, except for qualified domestic relations
13 orders by a court of competent jurisdiction, income deduction
14 orders as provided in s. 61.1301, Florida Statutes, and
15 federal income tax levies.

16 6. DROP participants shall not be eligible for
17 disability retirement benefits as provided in sections 15, 16,
18 17, and 18, and the participant's beneficiaries and survivors
19 shall not be eligible for the automatic survivor pension,
20 death in the line of duty pension, or survivor pension as
21 provided respectively in sections 12, 13, and 14.

22 (d) Death benefits under the DROP.--

23 1. Upon the death of a DROP participant, the named
24 beneficiary shall be entitled to apply for and receive the
25 accrued benefits in the DROP as provided in subparagraph
26 (c)4.b.

27 2. The normal retirement benefit accrued to the DROP
28 during the month of a participant's death shall be the final
29 monthly benefit credited for such DROP participant.

30 3. Eligibility to participate in the DROP terminates
31 upon death of the participant. If the participant dies on or

1 after the effective date of enrollment in the DROP, but prior
2 to the first monthly benefit being credited to the DROP,
3 retirement system benefits shall be paid as though the DROP
4 election had not been made.

5 (e) Contributions.--

6 1. Member contributions shall not be made, due, or
7 payable during a participant's DROP participation, section 20
8 hereof notwithstanding.

9 2. The city shall not pick up member contributions or
10 a DROP participant during a participant's DROP participation,
11 section 21 hereof notwithstanding, but instead shall be paid
12 to the DROP participant as wages or salary.

13 (f) Forfeiture of retirement benefits.--Nothing in
14 this section shall be construed to remove DROP participants
15 from the scope of s. 8(d), Art. II of the State Constitution,
16 and s. 112.3173, Florida Statutes. DROP participants who
17 commit a specified felony offense while employed will be
18 subject to forfeiture of all retirement benefits, including
19 DROP benefits, pursuant to those provisions of law.

20 (g) Administration of program.--The board of trustees
21 shall make such rules as are necessary for the effective and
22 efficient administration of this subsection. The retirement
23 system shall not be required to advise members of the federal
24 tax consequences of an election related to the DROP but may
25 advise members to seek independent advice.

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