

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. Regardless of the form of  
28 payout, a participant's DROP account continues until the  
29 account balance is exhausted.

30           d. For a DROP participant who fails to terminate city  
31 employment at the expiration of the 36-month maximum DROP

1 participation period, the member shall be deemed not to be  
2 retired, the DROP election shall be null and void, and the  
3 member shall have no accumulated DROP benefits. Retirement  
4 system membership shall be reestablished retroactively to the  
5 date of the commencement of the DROP, and the member shall be  
6 required to pay to the retirement system the member  
7 contributions at the rate set forth in section 20, and the  
8 city contributions, as established pursuant to section 32,  
9 required during the period the member participated in the  
10 DROP, plus 6.5 percent interest compounded annually.

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

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

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

25 1. Upon the death of a DROP participant, the named  
26 beneficiary shall be entitled to apply for and receive the  
27 accrued benefits in the DROP as provided in subparagraph

28 (c)4.b.

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

1           3. Eligibility to participate in the DROP terminates  
2 upon death of the participant. If the participant dies on or  
3 after the effective date of enrollment in the DROP, but prior  
4 to the first monthly benefit being credited to the DROP,  
5 retirement system benefits shall be paid as though the DROP  
6 election had not been made.

7           (e) Contributions.--

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

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

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

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

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