

By Representative Frankel

1 A bill to be entitled
2 An act relating to the City of West Palm Beach,
3 Palm Beach County; amending chapter 24981, Laws
4 of Florida, as amended, relating to the West
5 Palm Beach Police Pension Fund; revising the
6 definition of actuarial equivalent value,
7 actuarial equivalence, and single sum value;
8 amending provisions for supplemental pension
9 distributions; revising provisions of the
10 deferred retirement option plan; providing
11 additional exclusion from disability pensions;
12 revising provisions for fund investments;
13 revising provisions of lump-sum payment of
14 small retirement income; providing for
15 rollovers from qualified plans; providing for
16 retroactive effect; providing an effective
17 date.

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

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21 Section 1. Paragraph (a) of subsection (2) of section
22 16 of chapter 24981, Laws of Florida, 1947, as amended, is
23 amended to read:

24 Section 16. West Palm Beach Police Pension Fund.--

25 (2) Definitions.--The following words or phrases, as
26 used in this act, shall have the following meanings, unless a
27 different meaning is clearly indicated by the context:

28 (a) "Actuarial equivalent value," "actuarial
29 equivalence," or "single sum value" means the stated
30 determination using an interest rate of 7 percent per year and
31 the 1983 ~~1971~~ Group Annuity Mortality Table ~~for males~~.

1 Section 2. Effective upon this act becoming a law and
2 operating retroactively to September 30, 1998, subsection (12)
3 of section 16 of chapter 24981, Laws of Florida, 1947, as
4 amended, is amended to read:

5 Section 16. West Palm Beach Police Pension Fund.--

6 (12) Supplemental pension distribution.--

7 (a) The board of trustees shall annually authorize a
8 supplemental pension distribution, the amount of which shall
9 be determined as of each September 30. The amount of the
10 distribution shall be equal to the actuarial present value of
11 future pension payments to current pensioners, multiplied by
12 the positive difference, if any, between the rate of
13 investment return (not to exceed 9 percent) and 7 percent plus
14 one-half of any investment earnings over 9 percent. The
15 actuary shall determine whether there may be a supplemental
16 pension distribution based on the following factors:

17 1. The actuary for the pension fund shall determine
18 the rate of investment return earned on the pension fund
19 assets during the 12-month period ending each September 30
20 ~~30th~~. The rate determined shall be the rate reported in the
21 most recent actuarial report submitted pursuant to part VII of
22 chapter 112, Florida Statutes.

23 2. The actuary for the pension fund shall, as of
24 September 30, determine the actuarial present value of future
25 pension payments to current pensioners. The actuarial present
26 values shall be calculated using an interest rate of 7 percent
27 a year compounded annually and a mortality table as approved
28 by the board of trustees and as used in the most recent
29 actuarial report submitted pursuant to part VII of chapter
30 112, Florida Statutes.

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1 3. The supplemental pension distribution amount shall
2 not exceed accumulated net actuarial experience from all
3 pension liabilities and assets. If the net actuarial
4 experience is favorable, cumulatively, commencing with the
5 experience for the year ended September 30, 1991, after offset
6 for all prior supplemental distributions, the supplemental
7 distribution may be made. If the net actuarial experience is
8 unfavorable, cumulatively, commencing with the experience for
9 the year ended September 30, 1991, after offset for all prior
10 supplemental distributions, no supplemental distribution may
11 be made, and the city must amortize the loss until it is
12 offset by cumulative favorable experience.

13
14 If an actuarial report submitted as provided in this paragraph
15 is not state accepted prior to distribution, and if a
16 deficiency to the pension fund results, the deficiency shall
17 be made up from the next available supplemental pension
18 distribution, unless sooner made up by agreement between the
19 board of trustees and the city. No such deficiency shall be
20 permitted to continue for a period greater than 3 years from
21 the date of payment of the supplemental distribution which
22 resulted in the deficiency.

23 (b) If the actuary determines there may be a
24 supplemental distribution, the board of trustees shall
25 authorize a "supplemental pension distribution," unless the
26 administrative expenses of distribution exceed the amount
27 available for the distribution.

28 (c) Eligible persons are:

- 29 1. Pensioners.
- 30 2. Surviving spouses.
- 31 3. Surviving dependent children.

1 4. Pensioners' estates.
2 (d) The supplemental pension distribution shall be
3 allocated among eligible persons, based upon years of service
4 in the proportion that the eligible person's years of service
5 bear to the aggregate amount of years of service of all
6 eligible persons. Allocations for surviving spouses and
7 surviving dependent children who are eligible to receive
8 supplemental pension distributions shall be 66 2/3 percent of
9 the years of service earned by the pensioner. Maximum service
10 credits shall be 25 years. Allocations for duty-disability
11 pensioners shall be based upon 25 years of service.
12 Allocations for duty-death beneficiaries (surviving spouse and
13 surviving dependent children) shall be based upon 66 2/3
14 percent of 25 years of service.

15 (e) The supplemental pension distribution shall be
16 made as of April 1, 1992, and each April 1 thereafter. Each
17 eligible person shall be paid his or her allocated portion
18 from the preceding September 30. Eligible persons retired for
19 less than 1 year are entitled to a pro rata share of their
20 supplemental pension distribution based on number of months
21 retired. A pensioner's estate is entitled to a pro rata share
22 of the deceased retirant's supplemental pension distribution
23 based on the number of months that the deceased retirant
24 received a pension during the year ending the September 30
25 prior to the retirant's death.

26 Section 3. Paragraph (a) of subsection 13 of section
27 16 of chapter 24981, Laws of Florida, 1947, as amended, is
28 amended to read:

29 Section 16. West Palm Beach Police Pension Fund.--

30 (13) Deferred Retirement Option Plan (DROP).--

31 (a) Eligibility to participate in the DROP.--

1 1. Any member who is eligible to receive an early or
2 normal retirement pension and who has either attained age 50,
3 regardless of credited service, or completed between 25 and 30
4 years of credited service, may participate in the DROP.

5 Members shall elect to participate by applying to the board of
6 trustees on a form provided for that purpose.

7 2. Election to participate shall be forfeited if not
8 exercised within the first 27 years of combined credited
9 service. However, participation in the first years of
10 enactment will be extended to those members with 28 years of
11 service in 1992.

12 3. A member shall not participate in the DROP beyond
13 the time of attaining 30 years of service and the total years
14 of participation in the DROP shall not exceed 5 years. For
15 example:

16 a. Members with 25 years of credited service at time
17 of entry shall ~~only~~ participate for only 5 years.

18 b. Members with 26 years of credited service at time
19 of entry shall ~~only~~ participate for only 4 years.

20 c. Members with 27 years of credited service at time
21 of entry shall ~~only~~ participate for only 3 years.

22 4. Upon a member's election to participate in the
23 DROP, he or she shall cease to be a member and shall no longer
24 accrue any benefits under the pension fund. For all fund
25 purposes, the member becomes a retirant. The amount of
26 credited service and final average salary shall freeze as of
27 the date of entry into the DROP.

28 5. Notwithstanding any provision of this section to
29 the contrary, the police chief of the department may, at his
30 or her option, extend his or her participation in the DROP
31 beyond 5 years or 30 years of total service. For purposes of

1 this subsection, "police chief" means a member who has been
2 promoted from police officer through the ranks of the
3 department to the position of police chief. Any such police
4 chief shall not participate in the DROP beyond the attainment
5 of 33 years of service, and the total years of participation
6 in the DROP shall not exceed 8 years.

7 Section 4. Paragraph (b) of subsection (16) of section
8 16 of chapter 24981, Laws of Florida, 1947, as amended, is
9 amended to read:

10 Section 16. West Palm Beach Police Pension Fund.--

11 (16) Conditions applicable to all disability
12 retirants.--

13 (b) Exclusions from disability pensions.--No
14 disability pension shall be payable, either as a duty
15 disability or as a nonduty disability, if the disability is a
16 result of:

17 1. Excessive and habitual use by the member of drugs,
18 intoxicants, or narcotics;

19 2. Injury or disease sustained by the member while
20 willfully and illegally participating in fights, riots, or
21 civil insurrections or while committing a crime;

22 3. Injury or disease sustained by the member while
23 serving in any armed forces;

24 4. Injury or disease sustained by the member after his
25 or her employment has terminated;

26 5. Injury or disease sustained by the member while
27 working for anyone other than the city and arising out of such
28 employment; ~~or-~~

29 6. Injury or disease sustained by the member before
30 employment with the city begins. This subparagraph applies
31 only in the event of a duty injury or disease.

1 Section 5. Paragraph (b) of subsection (21) of section
2 16 of chapter 24981, Laws of Florida, 1947, as amended, is
3 amended to read:

4 Section 16. West Palm Beach Police Pension Fund.--

5 (21) Investments.--

6 (b) Maximum uninvested cash; minimum investment
7 standards.--No more than 10 percent of the assets of the fund
8 shall be held in cash or in noninterest-bearing deposits. The
9 following minimum investment standards shall govern the
10 eligibility for the purchase of securities:

11 1. All corporate and association securities and mutual
12 funds shall be issued by a corporation or other legal person
13 incorporated or otherwise organized within the United States
14 and domiciled therein except as otherwise permitted by s.
15 185.06, Florida Statutes.

16 2. Not more than 10 percent of the total fund
17 principal at market value may be invested in any issuing
18 company, other than United States Government or United States
19 Government agency obligations.

20 3. All bonds, stocks, or other evidence of
21 indebtedness shall be issued or guaranteed by a corporation
22 organized under the laws of the United States, any state or
23 organized territory of the United States, or the District of
24 Columbia, provided ~~further,~~ that the corporation is listed on
25 any one or more of the recognized national stock exchanges
26 and, with regard to bonds only, holds ~~shall hold~~ a rating in
27 one of the three highest classifications by a major rating
28 service. Said bonds and preferred stocks that are convertible
29 into common stocks shall be considered common stocks, and the
30 purchase of same shall be limited by the provisions of
31 subparagraph (a)5.

1 4. The board shall be required to engage the services
2 of professional investment counsel to assist and advise the
3 trustees in the performance of their duties.

4 Section 6. Subsection (27) of section 16 of chapter
5 24981, Laws of Florida, 1947, as amended, is amended to read:

6 Section 16. West Palm Beach Police Pension Fund.--

7 (27) Lump sum payment of small retirement
8 income.--Notwithstanding any provision of the fund to the
9 contrary, if the monthly retirement income payable to any
10 person entitled to benefits hereunder is less than \$30 or if
11 the single sum value of the accrued retirement income is less
12 than \$5,000~~\$3,500~~ as of the date of retirement or termination
13 of service, whichever is applicable, the board of trustees, in
14 the exercise of its discretion, may specify that the actuarial
15 equivalent of such retirement income be paid in lump sum.

16 Section 7. Subsections (31) and (32) of section 16 of
17 chapter 24981, Laws of Florida, 1947, as amended, are
18 renumbered as subsections (32) and (33), respectively, and a
19 new subsection (31) is added to said section to read:

20 Section 16. West Palm Beach Police Pension Fund.--

21 (31) Rollovers from qualified plans.--A member may
22 roll over all or a part of his or her interest in another
23 qualified plan to the fund, provided all of the following
24 requirements are met:

25 (a) Some or all of the amount distributed from the
26 other plan is rolled over to this plan no later than the 60th
27 day after distribution was made from the plan or, if
28 distributions are made in installments, no later than the 60th
29 day after the last distribution was made.

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1 (b) The amount rolled over to this fund does not
2 include any amount contributed by the member to the plan on a
3 post-tax basis.

4 (c) The rollover is made in cash.

5 (d) The member certifies that the distribution is
6 eligible for a rollover.

7 (e) Any amount which the trustee accepts as a rollover
8 to this fund shall, along with any earnings allocated to them,
9 be fully vested at all times.

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11 The rollover may also be made to this plan from an individual
12 retirement account qualified under s. 408 of the Internal
13 Revenue Code when the individual retirement account was merely
14 used as a conduit for funds from another qualified plan and
15 the rollover is made in accordance with the rules provided in
16 paragraphs (a)-(e). Amounts rolled over may be segregated from
17 other fund assets. The trustees shall separately account for
18 gains, losses, and administrative expenses of these rollovers
19 as provided for in subsections (11) and (13). In addition, the
20 fund may accept the direct transfer of a member's benefits
21 from another qualified retirement plan. The fund shall account
22 for direct transfers in the same manner as a rollover and
23 shall obtain certification from the member that the amounts
24 are eligible for a rollover or direct transfer to this fund.

25 Section 8. This act shall take effect October 1, 1999,
26 and shall apply retroactively to October 1, 1998.