

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, 1947, as amended; revising language
5 with respect to the West Palm Beach Police
6 Pension Fund; revising language relating to
7 early retirement; revising the provisions
8 regarding optional forms of retirement income;
9 revising the beneficiary provisions; revising
10 the disability provisions; providing for a
11 definition of the actuarial equivalent value;
12 providing for retirement pension calculations;
13 providing for supplemental pension
14 distributions; providing for actuarial
15 assumptions; adding language imposing penalties
16 for false or misleading statements to obtain
17 benefits; providing for retroactive effect;
18 providing an effective date.

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

21
22 Section 1. Paragraph (a) of subsection (2) of section
23 16 of chapter 24981, Laws of Florida, 1947, as amended by
24 chapters 93-373 and 99-483, Laws of Florida, is amended to
25 read:

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

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

30 (a) "Actuarial equivalent value," "actuarial
31 equivalence," or "single sum value" means the stated

1 determination using an interest rate of 8.25 ~~7~~ percent per
2 year and the 1983 Group Annuity Mortality Table.

3 Section 2. Paragraph (c) of subsection (8) of section
4 16 of chapter 24981, Laws of Florida, 1947, as amended by
5 chapter 93-373, Laws of Florida, is amended to read:

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

7 (8) Age and service requirements for retirement.--

8 (c) Early retirement.--Any member may retire from the
9 service of the department, ~~with the consent of the city,~~ as of
10 the first day of any calendar month which is prior to the
11 member's normal retirement date but subsequent to the date as
12 of which he or she has both attained the age of 50 and
13 completed 10 years of credited service. In the event of early
14 retirement, the monthly amount of retirement income payable
15 shall be computed as described in paragraph (9)(a), taking
16 into account his or her credited service to his or her date of
17 actual retirement and his or her final average salary as of
18 such date. The amount of retirement income shall be
19 actuarially reduced to take into account the member's younger
20 age and earlier commencement of retirement income benefits.
21 In no event shall the early retirement reduction exceed 3
22 percent for each year by which the member's age at retirement
23 preceded the member's normal retirement age.

24 Section 3. Paragraph (a), subparagraph 1.a. of
25 paragraph (d), and paragraph (e) of subsection (9) of section
26 16 of chapter 24981, Laws of Florida, 1947, as amended by
27 chapter 93-373, Laws of Florida, are amended to read:

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

29 (9) Retirement pension calculation.--

30 (a) Upon retirement eligibility as provided in
31 subsection (8), a member shall receive a monthly pension. The

1 pension shall be ~~equal to the greater of~~ the following, as
2 applicable:

3 1. A member who has more than or equal to twelve years
4 and six months of service at October 1, 1999, and who was
5 actively employed by the department on or after October 1,
6 1999, shall receive a benefit equal to the greater of the
7 following:

8 a. Three percent (3%) of final average salary
9 multiplied by the number of years, and fraction of a year, of
10 credited service earned from April 1, 1987, plus two and
11 one-half percent (2 1/2%) of final average salary multiplied
12 by the number of years, and fraction of a year, of credited
13 service earned prior to April 1, 1987, up to a total of
14 twenty-six (26) years, plus one percent (1%) of the final
15 average salary multiplied by the number of years, and fraction
16 of a year, of credited service which is in excess of
17 twenty-six (26) years; or

18 b. Two and one-half percent (2 1/2%) of final average
19 salary multiplied by the number of years, and fraction of a
20 year, of credited service, not to exceed twenty-six (26)
21 years, plus one percent (1%) of the final average salary
22 multiplied by the number of years, and fraction of a year, of
23 credited service which is in excess of twenty-six years; or

24 c. The sum of the following:

25 (I) Two and one-half percent (2 1/2%) of final average
26 salary multiplied by the number of years, and fraction of a
27 year, of credited service earned through September 30, 1988;
28 and

29 (II) Two percent (2%) of final average salary
30 multiplied by the number of years, and fraction of a year, of
31 credited service earned on and after October 1, 1988.

1
2 However, in no event shall the benefit be less than 2% per
3 year of credited service.

4 2. A member who has more than twelve years and six
5 months of service and who entered the DROP on or before
6 October 1, 1999, and who was actively employed by the
7 department on October 1, 1999, shall receive a benefit equal
8 to the greater of the following:

9 a. Three percent (3%) of final average salary
10 multiplied by the number of years, and fraction of a year, of
11 credited service earned in the twelve years and six months
12 prior to entering the DROP, plus 2 1/2% of final average
13 salary multiplied by the number of years and fraction of a
14 year of credited service earned prior to that date which is
15 twelve years and six months prior to entering the DROP, up to
16 a total of twenty-six (26) years, plus one percent (1%) of the
17 final average salary multiplied by the number of years, and
18 fraction of a year, of credited service which is in excess of
19 twenty-six (26) years. The one-half percent (1/2%) enhancement
20 to the accrual rate shall also be applied retroactively to the
21 date of entering the DROP, or two years, whichever is less;
22 provided that the retroactive application shall include
23 principal only, not any earnings thereon. An example of the
24 calculation described in this paragraph is set forth in the
25 collective bargaining agreement between the City of West Palm
26 Beach and the Police Benevolent Association, Certified Unit
27 No. 825, October 1, 1998-September 30, 2001; or

28 b. Two and one-half percent (2 1/2%) of final average
29 salary multiplied by the number of years, and fraction of a
30 year, of credited service, not to exceed twenty-six (26)
31 years, plus one percent (1%) of the final average salary

1 multiplied by the number of years, and fraction of a year, of
2 credited service which is in excess of twenty-six years; or

3 c. The sum of the following:

4 (I) Two and one-half percent (2 1/2%) of final average
5 salary multiplied by the number of years, and fraction of a
6 year, of credited service earned through September 30, 1988;
7 and

8 (II) Two percent (2%) of final average salary
9 multiplied by the number of years, and fraction of a year, of
10 credited service earned on and after October 1, 1988.

11
12 However, in no event shall the benefit be less than 2% per
13 year of credited service.

14 3. A member who has less than twelve years and six
15 months of service on October 1, 1999, and who was actively
16 employed by the department on or after October 1, 1999, shall
17 receive a benefit equal to the greater of the following:

18 a. Three percent (3%) of final average salary
19 multiplied by the number of years, and fraction of a year, of
20 credited service up to a total of twenty-six (26) years, plus
21 one percent (1%) of the final average salary multiplied by the
22 number of years, and fraction of a year, of credited service
23 which is in excess of twenty-six (26) years; or

24 b. Two and one-half percent (2 1/2%) of final average
25 salary multiplied by the number of years, and fraction of a
26 year, of credited service, not to exceed twenty-six (26)
27 years, plus one percent (1%) of the final average salary
28 multiplied by the number of years, and fraction of a year, of
29 credited service which is in excess of twenty-six (26) years;
30 or

31 c. The sum of the following:

1 (I) Two and one-half percent (2 1/2%) of final average
2 salary multiplied by the number of years, and fraction of a
3 year, of credited service earned through September 30, 1988;
4 and

5 (II) Two percent (2%) of final average salary
6 multiplied by the number of years, and fraction of a year, of
7 credited service earned on and after October 1, 1988.

8
9 However, in no event shall the benefit be less than 2% per
10 year of credited service.

11 4. A member who terminated employment, retired on a
12 vested deferred benefit, or retired on or before October 1,
13 1999, shall receive a benefit equal to the greater of the
14 following:

15 a. Two and one-half percent (2 1/2%) of final average
16 salary multiplied by the number of years, and fraction of a
17 year, of credited service, not to exceed twenty-six (26)
18 years, plus one percent (1%) of the final average salary
19 multiplied by the number of years, and fraction of a year, of
20 credited service which is in excess of twenty-six years; or

21 b. The sum of the following:

22 (I) Two and one-half percent (2 1/2%) of final average
23 salary multiplied by the number of years, and fraction of a
24 year, of credited service earned through September 30, 1988;
25 and

26 (II) Two percent (2%) of final average salary
27 multiplied by the number of years, and fraction of a year, of
28 credited service earned on and after October 1, 1988.

29
30 The three percent (3%) benefit accrual factor for active
31 employees in subparagraphs (9)(a)1., 2., 3., and 4. is

1 contingent on and subject to the adoption and maintenance of
2 the assumptions set forth in subsection (34). If such
3 assumptions are modified by legislative, judicial, or
4 administrative agency action and the modification results in
5 increased city contributions to the pension fund, the three
6 percent (3%) benefit accrual factor for active employees in
7 subparagraphs (9)(a)1., 2., and 3. shall be automatically
8 decreased prospectively from the date of the action, to
9 completely offset the increase in city contributions.
10 Provided, however, in no event shall the benefit accrual
11 factor in subparagraphs (9)(a)1., 2., 3., and 4. be adjusted
12 below two and one half percent (2 1/2%).
13
14 To the extent that the benefit accrual factor is less than
15 three percent (3%) for active members with less than twelve
16 years and six months of service on October 1, 1999, the
17 supplemental pension distribution calculation under
18 subparagraph (12)(a)2. shall be adjusted for employees who
19 retire or enter the DROP after October 1, 1999. The adjustment
20 shall be to decrease the minimum return of eight and
21 one-quarter percent (8.25%) needed to afford the supplemental
22 pension distribution, where the amount of the reduction is
23 zero if an employee has been credited with twelve years and
24 six months of service or more with the three percent (3%)
25 benefit accrual factor or one and one-quarter percent (1.25%)
26 if an employee has been credited with no more than a two and
27 one-half percent (2.5%) benefit accrual factor. If an employee
28 has been credited with less than twelve years and six months
29 of service at the three percent (3%) benefit accrual factor,
30 then the accumulated amount over two and one-half percent
31 (2.5%) for each year of service divided by one-half percent

1 (0.5%) divided by twelve and one-half (12.5) subtracted from
2 one multiplied by one and one-quarter percent (1.25%) is the
3 reduction from eight and one-quarter percent (8.25%). An
4 example of the calculation of the minimum return for the
5 supplemental pension distribution as described in this
6 paragraph is set forth in the collective bargaining agreement
7 between the City of West Palm Beach and the Police Benevolent
8 Association, Certified Unit No. 145 and Certified Unit No.
9 825, October 1, 1998-September 30, 2001.

10 ~~1. Two and one-half percent of final average salary~~
11 ~~multiplied by the number of years, and fraction of a year, of~~
12 ~~credited service, not to exceed 26 years, plus 1 percent of~~
13 ~~final average salary multiplied by the number of years, and~~
14 ~~fraction of a year, of credited service which is in excess of~~
15 ~~26 years; or~~

16 ~~2. The sum of the following:~~

17 ~~a. Two and one-half percent of his or her final~~
18 ~~average salary multiplied by the number of years, and fraction~~
19 ~~of a year, of credited service earned through September 30,~~
20 ~~1988; and~~

21 ~~b. Two percent of final average salary multiplied by~~
22 ~~the number of years, and fraction of a year, of credited~~
23 ~~service earned on and after October 1, 1988.~~

24 (d) Optional forms of retirement income.--

25 1.a. In the event of normal, or early, or disability
26 retirement, in lieu of the normal form of retirement income
27 payable as specified in paragraph (c), and in lieu of the
28 death benefits as specified in subsection (17), a member, upon
29 written request to the board ~~and submission of evidence of~~
30 ~~good health (except that such evidence shall not be required~~
31 ~~if such request is made at least 3 years prior to the date of~~

1 ~~commencement of retirement income~~) and subject to the approval
2 of the board, may elect to receive a retirement income of
3 equivalent actuarial value payable in accordance with one of
4 the following options:

5 (I) Lifetime option.--A retirement income of a larger
6 monthly amount, payable to the member for his or her lifetime
7 only.

8 (II) Joint and survivor option.--A retirement income
9 of a modified monthly amount, payable to the member during the
10 joint lifetime of the member and a dependent joint pensioner
11 designated by the member, and following the death of either of
12 them, 100 percent, 75 percent, 66 2/3 percent, or 50 percent
13 of such monthly amounts, payable to the survivor for the
14 lifetime of the survivor.

15 (e) Designation of beneficiary.--

16 1. Each member may, on a form provided for that
17 purpose, signed and filed with the board, designate a
18 beneficiary (or beneficiaries) to receive the benefit, if any,
19 which may be payable in the event of the member's death; and
20 each designation may be revoked by such member by signing and
21 filing with the board a new designation of beneficiary form.
22 However, after the benefits have commenced, a retirant may
23 change his or her designation of a joint annuitant or
24 beneficiary only twice. If the retirant desires to change his
25 or her joint annuitant or beneficiary, he or she shall file
26 with the board a notarized notice of such change either by
27 registered letter or on a form as provided by the board. Upon
28 receipt of a completed change of joint annuitant form or such
29 other notice, the board shall adjust the member's monthly
30 benefit by the application of actuarial tables and
31 calculations developed to ensure that the benefit paid is the

1 actuarial equivalent of the present value of the member's
2 current benefit.

3 2. Absence or death of beneficiary.--If a deceased
4 member failed to name a beneficiary in the manner prescribed
5 in subparagraph 1., or if the beneficiary (or beneficiaries)
6 named by a deceased member predeceases the member, death
7 benefits, if any, which may be payable under this act on
8 behalf of such deceased member may be paid, in the discretion
9 of the board, ~~to:in accordance with subsection (11)(g).~~

10 a. The spouse or dependent child or children of the
11 member;

12 b. The dependent living parent or parents of the
13 member; or

14 c. The estate of the member.

15 Section 4. Paragraphs (b) through (e) of subsection
16 (12) of section 16 of chapter 24981, Laws of Florida, 1947, as
17 amended by chapters 93-373 and 99-483, Laws of Florida, are
18 redesignated as paragraphs (c) through (f), respectively, and
19 paragraph (a) of said subsection is amended to read:

20 (12) Supplemental pension distribution.--

21 (a) The Board of Trustees shall annually authorize a
22 supplemental pension distribution, the amount of which shall
23 be determined as of each September 30, as applicable.

24 1. For employees who retired prior to October 1, 1999,
25 the amount of the distribution shall be equal to the actuarial
26 present value of future pension payments to current
27 pensioners, multiplied by the positive difference, if any,
28 between the rate of investment return (not to exceed nine
29 percent (9%)) and seven percent (7%), plus one-half of any
30 investment earnings over nine percent (9%).

31

1 2. For those employees who have more than twelve and
2 one-half (12 1/2) years of service on and after October 1,
3 1999, or who are part of the DROP on or after October 1, 1999,
4 the amount of the distribution shall be equal to the actuarial
5 present value of future pension payments to those pensioners
6 multiplied by the positive difference, if any, between the
7 rate of investment return (not to exceed nine percent (9%))
8 and seven percent (7%) plus one-half of any investment
9 earnings over nine percent (9%).

10 3. For those employees who have less than twelve and
11 one-half years of serve as of October 1, 1999, the amount of
12 the distribution shall be equal to the actuarial present value
13 of future pension payments to those pensioners multiplied by
14 the positive difference, if any, between the rate of
15 investment return (not to exceed nine percent (9%)) and eight
16 and one-quarter percent (8.25%), plus one-half of any
17 investment earnings over nine percent (9%).~~The amount of the~~
18 ~~distribution shall be equal to the actuarial present value of~~
19 ~~future pension payments to current pensioners, multiplied by~~
20 ~~the positive difference, if any, between the rate of~~
21 ~~investment return (not to exceed 9 percent) and 7 percent plus~~
22 ~~one-half of any investment earnings over 9 percent.~~

23 **(b)** The actuary shall determine whether there may be a
24 supplemental pension distribution based on the following
25 factors:

26 1. The actuary for the pension fund shall determine
27 the rate of investment return earned on the pension fund
28 assets during the 12-month period ending each September 30.
29 The rate determined shall be the rate reported in the most
30 recent actuarial report submitted pursuant to part VII of
31 chapter 112, Florida Statutes.

1 2. The actuary for the pension fund shall, as of
2 September 30, determine the actuarial present value of future
3 pension payments to current pensioners. The actuarial present
4 values shall be calculated using an interest rate of 7 percent
5 a year compounded annually and a mortality table as approved
6 by the board of trustees and as used in the most recent
7 actuarial report submitted pursuant to part VII of chapter
8 112, Florida Statutes.

9 3. The supplemental pension distribution amount shall
10 not exceed accumulated net actuarial experience from all
11 pension liabilities and assets. If the net actuarial
12 experience is favorable, cumulatively, commencing with the
13 experience for the year ended September 30, 1991, after offset
14 for all prior supplemental distributions, the supplemental
15 distribution may be made. If the net actuarial experience is
16 unfavorable, cumulatively, commencing with the experience for
17 the year ended September 30, 1991, after offset for all prior
18 supplemental distributions, no supplemental distribution may
19 be made, and the city must amortize the loss until it is
20 offset by cumulative favorable experience.

21
22 If an actuarial report submitted as provided in this paragraph
23 is not state accepted prior to distribution, and if a
24 deficiency to the pension fund results, the deficiency shall
25 be made up from the next available supplemental pension
26 distribution, unless sooner made up by agreement between the
27 board of trustees and the city. No such deficiency shall be
28 permitted to continue for a period greater than 3 years from
29 the date of payment of the supplemental pension distribution
30 which resulted in the deficiency.

1 Section 5. Effective for share account distributions
2 made for calendar year 1998 from chapter moneys received in
3 July 1999, paragraph (a) of subsection (13) of section 16 of
4 chapter 24981, Laws of Florida, 1947, as amended by chapters
5 93-373 and 99-483, Laws of Florida, is amended to read:

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

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

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

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

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

15 2. Election to participate shall be forfeited if not
16 exercised within the first 27 years of combined credited
17 service. ~~However, participation in the first years of~~
18 ~~enactment will be extended to those members with 28 years of~~
19 ~~service in 1992.~~

20 3. A member shall not participate in the DROP beyond
21 the time of attaining 30 years of service and the total years
22 of participation in the DROP shall not exceed 5 years. For
23 example:

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

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

28 c. Members with 27 years of credited service at time
29 of entry shall participate for only 3 years.

30 4. Upon a member's election to participate in the
31 DROP, he or she shall cease to be a member and shall no longer

1 accrue any benefits under the pension fund, except for the
2 benefits provided under subsection (11), Chapter 185 share
3 accounts. For all fund purposes, the member becomes a
4 retirant, except that a DROP participant shall continue to
5 receive shares of the chapter moneys in accordance with
6 subsection (11), Chapter 185 share accounts. The amount of
7 credited service and final average salary shall freeze as of
8 the date of entry into the DROP.

9 5. Notwithstanding any provision of this section to
10 the contrary, the police chief of the department may, at his
11 or her option, extend his or her participation in the DROP
12 beyond 5 years or 30 years of total service. For purposes of
13 this subsection, "police chief" means a member who has been
14 promoted from police officer through the ranks of the
15 department to the position of police chief. Any such police
16 chief shall not participate in the DROP beyond the attainment
17 of 33 years of service, and the total years of participation
18 in the DROP shall not exceed 8 years.

19 Section 6. Subparagraph 1. of paragraph (d) of
20 subsection (16) of section 16 of chapter 24981, Laws of
21 Florida, 1947, as amended by chapter 93-373, Laws of Florida,
22 is amended to read:

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

24 (16) Conditions applicable to all disability
25 retirants.--

26 (d) Normal form of disability retirement income.--

27 1. Duty or nonduty disability with 10 years of
28 service.

29 a. Married member.--The standard form of disability
30 retirement benefit for a married member or for a member with
31 dependent children or parents shall be a disability pension

1 and death benefit. This form of benefit shall provide monthly
2 payments for the life of the member as set forth in subsection
3 (14) or subsection (15), as applicable, or the disability
4 retiree may select optional forms of benefits in accordance
5 with paragraph (9)(d). Thereafter, death benefits shall be
6 paid as provided in subsection (17).

7 b. Nonmarried member.--The standard form of disability
8 retirement benefit for a member who is not married or who does
9 not have dependent children or parents shall be a 10-year
10 certain benefit. This benefit shall pay monthly benefits for
11 the member's lifetime. In the event the member dies after his
12 or her retirement but before he or she has received disability
13 retirement benefits for a period of 10 years, the same monthly
14 benefit shall be paid to the beneficiary (or beneficiaries) as
15 designated by the member for the balance of such 10-year
16 period. In the absence of a designated beneficiary, then the
17 benefits will be paid to the estate of the retiree.

18 Section 7. Subparagraph 1. of paragraph (a) of
19 subsection (19) of section 16 of chapter 24981, Florida
20 Statutes, 1947, as amended by chapter 93-373, Laws of Florida,
21 is amended to read:

22 (19) Member's contributions; refunds.--

23 (a) Member's contributions.--

24 1. The member shall contribute 7 ~~6.45~~ percent of his
25 or her salary to the fund.

26 Section 8. Paragraph (d) is added to subsection (33)
27 of section 16 of chapter 24981, Florida Statutes, 1947, as
28 renumbered by chapters 95-478 and 99-483, Laws of Florida, to
29 read:

30 Section 16. Palm Beach Pension Fund.--

31 (33) Miscellaneous requirements.--

1 (d) False or misleading statements made to obtain
2 retirement benefits prohibited.--

3 1. It is unlawful for a person to willfully and
4 knowingly make, or cause to be made, or to assist, conspire
5 with, or urge another to make, or cause to be made, any false,
6 fraudulent, or misleading oral or written statement or to
7 withhold or conceal material information to obtain any benefit
8 under this plan.

9 2.a. A person who violates subparagraph 1. commits a
10 misdemeanor of the first degree, punishable as provided in s.
11 775.082 or s. 775.083, Florida Statutes.

12 b. In addition to any applicable criminal penalty,
13 upon conviction for a violation described in subparagraph 1.,
14 a participant or beneficiary of this plan may, in the
15 discretion of the board of trustees, be required to forfeit
16 the right to receive any or all benefits to which the person
17 would otherwise be entitled under this plan. For purposes of
18 this sub-subparagraph, "conviction" means a determination of
19 guilt that is the result of a plea or trial, regardless of
20 whether adjudication is withheld.

21 Section 9. Subsection (34) is added to section 16 of
22 chapter 24981, Laws of Florida, 1947, as amended by chapters
23 95-478 and 99-483, Laws of Florida, to read:

24 (34) Actuarial assumptions.--The following actuarial
25 assumptions shall be used for all purposes in connection with
26 this fund, effective October 1, 1999:

27 (a) The assumed investment rate of return shall be
28 eight and one-quarter percent (8.25%); and

29 (b) The period for amortizing current, future, and
30 past actuarial gains or losses shall be 20 years.

31

1 The consequences of the change in assumptions in paragraphs
2 (a) and (b) shall first take effect during the October 1,
3 1999-September 30, 2000, fiscal year of the City of West Palm
4 Beach. To the extent that effective dates or legislative
5 delays might influence the direct application to the October
6 1, 1999-September 30, 2000, fiscal year of the actuarial cost
7 estimate dated March 24, 2000, there shall be a minimum
8 contribution reserve established by the pension fund for the
9 City of West Palm Beach. The reserve will be credited with any
10 amounts contributed to the pension fund by the City of West
11 Palm Beach during the October 1, 1999-September 30, 2000,
12 fiscal year in excess of \$1,462,965. This amount has been
13 determined by combining the contribution requirement from the
14 September 30, 1998, actuarial valuation report dated May 7,
15 1999, with the subsequent actuarial cost estimate dated March
16 24, 2000, both of which were prepared by the fund's actuary.

17 Section 10. All special laws and parts of special
18 laws, ordinances, or regulations, insofar as they are in
19 conflict or inconsistent with the provisions of this act, are
20 repealed.

21 Section 11. This act shall take effect upon becoming a
22 law.

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