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2 An act relating to the City of Orlando, Orange
3 County, revising language with respect to the
4 pension fund of the fire department of the
5 city; amending chapter 23444, Laws of Florida,
6 1945, as amended; providing that DROP
7 participants shall not participate in the fund;
8 amending the cost-of-living increase for
9 members and beneficiaries, with the actuarial
10 cost thereof being borne by the members;
11 providing an effective date for all
12 retirements; providing for a deferred
13 retirement option plan as an improvement to
14 present pension benefits with the additional
15 cost thereof being borne by the members;
16 providing for employer pick up of member
17 contributions; providing for changes necessary
18 to obtain tax qualification; providing an
19 effective date.

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

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23 Section 1. Section 2 of chapter 23444, Laws of
24 Florida, 1945, as amended by chapter 73-573, Laws of Florida,
25 is amended to read:

26 Section 2. Members of said Fire Department shall be
27 construed as including all officers and firefighters ~~firemen~~
28 ~~and firewomen~~ regularly employed in said department, and whose
29 employment shall be regular and continuous and not of a
30 temporary character, provided, however, the secretaries,
31 stenographers and switchboard operators shall not be covered

1 by the provisions of this Act. For the purposes of this Act
2 the term widow shall include widower; reference to the
3 masculine pronoun shall include the feminine and vice-versa;
4 the term "issue" shall include a member's natural and adopted
5 children as well as those in gestation. Further provided that
6 members who are DROP participants will no longer be
7 participants in this fund, nor eligible for any benefits
8 hereunder.

9 Section 2. Section 19 of chapter 23444, Laws of
10 Florida, 1945, as created by chapter 88-518, Laws of Florida,
11 is amended to read:

12 Section 19. Cost of Living Increase.

13 (1) After the effective date of this act, any member
14 of the Orlando Fire Department who retires ~~prior to age 62~~
15 with 20 ~~25~~ or more years of actual ~~credited~~ service shall
16 receive a triennial cost-of-living increase of 5 percent
17 ~~compound~~ starting 3 years after retirement, or, in the case of
18 a DROP participant, 3 years after termination of employment
19 ~~,and ending with the last triennial anniversary of retirement~~
20 ~~prior to age 65.~~ Any actuarially-determined additional cost
21 resulting from this additional benefit shall be borne by the
22 members of the firefighters pension plan. Members who
23 terminate employment without being eligible for a
24 cost-of-living increase under this section will not be
25 entitled to any refund of the contribution they made to fund
26 this benefit.

27 ~~(2) The benefit provided for in subsection (1), with~~
28 ~~the additional cost thereof being borne by the members, shall~~
29 ~~not become effective and shall be of no force and effect~~
30 ~~unless and until approved by a majority of the members of the~~
31 ~~firefighters pension plan at an election conducted by the~~

1 ~~Orlando Firefighters Pension Board within 90 days after the~~
2 ~~effective date of this act.~~

3 Section 3. A new section 17 is added to chapter 23444,
4 Laws of Florida, 1945, as amended, to read:

5 Section 17. Effective Date of Retirement.

6 Any retirement under this plan, whether for service or
7 disability, will be effective the first day of the month
8 following the last day the member works prior to retiring or
9 becoming a DROP participant.

10 Section 4. A new section 21 is added to chapter 23444,
11 Laws of Florida, 1945, as amended, to read:

12 Section 21. Deferred Retirement Option Plan.

13 (1) Deferred Retirement Option Plan--The Deferred
14 Retirement Option Plan, hereinafter referred to as the "DROP,"
15 allows any member who has elected to participate in the DROP,
16 hereinafter referred to as a "DROP participant," to receive a
17 lump-sum payment, or other payment, in addition to a monthly
18 pension, upon termination of employment. No benefits shall be
19 paid under this section unless the DROP participant has
20 terminated employment.

21 (2) DROP Eligibility--Any member may elect to
22 participate in the DROP following the date upon which the
23 member completes 20 years of active service as a firefighter
24 with the City of Orlando and is eligible for a service
25 retirement pension. A member may participate in the DROP only
26 once.

27 (3) DROP Participation--

28 (a) An eligible member may participate in the Forward
29 DROP for a period not to exceed a maximum of 60 months or, in
30 the alternative, may participate in the Back DROP for a period
31 not to exceed 36 months. Notwithstanding, DROP participation

1 may not continue beyond the date when the member's combined
2 years of credited service and time in the DROP equals 360
3 months.

4 (b) A member may apply to participate in the DROP by
5 submitting an application to the Board of Trustees, which
6 shall include the following:

7 1. A written election to participate in the DROP. Once
8 submitted to the Board of Trustees, this election will be
9 irrevocable.

10 2. Selection of the DROP participation and termination
11 dates that satisfy the limitation stated in subsection (2) and
12 paragraph (a). Such termination date shall be in a binding
13 letter of resignation, establishing a deferred termination
14 date.

15 3. A properly completed DROP application for a service
16 retirement pension.

17 4. A properly completed designation of named
18 beneficiaries in the event the member dies while participating
19 in the DROP.

20 5. Any other information as may be required by the
21 Board of Trustees.

22 (c) The DROP participant shall be a retiree under the
23 provisions of the pension plan. However, participation in the
24 DROP does not alter the DROP participant's employment status,
25 nor does it constitute a contract or guarantee of continued
26 employment.

27 (d) A DROP participant shall not accrue additional
28 credited service under the pension plan after the effective
29 date of DROP participation.

30 (4) Benefits Payable Under the DROP--
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1 (a) Effective with the date of DROP participation, the
2 DROP participant's initial monthly service retirement pension,
3 including credited service and average monthly salary, shall
4 be determined and fixed. Such service retirement pension and
5 earnings shall be credited to the DROP participant's DROP
6 account no less than monthly. Such earnings shall be credited
7 as provided in subsection (7).

8 (b) The effective date of DROP participation for a
9 participant who has elected to receive benefits under the
10 pension plan shall be the first day of the month selected by
11 the member to begin retirement under the pension plan and
12 participation in the DROP.

13 (c) The service retirement pension and earnings
14 thereon shall be credited to the DROP participant's DROP
15 account periodically, as pension benefit payments would have
16 otherwise been made.

17 (5) DROP Types--A member eligible for a service
18 retirement pension may elect a Forward DROP or a Back DROP,
19 but not both.

20 (a) Forward DROP--Under a Forward DROP, a member may
21 retire, deferring receipt of the service retirement pension
22 while continuing employment with the city. In that case, the
23 deferred monthly service retirement pension shall be credited
24 to the DROP participant's DROP account on behalf of the DROP
25 participant, as provided in subsection (4), for the specified
26 period of the DROP participation, as provided in subsection
27 (3). Upon termination of employment, the DROP participant
28 shall receive the balance of his or her DROP account and begin
29 to receive the monthly service retirement pension.

30 1. A DROP participant remains an employee and receives
31 all the benefits of being an employee during the DROP

1 participation period; provided, however, the DROP participant
2 is not eligible to participate in any other city provided
3 pension or long term disability plan. A DROP participant shall
4 be subject to termination of employment during the DROP
5 participation period to the same extent as he or she was prior
6 to participating in the DROP.

7 2. Effective with the start date of a DROP
8 participant's Forward DROP participation, a member's
9 contribution and the normal cost contribution to the pension
10 fund by the city, on behalf of the member, shall cease.

11 (b) Back DROP--Under a Back DROP, a member may retire
12 with a retroactive date of retirement. A member may not select
13 a retroactive retirement date earlier than the date upon which
14 the member first became eligible for a service retirement
15 pension, and in no event shall the retroactive date of
16 retirement be more than 36 months prior to the date of Back
17 DROP election. The monthly service retirement pension shall be
18 determined as of the retroactive retirement date. The member
19 shall then be credited with an account balance in his or her
20 DROP account that is equal to the account balance he or she
21 would have had if he or she had timely elected a Forward DROP
22 under paragraph (a) on the retroactive retirement date. Upon
23 termination of employment, the Back DROP participant shall
24 receive or transfer the balance of this DROP account, pursuant
25 to subsection (10), and shall begin to receive the monthly
26 service retirement pension adjusted to reflect the retroactive
27 retirement date.

28 (c) Eligibility exception--Notwithstanding the
29 provisions of subsection 3(a), for 60 days after the effective
30 date of this act, a member with more than 324 months of
31 credited service may elect the Back DROP option and will not

1 be subject to the combined years of credited service and DROP
2 participation limitation of 360 months. Said member is subject
3 to the maximum Back DROP participation period of 36 months. A
4 member with more than 324 months of credited service as of the
5 effective date of DROP who does not elect to participate in
6 the DROP, as set forth herein, during this one-time window
7 period shall forfeit the right to deviate from the conditions
8 for participation in the DROP set forth in subsection (3).

9 (6) DROP Accounts--Individual DROP accounts shall be
10 established to account for each DROP participant's accrued
11 DROP benefits, but there shall be no requirement that funds be
12 segregated for any DROP participant. In the case of a member
13 who selects the Back DROP option, the amount of that member's
14 contributions made during the Back DROP period shall not be
15 refunded or credited to the member.

16 (7) DROP Benefits Earnings and Reporting--

17 (a) A DROP participant's DROP account shall accrue
18 earnings at 8% (eight percent) simple interest compounded
19 annually, unless the parties otherwise agree.

20 (b) A DROP account shall be adjusted to reflect
21 earnings until such time as the DROP account is distributed in
22 full to the DROP participant or his or her beneficiaries.

23 (c) The Board of Trustees shall report to each DROP
24 participant at least annually accrued DROP benefits in the
25 participant's DROP account.

26 (8) Cost-of-Living Increase--A DROP participant will
27 not be eligible to participate in cost-of-living increases
28 during the DROP period. Cost-of-living increases will be made
29 pursuant to section 19, starting 3 years after the DROP
30 participant's termination of employment.

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1 (9) Benefits Payable upon Termination of DROP--Upon
2 the DROP participant's termination of employment, for any
3 reason, whether by resignation, discharge, disability, or
4 death, the monthly service retirement pension will be
5 distributed according to the provisions of this plan and the
6 balance of the DROP account shall be distributed to the DROP
7 participant or, if deceased, the DROP participant's
8 beneficiaries, as provided herein.

9 (10) Payment Conditions and Options--Upon the DROP
10 participant's termination of employment, for any reason,
11 whether by resignation, discharge, disability, or death, the
12 Board of Trustees shall distribute the balance of the DROP
13 participant's DROP account, subject to the following
14 provisions:

15 (a) The Board of Trustees shall receive verification
16 from the city that such DROP participant has terminated
17 employment.

18 (b) Following the termination of employment, the DROP
19 participant or, if deceased, such DROP participant's
20 beneficiaries shall elect on forms provided by the Board of
21 Trustees to receive payment of the balance of the DROP account
22 in accordance with one of the options listed below. For a DROP
23 participant or beneficiaries who fail to elect a method of
24 payment within 60 days of termination of employment, the Board
25 of Trustees shall pay the balance of the DROP account in one
26 lump sum as provided in subparagraph 1.

27 1. Lump sum--The balance of the DROP account, less
28 taxes remitted to the Internal Revenue Service, if any, shall
29 be paid to the DROP participant or beneficiaries.

30 2. Direct rollover--The balance of the DROP account
31 shall be paid directly to the custodian of an eligible

1 retirement plan as defined in s. 402(c)(8)(B) of the Internal
2 Revenue Code. However, in the case of an eligible rollover
3 distribution to the widow or widower as a beneficiary, an
4 eligible retirement plan is an individual retirement account
5 or an individual retirement annuity as described in s.
6 402(c)(9) of the Internal Revenue Code.

7 3. Partial lump sum--A portion of the balance of the
8 DROP account shall be paid to the DROP participant or
9 beneficiaries, less taxes remitted to the Internal Revenue
10 Service, if any, and the remaining balance of the DROP account
11 shall be transferred directly to the custodian of an eligible
12 retirement plan as defined in s. 402(c)(8)(B) of the Internal
13 Revenue Code. However, in the case of an eligible rollover
14 distribution to the widow or widower as a beneficiary, an
15 eligible retirement plan is an individual retirement account
16 or an individual retirement annuity as described in s.
17 402(c)(9) of the Internal Revenue Code. The proportions shall
18 be specified by the DROP participant or beneficiaries.

19 4. Other methods--The balance of the DROP account
20 shall be paid by a method that is in compliance with the
21 Internal Revenue Code and as adopted by the Board of Trustees.

22 (c) The form of payment selected by the DROP
23 participant or beneficiaries complies with the minimum
24 distribution requirements of the Internal Revenue Code.

25 (11) Disability--A DROP participant is not eligible to
26 apply for a disability pension under this pension plan.

27 (12) Death of a DROP Participant--

28 (a) Upon the death of a DROP participant, the named
29 DROP beneficiaries shall be entitled to apply for and receive
30 the balance of the DROP participant's DROP account as provided
31 in subsections (9) and (10). DROP payments to a beneficiary

1 shall be in addition to any other retirement benefits payable
2 to the beneficiary.

3 (b) The monthly service retirement pension accrued to
4 the DROP account during the month of the DROP participant's
5 death shall be the final monthly service retirement pension
6 benefit credited for such DROP participant.

7 (c) Eligibility to participate in the DROP terminates
8 upon the death of the DROP participant. If the DROP
9 participant dies on or after the effective date of enrollment
10 in the DROP, but prior to the first monthly service retirement
11 pension benefit being credited to the DROP, pension plan
12 benefits shall be paid in accordance with applicable
13 provisions of this pension plan.

14 (d) A DROP participant's beneficiaries shall not be
15 eligible to receive survivor benefits as provided in sections
16 8 and 10.

17 (13) A DROP participant shall not be deemed to have
18 been reemployed after retirement as that term is used
19 elsewhere in the plan.

20 (14) Any actuarially-determined additional cost
21 resulting from the benefits in this section shall be borne by
22 the members of the pension plan.

23 Section 5. A new section 24 is added to chapter 23444,
24 Laws of Florida, 1945, as amended, to read:

25 Section 24.

26 (1) Upon implementation, the city shall solely for the
27 purpose of compliance with s. 414(h) of the Internal Revenue
28 Code, pick up, for the purpose specified in that section,
29 member contributions required by the act for all salary earned
30 by the member after implementation. Member contributions
31 picked up under the provisions of this section shall be

1 treated as city contributions for purposes of determining
2 income tax obligations under the Internal Revenue Code;
3 however, such picked up member contributions shall be included
4 in the determination of the member's gross annual salary for
5 all other purposes under federal and state laws.

6 (2) Members' contributions picked up under this
7 section shall continue to be designated member contributions
8 for all purposes of the act and shall be considered as part of
9 the member's salary for purposes of determining the amount of
10 the member's contributions. The provisions of this section are
11 mandatory, and the member shall have no option concerning the
12 pick up or to receive the contributed amounts directly instead
13 of having them paid by the city to the pension fund.

14 (3) Implementation occurs upon authorization by the
15 Board of Trustees following receipt of a favorable letter of
16 determination as to the qualified plan status of the fund. In
17 no event may implementation occur other than at the beginning
18 of a pay period.

19 Section 6. A new section 27 is added to chapter 23444,
20 Laws of Florida, 1945, as amended, to read:

21 Section 27. Tax Qualification and Statutory Minimums--

22 (a) The legislative body of the City of Orlando is
23 authorized to amend the pension plan to the limited extent
24 necessary to obtain tax qualification of the plan under the
25 Internal Revenue Code, but must obtain prior agreement of the
26 members and their collective bargaining agent, if any, should
27 such required amendments change any plan benefits.

28 (b) The legislative body of the City of Orlando is
29 authorized to amend the pension plan to the limited extent
30 necessary to comply with the minimum standards and benefits
31 levels required by Chapter 175, Florida Statutes, in order to

1 allow the plan to receive funds from the Police and
2 Firefighters' Premium Tax Trust Fund, but must obtain prior
3 agreement of the members and their collective bargaining
4 agent, if any, should such required amendments change any plan
5 benefits.

6 Section 7. This act shall take effect October 1, 2000.

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