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HB 0605

2003 Legislature

A bill to be entitled

An act relating to the City of Orlando, Orange County, relating to the pension fund of the police department of the city; amending chapter 22414, Laws of Florida (1943), as amended; defining participants; providing an effective date for all retirements; defining credited service to include both full and fractional years of service; providing for a change in the computation of monthly pension for members with between 20 and 25 years of credited service; providing for reinstatement into the pension plan for members who retire and become reemployed as sworn members; providing for a BACKDROP retirement option plan as an improvement to present pension benefits; providing that additional costs of certain benefits be borne by members; providing an effective date.

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

Section 1. Section 4 of chapter 22414, Laws of Florida (1943), as amended, is amended to read:

Section 4. Participant defined; effective date of retirement established ~~Employees Included.~~--

(1) For the purposes of this retirement plan, all sworn members of the Orlando Police Department who are employed and certified as law enforcement officers pursuant to Florida Statutes ch. 943 and ~~employed~~ on a permanent, full-time basis by the City in positions subject to withholding of federal income and FICA taxes ~~and~~ regardless of duty assignment, are mandatory participants in this retirement plan, and are hereinafter referred to as "members" or "participants." ~~which is~~



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~~mandatory as to those so employed. Non-police officer civilian employees of the Department are excluded from this retirement plan, such employees being covered by the General Employees Retirement Plan of the City of Orlando.~~

(2) Any retirement under this plan, whether for service or disability, shall be effective the first day of the month following the last day the member is in an active pay status prior to retiring (or effective date of retirement for a BACKDROP participant).

Section 2. Subsections (1) and (2) of section 6 of chapter 22414, Laws of Florida (1943), as amended, are amended to read:

Section 6. Service Requirements for Voluntary Retirement; Benefits upon Death of Retired Member.

(1) For the purposes of this retirement plan, the following definitions shall apply:

(a) "Credited service" means personal service rendered the City of Orlando Police Department while a participant in this plan, together with qualifying military service, which shall be credited to each member's credited service account each plan year in accordance with rules established by the Board of Trustees. For purposes of benefit calculation, "year of service" shall include both full and fractional years of service, calculated on the appropriate fractional basis. In no event shall a member be credited with more than 1 year of service for all service performed during a plan year.

(b) "Average monthly salary" means one thirty-sixth of the total amount of salary paid a member for the member's last 3 years of credited service, or by one sixtieth of the total salary paid a member for the member's 5 best years of the last 10 years of service, whichever is greater. If the member does



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not have 3 years of credited service, average monthly salary is the aggregate amount of salary paid the member for the member's total period of credited service divided by the member's total period of credited service.

(2) Any member of the Police Department who is employed by the police department on July 1, 2003, or initially becomes so employed after July 1, 2003, may retire after 20 years of credited service therein and shall receive and be paid a monthly pension of an amount equal to 70 ~~60~~ percent of his average monthly salary. Said average monthly salary shall be determined by computing the average monthly salary for said member's last 3 years of service or by computing the member's average monthly salary for the 5 best years of the last 10 years of service, whichever amount is greater. Provided, further, that in addition to the aforesaid 70 ~~60~~ percent pension, a member who retires with more than 20 years' active service in the department shall receive 2 4 percent of said average monthly salary computed as stated herein for each full year of said service in excess of 20 years service. Said 2 4 percent increment shall be limited to 5 years of additional service.

Section 3. Present subsection (4) of section 20 of chapter 22414 (1943), Laws of Florida, as amended, is renumbered as subsection (5), and a new subsection (4) is added to said section, to read:

(4) Notwithstanding the provisions of subsections (1) and (2), a person who is retired under the provisions of this plan and who is reemployed as a sworn member of the City of Orlando Police Department shall be reinstated as a participant in the pension plan and upon reinstatement shall be accorded all provided rights therein, provided that the retiree will not



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receive or be entitled to any pension benefit payment during the period of reemployment. Upon subsequent termination of employment said member will only be entitled to receive a recalculated pension payment based on total credited service and average monthly salary based on months of actual service, whether or not continuous, computed as provided in the plan.

Section 4. Section 28 is added to chapter 22414 (1943), Laws of Florida, as amended, to read:

Section 28. BACKDROP Retirement Option Plan.--

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

(2) BACKDROP Eligibility.--Any member who is an employee of the police department on July 1, 2003, or initially becomes employed after July 1, 2003, may elect to participate in the BACKDROP following the date upon which the member completes 21 years of credited service as a full-time police officer with the City of Orlando and is eligible for a service retirement pension. A member may participate in the BACKDROP only once.

(3) BACKDROP Participation.--

(a) A member may apply to participate in the BACKDROP by submitting an application to the Board of Trustees, which shall include the following:

1. A written election to participate in the BACKDROP. Once submitted to the Board of Trustees, this election will be



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irrevocable.

2. Selection of the BACKDROP participation and termination dates that satisfy the limitation stated in subsections (2) and (5). Such termination date shall be included in a binding letter of resignation.

3. A properly completed BACKDROP application for a service retirement pension.

4. A properly completed designation of named beneficiaries in the event the member dies while having funds remaining in a BACKDROP account.

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

(b) The effective date of BACKDROP participation for a participant who has elected to receive benefits under the pension plan shall be the first day of the month selected by the member to begin participation in the BACKDROP.

(c) A BACKDROP participant shall not accrue additional credited service under the pension plan after the effective date of BACKDROP participation.

(4) Benefits Payable Under the BACKDROP.--Under a BACKDROP, an eligible member may retire with a retroactive date of retirement. A member may not select a retroactive retirement date earlier than the date upon which the member first became eligible for a service retirement pension, and in no event shall the retroactive date of retirement be more than 36 months prior to the date of BACKDROP election. The monthly service retirement pension shall be determined as of the retroactive retirement date. The member shall then be credited with an account balance in a BACKDROP account that is equal to the amount the member would have received during the BACKDROP period had the member



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received a regular service retirement pension on the retroactive retirement date. Upon termination of employment, the BACKDROP participant shall receive or transfer the balance of this BACKDROP account, pursuant to subsection (9), and shall begin to receive the monthly service retirement pension adjusted to reflect the retroactive retirement date.

(5) BACKDROP Participation Duration.--

(a) An eligible member may participate in the BACKDROP for a period not to exceed 36 months. Notwithstanding, BACKDROP participation may not commence or continue beyond the date when the member's combined years of credited service and time in the BACKDROP equals 360 months.

(b) Notwithstanding the provisions of paragraph (a), for 60 days after this act becomes law, a member with more than 324 months of credited service may elect the BACKDROP option and shall not be subject to the combined years of credited service and BACKDROP participation limitation of 360 months. Said member is subject to the maximum BACKDROP participation period of 36 months. A member with more than 324 months of credited service as of the effective date of BACKDROP who does not elect to participate in the BACKDROP, as set forth herein, during this one-time window period shall forfeit the right to deviate from the conditions for participation in the BACKDROP set forth in paragraph (a).

(6) BACKDROP Accounts.--Individual BACKDROP accounts shall be established to account for each BACKDROP participant's accrued BACKDROP benefits, but there shall be no requirement that funds be segregated for any BACKDROP participant. In the case of a member who selects the BACKDROP option, the amount of that member's pension contributions made during the BACKDROP



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period shall not be refunded or credited to the member.

(7) BACKDROP Benefits Earnings.--Any BACKDROP participant's BACKDROP account shall accrue earnings at 8 percent simple interest compounded annually, unless the parties otherwise agree.

(8) Cost-of-Living Increase.--A BACKDROP participant will not be eligible to participate in cost-of-living increases during the BACKDROP period. Cost-of-living increases will be made pursuant to section 18, after the BACKDROP participant's termination of employment.

(9) Payment Options and Conditions.--

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

1. The balance of the BACKDROP account, less any taxes remitted to the Internal Revenue Service, shall be paid to the BACKDROP participant or beneficiaries.

2. The balance of the BACKDROP account shall be paid directly to the custodian of an eligible retirement plan as defined in applicable provisions of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the widow or widower as a beneficiary, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in applicable provisions of the Internal



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3. The balance of the BACKDROP account shall be paid by a method that is in compliance with the Internal Revenue Code and as adopted by the Board of Trustees.

(b) All payments and benefits shall be made in accordance with applicable provisions of the Internal Revenue Code.

(10) Death of a BACKDROP Participant.--Upon the death of a BACKDROP participant, the named BACKDROP beneficiaries shall be paid the balance of the BACKDROP account in accordance with subsection (9). Other pension benefits due to the participant's survivors shall be paid in accordance with applicable provisions of this pension plan.

Section 5. Cost of Benefits.--Any actuarially determined additional cost resulting from the benefits in sections 2 and 4 of this bill shall be borne by the members of the pension plan.

Section 6. This act shall take effect July 1, 2003.