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A bill to be entitled
 An act relating to the City of West Palm Beach, Palm Beach
 County; amending the West Palm Beach Firefighters Pension
 Fund to provide for optional methods of crediting
 investment earnings to chapter 175, Florida Statutes,
 share accounts and DROP accounts; repealing any
 conflicting part of the special act or resolution, or
 parts thereof; providing an effective date.

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

Section 1. Subparagraph 3. of paragraph (j) of subsection
 (5) of section 17 of chapter 24981, Laws of Florida, 1947, as
 amended by chapter 2002-360, Laws of Florida, is amended to
 read:

Section 17. West Palm Beach Firefighters Pension Fund.--
 (5) Service pension.--

(j) Chapter 175, Florida Statutes, share accounts.--

3. Annual allocation of accounts.--

a. Moneys shall be credited to each individual member
 account in an amount directly proportionate to the number of pay
 periods for which the member was paid compared to the total
 number of pay periods for which all members were paid, counting
 the pay periods in the calendar year preceding the date for
 which chapter 175, Florida Statutes, tax revenues were received.

b. At the end of each fiscal year (September 30), each
 individual account shall be adjusted to reflect the earnings or
 losses resulting from investment, as well as reflecting costs,
 fees, and expenses of administration.

c. Effective October 1, 2002, vested participants have the



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31 option to select one of three methods to credit investment
32 earnings to their account. The method may be changed each year
33 effective October 1; however, the method must be elected prior
34 to October 1. The methods are:

35 (I) The investment earnings or losses credited to the
36 individual member accounts shall be in the same percentage as
37 are earned or lost by the total investment earnings or losses of
38 the Fund as a whole, unless the Board dedicates a separate
39 investment portfolio for chapter 175, Florida Statutes, share
40 accounts, in which case the investment earnings or losses shall
41 be measured by the investment earnings or losses of the separate
42 investment portfolio;

43 (II) A fixed annual rate of 8.25 percent; or

44 (III) A percentage of the share account assets to be
45 credited with earnings or losses in accordance with sub-sub-
46 subparagraph (I) and a corresponding percentage of the share
47 account assets credited in accordance with sub-sub-subparagraph
48 (II). The combined total percentage invested under this sub-sub-
49 subparagraph must equal 100 percent.

50 d. Costs, fees, and expenses of administration shall be
51 debited from the individual member accounts on a proportionate
52 basis, taking the cost, fees, and expenses of administration of
53 the Fund as a whole, multiplied by a fraction, the numerator of
54 which is the total assets in all individual member accounts and
55 the denominator of which is the total assets of the Fund as a
56 whole. The proportionate share of the costs, fees, and expenses
57 shall be debited from each individual member account on a pro
58 rata basis in the same manner as chapter 175, Florida Statutes,
59 tax revenues are credited to each individual member account
60 (i.e., based on pay periods).



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61 e. If the entire balance of the individual member account
 62 is withdrawn before September 30 of any year, there shall be no
 63 adjustment made to that individual member account to reflect
 64 either investment earnings or losses or costs, fees, and
 65 expenses of administration.

66 Section 2. Subparagraph 2. of paragraph (k) of subsection
 67 (5) of section 17 of chapter 24981, Laws of Florida, 1947, as
 68 amended by chapter 2002-360, Laws of Florida, is amended to
 69 read:

70 Section 17. West Palm Beach Firefighters Pension Fund.--

71 (5) Service pension.--

72 (k) Deferred Retirement Option Plan (DROP).--

73 2. Amounts payable upon election to participate in the
 74 DROP.--

75 a. Monthly retirement benefits that would have been
 76 payable had the member terminated employment with the Department
 77 and elected to receive monthly pension payments shall be paid
 78 into the DROP and credited to the retirant. Payments into the
 79 DROP shall be made monthly over the period the retirant
 80 participates in the DROP, up to a maximum of 60 months.

81 b. Effective October 1, 2002, participants have the option
 82 to select one of three methods to credit investment earnings to
 83 their account. Investment earnings shall be credited on a
 84 quarterly basis. The method may be changed each year effective
 85 October 1; however, the method must be elected prior to October
 86 1. The methods are:

87 (I) ~~Earnings Payments to the DROP earn interest~~ using the
 88 rate of investment return earned on Pension Fund assets as
 89 reported by the Fund's investment monitor. DROP assets are
 90 commingled with the Pension Fund assets for investment purposes;



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91 (II) A fixed rate of 8.25 percent; or
 92 (III) A percentage of the DROP account assets to be
 93 credited with earnings or losses in accordance with sub-sub-
 94 subparagraph (I) and a corresponding percentage of the DROP
 95 account assets credited in accordance with sub-sub-subparagraph
 96 (II). The combined total percentage invested under this sub-sub-
 97 subparagraph must equal 100 percent.

98
 99 However, if a member does not terminate employment at the end of
 100 participation in the DROP, interest credit shall cease on the
 101 ~~current balance and on all future DROP deposits.~~

102 c. No payments shall be made from the DROP until the
 103 member terminates employment with the Department.

104 d. Upon termination of employment, participants in the
 105 DROP shall receive the balance of the DROP account in accordance
 106 with the following rules:

107 (I) Members may elect to begin to receive payment upon
 108 termination of employment or defer payment of the DROP until the
 109 latest day under sub-sub-subparagraph (III).

110 (II) Payments shall be made in either:

111 (A) Lump sum.--The entire account balance shall be paid to
 112 the retirant upon approval of the Board of Trustees.

113 (B) Installments.--The account balance shall be paid out
 114 to the retirant in three equal payments paid over 3 years, the
 115 first payment to be made upon approval of the Board of Trustees.

116 (C) Annuity.--The account balance shall be paid out in
 117 monthly installments over the lifetime of the member or until
 118 the entire balance is exhausted. Monthly amount paid will be
 119 determined by the Fund's actuary in accordance with selections
 120 made by the member in a form provided by the Board of Trustees.



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121 (III) Any form of payment selected by a member must comply
122 with the minimum distribution requirements of the IRC 401(A)(9),
123 and are subject to the requirements of subsection (19).

124 (IV) The beneficiary of the DROP participant who dies
125 before payments from DROP begin shall have the same right as the
126 participant in accordance with subsection (7).

127 e. Costs, fees, and expenses of administration shall be
128 debited from the individual member accounts on a proportionate
129 basis, taking the cost, fees, and expenses of administration of
130 the Fund as a whole, multiplied by a fraction, the numerator of
131 which is the total assets in all individual member accounts and
132 the denominator of which is the total assets of the Fund as a
133 whole.

134 Section 3. All special laws and parts of special laws,
135 ordinances, or regulations, or parts thereof, insofar as they
136 are in conflict or inconsistent with the provisions of this act
137 are repealed.

138 Section 4. This act shall take effect upon becoming a law.