



HB 0801

2003
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CHAMBER ACTION

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The Committee on Local Government & Veterans' Affairs recommends the following:

Committee Substitute

Remove the entire bill and insert:

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; 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.--



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

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

39 | c. Effective October 1, 2002, vested participants have the
40 | option to select one of three methods to credit investment
41 | earnings to their account. The method may be changed each year
42 | effective October 1; however, the method must be elected prior
43 | to October 1. The methods are:

44 | (I) The investment earnings or losses credited to the
45 | individual member accounts shall be in the same percentage as
46 | are earned or lost by the total investment earnings or losses of
47 | the Fund as a whole, unless the Board dedicates a separate
48 | investment portfolio for chapter 175, Florida Statutes, share
49 | accounts, in which case the investment earnings or losses shall
50 | be measured by the investment earnings or losses of the separate
51 | investment portfolio;

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

53 | (III) A percentage of the share account assets to be
54 | credited with earnings or losses in accordance with sub-sub-
55 | subparagraph (I) and a corresponding percentage of the share
56 | account assets credited in accordance with sub-sub-subparagraph



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57 | (II). The combined total percentage invested under this sub-sub-
58 | subparagraph must equal 100 percent.

59 | d. Costs, fees, and expenses of administration shall be
60 | debited from the individual member accounts on a proportionate
61 | basis, taking the cost, fees, and expenses of administration of
62 | the Fund as a whole, multiplied by a fraction, the numerator of
63 | which is the total assets in all individual member accounts and
64 | the denominator of which is the total assets of the Fund as a
65 | whole. The proportionate share of the costs, fees, and expenses
66 | shall be debited from each individual member account on a pro
67 | rata basis in the same manner as chapter 175, Florida Statutes,
68 | tax revenues are credited to each individual member account
69 | (i.e., based on pay periods).

70 | e. If the entire balance of the individual member account
71 | is withdrawn before September 30 of any year, there shall be no
72 | adjustment made to that individual member account to reflect
73 | either investment earnings or losses or costs, fees, and
74 | expenses of administration.

75 | Section 2. Subparagraph 2. of paragraph (k) of subsection
76 | (5) of section 17 of chapter 24981, Laws of Florida, 1947, as
77 | amended by chapter 2002-360, Laws of Florida, is amended to
78 | read:

79 | Section 17. West Palm Beach Firefighters Pension Fund.--

80 | (5) Service pension.--

81 | (k) Deferred Retirement Option Plan (DROP).--

82 | 2. Amounts payable upon election to participate in the
83 | DROP.--



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84 a. Monthly retirement benefits that would have been
85 payable had the member terminated employment with the Department
86 and elected to receive monthly pension payments shall be paid
87 into the DROP and credited to the retirant. Payments into the
88 DROP shall be made monthly over the period the retirant
89 participates in the DROP, up to a maximum of 60 months.

90 b. Effective October 1, 2002, participants have the option
91 to select one of three methods to credit investment earnings to
92 their account. Investment earnings shall be credited on a
93 quarterly basis. The method may be changed each year effective
94 October 1; however, the method must be elected prior to October
95 1. The methods are:

96 (I) Earnings Payments to the DROP earn interest using the
97 rate of investment return earned on Pension Fund assets as
98 reported by the Fund's investment monitor. DROP assets are
99 commingled with the Pension Fund assets for investment purposes;

100 (II) A fixed rate of 8.25 percent; or

101 (III) A percentage of the DROP account assets to be
102 credited with earnings or losses in accordance with sub-sub-
103 subparagraph (I) and a corresponding percentage of the DROP
104 account assets credited in accordance with sub-sub-subparagraph
105 (II). The combined total percentage invested under this sub-sub-
106 subparagraph must equal 100 percent.

107
108 However, if a member does not terminate employment at the end of
109 participation in the DROP, interest credit shall cease on the
110 ~~current balance and on all future DROP deposits.~~



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

113 d. Upon termination of employment, participants in the
114 DROP shall receive the balance of the DROP account in accordance
115 with the following rules:

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

119 (II) Payments shall be made in either:

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

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

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

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

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

136 e. Costs, fees, and expenses of administration shall be
137 debited from the individual member accounts on a proportionate
138 basis, taking the cost, fees, and expenses of administration of



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139 | the Fund as a whole, multiplied by a fraction, the numerator of
140 | which is the total assets in all individual member accounts and
141 | the denominator of which is the total assets of the Fund as a
142 | whole.

143 | Section 3. This act shall take effect upon becoming a law.