



1                                   A bill to be entitled  
 2           An act relating to the City of West Palm Beach, Palm Beach  
 3           County; amending the West Palm Beach Firefighters Pension  
 4           Fund to provide for optional methods of crediting  
 5           investment earnings to chapter 175, Florida Statutes,  
 6           share accounts and DROP accounts; providing an effective  
 7           date.

8  
 9   Be It Enacted by the Legislature of the State of Florida:

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

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

16           (5) Service pension.--

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

18           3. Annual allocation of accounts.--

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

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



29           c. Effective October 1, 2002, vested participants have the  
30 option to select one of three methods to credit investment  
31 earnings to their account. The method may be changed each year  
32 effective October 1; however, the method must be elected prior  
33 to October 1. The methods are:

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

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

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

49           d. Costs, fees, and expenses of administration shall be  
50 debited from the individual member accounts on a proportionate  
51 basis, taking the cost, fees, and expenses of administration of  
52 the Fund as a whole, multiplied by a fraction, the numerator of  
53 which is the total assets in all individual member accounts and  
54 the denominator of which is the total assets of the Fund as a  
55 whole. The proportionate share of the costs, fees, and expenses  
56 shall be debited from each individual member account on a pro



57 rata basis in the same manner as chapter 175, Florida Statutes,  
 58 tax revenues are credited to each individual member account  
 59 (i.e., based on pay periods).

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

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

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

70 (5) Service pension.--

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

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

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

80 b. Effective October 1, 2002, participants have the option  
 81 to select one of three methods to credit investment earnings to  
 82 their account. Investment earnings shall be credited on a  
 83 quarterly basis. The method may be changed each year effective



84 October 1; however, the method must be elected prior to October  
85 1. The methods are:

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

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

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

97  
98 However, if a member does not terminate employment at the end of  
99 participation in the DROP, interest credit shall cease on the  
100 ~~current balance and on all future DROP deposits.~~

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

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

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

109 (II) Payments shall be made in either:

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



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

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

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

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

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

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