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CS/HB 1433

2009 Legislature

1 A bill to be entitled
2 An act relating to the City of Orlando Firefighter Pension
3 Fund, Orange County; amending chapter 23444, Laws of
4 Florida, 1945, as amended; providing a member with 20
5 years or more of service who is involuntarily determined
6 to be permanently and totally disabled not in the line of
7 duty the right to elect a normal service retirement under
8 certain conditions; providing for a change in the accrual
9 rate for normal retirement benefit; providing for a change
10 of the accrual rate for line of duty death benefits if
11 member has completed more than 23.53 years of service;
12 changing the Back Deferred Retirement Option Program
13 (DROP) from 36 months to 60 months; revising provisions
14 relating to DROP accounts; providing that distributions
15 comply with the Internal Revenue Code; providing for
16 changes necessary to maintain tax qualification;
17 authorizing the legislative body of the City of Orlando to
18 adjust the pension plan to comply with the Internal
19 Revenue Code and to create a SHARE program or plan to
20 provide for certain extra benefits; providing that benefit
21 changes are not retroactive; specifying this act does not
22 provide additional benefits to certain members and
23 beneficiaries; providing effective dates.

24
25 Be It Enacted by the Legislature of the State of Florida:

26
27 Section 1. Effective July 1, 2009, sections 7, 12,
28 14, 21, and 27 of chapter 23444, Laws of Florida, 1945, as

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29 | amended, are amended to read:

30 | Section 7. Permanent Disability Pension; Not in Line
31 | of Duty. Each and every active member of the department who
32 | shall become permanently and totally disabled, if said
33 | disability was not directly caused by and attributable to
34 | the performance of duty as a member of the fire department
35 | and was not caused by the member's own imprudence, upon
36 | establishing to the satisfaction of said board that the
37 | member is so permanently and totally disabled, shall be
38 | entitled to a monthly pension as follows: A member with
39 | less than 10 full years of credited service at time of
40 | impairment shall be entitled to receive an amount equal to
41 | 3 percent of the member's average monthly salary for each
42 | year of said credited service, and a member with 10 full
43 | years or more of credited service at time of impairment
44 | shall be entitled to 4 percent of the member's average
45 | monthly salary for each year of said credited service.
46 | However, the monthly pension shall not exceed 60 percent of
47 | the member's average monthly salary as determined herein;
48 | provided, however, that the monthly pension for a member
49 | with more than twenty (20) full years of credited service
50 | at time of impairment may exceed sixty (60) percent and
51 | shall be sixty (60) percent plus four (4) per cent per year
52 | for each year of credited service in excess of twenty (20),
53 | based on such years of credited service, but may not exceed
54 | eighty (80) percent, unless the member has completed 40
55 | years of credited service in which case the member shall
56 | receive an additional 2 percent per year for each year in

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57 | excess of 40 years of credited service. Provided further, a
 58 | member with 20 years or more of credited service who is
 59 | determined by the board of trustees to be permanently and
 60 | totally disabled not in the line of duty, but without
 61 | application for not in the line of duty disability
 62 | benefits, may within thirty (30) days of such determination
 63 | elect in writing to receive the normal retirement benefit
 64 | that the member would be entitled to receive based on years
 65 | of credited service. Provided, however, the total monthly
 66 | benefit shall not exceed 100 percent of the member's
 67 | average monthly salary. The phrase "permanently and totally
 68 | disabled" shall be construed to mean and include the loss
 69 | of one or more limbs, loss of sight in one or both eyes,
 70 | loss of hearing in one or both ears and any other condition
 71 | which renders the member unfit to perform the required
 72 | duties of the member's rank held at the time of impairment.
 73 | The average monthly salary shall be determined by computing
 74 | the member's average monthly salary for the member's last 3
 75 | years of credited service or for the member's total
 76 | credited_service if less than 3 years, or by computing the
 77 | member's average monthly salary for the five best years of
 78 | the last ten years of credited service, whichever amount is
 79 | greater. Upon the death of the member on said disability
 80 | pension, benefits shall be paid as follows:

81 | (1) If a member has not elected and started receipt of the
 82 | Section 34(1)(a) life with ten (10) years certain form of
 83 | payment, or the Section 34(1)(b) life only form of payment, or
 84 | the Section 34(1)(c) joint pensioner form of payment, benefits

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85 shall be paid pursuant to Section 14, "Benefits Payable Upon
86 Death of Member", to the surviving spouse and issues under the
87 age of eighteen (18), or dependent parents, and Section 35(3),
88 "10 Year Certain Guarantee", if applicable.

89 (2) If a member has elected and started receipt of the
90 Section 34(1)(a) life with ten (10) years certain form of
91 payment and the member has not received 120 monthly payments,
92 then benefits otherwise payable to the member shall be paid
93 pursuant to Section 32, "Beneficiaries", for the remainder of
94 the 120 monthly payments beginning on the first day of the month
95 immediately following the member's death regardless of the age
96 of the deceased member. If the firefighter makes this election,
97 no benefits shall be paid pursuant to Section 14(5)(b) or
98 Section 14(5)(d) to the surviving spouse, issue in being under
99 the age of eighteen (18), or dependent parents. Provided
100 however, the firefighter may designate as beneficiaries the
101 surviving spouse, issue in being under the age of eighteen (18),
102 or dependent parents to receive the remainder of the 120 monthly
103 payments.

104 (3) If a member has elected and started receipt of the
105 Section 34(1)(b) life only form of payment, no further payments
106 shall be made upon the death of the member.

107 (4) If a member has elected and started receipt of the
108 Section 34(1)(c) joint pensioner form of payment, benefits shall
109 be paid as provided therein.

110

111 Notwithstanding anything that may be to the contrary in
112 this act, at age 47 a member then receiving benefits under

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113 | this section may make the election provided in section
 114 | 12(1) or section 12(2) as the case may be and section 18,
 115 | all of this act (Laws of Fla. ch. 23444(1945), as amended)
 116 | in the manner therein specified, provided he is qualified
 117 | by length of service prior to said disability and provided
 118 | he makes the election within the 30 day period after
 119 | reaching age 47. If the election is exercised in favor of
 120 | salary deduction return, the return shall be minus
 121 | disability payments paid hereunder. If the election is
 122 | exercised, all of the member's rights and the rights of the
 123 | surviving spouse and issue and dependent parents under
 124 | Section 14 shall cease.

125 | Section 12. Service Requirement for Voluntary Retirement.

126 | (1) Normal Retirement Date.

127 | A member's normal retirement date shall be the first day of
 128 | the month coincident with or next following the earlier of the
 129 | completion of twenty (20) years of credited service regardless
 130 | of age, or attainment of age forty-seven (47) and the completion
 131 | of ten (10) years of credited service. Any member may retire on
 132 | the first day of any month after the member's normal retirement
 133 | date, and each member shall become 100% vested in his accrued
 134 | benefit on the member's normal retirement date. Normal
 135 | retirement is retirement from employment as a firefighter with
 136 | the City of Orlando on or after the normal retirement date. Any
 137 | member of the Fire Department who has more than 10 years of
 138 | credited service but less than 20 years of credited service and
 139 | who is discharged or voluntarily separates from service in the
 140 | department thereafter but before attaining age forty-seven (47),

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141 may make an election to receive a monthly pension beginning at
142 age 47.

143 (2) Normal Retirement Benefit.

144 (a) A member of the Fire Department who has ~~more than~~ 10
145 or more years of credited service but less than 20 years of
146 credited service shall be entitled to an amount equal to the
147 number of the member's years of credited service multiplied by
148 2.0% multiplied by the member's average monthly salary.

149 (b) Any member of the Fire Department who has 20 years or
150 more of credited service but less than 42.5 ~~40~~ years of credited
151 service shall be entitled to a monthly pension of 68% ~~60%~~ of the
152 member's average monthly salary plus 3.4% ~~4%~~ for each year of
153 credited service in excess of 20 years of credited service but
154 not to exceed 85% ~~80%~~.

155 (c) Any member of the Fire Department who has completed
156 42.5 ~~40~~ years of credited service shall receive in addition to
157 the amount specified in subparagraph (b) an additional 2% per
158 year of credited service for each year in excess of 42.5 ~~40~~
159 years of service; provided, however, the total monthly benefit
160 shall not exceed 100% of the average monthly salary used in
161 calculating the member's pension benefit.

162 (3) Average Monthly Salary shall be determined by
163 computing the average monthly salary of the member's last three
164 (3) years of credited service, or by computing the member's
165 average monthly salary for the five (5) best years of the last
166 ten (10) years of credited service, whichever amount is greater.

167 (4) The additional actuarial cost of providing benefits to
168 members who retire after completing 20 years of credited service

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169 but before attaining age 47 shall be borne by the members.

170 (5) If the member should die after separation or discharge
171 before timely electing the pension form of payment or after the
172 election but before receipt of the pension, no benefit will be
173 paid under a Section 34(1)(b) life only option or a Section
174 34(1)(c) joint pensioner option, and benefits shall be paid
175 pursuant to Section 14, "Benefits Payable Upon Death of Member",
176 with the Section 35(2) "10 years certain Guarantee", unless the
177 member had elected the Section 34(1)(a) life with ten (10) years
178 certain form of payment.

179 (6) Upon the death of a member who had started receipt of
180 a Section 12 pension including a pension credited to the
181 member's DROP account, benefits shall be paid as follows:

182 (a) If a member has not elected the Section 34(1)(a) life
183 with ten (10) years certain form of payment, or the Section
184 34(1)(b) life only form of payment, or the Section 34(1)(c)
185 joint pensioner form of payment, benefits shall be paid pursuant
186 to Section 14 to the surviving spouse and issues under the age
187 of eighteen (18), or dependent parents, with Section 35(3), "10
188 Year Certain Guarantee", if applicable.

189 (b) If a member has elected the Section 34(1)(a) life with
190 ten (10) years certain form of payment and the member has not
191 received 120 monthly payments, then benefits otherwise payable
192 to the member shall be paid pursuant to Section 32,
193 "Beneficiaries", for the remainder of the 120 monthly payments
194 beginning on the first day of the month immediately following
195 the member's death regardless of the age of the deceased member.
196 If the firefighter makes this election, no benefits shall be

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197 | paid pursuant to Section 14(5)(b) or Section 14(5)(d) to the
198 | surviving spouse, issue in being under the age of eighteen (18),
199 | or dependent parents. Provided however, the firefighter may
200 | designate as beneficiaries the surviving spouse, issue in being
201 | under the age of eighteen (18), or dependent parents to receive
202 | the remainder of the 120 monthly payments.

203 | (c) If a member has elected the Section 34(1)(b) life only
204 | form of payment, no further payments shall be made upon the
205 | death of the member. If a member has elected the Section
206 | 34(1)(c) joint pensioner form of payment, benefits shall be paid
207 | as provided therein.

208 | Section 14. Benefits Payable Upon Death of Member.

209 | (1) Unless the member has elected a life with 10 year
210 | certain form of payment pursuant to Section 34(1)(a); or has
211 | elected and started receipt of or started DROP account accrual
212 | of a life only form of payment pursuant to Section 34(1)(b); or
213 | has elected and started receipt of or started DROP account
214 | accrual of a joint pensioner form of payment pursuant to Section
215 | 34(1)(c), upon the death of the member, the amounts stated in
216 | subsection (5) shall be paid to the member's surviving spouse,
217 | if any, for the remainder of the surviving spouse's natural
218 | life, regardless of marital status; provided, however, if the
219 | deceased member left surviving issue in being under the age of
220 | eighteen (18) who are issue of said decedent and the member's
221 | surviving spouse, twenty-five percent (25%) of the aforesaid
222 | surviving spouse's pension shall be paid to said surviving
223 | spouse for said issue, until said issue become eighteen (18), at
224 | which time the full surviving spouse's pension shall be paid to

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225 | said surviving spouse for the remainder of the surviving
226 | spouse's natural lifetime regardless of marital status; and,
227 | provided further, if said deceased member died with issue
228 | surviving in being under the age of eighteen (18) who are issue
229 | of said decedent and not of the surviving spouse, twenty-five
230 | (25%) of the aforesaid surviving spouse's pension shall be
231 | divided and paid on a per capita basis, to:

232 | (a) the legal guardian or guardians of said issue, or a
233 | trustee of a trust of which said issue is a beneficiary, for
234 | said issue; until age eighteen (18); and

235 | (b) the surviving spouse, for issue, if any, the surviving
236 | spouse and the deceased member may have had who survived the
237 | member and were in being and under eighteen (18) years of age at
238 | the time of the member's death.

239 | (2) If said decedent leaves no surviving spouse, but does
240 | leave issue as aforesaid, the aforesaid full surviving spouse's
241 | pension shall be divided and paid on a per capita basis to the
242 | legal guardian or guardians of said issue, or a trustee of a
243 | trust of which said issue is a beneficiary, for said issue,
244 | until age eighteen (18). Notwithstanding anything to the
245 | contrary in this section, all payments for any issue shall cease
246 | at age eighteen (18) or at death of said issue prior thereto or
247 | at the times provided in Section 22 of this act and said
248 | cancelled payments for said issue shall not serve to increase
249 | the payments to any other issue but shall be paid to said
250 | surviving spouse if then alive for the remainder of the
251 | surviving spouse's natural lifetime regardless of marital
252 | status.

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253 (3) If a deceased member of the said fire department,
254 active or retired, shall leave no surviving spouse and shall not
255 leave a surviving child or children in being and his issue and
256 under the age of eighteen (18) years, but shall leave a
257 surviving parent who is entirely dependent upon said member for
258 support, the dependent parents pro rata shall receive the same
259 pension to which the surviving spouse would have been entitled,
260 unless and until such dependent parent becomes self-supporting
261 or dies. If both dependent parents are receiving pension and one
262 becomes self-supporting or dies, the one hundred percent (100%)
263 of the benefit shall be paid to the other dependent parent.

264 (4) Notwithstanding anything to the contrary in this
265 section, the fund, board of trustees, comptroller and the city
266 shall not be liable or responsible in any way for identification
267 or verification of the authenticity of surviving spouses,
268 issues, guardians, or trustees, or dependent parents or changes
269 in status thereof; moreover, without limiting the foregoing, to
270 be entitled to be considered for said payments provided herein,
271 proof of identification and authenticity of the surviving
272 spouse, issue, guardians, and trustees, or dependent parents
273 along with sufficient address and status information under
274 Section 22 of this Act, must be presented to the board in
275 writing within thirty (30) days of the death of said member and
276 proof of changes therein presented to the board in writing
277 within thirty (30) days after the change. Without limiting the
278 foregoing sentence, any surviving spouse deeming himself or
279 herself entitled under this section to an increase in pension on
280 account of change in status of issue shall present in writing to

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281 | said board proof satisfactory to the board of said change within
282 | thirty (30) days thereafter. If the board of trustees decides,
283 | in its discretion, that proof of any of the aforesaid changes
284 | has been satisfactorily shown to it in writing, the change of
285 | pension shall be made by said board effective with the next
286 | monthly payment due after said showing; provided, however, no
287 | change in pension payment or amount thereof shall be
288 | retroactive.

289 | (5) (a) If the member qualifies for benefits pursuant to
290 | Section 7, "Permanent Disability Pension; Not in Line of Duty",
291 | the amount of the monthly pension shall be equal to sixty-five
292 | percent (65%) of the pension that the deceased member was
293 | entitled to receive based on years of credited service, unless
294 | the member had twenty (20) years of credited service at time of
295 | retirement on disability in which case the monthly pension shall
296 | be equal to seventy-five percent (75%) of the pension that the
297 | deceased member was entitled to receive based on years of
298 | credited service.

299 | (b) If the member's death qualifies for benefits pursuant
300 | to Section 8, "Pension for Death In Line of Duty", the monthly
301 | pension shall be seventy-five percent (75%) of eighty percent
302 | (80%) of the member's average monthly salary; provided however a
303 | member who has completed 23.53 ~~forty (40)~~ years of credited
304 | service shall be entitled to an additional 3.4% ~~two percent (2%)~~
305 | over the eighty percent (80%) for each year of credited service
306 | in excess of 23.53 ~~forty (40)~~ years of credited service, but not
307 | to exceed eighty-five percent (85%) unless the deceased member
308 | had completed 42.5 years of credited service in which case the

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309 benefit shall be increased by an additional 2% per year for each
 310 year in excess of 42.5 years of credited service, but not to
 311 exceed one-hundred percent (100%).

312 (c) If the member qualifies for benefits pursuant to
 313 Section 9, "Permanent Disability Pension: In Line of Duty", the
 314 monthly pension shall be seventy-five percent (75%) of the
 315 pension the deceased member was entitled to receive.

316 (d) If the member's death qualifies pursuant to Section
 317 10, "Pension for Death Not In Line of Duty", the monthly pension
 318 shall be sixty-five percent (65%) of the pension that the member
 319 was entitled to receive; provided however that if the active
 320 member at the time of his or her death shall have reached normal
 321 retirement date, the monthly pension shall be equal to seventy-
 322 five percent (75%) of the pension the deceased member was
 323 entitled to receive based on years of credited service.

324 (e) If a member is entitled to a pension pursuant to
 325 Section 12, "Service Requirement for Voluntary Retirement", the
 326 monthly pension shall be seventy-five percent (75%) of the
 327 pension that the member was entitled to receive.

328 (6) Effective for any pension paid a surviving spouse
 329 which started on or after January 1, 2008, any pension being
 330 paid under the terms and provisions of this act to any surviving
 331 spouse shall not cease upon the surviving spouse's remarriage.
 332 The surviving spouse of such deceased member killed in the line
 333 of duty whose benefits terminated because of remarriage shall
 334 have the benefit reinstated as of July 1, 1994, at an amount
 335 that would have been payable had such benefit not been
 336 terminated. No pension shall be paid under the terms and

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337 provisions of this section to any surviving spouse unless the
338 surviving spouse was the lawful spouse of the deceased member of
339 the said fire department, at the time the member was placed on
340 pension or entered DROP under the terms and provisions of this
341 act. The pension provided for issue of the deceased member under
342 the age of eighteen (18) years shall not cease by virtue of the
343 remarriage of their surviving mother or father, but it shall
344 continue until the occurrence of one or more of the events
345 mentioned in Section 22 hereof.

346 (7) If the member was eligible for cost-of-living
347 increases pursuant to Section 19, then those eligible for
348 benefits payable upon the death of the member shall also be
349 eligible for cost-of-living increases in the same
350 percentage and at the same time that the member would have
351 been entitled to receive the Section 19 cost-of-living
352 increases.

353 Section 21. Deferred Retirement Option Program Plan.

354 (1) Deferred Retirement Option Program Plan~~Plan~~--The Deferred
355 Retirement Option Program Plan, hereinafter referred to as the
356 "DROP," allows any member who has elected to participate in the
357 DROP, hereinafter referred to as a "DROP participant," to
358 receive a lump-sum payment, or other payment, in addition to a
359 monthly pension, upon termination of employment. No benefits
360 shall be paid under this section unless the DROP participant has
361 terminated employment.

362 (2) DROP Eligibility--Any member may elect to participate
363 in the DROP following the date upon which the member completes
364 20 years of active service as a firefighter with the City of

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365 Orlando and is eligible for a service retirement pension. A
366 member may participate in the DROP only once.

367 (3) DROP Participation--

368 (a) An eligible member may participate in the Forward Drop
369 for a period not to exceed a maximum of 60 months or, in the
370 alternative, may participate in the Back DROP for a period not
371 to exceed 60 ~~36~~ months. Notwithstanding, DROP participation may
372 not continue beyond the date when the member's combined years of
373 credited service and time in the DROP equals 360 months.

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

377 1. A written election to participate in the DROP. Once
378 submitted to the Board of Trustees, this election will be
379 irrevocable.

380 2. Selection of the DROP participation and termination
381 dates that satisfy the limitation stated in subsection (2) and
382 paragraph (a). Such termination date shall be in a binding
383 letter of resignation, establishing a deferred termination date.

384 3. A properly completed DROP application for a service
385 retirement pension.

386 4. A properly completed designation of named
387 beneficiaries in the event the member dies while participating
388 in the DROP.

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

391 (c) The DROP participant shall be a retiree under the
392 provisions of the pension plan. However, participation in the

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393 DROP does not alter the DROP participant's employment status,
394 nor does it constitute a contract or guarantee of continued
395 employment.

396 (d) A DROP participant shall not accrue additional
397 credited service under the pension plan after the effective date
398 of DROP participation.

399 (4) Benefits Payable Under the DROP--

400 (a) Effective with the date of DROP participation, the
401 DROP participant's initial monthly service retirement pension,
402 including credited service and average monthly salary, shall be
403 determined and fixed. Such service retirement pension and
404 earnings shall be credited to the DROP participant's DROP
405 account no less than monthly. Such earnings shall be credited as
406 provided in subsection (7).

407 (b) The effective date of DROP participation for a
408 participant who has elected to receive benefits under the
409 pension plan shall be the first day of the month selected by the
410 member to begin retirement under the pension plan and
411 participation in the DROP.

412 (c) The service retirement pension and earnings thereon
413 shall be credited to the DROP participant's DROP account
414 periodically, as pension benefit payments would have otherwise
415 been made.

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

418 (a) Forward DROP--Under a Forward DROP, a member may
419 retire, deferring receipt of the service retirement pension
420 while continuing employment with the city. In that case, the

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421 deferred monthly service retirement pension shall be credited to
422 the DROP participant's DROP account on behalf of the DROP
423 participant, as provided in subsection (4), for the specified
424 period of the DROP participation, as provided in subsection (3).
425 Upon termination of employment, the DROP participant shall
426 receive the balance of his or her DROP account and begin to
427 receive the monthly service retirement pension.

428 1. A DROP participant remains an employee and receives all
429 the benefits of being an employee during the DROP participation
430 period; provided, however, the DROP participant is not eligible
431 to participate in any other city provided pension or long term
432 disability plan. A DROP participant shall be subject to
433 termination of employment during the DROP participation period
434 to the same extent as he or she was prior to participating in
435 the DROP.

436 2. Effective with the start date of a DROP participant's
437 Forward DROP participation, a member's contribution and the
438 normal cost contribution to the pension fund by the city, on
439 behalf of the member, shall cease.

440 3. Effective with the start date of a DROP participant's
441 Forward DROP participation, a member shall not be entitled to
442 any change in pension benefits unless specifically provided
443 otherwise.

444 (b) Back DROP--Under a Back DROP, a member may retire with
445 a retroactive date of retirement. A member may not select a
446 retroactive retirement date earlier than the date upon which the
447 member first became eligible for a service retirement pension,
448 and in no event shall the retroactive date of retirement be more

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449 | than 60 ~~36~~ months prior to the date of Back DROP election. The
 450 | monthly service retirement pension shall be determined as of the
 451 | retroactive retirement date. Except for years of credited
 452 | service and average monthly salary, Back DROP benefits shall be
 453 | calculated pursuant to the provisions of the pension plan in
 454 | effect on the date the member separates from employment as a
 455 | firefighter with the City of Orlando and not as of the Back DROP
 456 | participant's retroactive date of retirement. The member shall
 457 | then be credited with an account balance in his or her DROP
 458 | account that is equal to the account balance he or she would
 459 | have had if he or she had timely elected a Forward DROP under
 460 | paragraph (a) on the retroactive retirement date. Upon
 461 | termination of employment, the Back DROP participant shall
 462 | receive or transfer the balance of this DROP account, pursuant
 463 | to subsection (10), and shall begin to receive the monthly
 464 | service retirement pension adjusted to reflect the retroactive
 465 | retirement date.

466 | (c) Eligibility exception--Notwithstanding the provisions
 467 | of subsection 3(a), for 60 days after the effective date of this
 468 | act, a member with more than 324 months of credited service may
 469 | elect the Back DROP option and will not be subject to the
 470 | combined years of credited service and DROP participation
 471 | limitation of 360 months. Said member is subject to the maximum
 472 | Back DROP participation period of 60 ~~36~~ months. A member with
 473 | more than 324 months of credited service as of the effective
 474 | date of DROP who does not elect to participate in the DROP, as
 475 | set forth herein, during this one-time window period shall
 476 | forfeit the right to deviate from the conditions for

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477 participation in the DROP set forth in subsection (3).

478 (6) DROP Accounts--Individual DROP accounts shall be
479 established to account for each DROP participant's accrued DROP
480 benefits, but there shall be no requirement that funds be
481 segregated for any DROP participant. In the case of a member who
482 selects the Back DROP option, the amount of that member's
483 contributions made during the Back DROP period shall not be
484 refunded or credited to the member.

485 (7) DROP Benefits Earnings and Reporting--

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

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

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

495 (8) Cost-of-Living Increase--A DROP participant will not
496 be eligible to participate in cost-of-living increases during
497 the DROP period. Cost-of-living increases will be made pursuant
498 to section 19, starting 3 years after the DROP participant's
499 termination of employment.

500 (9) Benefits Payable upon Termination of DROP--Upon the
501 DROP participant's termination of employment, for any reason,
502 whether by resignation, discharge, disability, or death, the
503 monthly service retirement pension will be distributed according
504 to the provisions of this plan and the balance of the DROP

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505 account shall be distributed to the DROP participant or, if
506 deceased, the DROP participant's beneficiaries, as provided
507 herein.

508 (10) Payment Conditions and Options--Upon the DROP
509 participant's termination of employment, for any reason, whether
510 by resignation, discharge, disability, or death, the Board of
511 Trustees shall distribute the balance of the DROP participant's
512 DROP account, subject to the following provisions:

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

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

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

527 2. Direct rollover--The balance of the DROP account shall
528 be paid directly to the custodian of an eligible retirement plan
529 pursuant to the then-applicable provisions ~~as defined in §~~
530 ~~402(c)(8)(B) of the Internal Revenue Code. However, in the case~~
531 ~~of an eligible rollover distribution to the widow or widower as~~
532 ~~a beneficiary, an eligible retirement plan is an individual~~

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533 ~~retirement account or an individual retirement annuity as~~
534 ~~described in § 402(c)(9) of the Internal Revenue Code.~~

535 3. Partial lump sum--A portion of the balance of the DROP
536 account shall be paid to the DROP participant or beneficiaries,
537 less taxes remitted to the Internal Revenue Service, if any, and
538 the remaining balance of the DROP account shall be transferred
539 directly to the custodian of an eligible retirement plan
540 pursuant to the then-applicable provisions as defined in §
541 402(c)(8)(B) of the Internal Revenue Code. However, in the case
542 of an eligible rollover distribution to the widow or widower as
543 a beneficiary, an eligible retirement plan is an individual
544 retirement account or an individual retirement annuity as
545 described in § 402(c)(9) of the Internal Revenue Code. The
546 proportions shall be specified by the DROP participant or
547 beneficiaries.

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

551 (c) The form of distribution ~~payment~~ selected by the DROP
552 participant or beneficiaries complies with the minimum
553 distribution requirements of the Internal Revenue Code.

554 (d) Distributions shall comply with the then-applicable
555 requirements of the Internal Revenue Code.

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

558 (12) Death of a DROP Participant--

559 (a) Upon the death of a DROP participant, the named DROP
560 beneficiaries shall be entitled to apply for and receive the

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561 balance of the DROP participant's DROP account as provided in
562 subsections (9) and (10). DROP payments to a beneficiary shall
563 be in addition to any other retirement benefits payable to the
564 beneficiary.

565 (b) The monthly service retirement pension accrued to the
566 DROP account during the month of the DROP participant's death
567 shall be the final monthly service retirement pension benefit
568 credited for such DROP participant.

569 (c) Eligibility to participate in the DROP terminates upon
570 the death of the DROP participant. If the DROP participant dies
571 on or after the effective date of enrollment in the DROP, but
572 prior to the first monthly service retirement pension benefit
573 being credited to the DROP, pension plan benefits shall be paid
574 in accordance with applicable provisions of this pension plan.

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

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

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

584 Section 27. Tax Qualification, ~~and~~ Statutory Minimums, and
585 SHARE Program.

586 (a) The legislative body of the City of Orlando is
587 authorized to amend the pension plan to the limited extent
588 necessary to obtain and maintain tax qualification of the plan

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589 | under the Internal Revenue Code and to comply with mandatory and
590 | optional provisions of the Internal Revenue Code applicable to
591 | governmental pension plans for firefighters, but must obtain
592 | prior agreement of the members and their collective bargaining
593 | agent, if any, should such ~~required~~ amendments change any plan
594 | benefits.

595 | (b) The legislative body of the City of Orlando is
596 | authorized to amend the pension plan to the limited extent
597 | necessary to comply with the minimum standards and benefits
598 | levels required by Chapter 175, Florida Statutes, in order to
599 | allow the plan to receive funds from the Police and
600 | Firefighters' Premium Tax Trust Fund, but must obtain prior
601 | agreement of the members and their collective bargaining agent,
602 | if any, should such required amendments change any plan
603 | benefits.

604 | (c) The legislative body of the City of Orlando is
605 | authorized to amend the pension plan to the limited extent
606 | necessary to create a SHARE program or plan to provide for extra
607 | benefits as required by section 175.351(1), Florida Statutes,
608 | funded by additional premium tax revenues, but must obtain prior
609 | agreement of the collective bargaining agent of the members.

610 | Section 2. Unless otherwise specified, this act shall not
611 | entitle a member or beneficiary of a firefighter who separated
612 | from employment as a firefighter or entered Forward DROP,
613 | whichever came first, prior to July 1, 2009, to any additional
614 | benefits to those in effect at the time of the firefighter's
615 | separation from employment as a firefighter or entry into
616 | Forward DROP, whichever came first, or change in the calculation

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617 of normal retirement benefit. This section shall take effect
618 July 1, 2009.

619 Section 3. This act is only an enabling act and is
620 contingent upon contractual agreement through the collective
621 bargaining process between the City of Orlando and the
622 respective certified bargaining agent.

623 Section 4. Except as otherwise expressly provided in this
624 act, this act shall take effect upon becoming a law.