

1 A bill to be entitled
2 An act relating to the City of West Palm Beach, Palm
3 Beach County; amending chapter 24981, Laws of Florida,
4 1947, as amended; revising definitions; defining the
5 term "Fire Chief"; authorizing the Fire Chief to opt
6 out of participation in the West Palm Beach
7 Firefighters Pension Fund; providing that chapter 175,
8 F.S., funds to be used to reduce member contributions
9 to the fund for specified calendar years; requiring
10 the city to make up certain shortfalls in member
11 contributions; providing for a reduction in member
12 contributions for 3 years; revising the crediting rate
13 for certain members in the share and BackDROP
14 accounts; removing a requirement for members to take a
15 lump sum distribution of their share and BackDROP
16 account balances within a specified time after their
17 termination of employment in certain circumstances;
18 authorizing members to choose BackDROP periods between
19 1 month and 60 months in duration; revising BackDROP
20 benefits; revising assumption for amortization of
21 gains and losses; authorizing an in-service pension
22 distribution for the Fire Chief; providing an
23 effective date.

24
25 Be It Enacted by the Legislature of the State of Florida:
26

27 Section 1. Subparagraphs 1. and 8. of paragraph (a) and
 28 paragraph (h) of subsection (1), paragraphs (a) and (b) of
 29 subsection (3), paragraphs (j) and (l) of subsection (5),
 30 paragraph (b) of (21), and subsection (22) of section 17 of
 31 chapter 24981, Laws of Florida, 1947, as amended, are amended,
 32 and subparagraph 9. is added to paragraph (a) of subsection (1)
 33 and subsection (25) is added to that section, to read:

34 Section 17. West Palm Beach Firefighters Pension Fund.—

35 (1) Creation of fund.—There is hereby created a special
 36 fund for the Fire Department of the City of West Palm Beach to
 37 be known as the West Palm Beach Firefighters Pension Fund. All
 38 assets of every description held in the name of the West Palm
 39 Beach Firemen's Relief and Pension Fund and in the name of the
 40 West Palm Beach Firefighters Pension Fund have been and shall
 41 continue to be combined.

42 (a) Definitions.—The following words or phrases, as used
 43 in this act, shall have the following meanings, unless a
 44 different meaning is clearly indicated by the context:

45 1. "Actuarial equivalent value," "actuarial equivalence,"
 46 or "single sum value" means the stated determination using an
 47 interest rate of 8.00 ~~8.25~~ percent per year and the RP-2000
 48 Mortality Table ~~1983 Group Annuity Mortality Table for males~~.

49 9. "Fire Chief" means the firefighter who is the executive
 50 officer of the City of West Palm Beach Fire Department.

51 10.8. "Firefighter" means any person employed in the
 52 Department who is certified as a firefighter as a condition of

53 employment in accordance with the provisions of section 633.35,
54 Florida Statutes, whose duty it is to extinguish fires and
55 protect life and property. The term includes all certified,
56 supervisory, and command personnel whose duties include, in
57 whole or in part, the supervision, training, guidance, and
58 management responsibilities of full-time firefighters, part-time
59 firefighters, or auxiliary firefighters but does not include
60 part-time firefighters or auxiliary firefighters whose duty it
61 is to extinguish fires and protect life and property. In
62 accordance with s. 175.032(8)(a), Florida Statutes, the Fire
63 Chief has the option to elect to participate, or not, in this
64 Plan.

65 (h) Membership.—All firefighters and all who hold a
66 position of firefighter in the employ of the Department shall be
67 members in the Fund. In accordance with s. 175.032(8)(a),
68 Florida Statutes, the Fire Chief has the option to elect to
69 participate, or not, in this Plan. All firefighters, including
70 the chief, who were in the employ of the Department as of April
71 30, 1959, shall be given credit for service rendered in the
72 employ of the Department prior to May 1, 1959. New members to
73 the Fund are required to undergo a physical examination for
74 purposes of determining preexisting conditions. This physical
75 examination shall be conducted in conjunction with the City's
76 postoffer, preemployment physical examination. The Board's
77 medical director shall review the results of this physical
78 examination and provide notice to the Board and the member of

79 any abnormal findings of the examination. This physical
 80 examination will be used for the purposes of establishing a
 81 physical profile of the member for determining preexisting
 82 conditions and presumptive illnesses as provided for in
 83 subsection (6). After review, if further physical examination is
 84 required, such examination shall be conducted at Board expense.

85 (3) Sources of revenue.—The financing of the Fund shall
 86 consist of the following sources of revenue:

87 (a) Taxes of insurance companies.—The moneys returned to
 88 the City as provided by chapter 175, Florida Statutes, shall be
 89 used to fund the share account benefit described in paragraph
 90 (5)(j). The chapter 175 funds received in calendar years 2012,
 91 2013, and 2014 shall be utilized to reduce the employee
 92 contributions to 13.1 percent. Effective beginning with the
 93 chapter 175 funds received in calendar year 2015, a portion of
 94 the chapter 175 funds will be used to reduce the employee
 95 contributions and the remainder will be allocated to the share
 96 accounts provided for in paragraph (5)(j), in accordance with
 97 the following schedule:

98 1. In 2015, 85 percent shall be allocated to reduce
 99 contributions and 15 percent shall be allocated to share
 100 accounts.

101 2. In 2016, 65 percent shall be allocated to reduce
 102 contributions and 35 percent shall be allocated to share
 103 accounts.

104 3. In 2017, 35 percent shall be allocated to reduce
105 contributions and 65 percent shall be allocated to share
106 accounts.

107

108 No amount of the Chapter 175 money is to be considered employee
109 contributions for purposes of a refund of contributions as
110 provided for in paragraph (5)(i). Effective beginning calendar
111 year 2018 ~~2015~~, the chapter 175 funds shall again be used in
112 full to fund the share account benefits provided for in
113 paragraph (5)(j). The City shall not opt out of participation in
114 chapter 175, Florida Statutes, or any similar statutory
115 enactment unless exigent circumstances exist, such as the
116 bankruptcy of the City or changes or amendments to the statute
117 regarding extra benefits by the Legislature. If any statutory
118 changes are made by the Legislature, the City and the Board may
119 renegotiate the impact of such changes, if necessary.

120 (b) Member contributions.—

121 1. Effective May 13, 2012, the member shall contribute 25
122 percent of his or her salary to the Fund. The full amount of the
123 chapter 175 funds received in calendar years 2012, 2013, and
124 2014 shall be used to reduce the employee contributions to 13.1
125 percent.

126 2. Effective October 1, 2015, the employee contribution
127 rate will be as set forth in the table and beginning with the
128 chapter 175 funds received in calendar year 2015, a portion of
129 the chapter 175 funds will be used to reduce the employee

130 contributions and the remainder will be allocated to the share
 131 accounts provided for in paragraph (5) (j), in accordance with
 132 the following schedule:

133

<u>Year</u>	<u>Employee</u> <u>Contribution</u> <u>Amount (%)</u>	<u>Allocation to</u> <u>Reduce</u> <u>Contributions</u>	<u>Actual</u> <u>Employee</u> <u>Contribution</u> <u>Rate</u>	<u>Allocation</u> <u>to Share</u> <u>Accounts (%)</u>
<u>2015</u>	<u>22%</u>	<u>85%</u>	<u>13.1%</u>	<u>15%</u>
<u>2016</u>	<u>20%</u>	<u>65%</u>	<u>13.1%</u>	<u>35%</u>
<u>2017</u>	<u>17%</u>	<u>35%</u>	<u>13.1%</u>	<u>65%</u>

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 138 3. No amount of the Chapter 175 money is to be considered
 139 employee contributions for purposes of a refund of contributions
 140 as provided for in paragraph (5) (I).

141 4. Effective October 1, 2018 ~~October 1, 2014~~, the employee
 142 contributions shall be 13.1 percent, which shall be picked up
 143 ~~deducted~~ each pay period from the salary of each member in the
 144 Department, and the chapter 175 funds received in calendar year
 145 2018 ~~2015~~ and thereafter shall once again be allocated to the
 146 share accounts.

147 5. If for purposes of paragraphs 1. and 2., the chapter
 148 175 funds are insufficient to reduce the member's contributions

149 to 13.1 percent, the city shall make up the difference. All
 150 amounts of member contributions that are picked up ~~deducted~~
 151 shall be immediately paid over to the Pension Fund.

152 6. For contributions made on or after May 13, 2012, any
 153 contribution amount over 11.1 percent is to be used to purchase
 154 eligibility in the postretirement health insurance, excluding
 155 the amounts of chapter 175 funds used to offset the member
 156 contribution rate.

157 (5) Service pension.—

158 (j) Chapter 175, Florida Statutes, share accounts.—

159 1. Individual member accounts.—A separate account shall be
 160 established and maintained in each member's name effective on or
 161 after October 1, 1988.

162 2. Share account funding.—

163 a. Each individual member account shall be credited with a
 164 pro rata share of all of the moneys received from chapter 175,
 165 Florida Statutes, tax revenues in June 1988 and thereafter.

166 I. For the chapter 175 funds received in calendar years
 167 2012, 2013, and 2014, the full amount of the chapter 175 funds
 168 shall be used to reduce the employee contributions to 13.1
 169 percent as provided for in subsection (3) (a).

170 II. Effective October 1, 2015, the employee contribution
 171 rate will be as set forth in the table and beginning with the
 172 chapter 175 funds received in calendar year 2015, a portion of
 173 the chapter 175 funds will be used to reduce the employee
 174 contributions and the remainder will be allocated to the share

175 accounts provided for in paragraph (5)(j), in accordance with
 176 the following schedule:
 177

<u>Year</u>	<u>Employee Contribution Amount (%)</u>	<u>Allocation to Reduce Contributions</u>	<u>Actual Employee Contribution Rate</u>	<u>Allocation to Share Accounts(%)</u>
<u>2015</u>	<u>22%</u>	<u>85%</u>	<u>13.1%</u>	<u>15%</u>
<u>2016</u>	<u>20%</u>	<u>65%</u>	<u>13.1%</u>	<u>35%</u>
<u>2017</u>	<u>17%</u>	<u>35%</u>	<u>13.1%</u>	<u>65%</u>

181
 182 III. Effective October 1, 2018 ~~2014~~, the employee
 183 contributions shall be 13.1 percent and the chapter 175 money
 184 received in calendar year 2018 ~~2015~~ and thereafter shall be
 185 allocated to the share accounts.

186 b. In addition, any forfeitures as provided in
 187 subparagraph 5. shall be credited to the individual member
 188 accounts in accordance with the formula set forth in
 189 subparagraph 3.

190 3. Annual allocation of accounts.—

191 a. Moneys shall be credited to each individual member
 192 account in an amount directly proportionate to the number of pay
 193 periods for which the member was paid compared to the total

194 number of pay periods for which all members were paid, counting
 195 the pay periods in the calendar year preceding the date for
 196 which chapter 175, Florida Statutes, tax revenues were received.
 197 Share account allocations made on and after October 1, 2004,
 198 shall be made to each individual share account.

199 b. At the end of each fiscal quarter, each individual
 200 account shall be adjusted to reflect the earnings or losses
 201 resulting from investment, as well as reflecting costs, fees,
 202 and expenses of administration.

203 c. (I) Effective for members who reached normal retirement
 204 age on or before May 13, 2012, or members who have a calculated
 205 BackDROP date of October 1, 2011, or earlier, vested
 206 participants have the option to select one of three methods to
 207 credit investment earnings to their account. The method may be
 208 changed each year effective October 1; however, the method must
 209 be elected prior to October 1. The methods are:

210 A.-(I) The investment earnings or losses credited to the
 211 individual member accounts shall be in the same percentage as
 212 are earned or lost by the total investment earnings or losses of
 213 the Fund as a whole, unless the Board dedicates a separate
 214 investment portfolio for chapter 175, Florida Statutes, share
 215 accounts, in which case the investment earnings or losses shall
 216 be measured by the investment earnings or losses of the separate
 217 investment portfolio;

218 B.-(II) A fixed annual rate of 8.25 percent for members who
 219 reached normal retirement age on or before May 13, 2012, or

220 members that have a calculated BackDROP date of October 1, 2011,
221 or earlier. Effective May 13, 2012, the fixed rate is 4 percent
222 for members who retire on or after May 13, 2012, and before
223 October 1, 2015; or

224 C.~~(III)~~ A percentage of the share account assets to be
225 credited with earnings or losses in accordance with sub-sub-
226 subparagraph (I) and a corresponding percentage of the share
227 account assets credited in accordance with sub-sub-subparagraph
228 (II). The combined total percentage invested under this sub-sub-
229 subparagraph must equal 100 percent.

230 (II) Effective after October 1, 2015, vested participants
231 have the option to select one of two methods to credit
232 investment earnings to their account. The method may be changed
233 each year effective October 1; however, the method must be
234 elected prior to October 1. The methods are:

235 A. The investment earnings or losses credited to the
236 individual member accounts shall be in the same percentage as
237 are earned or lost by the total investment earnings or losses of
238 the Fund as a whole, unless the Board dedicates a separate
239 investment portfolio for chapter 175, Florida Statutes, share
240 accounts, in which case the investment earnings or losses shall
241 be measured by the investment earnings or losses of the separate
242 investment portfolio; or

243 B. The rate of investment return earned on Pension Fund
244 assets as reported by the Fund's investment monitor. The
245 crediting rate maximum is 8% and the crediting rate floor is 0%.

246 To accomplish this, the crediting rate will be compounded
247 monthly at a rate between 0% and 2% quarterly. BackDROP assets
248 are commingled with the Pension Fund assets for investment
249 purposes unless the Board dedicates a separate investment
250 portfolio for chapter 175, Florida Statutes, share accounts, in
251 which case the investment earnings or losses shall be measured
252 by the investment earnings or losses of the separate investment
253 portfolio.

254 III. The Board has the authority to create rules to
255 implement the provisions of this section in accordance with the
256 law and the provisions of the Internal Revenue Code.

257 d. Costs, fees, and expenses of administration shall be
258 debited from the individual member accounts on a proportionate
259 basis, taking the cost, fees, and expenses of administration of
260 the Fund as a whole, multiplied by a fraction, the numerator of
261 which is the total assets in all individual member accounts and
262 the denominator of which is the total assets of the Fund as a
263 whole. The proportionate share of the costs, fees, and expenses
264 shall be debited from each individual member account on a pro
265 rata basis in the same manner as chapter 175, Florida Statutes,
266 tax revenues are credited to each individual member account
267 (i.e., based on pay periods).

268 4. Eligibility for benefits.—Any member who terminates
269 employment with the City, upon the member's filing an
270 application with the Board, shall be entitled to 100 percent of

271 the value of his or her individual member account, provided the
 272 member meets any of the following criteria:

273 a. The member is eligible to receive, and is receiving, a
 274 service pension as provided in this subsection;

275 b. The member has 5 or more years of credited service and
 276 is eligible to receive, and is receiving, either:

277 (I) A nonduty disability pension as provided in paragraph
 278 (6) (a); or

279 (II) Beneficiary benefits for nonduty death as provided in
 280 paragraph (7) (a); or

281 c. The member has any credited service and is eligible to
 282 receive, and is receiving, either:

283 (I) A duty disability pension as provided in paragraph
 284 (6) (c); or

285 (II) Beneficiary benefits for death in the line of duty as
 286 provided in paragraph (7) (b).

287 5. Forfeitures.—Any member who has less than 10 years of
 288 credited service and who is not eligible for payment of benefits
 289 after termination of employment with the City shall forfeit his
 290 or her individual member account. The amounts credited to said
 291 individual member account shall be redistributed to the other
 292 individual member accounts in the same manner as chapter 175,
 293 Florida Statutes, tax revenues are credited (i.e., based on pay
 294 periods). However, the assets shall first be used to ensure that
 295 the former member's refund of contributions has not actuarially
 296 adversely impacted the payment for the extra benefits. If there

297 has been an adverse impact, the shortfall shall be made up first
298 before the amounts are reallocated to active members.

299 6. Payment of benefits.—The normal form of benefit payment
300 shall be a lump sum payment of the entire balance of the
301 individual member account. Effective October 1, 2015, each
302 member ~~on or after May 13, 2012, members must take a lump sum~~
303 ~~distribution of their entire share account balance within 6~~
304 ~~months after their termination of employment. For members who~~
305 ~~reached normal retirement age on or before May 13, 2012, or who~~
306 ~~had a calculated BackDROP date of October 1, 2011, or earlier,~~
307 ~~the member~~ may leave his or her money in the share account until
308 the latest day under subsection (18), choose a lump sum
309 distribution; or, upon the written election of the member, upon
310 a form prescribed by the Board, payment may be made either by:

311 a. Installments.—The account balance shall be paid out to
312 the member in three equal payments paid over 3 years, the first
313 payment to be made upon approval of the Board; or

314 b. Annuity.—The account balance shall be paid out in
315 monthly installments over the lifetime of the member or until
316 the entire balance is exhausted. The monthly amount paid shall
317 be determined by the Fund's actuary in accordance with
318 selections made by the member in a form provided by the Board.

319 7. Death of a member.—If a member dies and is eligible for
320 benefits from the individual member account, the entire balance
321 of the individual member account shall be paid in a lump sum to
322 the beneficiaries designated in accordance with paragraph (h).

323 If a member fails to designate a beneficiary or, if the
324 beneficiary predeceases the member, the entire balance shall be
325 paid in a lump sum in the following order:

326 a. To the spouse;

327 b. If there is no spouse or the spouse is not alive, to
328 the member's surviving child or children on a pro rata basis;

329 c. If there are no children or no child is alive, to the
330 member's parent or parents; or

331 d. If no parent is alive, to the estate of the member.

332 (1) Backwards Deferred Retirement Option Plan (BackDROP).—

333 1. Eligibility to participate in the BackDROP.—

334 a. Any member who has attained age 53 with 18 or more
335 years of service, who has attained age 58 with 13 or more years
336 of service, or who has acquired 26 years of service regardless
337 of age may participate in the BackDROP. Members shall elect to
338 participate by applying to the Board of Trustees on a form
339 provided for that purpose. A member may not participate in both
340 the DROP and the BackDROP.

341 b. A member shall not be eligible to receive a BackDROP
342 benefit that is greater than an accumulation of 60 months of the
343 monthly retirement benefit. A member shall not be eligible to
344 receive a benefit which is less than an accumulation of 36
345 months of the monthly retirement benefit. Effective October 1,
346 2015, a member who retires after October 1, 2015, who does not
347 have a calculated BackDROP date of October 1, 2011, can choose a

348 BackDROP benefit which is the accumulation of between 1 month
 349 and 60 months.

350 c. Member contributions shall continue throughout the
 351 period of employment and are not refundable for the BackDROP
 352 period.

353 d. Members who elect to participate in the BackDROP must
 354 retire and terminate employment to be eligible for payment of
 355 the benefit. In the event that the City determines to retain the
 356 Fire Chief, the Fire Chief shall not be required to terminate
 357 employment to be eligible for BackDROP participation at normal
 358 retirement, including an in-service distribution in accordance
 359 with subsection (25).

360 e. Any member who terminates employment by any means,
 361 including death, prior to attaining age 53 with 18 or more years
 362 of service or age 58 with 13 or more years of service or by
 363 acquiring 26 years of service is not eligible to participate in
 364 the BackDROP.

365 2. Benefits payable upon election to participate in the
 366 BackDROP.—

367 a. Upon election to receive the BackDROP benefit, a
 368 member's retirement benefits will be calculated as if the member
 369 had chosen to retire and terminate employment at a date which is
 370 more than 36 months but less than 60 months earlier. The number
 371 of months to be applied is based upon the member's election. The
 372 monthly pension amount shall be multiplied by the number of
 373 months of BackDROP selected by the member, which shall be

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374 between 36 and 60 months, inclusive. The BackDROP benefit shall
375 be calculated as a single sum, including interest at the rate of
376 8.25 percent less expenses, compounded annually for the period
377 of BackDROP for members who have reached normal retirement age
378 on or before May 13, 2012, or who have a calculated BackDROP
379 date of October 1, 2011, or earlier. Effective for retirements
380 after May 13, 2012, the interest rate shall be 4 percent, less
381 expenses, compounded annually for the period of BackDROP.

382 Effective October 1, 2015, a member who retires after October 1,
383 2015, who does not have a calculated BackDROP date of October 1,
384 2011, can choose a BackDROP benefit which is the accumulation of
385 between 1 month and 60 months.

386 b. No payments shall be made from the BackDROP until the
387 member terminates employment with the Department.

388 c. (I) Effective for retirements after October 1, 2015 ~~Upon~~
389 ~~termination of employment,~~ participants in the BackDROP shall
390 ~~receive lump sum the balance of the BackDROP account within 6~~
391 ~~months after termination of employment:~~

392 ~~(I) Members who have reached normal retirement age on or~~
393 ~~before May 13, 2012, or who have a calculated BackDROP date of~~
394 ~~October 1, 2011, or earlier~~ may leave their money in the account
395 until the latest day under subsection (18) or choose payments as
396 follows:

397 (A) A lump sum.—The entire account balance shall be paid
398 to the retirant upon approval of the Board of Trustees.

399 (B) Installments.—The account balance shall be paid out to
400 the retirant in three equal payments paid over 3 years, the
401 first payment to be made upon approval of the Board of Trustees.

402 (C) Annuity.—The account balance shall be paid out in
403 monthly installments over the lifetime of the member or until
404 the entire balance is exhausted. The monthly amount paid shall
405 be determined by the Fund's actuary in accordance with
406 selections made by the member in a form provided by the Board of
407 Trustees.

408 (II) Any form of payment selected by a member must comply
409 with the minimum distribution requirements of the IRC 401(a)(9),
410 and are subject to the requirements of subsection (18).

411 (III) The beneficiary of the BackDROP member shall have
412 the same right as the participant in accordance with subsection
413 (7).

414 3. BackDROP earnings.—

415 a. Effective for members who reached normal retirement age
416 on or before May 13, 2012, or members who have a calculated
417 BackDROP date of October 1, 2011, or earlier, BackDROP members
418 may select one of three methods to credit investment earnings to
419 their accounts. Investment earnings shall be credited on a
420 quarterly basis. The method may be changed each year effective
421 October 1; however, the method must be elected prior to October
422 1. The methods are:

423 (I) The BackDROP is credited with earnings and losses
424 using the rate of investment return earned on Pension Fund

425 assets as reported by the Fund's investment monitor. BackDROP
426 assets are commingled with the Pension Fund assets for
427 investment purposes;

428 (II) A fixed rate of 8.25 percent for members who reached
429 normal retirement age on or before May 13, 2012, or members who
430 have a calculated BackDROP date of October 1, 2011, or earlier.
431 Effective May 13, 2012, the fixed rate is 4 percent for members
432 who retire on or after May 13, 2012, but before October 1, 2015;
433 or

434 (III) A percentage of the BackDROP account assets to be
435 credited with earnings or losses in accordance with sub-sub-
436 subparagraph (I) and a corresponding percentage of the BackDROP
437 account assets credited in accordance with sub-sub-subparagraph
438 (II). The combined total percentage invested under this sub-sub-
439 subparagraph must equal 100 percent.

440 b. Effective for BackDROP participants electing the
441 BackDROP on or after [INSERT EFFECTIVE DATE], members who have
442 elected the BackDROP and leave the assets in the Fund to be
443 invested may select one of two methods to credit investment
444 earnings to their accounts. Investment earnings shall be
445 credited on a quarterly basis. The method may be changed each
446 year effective October 1; however, the method must be elected
447 prior to October 1. The methods are:

448 (I) The BackDROP is credited with earnings and losses
449 using the rate of investment return earned on Pension Fund
450 assets as reported by the Fund's investment monitor. BackDROP

451 assets are commingled with the Pension Fund assets for
452 investment purposes; or

453 (II) The BackDROP is credited with the rate of investment
454 return earned on Pension Fund assets as reported by the Fund's
455 investment monitor. The crediting rate maximum is 8 percent and
456 the crediting rate floor is 0 percent. To accomplish this, the
457 crediting rate will be compounded monthly at a rate between 0
458 percent and 2 percent quarterly. BackDROP assets are commingled
459 with the Pension Fund assets for investment purposes.

460 c. The Board has the authority to create rules to
461 implement the provisions of this section in accordance with the
462 law and the provisions of the Internal Revenue Code.

463 ~~d.b.~~ Costs, fees, and expenses of administration shall be
464 debited from the individual member BackDROP accounts on a
465 proportionate basis, taking the cost, fees, and expenses of
466 administration of the Fund as a whole, multiplied by a fraction,
467 the numerator of which is the total of assets in all individual
468 member accounts and the denominator of which is the total of
469 assets of the Fund as a whole.

470 (21) Rollovers from qualified plans.—

471 (b) Transfer of accumulated leave.—

472 1. Members eligible to receive accumulated sick leave,
473 accumulated vacation leave, or any other accumulated leave
474 payable upon separation shall have the leave transferred to the
475 Fund up to the amount permitted by law. Any additional amounts
476 shall be paid directly to the member. Members on whose behalf

477 leave has been transferred shall maintain the entire amount of
478 the transferred leave balance in the DROP or Share Account.

479 2. If a member on whose behalf the City makes a
480 transferred leave balance to the Plan dies after retirement or
481 other separation, then any person who would have received a
482 death benefit had the member died in service immediately prior
483 to the date of retirement or other separation shall be entitled
484 to receive an amount equal to the transferred leave balance in a
485 lump sum. In the case of a surviving spouse or former spouse, an
486 election may be made to transfer the leave balance to an
487 eligible retirement plan in lieu of the lump sum payment.
488 Failure to make such an election by the surviving spouse or
489 former spouse within 60 days after the member's death shall be
490 deemed an election to receive the lump sum payment.

491 3. The Board, by rule, shall prescribe the method for
492 implementing the provisions of this paragraph.

493 4. ~~Effective on or after May 13, 2012, members must take a~~
494 ~~lump sum distribution of the~~ Amounts transferred under this
495 ~~section within 6 months after their termination of employment.~~
496 ~~For members who reached normal retirement age on or before May~~
497 ~~13, 2012, or who had a calculated BackDROP date of October 1,~~
498 ~~2011, or earlier, the member's transferred leave must remain~~
499 ~~invested in the Pension Fund for a period of not less than at~~
500 ~~least 1 year.~~

501 (22) Actuarial assumptions.—The following actuarial
 502 assumptions shall be used for all purposes in connection with
 503 this Fund, effective October 1, 1998:

504 ~~(a) The period for amortizing current, future, and past~~
 505 ~~actuarial gains or losses shall be 20 years.~~

506 ~~(b)~~ The assumed investment rate of return shall be 8.25
 507 percent. Effective October 1, 2014, the assumed investment rate
 508 of return shall be 8 percent ~~8.0%~~. Due to the other assumption
 509 changes that were made at the same time as this reduction in the
 510 assumed rate of return, the City did not have an increase in
 511 City contributions as a result of the change of the assumed
 512 investment rate of return. Therefore, there was no change
 513 necessary to the 3-percent accrual factor in subsection (5)(a)2.

514 (a) ~~(e)~~ The rollover is made in cash.

515 (b) ~~(d)~~ The member certifies that the distribution is
 516 eligible for a rollover.

517 (c) ~~(e)~~ Amounts which the trustee accepts as a rollover to
 518 this fund shall, along with any earnings allocated to the
 519 trustee, be fully vested at all times.

520
 521 The rollover may also be made to this plan from an individual
 522 retirement account qualified under Code Section 408 when the
 523 individual retirement account was merely used as a conduit for
 524 funds from another qualified plan and the rollover is made in
 525 accordance with the rules provided in paragraphs (a) through
 526 (e). Amounts rolled over may be segregated from other fund

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527 assets. The trustee shall separately account for gains, losses,
528 and administrative expenses on these rollovers as provided for
529 in paragraphs (5) (d) and (j). In addition, the fund may accept
530 the direct transfer of a member's benefits from another
531 qualified retirement plan. The fund shall account for direct
532 transfers in the same manner as a rollover and shall obtain
533 certification from the member that the amounts are eligible for
534 a rollover or direct transfer to this fund.

535 (25) In-service distributions.-In accordance with Code
536 Section 401(a) (36), an in-service pension distribution may be
537 made in the limited circumstance where the Fire Chief is
538 retained in service by the City after reaching normal retirement
539 eligibility provided that occurs in or after the year in which
540 the Fire Chief attains age 50 years. No other in-service
541 distributions are permitted.

542 Section 2. This act shall take effect upon becoming a law.