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2017 Legislature

1
 2 An act relating to the West Palm Beach Police Pension
 3 Fund of the City of West Palm Beach, Palm Beach
 4 County; amending chapter 24981 (1947), Laws of
 5 Florida, as amended; revising definitions; revising
 6 trustee terms; clarifying powers of the board of
 7 trustees; adding provision for physical for
 8 determining preexisting conditions; adding procedure
 9 for returning withdrawn contributions upon rehire or
 10 reinstatement to employment; adding normal retirement
 11 age for retirement based on years of service; deleting
 12 obsolete retirement calculations; clarifying survivor
 13 language for normal form of benefit; adding 10-year
 14 certain benefit to optional forms; adding a death
 15 benefit provision to the DROP account; clarifying the
 16 retiree's option to elect an optional form at the time
 17 of retirement; adding an actuarial equivalent
 18 calculation for survivor benefits paid to a spouse
 19 other than the one to whom the retiree was married at
 20 the time of retirement; deleting the section actuarial
 21 assumptions; clarifying the purchase of service is
 22 limited to 5 years; providing an effective date.

23
 24 Be It Enacted by the Legislature of the State of Florida:
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26 Section 1. Subsection (2), paragraph (a) of subsection(3),
 27 paragraph (b) of subsection (5), subsection (6), paragraph (a)
 28 of subsection (8), subsection (9), paragraph (b) of subsection
 29 (13), paragraph (c) of subsection (17), and subsections (34)-
 30 (37) of section 16 of chapter 24981 (1947), Laws of Florida, as
 31 amended by chapter 2012-259, Laws of Florida, are amended, and
 32 paragraph (g) is added to subsection (3), to read:

33 Section 16. West Palm Beach Police Pension Fund.—

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

37 (a) "Accrued benefit" means the amount of a member's
 38 pension as of a specified date determined in accordance with the
 39 terms of the pension plan, whether or not the member is eligible
 40 to access it.

41 (b) ~~(a)~~ "Actuarial equivalent value," "actuarial
 42 equivalence," or "single sum value" means the stated
 43 determination using an interest rate of 8.00 ~~8.25~~ percent per
 44 year and the RP-2000 Mortality Table for annuitants with future
 45 improvements in mortality projected to 2017 using Scale BB,
 46 blending 90 percent male rates and 10 percent female rates for
 47 the member and 10 percent male rates and 90 percent female rates
 48 for the beneficiary. For females, the base mortality rates
 49 include a 100 percent white collar adjustment. For males, the
 50 base mortality rates include a 90 percent blue collar adjustment

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51 and a 10% white collar adjustment ~~1983 Group Annuity Mortality~~
 52 ~~Table.~~

53 (c)~~(b)~~ "Beneficiary" means any person, except a retirant,
 54 who is entitled to receive a benefit from the West Palm Beach
 55 Police Pension Fund or the West Palm Beach Police Pension and
 56 Relief Fund, as applicable.

57 (d)~~(e)~~ "Board of Trustees" or "Board" means the Board of
 58 Trustees provided for in this act.

59 (e)~~(d)~~ "City" means the City of West Palm Beach, Florida.

60 (f)~~(e)~~ "Department" means the Police Department in the
 61 City of West Palm Beach.

62 (g)~~(f)~~ "Enrolled actuary" means an actuary who is enrolled
 63 under Subtitle C of Title III of the Employee Retirement Income
 64 Security Act of 1974 and who is a member of the Society of
 65 Actuaries or the American Academy of Actuaries.

66 (h)~~(g)~~ "Final average salary" means the average of the
 67 monthly salary paid a member in the 3 best years of employment.
 68 In no event shall any one year, beginning January 1, 2005,
 69 include more than 400 hours of overtime. Prior to January 1,
 70 2005, individual years may include more than 400 hours of
 71 overtime. Effective prospectively from January 1, 2013, the
 72 overtime will be limited to 300 hours in any one year. As of the
 73 effective date of this act, for purposes of determining final
 74 average salary, any lump sum payment made to a member for
 75 retroactive pay, such amounts shall not be considered as a lump

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76 | sum but will be treated as if paid during the retroactive pay
 77 | periods.

78 | (i)~~(h)~~ "Fund" or "Pension Fund" means the West Palm Beach
 79 | Police Pension Fund or the West Palm Beach Pension and Relief
 80 | Fund, as applicable.

81 | (j)~~(i)~~ "Member" or "participant" means any person who is
 82 | included in the membership of the Fund in accordance with
 83 | subsection (6).

84 | (k)~~(j)~~ "Pension" means a monthly amount payable from the
 85 | Fund throughout the future life of a person, or for a limited
 86 | period of time, as provided in this act.

87 | (l)~~(k)~~ "Police officer" means any person who is elected,
 88 | appointed, or employed full time by the City, who is certified
 89 | or required to be certified as a law enforcement officer in
 90 | compliance with section 943.14, Florida Statutes, who is vested
 91 | with authority to bear arms and make arrests, and whose primary
 92 | responsibility is the prevention and detection of crime or the
 93 | enforcement of the penal, criminal, traffic, or highway laws of
 94 | the state. This definition includes all certified supervisory
 95 | and command personnel whose duties include, in whole or in part,
 96 | the supervision, training, guidance, and management
 97 | responsibilities of full-time law enforcement officers, part-
 98 | time law enforcement officers, or auxiliary law enforcement
 99 | officers, but does not include part-time law enforcement
 100 | officers or auxiliary law enforcement officers as the same are

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101 defined in subsections (6) and (8) of section 943.10, Florida
 102 Statutes.

103 (m)~~(l)~~ "Qualified health professional" means a person duly
 104 and regularly engaged in the practice of his or her profession
 105 who holds a professional degree from a university or college and
 106 has special professional training or skill regarding the
 107 physical or mental condition, disability, or lack thereof, upon
 108 which he or she is to present evidence to the Board.

109 (n)~~(m)~~ "Qualified public depository" means any bank or
 110 savings association organized and existing under the laws of
 111 Florida and any bank or savings association organized under the
 112 laws of the United States that has its principal place of
 113 business, or a branch office, in Florida which is authorized
 114 under the laws of Florida or the United States to receive
 115 deposits in Florida; that meets all of the requirements of
 116 chapter 280, Florida Statutes; and that has been designated by
 117 the Treasurer of the State of Florida as a qualified public
 118 depository.

119 (o)~~(n)~~ "Retirant" means any member who retires with a
 120 pension from the Fund.

121 (p)~~(o)~~ "Retirement" means a member's withdrawal from
 122 Police Department employment as a police officer with a pension
 123 payable from the Fund.

124 (q)~~(p)~~ "Salary" means the fixed monthly compensation paid
 125 to a member; compensation shall include those items as have been

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126 included as compensation in accordance with past practice.
127 However, the term shall not be construed to include lump sum
128 payments for accumulated leave. On and after January 1, 2003,
129 salary shall mean total cash remuneration paid by the City to a
130 police officer for services rendered excluding lump sum payments
131 for accumulated leave such as accrued vacation leave, accrued
132 sick leave, and accrued personal leave. Effective January 1,
133 2005, overtime hours earned and paid in excess of 400 hours in
134 any 26 consecutive pay periods shall be excluded from the
135 definition of salary. Effective prospectively from January 1,
136 2013, overtime hours earned and paid in excess of 300 hours in
137 any 26 consecutive pay periods shall be excluded from the
138 definition of salary.; Prior to January 1, 2005, all overtime
139 hours earned and paid shall be included in the definition of
140 salary and shall not be limited by any cap. This definition of
141 compensation shall not include off-duty employment performed for
142 vendors other than the City of West Palm Beach per Article 30,
143 Pension Plan and Section 5 of the collective bargaining
144 agreement between the Palm Beach County Police Benevolent
145 Association and the City of West Palm Beach. Beginning with
146 salary paid after December 31, 2008, and pursuant to s.
147 414(u)(7) of the Internal Revenue Code, "salary" includes
148 amounts paid by the City as differential wages to members who
149 are absent from employment while in qualified military service.

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150 (r)~~(q)~~ "Service" or "service credit" means the total
 151 number of years, and fractional parts of years, of employment of
 152 any police officer, omitting intervening years, and fractional
 153 parts of years, when such police officer was not employed by the
 154 City. No member shall receive credit for years, or fractional
 155 parts of years, of service for which the member has withdrawn
 156 his or her contributions to the Fund. It is further provided
 157 that a member may voluntarily leave his or her contributions in
 158 the Fund for a period of 5 years after leaving the employ of the
 159 Department, pending the possibility of being rehired by the
 160 Department, without losing credit for the time he or she has
 161 participated actively as a police officer. Should he or she not
 162 be re-employed as a police officer with the Department within 5
 163 years, his or her contributions shall be returned without
 164 interest. In determining the aggregate number of years of
 165 service of any member, years of service for prior police officer
 166 or military service, as well as intervening military service,
 167 may be added, provided the member meets the requirements of
 168 subsection (34)~~(35)~~.

169 (s)~~(r)~~ The masculine gender includes the feminine and
 170 words in the singular with respect to persons shall include the
 171 plural and vice versa.

172 (3) Board of Trustees of Police Pension Fund.—

173 (a) Board of Trustees created.—There is hereby created a
 174 Board of Trustees, which shall be solely responsible for

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175 administering the West Palm Beach Police Pension Fund. The Board
176 shall be a legal entity, with the power to bring and defend
177 lawsuits of every kind, nature, and description and shall be
178 independent of the City to the extent required to accomplish the
179 intent, requirements, and responsibilities provided for in this
180 act. The Board shall consist of five trustees, as follows:

181 1. Two legal residents of the City, who shall be appointed
182 by the City. Each resident trustee shall serve as a trustee for
183 a period of 4 ~~2~~ years, unless sooner replaced by the City, at
184 whose pleasure he or she shall serve, and may succeed himself or
185 herself as a trustee.

186 2. Two police officers, who shall be elected by a majority
187 of the police officers who are members of the Fund. Elections
188 shall be held under such reasonable rules and regulations as the
189 Board shall from time to time adopt. Each member-trustee shall
190 serve as trustee for a period of 4 ~~2~~ years, unless he or she
191 sooner ceases to be a police officer in the employ of the
192 Department, whereupon the members shall choose his or her
193 successor in the same manner as the original appointment. Each
194 member-trustee of the Fund may succeed himself or herself as a
195 trustee.

196 3. A fifth trustee, who shall be chosen by a majority of
197 the other four trustees. This fifth person's name shall be
198 submitted to the City, which shall, as a ministerial duty,
199 appoint such person to the Board as a fifth trustee. The fifth

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200 person shall serve as trustee for a period of ~~4~~ 2 years, and may
 201 succeed himself or herself as a trustee.

202 (g) Powers of the Board of Trustees.-The duties and
 203 responsibilities of the Board shall include, but are not limited
 204 to, the following:

205 1. To construe the provisions of the plan and determine
 206 all questions arising thereunder.

207 2. To determine all questions relating to eligibility and
 208 participation.

209 3. To determine or have determined and certified the
 210 amount of all retirement allowances or other benefits hereunder.

211 4. To receive and process all applications for
 212 participation and benefits and, where necessary, conduct
 213 hearings thereon.

214 5. To authorize all payments whatsoever from the fund, and
 215 to notify the disbursing agent, in writing, or approve benefit
 216 payments and other expenditures arising through operation of the
 217 plan and fund.

218 6. To make recommendations to the city commission and
 219 union regarding changes in the provisions of the plan.

220 7. To review reports of and have meetings with the
 221 custodian and investment agents or advisors; to require written
 222 reports from the custodian on fund assets and transactions on a
 223 monthly basis; to require written and oral reports from the
 224 investment agents or advisors on at least an annual basis, such

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225 reports to reflect fund investment, performance, investment
 226 recommendations, and overall review of fund investment policies.

227 8. To maintain a minute book containing the minutes and
 228 records of the proceedings and meetings of the Board.

229 9. To make uniform rules and regulations and to take
 230 action as may be necessary to carry out the provisions of the
 231 plan and all decisions of the Board made in good faith shall be
 232 final, binding, and conclusive on all parties.

233 10. To take such other action as the Board shall deem, in
 234 their sole and exclusive discretion, as being necessary for the
 235 efficient management of the plan.

236 (5) Reports; experience tables; regular interest.—

237 (b) Experience tables; regular interest; adoption of
 238 same.—The Board shall, from time to time, adopt such mortality
 239 and other tables of experience, and a rate or rates of interest,
 240 as required to operate the Fund on an actuarial basis, ~~except as~~
 241 ~~provided in subsection (34).~~

242 (6) Membership.—All police officers in the employ of the
 243 Department shall be included in the membership of the Fund, and
 244 all persons who hereafter become police officers in the employ
 245 of the City shall thereupon become members of the Fund. New
 246 members to the Fund are required to undergo a physical
 247 examination for purposes of determining preexisting conditions.
 248 This physical examination shall be conducted in conjunction with
 249 the City's postoffer, preemployment physical examination. The

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250 Board's medical director shall review the results of this
251 physical examination and provide notice to the Board and the
252 member of any abnormal findings of the examination. This
253 physical examination will be used for the purposes of
254 establishing a physical profile of the member for determining
255 preexisting conditions and presumptive illnesses as provided for
256 in subsections (14) and (15). After review, if further physical
257 examination is required by the Board, such examination shall be
258 conducted at Board expense. Except as otherwise provided in this
259 act, should any member cease to be a police officer in the
260 employ of the Department, he or she shall thereupon cease to be
261 a member and his or her credited service at that time shall be
262 forfeited. In the event such person is re-employed in the
263 Department as a police officer, he or she shall again become a
264 member. His or her forfeited service shall be restored to the
265 member's credit, provided that he or she returns to the Fund the
266 amount he or she might have withdrawn, together with regular
267 interest from the date of withdrawal to the date of repayment.
268 Members must begin the process of returning the withdrawn
269 contributions within 1 year after date of rehire or the time
270 will only be eligible for purchase within the provisions of
271 subsection (34). Should a member have withdrawn their
272 contributions due to a termination from employment and the
273 member is subsequently reinstated through the grievance and
274 arbitration process, such member must also begin the process of

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275 returning the withdrawn contributions within 1 year after the
 276 date of reinstatement or the time will only be eligible for
 277 purchase within the provisions of subsection (34); however, a
 278 member who is reinstated through the grievance and arbitration
 279 process may repay the withdrawn contributions without interest
 280 if the repayment process is started within 1 year after the date
 281 of reinstatement. Upon the member's retirement or death, he or
 282 she shall thereupon cease to be a member.

283 (8) Age and service requirements for retirement.—

284 (a) Normal retirement.—Upon written application filed with
 285 the Board, any member may retire and receive the applicable
 286 pension provided for in paragraph (9) (a), provided that the
 287 member has attained age 50 and has at least 20 years of credited
 288 service, has attained age 55 and has at least 10 years of
 289 credited service, or has at least 25 years of continuous
 290 credited service, regardless of age. In the case of a retirement
 291 with 25 years of service, Normal Retirement Age is whatever age
 292 a member has attained when retired at 25 years of service.

293 (9) Retirement pension calculation.—

294 (a) Upon retirement eligibility as provided in subsection
 295 (8), a member shall receive a monthly pension. The pension shall
 296 be the following, as applicable:

297 1. For all years of service earned after October 1, 2011,
 298 the benefit is calculated using 2.68 percent of final average
 299 salary per year and fractional parts of the years of service up

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300 to a total of 26 prospective years, plus 1 percent of the final
 301 average salary multiplied by the number of years, and fraction
 302 of a year, of credited service in excess of 26 years. This
 303 change in the multiplier was ~~is~~ due to the change in assumptions
 304 in a prior version of this special act set forth in subsection
 305 ~~(34)~~. This reduction is required by this paragraph. For years of
 306 service earned before October 1, 2011, the benefit will be
 307 calculated under the provisions of the applicable subparagraphs
 308 2.-4. ~~2.-5.~~ For purposes of determining the 26-year limitation,
 309 the member's total number of years of credited service are used.
 310 In no event shall the benefit be less than 2 percent per year of
 311 credited service.

312 2. A member who has more than or equal to 12 years and 6
 313 months of service at October 1, 1999, and who was actively
 314 employed by the Department on or after October 1, 1999, shall
 315 receive a benefit equal to ~~the greater of the following:~~

316 ~~a.~~ three percent of final average salary multiplied by the
 317 number of years, and fraction of a year, of credited service
 318 earned from April 1, 1987, to September 30, 2011, plus 2.5
 319 percent of final average salary multiplied by the number of
 320 years, and fraction of a year, of credited service earned prior
 321 to April 1, 1987, up to a total of 26 years, plus 1 percent of
 322 the final average salary multiplied by the number of years, and
 323 fraction of a year, of credited service which is in excess of 26
 324 years.~~†~~

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325 ~~b. Two and one-half percent of final average salary~~
 326 ~~multiplied by the number of years, and fraction of a year, of~~
 327 ~~credited service, not to exceed 26 years, plus 1 percent of the~~
 328 ~~final average salary multiplied by the number of years, and~~
 329 ~~fraction of a year, of credited service which is in excess of 26~~
 330 ~~years; or~~

331 ~~e. The sum of the following:~~

332 ~~(I) Two and one-half percent of final average salary~~
 333 ~~multiplied by the number of years, and fraction of a year, of~~
 334 ~~credited service earned through September 30, 1988; and~~

335 ~~(II) Two percent of final average salary multiplied by the~~
 336 ~~number of years, and fraction of a year, of credited service~~
 337 ~~earned on and after October 1, 1988.~~

338
 339 However, in no event shall the benefit be less than 2 percent
 340 per year of credited service. For all years of service after
 341 October 1, 2011, the benefit will be calculated in accordance
 342 with subparagraph 1.

343 ~~3. A member who has more than 12 years and 6 months of~~
 344 ~~service and who has entered the DROP on or before October 1,~~
 345 ~~1999, and who was actively employed by the Department on October~~
 346 ~~1, 1999, shall receive a benefit equal to the greater of the~~
 347 ~~following:~~

348 ~~a. Three percent of final average salary multiplied by the~~
 349 ~~number of years, and fraction of a year, of credited service~~

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350 ~~earned in the 12 years and 6 months prior to entering the DROP,~~
 351 ~~plus 2.5 percent of final average salary multiplied by the~~
 352 ~~number of years, and fraction of a year, of credited service~~
 353 ~~earned prior to that date which is 12 years and 6 months prior~~
 354 ~~to entering the DROP, up to a total of 26 years, plus 1 percent~~
 355 ~~of the final average salary multiplied by the number of years,~~
 356 ~~and fraction of a year, of credited service which is in excess~~
 357 ~~of 26 years. The one-half percent enhancement to the accrual~~
 358 ~~rate shall also be applied retroactively to the date of entering~~
 359 ~~the DROP, or 2 years, whichever is less, provided that the~~
 360 ~~retroactive application shall include principal only and not any~~
 361 ~~earnings thereon. An example of the calculation described in~~
 362 ~~this sub-subparagraph is set forth in the collective bargaining~~
 363 ~~agreement between the City of West Palm Beach and the Police~~
 364 ~~Benevolent Association, Certified Unit No. 825, October 1, 1998-~~
 365 ~~September 30, 2001;~~

366 ~~b. Two and one-half percent of final average salary~~
 367 ~~multiplied by the number of years, and fraction of a year, of~~
 368 ~~credited service, not to exceed 26 years, plus 1 percent of the~~
 369 ~~final average salary multiplied by the number of years, and~~
 370 ~~fraction of a year, of credited service which is in excess of 26~~
 371 ~~years; or~~

372 ~~e. The sum of the following:~~

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373 ~~(I) Two and one-half percent of final average salary~~
 374 ~~multiplied by the number of years, and fraction of a year, of~~
 375 ~~credited service earned through September 30, 1988; and~~

376 ~~(II) Two percent of final average salary multiplied by the~~
 377 ~~number of years, and fraction of a year, of credited service~~
 378 ~~earned on and after October 1, 1988.~~

379
 380 ~~However, in no event shall the benefit be less than 2 percent~~
 381 ~~per year of credited service. For all years of service after~~
 382 ~~October 1, 2011, the benefit will be calculated in accordance~~
 383 ~~with subparagraph 1.~~

384 3.4. A member who has less than 12 years and 6 months of
 385 service on October 1, 1999, and who was actively employed by the
 386 Department on or after October 1, 1999, shall receive a benefit
 387 equal to ~~the greater of the following:~~

388 ~~a.~~ three percent of final average salary multiplied by the
 389 number of years, and fraction of a year, of credited service up
 390 to September 30, 2011, plus 1 percent of the final average
 391 salary multiplied by the number of years, and fraction of a
 392 year, of credited service which is in excess of 26 years.~~†~~

393 ~~b.~~ ~~Two and one-half percent of final average salary~~
 394 ~~multiplied by the number of years, and fraction of a year, of~~
 395 ~~credited service, not to exceed 26 years, plus 1 percent of the~~
 396 ~~final average salary multiplied by the number of years, and~~

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397 ~~fraction of a year, of credited service which is in excess of 26~~
 398 ~~years; or~~

399 ~~e. The sum of the following:~~

400 ~~(I) Two and one-half percent of final average salary~~
 401 ~~multiplied by the number of years, and fraction of a year, of~~
 402 ~~credited service earned through September 30, 1988; and~~

403 ~~(II) Two percent of final average salary multiplied by the~~
 404 ~~number of years, and fraction of a year, of credited service~~
 405 ~~earned on and after October 1, 1988.~~

406

407 However, in no event shall the benefit be less than 2 percent
 408 per year of credited service. For all years of service after
 409 October 1, 2011, the benefit will be calculated in accordance
 410 with subparagraph 1.

411 4.5. A member who terminated employment, retired on a
 412 vested deferred benefit, or retired on or before October 1,
 413 1999, shall receive a benefit equal to the greater of the
 414 following:

415 a. Two and one-half percent of final average salary
 416 multiplied by the number of years, and fraction of a year, of
 417 credited service not to exceed 26 years, plus 1 percent of the
 418 final average salary multiplied by the number of years, and
 419 fraction of a year, of credited service which is in excess of 26
 420 years; or

421 b. The sum of the following:

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422 (I) Two and one-half percent of final average salary
 423 multiplied by the number of years, and fraction of a year, of
 424 credited service earned through September 30, 1988; and

425 (II) Two percent of final average salary multiplied by the
 426 number of years, and fraction of a year, of credited service
 427 earned on and after October 1, 1988.

428
 429 ~~The 3 percent benefit accrual factor for active employees in~~
 430 ~~subparagraphs (a) 2., 3., and 4. is contingent on and subject to~~
 431 ~~the adoption and maintenance of the assumptions set forth in~~
 432 ~~subsection (34). If such assumptions are modified by~~
 433 ~~legislative, judicial, or administrative agency action and the~~
 434 ~~modification results in increased City contributions to the~~
 435 ~~Pension Fund, the 3 percent benefit accrual factor for active~~
 436 ~~employees in subparagraphs (a) 2., 3., and 4. shall be~~
 437 ~~automatically decreased prospectively from the date of the~~
 438 ~~action, to completely offset the increase in City contributions.~~
 439 ~~However, in no event shall the benefit accrual factor in~~
 440 ~~subparagraphs (a) 1., 2., 3., 4., and 5. be adjusted below 2.5~~
 441 ~~percent.~~

442
 443 To the extent that the benefit accrual factor is less than 3
 444 percent for active members with less than 12 years and 6 months
 445 of service on October 1, 1999, the supplemental pension
 446 distribution calculation under subparagraph (12)(a)2. shall be

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447 adjusted for employees who retire or enter the DROP after
448 October 1, 1999. The adjustment shall be to decrease the minimum
449 return of 8.25 percent needed to afford the supplemental pension
450 distribution, where the amount of the reduction is zero if an
451 employee has been credited with 12 years and 6 months of service
452 or more with the 3-percent benefit accrual factor or 1.25
453 percent if an employee has been credited with no more than a
454 2.5-percent benefit accrual factor. If an employee has been
455 credited with less than 12 years and 6 months of service at the
456 3-percent benefit accrual factor, then the accumulated amount
457 over 2.5 percent for each year of service divided by one-half
458 percent divided by 12.5 subtracted from 1 multiplied by 1.25
459 percent is the reduction from 8.25 percent. An example of the
460 calculation of the minimum return for the supplemental pension
461 distribution as herein described is set forth in the collective
462 bargaining agreement between the City of West Palm Beach and the
463 Police Benevolent Association, Certified Unit No. 145 and
464 Certified Unit No. 825, October 1, 1998-September 30, 2001.
465
466 Effective October 1, 2011, the assumed investment rate of return
467 was lowered from 8.25 percent to 8 percent, which resulted in a
468 reduction in the benefit multiplier to 2.68 percent for all
469 prospective years of service, up to 26 years of service in
470 total, and 1 percent for each year of service after 26.
471 Additionally, for any supplemental pension distributions

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472 subsequent to October 1, 2011, the revised factors in this
 473 paragraph will be applied.

474 (b) Payment of benefits.—

475 1. First payment.—Service pensions shall be payable on the
 476 first day of each month. The first payment shall be payable the
 477 first day of the month coincident with or next following the
 478 date of retirement or death, provided the member has completed
 479 the applicable age and service requirements.

480 2. Last payment.—The last payment shall be the payment due
 481 next preceding the member's death, except that payments shall be
 482 continued to the designated beneficiary (or beneficiaries) if a
 483 10-year certain benefit, a joint and survivor option, or
 484 beneficiary benefits, as applicable, are payable.

485 (c) Normal form of retirement income; 10-year certain
 486 benefit.—

487 1. Married member.—The normal form of retirement benefit
 488 for a married member or for a member with dependent children or
 489 parents shall be a pension and death benefits. The pension
 490 benefit shall provide monthly payments for the life of the
 491 member. Thereafter, death benefits shall be paid to the
 492 ~~beneficiary~~ designated survivor ~~by the member~~ as provided in
 493 subsection (17).

494 2. Unmarried member.—The normal form of retirement benefit
 495 for an unmarried member without dependent children or parents
 496 shall be a 10- year certain benefit. This benefit shall pay

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497 | monthly benefits for the member's lifetime. In the event the
498 | member dies after his or her retirement but before receiving
499 | retirement benefits for a period of 10 years, the same monthly
500 | benefit shall be paid to the beneficiary (or beneficiaries) as
501 | designated by the member for the balance of such 10-year period
502 | or, if no beneficiary is designated, to heirs at law, or estate
503 | of the member, as provided in section 185.162, Florida Statutes.

504 | (d) Optional forms of retirement income.—

505 | 1.a. In the event of normal, early, or disability
506 | retirement, in lieu of the normal form of retirement income
507 | payable as specified in paragraph (c), and in lieu of the death
508 | benefits as specified in subsection (17), a member, upon written
509 | request to the Board and subject to the approval of the Board,
510 | may elect to receive a retirement income of equivalent actuarial
511 | value payable in accordance with one of the following options:

512 | (I) Lifetime option.—A retirement income of a larger
513 | monthly amount, payable to the member for his or her lifetime
514 | only.

515 | (II) Joint and survivor option.—A retirement income of a
516 | modified monthly amount, payable to the member during the joint
517 | lifetime of the member and a dependent joint pensioner
518 | designated by the member, and following the death of either of
519 | them, 100 percent, 75 percent, 66- 2/3 percent, or 50 percent of
520 | such monthly amounts, payable to the survivor for the lifetime
521 | of the survivor.

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522 (III) 10-year certain option.-A retirement income of the
523 normal form of benefit but in lieu of the survivor benefits as
524 provided for in subsection (17), the member may elect to
525 designate a beneficiary to receive the remainder of 120
526 payments, in the event that the member dies before receiving 120
527 payments. In the event that the member/retiree receives 120 or
528 more payments, no benefit is ever paid to a beneficiary.

529 b. The member, upon electing any option of this paragraph,
530 shall designate the joint pensioner or beneficiary (or
531 beneficiaries) to receive the benefit, if any, payable in the
532 event of his or her death, and shall have the power to change
533 such designation from time to time; but any such change shall be
534 deemed a new election and shall be subject to approval by the
535 Board. Such designation shall name a joint pensioner or one or
536 more primary beneficiaries where applicable. If a member has
537 elected an option with a joint pensioner or beneficiary and his
538 or her retirement income benefits have commenced, he or she may
539 thereafter change the designated joint pensioner or beneficiary
540 only twice. Any retired member who desires to change his or her
541 joint pensioner or beneficiary shall file with the Board a
542 notarized notice of such change. Upon receipt of a completed
543 change of joint pensioner form or such other notice, the Board
544 shall adjust the member's monthly benefit by the application of
545 actuarial tables and calculations developed to ensure that the

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546 benefit paid is the actuarial equivalent of the present value of
547 the member's current benefit and there is no impact to the Plan.

548 c. The consent of a member's joint pensioner or
549 beneficiary to any such change shall not be required.

550 d. For any other changes of beneficiaries, the Board may
551 request such evidence of the good health of the joint pensioner
552 who is being removed as it may require; and the amount of the
553 retirement income payable to the member upon the designation of
554 a new joint pensioner shall be actuarially redetermined, taking
555 into account the ages and sex of the former joint pensioner, the
556 new joint pensioner, and the member. Each such designation shall
557 be made in writing on a form prepared by the Board, and, on
558 completion, shall be filed with the Board. In the event that no
559 designated beneficiary survives the member, such benefits as are
560 payable in the event of the death of the member subsequent to
561 his or her retirement shall be paid as provided in subparagraph
562 (c)2.

563 2. Retirement income payments shall be made under the
564 option elected in accordance with the provisions of this
565 paragraph and shall be subject to the following limitations:

566 a. If a member dies prior to his or her normal retirement
567 date or early retirement date, whichever first occurs,
568 retirement benefits shall be paid in accordance with subsection
569 (17).

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570 b. If the designated beneficiary (or beneficiaries) or
 571 joint pensioner dies before the member's retirement, the option
 572 elected shall be canceled automatically and a retirement income
 573 of the normal form and amount shall be payable to the member
 574 upon his or her retirement as if the election had not been made,
 575 unless a new election is made in accordance with the provisions
 576 of this paragraph or a new beneficiary is designated by the
 577 member prior to his or her retirement.

578 c. If a member continues in the employ of the Department
 579 after meeting the age and service requirements set forth in
 580 paragraph (8) (a) and dies prior to retirement and while an
 581 option provided for in this paragraph is in effect, monthly
 582 retirement income payments shall be paid, under the option, to a
 583 beneficiary (or beneficiaries) designated by the member in the
 584 amount or amounts computed as if the member had retired under
 585 the option on the date on which his or her death occurred.

586 3. No member may make any change in his or her retirement
 587 option after the date of cashing or depositing the first
 588 retirement check.

589 (e) Designation of beneficiary.—

590 1. Each member may, on a form provided for that purpose,
 591 signed and filed with the Board, designate a beneficiary (or
 592 beneficiaries) to receive the benefit, if any, which may be
 593 payable in the event of the member's death; and each designation
 594 may be revoked by such member by signing and filing with the

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595 Board a new designation of beneficiary form. However, after the
 596 benefits have commenced, a retirant may change his or her
 597 designation of a joint annuitant or beneficiary only twice. If
 598 the retirant desires to change his or her joint annuitant or
 599 beneficiary, he or she shall file with the Board a notarized
 600 notice of such change either by registered letter or on a form
 601 as provided by the Board. Upon receipt of a completed change of
 602 joint annuitant form or such other notice, the Board shall
 603 adjust the member's monthly benefit by the application of
 604 actuarial tables and calculations developed to ensure that the
 605 benefit paid is the actuarial equivalent of the present value of
 606 the member's current benefit.

607 2. Absence or death of beneficiary.—If a deceased member
 608 failed to name a beneficiary in the manner prescribed in
 609 subparagraph 1., or if the beneficiary (or beneficiaries) named
 610 by a deceased member predeceases the member, death benefits, if
 611 any, which may be payable under this act on behalf of such
 612 deceased member may be paid, in the discretion of the Board, to:

613 a. The spouse or dependent child or children of the
 614 member;

615 b. The dependent living parent or parents of the member;

616 or

617 c. The estate of the member.

618 (13) Deferred Retirement Option Plan (DROP).—

619 (b) Amounts payable upon election to participate in DROP.—

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620 1. Monthly retirement benefits that would have been
621 payable had the member terminated employment with the Department
622 and elected to receive monthly pension payments shall be paid
623 into the DROP and credited to the retirant. Payments into the
624 DROP shall be made monthly over the period the retirant
625 participates in the DROP, up to a maximum of 60 months.

626 2. Effective October 1, 2002, DROP Participants have the
627 option to select between two methods to credit investment
628 earnings to their account. The method may be changed each year
629 effective October 1; however, the method must be elected prior
630 to October 1. The methods are:

631 a. Earnings using the rate of investment return earned (or
632 lost) on Pension Fund assets as reported by the Fund's
633 investment monitor. DROP assets are commingled with the Pension
634 Fund assets for investment purposes.

635 b. A fixed rate of 8.25 percent for members who reached
636 normal retirement age on or before October 1, 2012. Effective
637 October 1, 2012, the fixed rate is 8 percent for members who
638 retire or enter the DROP on or after October 1, 2012. In any
639 fiscal year, if the amount paid in investment earnings under
640 this paragraph creates a deficiency as compared to the gross
641 earnings of the pension fund as a whole (using the rate
642 determined by the Fund's investment monitor), then the rate will
643 be reduced to 4 percent effective the next October 1 until the
644 deficiency is satisfied. When the deficiency is satisfied, the

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645 rate will return to 8 percent, effective the next October 1.
 646 Beginning October 1, 2012, the cumulative amounts paid in
 647 earnings for the fixed rate will be maintained in the actuarial
 648 valuation.

649 However, if a police officer does not terminate employment at
 650 the end of participation in the DROP, interest credits shall
 651 cease on the balance.

652 3. No payments shall be made from the DROP until the
 653 member terminates employment with the Department.

654 4. Upon termination of employment, participants in the
 655 DROP shall receive the balance of the DROP account in accordance
 656 with the following rules:

657 a. Members may elect to begin to receive payment upon
 658 termination of employment or defer payment of the DROP until the
 659 latest day as provided under sub-subparagraph c.

660 b. Payments shall be made in either:

661 (I) Lump sum.—The entire account balance shall be paid to
 662 the retirant upon approval of the Board of Trustees.

663 (II) Installments.—The account balance shall be paid out
 664 to the retirant in three equal payments paid over 3 years, the
 665 first payment to be made upon approval of the Board of Trustees.

666 (III) Annuity.—The account balance shall be paid out in
 667 monthly installments over the lifetime of the member or until
 668 the entire balance is exhausted. Monthly amount paid shall be

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669 determined by the Fund's actuary in accordance with selections
670 made by the member on a form provided by the Board of Trustees.

671 c. Any form of payment selected by a police officer must
672 comply with the minimum distribution requirements of s.
673 401(A)(9) of the Internal Revenue Code and is subject to the
674 requirements of subsection (30) of this act; e.g., payments must
675 commence by age 70- 1/2.

676 d. If a member dies and is eligible for benefits from the
677 DROP account, the entire balance of the DROP account shall be
678 converted to the name of the beneficiary designated in
679 accordance with subsection (9)(e). The entire balance shall be
680 paid out in a lump sum to the beneficiary, at the discretion of
681 the beneficiary. If the designated beneficiary is the surviving
682 spouse, the account may remain with the Fund until the latest
683 period specified under subsection (30). These DROP accounts
684 shall not be eligible for any further DROP distributions but are
685 eligible for earnings. If a member fails to designate a
686 beneficiary, or if the beneficiary predeceases the member, the
687 entire balance shall be converted, in the following order, to
688 the name or names of:

- 689 1. The member's surviving children on a pro rata basis;
690 2. If no children are alive, the member's spouse;
691 3. If no spouse is alive, the member's surviving parents
692 on a pro rata basis; or
693 4. If none are alive, the estate of the member.

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694
 695 The accounts which are converted to the names of the
 696 beneficiaries shall have the right to name a successor
 697 beneficiary. Any designated beneficiary, other than the
 698 surviving spouse of the member, must take a distribution of the
 699 entire share account balance by the end of 5 years after the
 700 death of the member. Installment distributions which begin in
 701 the calendar year of the member's death shall be treated as
 702 complying with this 5-year distribution requirement, even though
 703 the installments are not completed within 5 years after the
 704 member's death. ~~The beneficiary of the DROP participant who dies~~
 705 ~~before payments from the DROP begin shall have the same right as~~
 706 ~~the participant in accordance with subsection (17).~~

707 e. Costs, fees, and expenses of administration shall be
 708 debited from the individual member accounts on a proportionate
 709 basis, taking the cost, fees, and expenses of administration of
 710 the Fund as a whole, multiplied by a fraction, the numerator of
 711 which is the total assets in all individual member accounts and
 712 the denominator of which is the total assets of the Fund as a
 713 whole.

714 (17) Death benefits.-

715 (c) Death after retirement.-Upon the death of a retirant,
 716 the following applicable pensions shall be paid, subject to the
 717 provisions of subsection (18). This paragraph is not applicable
 718 if a retiree chose an optional form of benefit at the time of

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719 retirement or if the retiree was not entitled at the time of
720 retirement under paragraph (9) (c).÷

721 1. The surviving spouse of the retirant shall receive a
722 pension of two-thirds of the retirant's pension, provided that
723 the retirant was receiving a pension under paragraph (9) (a).
724 Upon the surviving spouse's death, the pension shall terminate.
725 Effective for years of service earned after the effective date
726 of this act, if the retiree leaves a surviving spouse that he or
727 she was not married to on the date of retirement, then the
728 survivor benefit may be actuarially reduced to take into account
729 the age of the substituted survivor.

730 2. In the event the deceased retirant does not leave a
731 surviving spouse eligible to receive a pension, or if the
732 surviving spouse dies and he or she leaves an unmarried child or
733 children under age 18, each child shall receive a pension of an
734 equal share of two-thirds of the deceased retirant's pension.
735 Upon any child's adoption, marriage, death, or attainment of age
736 18, the child's pension shall terminate and it shall be
737 apportioned to the pensions payable to the deceased retirant's
738 remaining eligible children under age 18. In no case shall the
739 pension payable to any such child exceed 20 percent of the
740 deceased retirant's pension, or be less than \$15 per month.

741 3. In the event the deceased retirant does not leave a
742 surviving spouse or children eligible to a pension provided for
743 in subparagraphs 1. and 2. above, and he or she leaves a parent

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744 or parents who the Board finds are dependent upon the retirant
 745 for at least 50 percent of his, her, or their financial support,
 746 each parent shall receive a pension of an equal share of two-
 747 thirds of the deceased retirant's pension. Upon any parent's
 748 remarriage or death, his or her pension shall terminate.

749 4. In the event the deceased member does not leave a
 750 surviving spouse, children, or parents eligible to receive a
 751 pension, then the death benefit, if any, shall be paid to the
 752 estate of the deceased member. Any retirement income payments
 753 due after the death of a vested member may, in the discretion of
 754 the Board, be paid to the member's designated beneficiary or
 755 beneficiaries.

756 In any of the above cases, the Board, in its discretion, may
 757 direct that the actuarial value of the monthly benefit be paid
 758 as a lump sum.

759 ~~(34) Actuarial assumptions. The following actuarial~~
 760 ~~assumptions shall be used for all purposes in connection with~~
 761 ~~this Fund, effective October 1, 1999:~~

762 ~~(a) The assumed investment rate of return shall be 8.25~~
 763 ~~percent. Effective October 1, 2011, the Board of Trustees~~
 764 ~~changed the assumed rate of return to 8 percent.~~

765 ~~(b) The period for amortizing current, future, and past~~
 766 ~~actuarial gains or losses shall be 20 years, except that in~~
 767 ~~order to smooth existing gains and losses which are expected to~~
 768 ~~create volatile swings in the unfunded actuarial liability~~

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769 ~~contribution rate, the trustees may combine amortization bases~~
 770 ~~to re-amortize the unfunded actuarial liability contribution~~
 771 ~~rate. This re-amortization will not impact member benefits as~~
 772 ~~provided by subsection (9).~~
 773 ~~The consequences of the change in assumptions in paragraphs (a)~~
 774 ~~and (b) shall first take effect during the October 1, 1999-~~
 775 ~~September 30, 2000, fiscal year of the City of West Palm Beach.~~
 776 ~~To the extent that effective dates or legislative delays might~~
 777 ~~influence the direct application to the October 1, 1999-~~
 778 ~~September 30, 2000, fiscal year of the actuarial cost estimate~~
 779 ~~dated March 24, 2000, there shall be a minimum contribution~~
 780 ~~reserve established by the Pension Fund for the City of West~~
 781 ~~Palm Beach. The reserve shall be credited with any amounts~~
 782 ~~contributed to the Pension Fund by the City of West Palm Beach~~
 783 ~~during the October 1, 1999-September 30, 2000, fiscal year in~~
 784 ~~excess of \$1,462,965. This amount has been determined by~~
 785 ~~combining the contribution requirement from the September 30,~~
 786 ~~1998, actuarial valuation report dated May 7, 1999, with the~~
 787 ~~subsequent actuarial cost estimate dated March 24, 2000, both of~~
 788 ~~which were prepared by the Fund's actuary.~~
 789 (34) ~~(35)~~ Other police officer or military service.-
 790 (a) Prior police officer or military service.-Unless
 791 otherwise prohibited by law, the years, or fractional parts of
 792 years, that a member served as a police officer for any other
 793 municipal, county, state, or federal law enforcement office or

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794 any time served in the military service of the Armed Forces of
 795 the United States shall be added to the years of credited
 796 service, provided that the member contributes to the fund the
 797 sum that would have been contributed, based on the member's
 798 salary and the employee contribution rate in effect at the time
 799 that the credited service is requested, had the member been a
 800 member of this system for the years, or fractional parts of
 801 years, for which the credit is requested, plus the amount
 802 actuarially determined, such that the crediting of service does
 803 not result in any cost to the fund, plus payment of costs for
 804 all professional services rendered to the Board in
 805 connection with the purchase of years of credited service.
 806 1. Payment by the member of the required amount may be made
 807 within 6 months after the request for credit and in one lump sum
 808 payment, or the member may buy back this time over a period
 809 equal to the length of time being purchased or 5 years,
 810 whichever is greater, at an interest rate which is equal to the
 811 Fund's actuarial assumption. A member may request to purchase
 812 some or all years of service.
 813 2. The credit purchased under this subsection shall count
 814 for all purposes, except vesting.
 815 3. In no event, however, may credited service be purchased
 816 pursuant to this section for prior service with any other
 817 municipal, county, state, or federal law enforcement office, if

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818 such prior service forms or will form the basis of a retirement
819 benefit or pension from another retirement system or plan.

820 4. In the event that a member who is in the process of
821 purchasing service suffers a disability and is awarded a benefit
822 from the plan, the member shall not be required to complete the
823 buyback. However, contributions made prior to the date the
824 disability payment begins will be retained by the Fund.

825 5. If a member who has either completed the purchase of
826 service or is in the process of purchasing service terminates
827 before vesting, the member's contributions shall be refunded,
828 including the buyback contributions.

829 6. A request to purchase service may be made at any time
830 during the course of employment; however, the buyback is a one-
831 time opportunity.

832 7. A member who previously served as a police officer with
833 the City during a period of employment and for which accumulated
834 contributions were withdrawn from the Fund may recontribute such
835 withdrawn contributions plus interest from the date of
836 withdrawal to the date of repayment in accordance with
837 subsection (6).

838 8. A member may purchase up to 5 years of credited service
839 total for prior police or military service.

840 (b) Intervening military service.—In determining the
841 creditable service of any police officer, credit for up to 5
842 years of the time spent in the military service of the Armed

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843 Forces of the United States shall be added to the years of
 844 actual service without employee contribution, if:

845 1. The police officer is in the active employ of the
 846 municipality prior to such service and leaves a position, other
 847 than a temporary position, for the purpose of voluntary or
 848 involuntary service in the Armed Forces of the United States.

849 2. The police officer is entitled to reemployment under
 850 the provisions of the federal Uniformed Services Employment and
 851 Reemployment Rights Act.

852 3. The police officer returns to his or her employment as
 853 a police officer of the municipality within 1 year after the
 854 date of his or her release from such active service, except
 855 that, effective January 1, 2007, members who die or become
 856 disabled while on active duty military service shall be entitled
 857 to the rights of this section even though such member was not
 858 reemployed by the City. A member who dies or becomes disabled
 859 while on active duty military service shall be treated as though
 860 he or she were reemployed the day before he or she became
 861 disabled or died, were credited with the service he or she would
 862 have been entitled to under this section, and then either died a
 863 nonduty death while employed or became disabled from a nonduty
 864 disability.

865 (35)~~(36)~~ Reemployment after retirement.—

866 (a) Reemployment by public or private employer.—Any
 867 retiree who is retired under this Plan, except for disability

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868 retirement as previously provided for, may be reemployed by any
869 public or private employer, except the City, and may receive
870 compensation from that employment without limiting or
871 restricting in any way the retirement benefits payable under
872 this Plan. Reemployment by the City on or after August 1, 2008,
873 shall be subject to the limitations set forth in this section.

874 (b) Reemployment after normal retirement outside Police
875 Department.—Any retiree who is retired under normal retirement
876 pursuant to this Plan and who is reemployed by the City after
877 that retirement shall, upon being reemployed, continue receipt
878 of benefits, provided the retiree is not hired into the Police
879 Department. Upon reemployment, the retiree is eligible to
880 participate in the plan offered to new employees of that
881 department, and the retiree shall be deemed a new employee
882 subject to any vesting and contribution requirements of that
883 plan. The benefit paid under this Plan shall not be changed in
884 any way.

885 (c) Reemployment after normal retirement in Police
886 Department.—Any retiree who is retired after normal retirement
887 pursuant to this Plan shall not be reemployed by the Police
888 Department as a police officer or in any position that
889 supervises police officers. The pension of a retiree who is
890 reemployed by the Police Department as a police officer or in
891 any position that supervises police officers shall stop until
892 the member terminates employment. However, a retiree who is

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893 reemployed by the Police Department neither as a police officer
894 nor in any position that supervises police officers is eligible
895 to participate in the plan offered to new employees of that
896 employee classification, and the retiree shall be deemed a new
897 employee subject to any vesting and contribution requirements of
898 that plan. The benefit paid under this Plan shall not be changed
899 in any way.

900 (d) Reemployment of terminated vested persons.—Reemployed
901 terminated vested persons shall not be subject to the provisions
902 of this section until such time as they begin to actually
903 receive benefits but shall be subject to paragraph (9)(c). Upon
904 receipt of benefits, terminated vested persons shall be treated
905 as normal retirees for purposes of applying the provisions of
906 this section.

907 (e) DROP participants.—Members or retirees who were in the
908 deferred retirement option plan shall have the options provided
909 for in this section for reemployment after termination of
910 employment as if the retiree were a retiree under normal
911 retirement.

912 (36)~~(37)~~ Termination of the Plan.—Upon termination of the
913 Plan by the City for any reason, or because of a transfer,
914 merger, or consolidation of governmental units, services, or
915 functions as provided in chapter 121, Florida Statutes, or upon
916 written notice to the Board by the City that contributions under
917 the Plan are being permanently discontinued, the rights of all

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918 employees to benefits accrued to the date of such termination or
919 discontinuance and the amounts credited to the employees'
920 accounts are nonforfeitable. The Fund shall be distributed in
921 accordance with the following procedures:

922 (a) The Board shall determine the date of distribution and
923 the asset value required to fund all the nonforfeitable benefits
924 after taking into account the expenses of such distribution. The
925 Board shall inform the City if additional assets are required,
926 in which event the City shall continue to financially support
927 the Plan until all nonforfeitable benefits have been funded.

928 (b) The Board shall determine the method of distribution
929 of the asset value and whether distribution shall be by payment
930 in cash, by the maintenance of another or substituted trust
931 fund, by the purchase of insured annuities, or otherwise for
932 each police officer entitled to benefits under the Plan, as
933 specified in paragraph (c).

934 (c) The Board shall distribute the asset value as of the
935 date of termination in the manner set forth in this subsection
936 on the basis that the amount required to provide any given
937 retirement income is the actuarially computed single-sum value
938 of such retirement income, except that if the method of
939 distribution determined under paragraph (b) involves the
940 purchase of an insured annuity, the amount required to provide
941 the given retirement income is the single premium payable for
942 such annuity. The actuarial single-sum value may not be less

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943 | than the employee's accumulated contributions to the Plan, with
944 | interest if provided by the Plan, less the value of any Plan
945 | benefits previously paid to the employee.

946 | (d) If there is asset value remaining after the full
947 | distribution specified in paragraph (c), and after payment of
948 | any expenses incurred with such distribution, such excess shall
949 | be returned to the City, less the return to the state of the
950 | state's contributions, provided that if the excess is less than
951 | the total contributions made by the City and the state to date
952 | of termination of the Plan, such excess shall be divided
953 | proportionately to the total contributions made by the City and
954 | the state.

955 | (e) The Board shall distribute, in accordance with the
956 | manner of distribution determined under paragraph (b), the
957 | amounts determined under paragraph (c).

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