

HB 929

2022

1                   A bill to be entitled

2           An act relating to the City of West Palm Beach, Palm  
3           Beach County; amending ch. 24981 (1947), Laws of  
4           Florida, as amended; revising the definition of the  
5           term "salary"; providing that the definition does not  
6           include certain persons in a collective bargaining  
7           agreement; providing for retroactive restoration of  
8           the benefit accrual rate to 3 percent for all years of  
9           a member's service within a specified time period;  
10          conforming a provision to changes made by the act;  
11          providing that eligible members receive a lump-sum  
12          payment for accumulated leave payable upon retirement;  
13          providing exceptions; providing a directive to the  
14          Division of Law Revision; providing an effective date.

15  
16 Be It Enacted by the Legislature of the State of Florida:

17  
18          Section 1. Paragraph (q) of subsection (2), paragraph (a)  
19          of subsection (9), and paragraph (b) of subsection (31) of  
20          section 16 of chapter 24981 (1947), Laws of Florida, as amended  
21          by chapters 2012-259, 2017-207, and 2018-168, Laws of Florida,  
22          are amended to read:

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

24          (2) Definitions.—The following words or phrases, as used  
25          in this act, shall have the following meanings, unless a

26 | different meaning is clearly indicated by the context:

27 |       (q) "Salary" means the fixed monthly compensation paid to  
 28 | a member; compensation shall include those items as have been  
 29 | included as compensation in accordance with past practice.  
 30 | However, the term shall not be construed to include lump sum  
 31 | payments for accumulated leave. On and after January 1, 2003,  
 32 | salary shall mean total cash remuneration paid by the City to a  
 33 | police officer for services rendered excluding lump sum payments  
 34 | for accumulated leave such as accrued vacation leave, accrued  
 35 | sick leave, and accrued personal leave. Effective January 1,  
 36 | 2005, overtime hours earned and paid in excess of 400 hours in  
 37 | any 26 consecutive pay periods shall be excluded from the  
 38 | definition of salary. Effective prospectively from January 1,  
 39 | 2013, overtime hours earned and paid in excess of 300 hours in  
 40 | any 26 consecutive pay periods shall be excluded from the  
 41 | definition of salary.† Prior to January 1, 2005, all overtime  
 42 | hours earned and paid shall be included in the definition of  
 43 | salary and shall not be limited by any cap. This definition of  
 44 | compensation shall not include off-duty employment performed for  
 45 | vendors other than the City of West Palm Beach per Article 30,  
 46 | ~~Pension Plan~~ and Section 8 5 of the collective bargaining  
 47 | agreement between the Florida State Lodge, Fraternal Order of  
 48 | Police, Inc., Certified Unit No 1985 and Certified Unit No 1986,  
 49 | ~~Palm Beach County Police Benevolent Association~~ and the City of  
 50 | West Palm Beach. Beginning with salary paid after December 31,

51 2008, and pursuant to s. 414(u)(7) of the Internal Revenue Code,  
52 "salary" includes amounts paid by the City as differential wages  
53 to members who are absent from employment while in qualified  
54 military service.

55 (9) Retirement pension calculation.—

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

59 1.a. For all years of service earned after October 1,  
60 2017, the benefit is calculated using 3 percent of final average  
61 salary per year and fractional parts of the years of service up  
62 to a total of 26 years, plus 1 percent of the final average  
63 salary multiplied by the number of years, and fraction of a  
64 year, of credited service in excess of 26 years. For all years  
65 of service earned after October 1, 2011, and before October 1,  
66 2017, the benefit is calculated using 2.68 percent of final  
67 average salary per year and fractional parts of the years of  
68 service and is included in the 26-year limitation. This change  
69 in the multiplier was due to the change in assumptions in a  
70 prior version of this special act. This reduction is required by  
71 this paragraph. For years of service earned before October 1,  
72 2011, the benefit will be calculated under the provisions of the  
73 applicable subparagraphs 2.-4. For purposes of determining the  
74 26-year limitation, the member's total number of years of  
75 credited service are used, regardless of whether the multiplier

76 is 3 percent or 2.68 percent. In no event shall the benefit be  
77 less than 2.75 percent per year of credited service.

78 b. Beginning upon the effective date of this act, the  
79 benefit accrual rate of 2.68 percent as described in sub-  
80 subparagraph 1.a. will be retroactively restored to 3 percent  
81 for all years of a member's service between October 1, 2011, and  
82 October 1, 2017, provided that the member retires or enters DROP  
83 after the effective date of this act. This benefit is not  
84 available to members who retired, including entry into DROP,  
85 prior to the effective date of this act.

86 2. A member who has more than or equal to 12 years and 6  
87 months of service at October 1, 1999, and who was actively  
88 employed by the Department on or after October 1, 1999, shall  
89 receive a benefit equal to 3 percent of final average salary  
90 multiplied by the number of years, and fraction of a year, of  
91 credited service earned from April 1, 1987, to September 30,  
92 2011, plus 2.5 percent of final average salary multiplied by the  
93 number of years, and fraction of a year, of credited service  
94 earned prior to April 1, 1987, up to a total of 26 years, plus 1  
95 percent of the final average salary multiplied by the number of  
96 years, and fraction of a year, of credited service which is in  
97 excess of 26 years. In no event shall the benefit be less than  
98 2.75 percent per year of credited service. For all years of  
99 service after October 1, 2011, the benefit will be calculated in  
100 accordance with subparagraph 1.

101           3. A member who has less than 12 years and 6 months of  
102 service on October 1, 1999, and who was actively employed by the  
103 Department on or after October 1, 1999, shall receive a benefit  
104 equal to 3 percent of final average salary multiplied by the  
105 number of years, and fraction of a year, of credited service up  
106 to September 30, 2011, plus 1 percent of the final average  
107 salary multiplied by the number of years, and fraction of a  
108 year, of credited service which is in excess of 26 years. In no  
109 event shall the benefit be less than 2.75 percent per year of  
110 credited service. For all years of service after October 1,  
111 2011, the benefit will be calculated in accordance with  
112 subparagraph 1.

113           4. A member who terminated employment, retired on a vested  
114 deferred benefit, or retired on or before October 1, 1999, shall  
115 receive a benefit equal to the greater of the following:

116           a. Two and one-half percent of final average salary  
117 multiplied by the number of years, and fraction of a year, of  
118 credited service not to exceed 26 years, plus 1 percent of the  
119 final average salary multiplied by the number of years, and  
120 fraction of a year, of credited service which is in excess of 26  
121 years; or

122           b. The sum of the following:

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

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

129  
 130 To the extent that the benefit accrual factor is less than 3  
 131 percent for active members with less than 12 years and 6 months  
 132 of service on October 1, 1999, the supplemental pension  
 133 distribution calculation under subparagraph (12) (a)2. shall be  
 134 adjusted for employees who retire or enter the DROP after  
 135 October 1, 1999. The adjustment shall be to decrease the minimum  
 136 return of 8.25 percent needed to afford the supplemental pension  
 137 distribution, where the amount of the reduction is zero if an  
 138 employee has been credited with 12 years and 6 months of service  
 139 or more with the 3-percent benefit accrual factor or 1.25  
 140 percent if an employee has been credited with no more than a  
 141 2.5-percent benefit accrual factor. If an employee has been  
 142 credited with less than 12 years and 6 months of service at the  
 143 3-percent benefit accrual factor, then the accumulated amount  
 144 over 2.5 percent for each year of service divided by one-half  
 145 percent divided by 12.5 subtracted from 1 multiplied by 1.25  
 146 percent is the reduction from 8.25 percent. An example of the  
 147 calculation of the minimum return for the supplemental pension  
 148 distribution as herein described is set forth in the collective  
 149 bargaining agreement between the City of West Palm Beach and the  
 150 Florida State Lodge, Fraternal Order of Police, Inc., Certified

151 Unit No 1985 and Certified Unit No 1986, October 1, 2021, to  
 152 September 30, 2024 ~~Police Benevolent Association, Certified Unit~~  
 153 ~~No. 145 and Certified Unit No. 825, October 1, 1998-September~~  
 154 ~~30, 2001.~~

155  
 156 Effective October 1, 2011, the assumed investment rate of return  
 157 was lowered from 8.25 percent to 8 percent, which resulted in a  
 158 reduction in the benefit multiplier to 2.68 percent for all  
 159 prospective years of service, up to 26 years of service in  
 160 total, and 1 percent for each year of service after 26.  
 161 Additionally, for any supplemental pension distributions  
 162 subsequent to October 1, 2011, the revised factors in this  
 163 paragraph will be applied.

164 (31)

165 (b) Transfer of accumulated leave.—

166 1. Members who are eligible to receive a lump-sum payment  
 167 for accumulated leave payable upon retirement including entry  
 168 into DROP, but neither vested termination nor non-vested  
 169 termination, ~~separation~~ and who have funds remaining after the  
 170 contributions to the health savings account as required by the  
 171 collective bargaining agreement shall have the remaining leave  
 172 payment transferred to the Fund up to the amount permitted by  
 173 law. Any additional amounts shall be paid directly to the  
 174 member. Members on whose behalf leave has been transferred shall  
 175 maintain the entire amount of the transferred leave balance in

176 the DROP or Share Account.

177       2. If a member on whose behalf the City makes a  
178 transferred leave balance to the Plan dies after retirement or  
179 other separation, then any person who would have received a  
180 death benefit had the member died in service immediately prior  
181 to the date of retirement or other separation shall be entitled  
182 to receive an amount equal to the transferred leave balance in a  
183 lump sum. In the case of a surviving spouse or former spouse, an  
184 election may be made to transfer the leave balance to an  
185 eligible retirement plan in lieu of the lump sum payment.  
186 Failure to make such an election by the surviving spouse or  
187 former spouse within 60 days after the member's death shall be  
188 deemed an election to receive the lump sum payment.

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

191       4. Amounts transferred under this section shall remain  
192 invested in the Fund for a period of not less than 1 year.

193       Section 2. The Division of Law Revision is directed to  
194 replace the phrase "the effective date of this act" wherever it  
195 occurs in this act with the date this act becomes a law.

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