

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: [HB 4063](#)

TITLE: West Palm Beach Police Pension Fund - Special

Act Amendment

SPONSOR(S): Tendrich

Committee References

[Intergovernmental Affairs](#)

17 Y, 0 N

[Government Operations](#)

[State Affairs](#)

SUMMARY

Effect of the Bill:

The bill revises provisions of the West Palm Beach Police Pension Fund to reflect an agreement between the Florida State Lodge, Fraternal Order of Police, Inc. and the City of West Palm Beach. Specifically, the bill:

- Revises benefit accrual rates;
- Updates actuarial information used to calculate the value of future pension payments to current pensioners;
- Revises procedures for reviewing denials of benefits;
- Increases the maximum amount of lump sum payouts for retirement accounts with small balances;
- Revises procedures for purchasing service credits to reflect changes in federal law; and
- Makes clarifying changes to certain procedures and duties of the Fund's board.

Fiscal or Economic Impact:

The Economic Impact Statement submitted for the bill estimates the bill will cost the City of West Palm Beach \$2,133,940 in the first two years after the bill takes effect.

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ANALYSIS

EFFECT OF THE BILL:

The bill revises provisions of the [West Palm Beach Police Pension Fund](#) (Fund) to reflect an agreement between the Florida State Lodge, Fraternal Order of Police, Inc. and the City of West Palm Beach.¹ The bill provides a benefit accrual rate of 3.2 percent for all years of service, up to a total of 26 years, for retirements on and after October 1, 2026.² For service in excess of 26 years, retired members are eligible for a benefit of 1 percent of their final average salary multiplied by the number of additional years of service.³ The bill also provides that members who are active on September 30, 2026 will receive at least the benefit accrued as of that day, with a minimum of 2.75 percent per year of credited service. (Section [1](#))

The bill removes the requirement that the value of future pension payments to current pensioners be calculated using an interest rate of 7 percent a year compounded annually. The bill also removes the requirement that the mortality table used in the actuarial present value of future pension payments to current pensioners be approved by the board of trustees. Rather, the actuarial present values will be calculated using the interest rate and mortality table used in the most recent actuarial report required by law.⁴ (Section [1](#))

¹ Letter from Bonni S. Jensen, legal counsel for the Board, to Representative John Snyder, Chair, Palm Beach County Delegation, [Re: West Palm Beach Police Pension Fund Letter of Intent](#) (Oct. 10, 2025) (last visited Jan. 13, 2026).

² For all years of service earned after October 1, 2017, the benefit accrual rate is currently 3 percent of final average salary per year.

³ This benefit is not available to members who terminated or retired, including entry into DROP, prior to October 1, 2026.

⁴ Chapter 112, Part VII, F.S.

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The bill revises the maximum review time for the Board of Trustees to hold a hearing on an appeal of a denial of benefits from 45 days to 90 days to allow for discovery of records and witnesses. The bill also allows for notice of an appeal hearing to be delivered to an applicant electronically rather than through certified mail. The bill revises additional appeal hearing procedures and changes the time to grant or deny benefits following a hearing from 5 days to 10 days. (Section [1](#))

The bill revises the definitions of "actuarial equivalent value," "actuarial equivalence," or "single sum value" to refer to the interest rate and mortality table projected with mortality improvement to the year of retirement.⁵ The bill also removes blue collar and white collar adjustments to mortality rates. (Section [1](#))

The bill increases the threshold for beneficiaries receiving a single lump sum payment of a small account balance from \$1,000 to \$7,000. The bill revises a member's annual benefit maximum from \$160,000 to \$280,000 in 2025, adjusted for cost of living. (Section [1](#))

The bill adds a section regarding service credit purchase limits to the existing Internal Revenue Code limits.⁶ These limits clarify the conditions that must be met if a member purchases permissive service credit. The bill also removes the existing requirements for required distributions and adds a section regarding the minimum distribution of benefits, including general rules and the time and manner of distribution requirements. (Section [1](#))

The bill makes several clarifications to the Fund charter, including the following:

- Revises definition of "beneficiary" includes retirants and beneficiaries are entitled to receive a benefit upon the death of a retirant;
- Clarifies that overtime hours earned and paid prior to January 1, 2005 are include in the definition of salary without any cap.
- Provides that the board of trustees has the discretion to determine whether any individual provider meets educational and professional requirements for a qualified health professional;
- Revises the definition of "salary" means the total cash remuneration paid to a police officer for services rendered, excluding lump sum payments for accumulated leave;⁷
- Provides the board may employ a bookkeeper to create and maintain the financial statements for the fund;
- States that members are eligible for vested deferred retirement benefits if they are not eligible for any other retirement benefit at the time of termination;⁸
- Provides that no member may make any change in his or her retirement option after the date of the first Deferred Retirement Option Plan (DROP) deposit or after cashing or depositing their first retirement check;⁹
- Allows for periodic partial lump sum withdrawals from DROP accounts and Ch. 189 Share Accounts until the entire balance is exhausted;
- Provides that the same duty related presumptions regarding permanent disability apply to the determination of whether a member's death arises out of the performance of duty;
- Restricts the ability to roll over all or a part of their interest in another qualified plan to active members; and
- Provides that members with prior police or military service purchasing credit for service must make payments to the plan which is at least equal to the then-current member contributions. (Section [1](#))

⁵ A specific mortality table, the *RP-2000 Mortality Table for annuitants with future improvements in mortality projected to 2017 using Scale BB*, was removed from the definitions.

⁶ Service credits are the total number of years of employment of any police officer when not employed by the city.

⁷ The bill also includes technical revisions to the definition of compensation.

⁸ The bill also provides that a terminated vested member must be at least age fifty and with at least twenty years of credited service or be age fifty-five and with at least ten years of credited service in order to avoid early retirement reductions.

⁹ The bill also clarifies that members who are rehired or reinstated under certain conditions are entitled to reinstatement for share account funding.

The bill provides an effective date of upon becoming a law. (Section [2](#))

FISCAL OR ECONOMIC IMPACT:

LOCAL GOVERNMENT:

According to the bill's Economic Impact Statement, the City of West Palm Beach's required contribution to the Police Pension Fund in the first year would increase by \$1,048,069. In the second year, the required contribution is estimated to be \$1,085,871 due to the actuarial assumptions used to fund the pension plan.¹⁰ The total estimated cost to the City of West Palm Beach for the first two years is \$2,133,940. The total City of West Palm Beach contribution to the pension fund during the fiscal year ending September 30, 2024 was \$5,798,628.¹¹

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Florida Protection of Public Employee Retirement Benefits Act¹²

A governmental entity responsible for a publicly funded retirement or pension system may not increase benefits without an actuarially sound funding scheme.¹³ The Florida Protection of Public Employee Retirement Benefits Act (Benefits Act)¹⁴ establishes minimum standards for the operation and funding of public employee retirement systems and plans and applies to all retirement or pension plans for public employees that are funded in whole or in part by public funds.¹⁵ The Benefits Act requires that such retirement plans be managed, administered, operated, and funded to maximize the protection of public employee retirement benefits.¹⁶ Special laws conflicting with the Benefits Act are prohibited.¹⁷

The Benefits Act requires the Department of Management Services (DMS) to gather and maintain data, receive and comment on actuarial review, and provide technical assistance to local government retirement systems.¹⁸ DMS must submit annual report on all retirement systems, including local government retirement systems, to the President of the Senate and the Speaker of the House of Representatives.¹⁹

Local governments cannot change a retirement or pension plan benefit without submitting a statement of the actuarial impact of the proposed change to DMS.²⁰ The statement must indicate that the proposed change complies with the law pertaining to the administration of funds and the amortization of unfunded liability.²¹

Municipal Police Pensions

Municipal police pension plans are governed by the Marvin B. Clayton Police Officers Pension Trust Fund Act (Clayton Act).²² The Clayton Act was enacted to encourage cities to create police pension plans by providing access

¹⁰ The definition of actuarial equivalence was updated to refer to the interest rate and mortality table used in the fund's latest actuarial valuation.

¹¹ West Palm Beach Police Pension Fund, *Annual Actuarial Valuation as of September 30, 2024*, p. A-3 (last visited Jan. 13, 2026).

¹² Ch. 112, Part VII, F.S.

¹³ See [art. X, s. 14, Fla. Const.](#); [s. 112.62, F.S.](#)

¹⁴ Ch. 112, Part VII, F.S.

¹⁵ [S. 112.62, F.S.](#)

¹⁶ [S. 112.61, F.S.](#)

¹⁷ See [s. 112.67, F.S.](#), and [art. III, s. 11\(a\)\(21\), Fla. Const.](#)

¹⁸ [S. 112.665\(1\)\(a\)-\(c\), F.S.](#)

¹⁹ [S. 112.665\(1\)\(d\), F.S.](#)

²⁰ [S. 112.63\(3\), F.S.](#)

²¹ [S. 112.63\(3\), F.S.](#)

²² [S. 185.015, F.S.](#); see generally Ch. 185, F.S.

to premium tax revenues.²³ The Clayton Act sets forth minimum benefits and minimum standards for the operation and funding of municipal police pensions, which cannot be reduced by local ordinance or by special act of the Legislature, or reduced or offset by any other local, state, or federal plan that includes police officers in its operation. These minimum benefits and minimum standards must be met before the plan or plan sponsor can receive premium tax revenues.

Local police pension plans created pursuant to the Clayton Act are funded by several categories of sources:

- Net proceeds from an excise tax levied by a municipality upon casualty insurance companies (known as the premium tax);²⁴
- Employee contributions;²⁵
- Employer contributions;²⁶ and
- Other revenue sources.²⁷

Under the Clayton Act, participating cities are eligible to receive annual distributions of state premium tax collections on property and casualty insurance policies written within the city limits of the participating plan.²⁸ The amount of premium taxes collected is 0.85 percent of all casualty insurance premiums written within the city limits of the participating plan.²⁹ The tax is payable to the Department of Revenue and then transferred to the appropriate fund at the DMS, Division of Retirement. These funds are available for distribution to the participating pension plans on an annual basis, once the plan has been determined to be in compliance with all applicable statutory requirements. The day-to-day operational control of the funds are vested in the respective boards of trustees created at the local level, subject to regulatory oversight by the Division of Retirement.

Minimum standards require normal retirement for police officers at age 55 with 10 years of service, or age 52 with 25 years of service.³⁰ The benefit formula must provide at least a 2.75 percent retirement benefit for each year of service, multiplied by average final compensation (based on the five highest of the last 10 years' pay). The default employee contribution under the Clayton Act is 5 percent of salary, but the percentage may be adjusted.³¹ A municipality may elect to make an employee's contributions, but the employee must still contribute at least 0.5 percent of his or her salary.³² Rates may also be increased above 5 percent, subject to the consent of members' collective bargaining representative or, if none, by majority consent of the police officer members of the fund.³³

West Palm Beach Police Pension Fund

The West Palm Beach Police Pension Fund (Fund) was established by the Legislature in 1947,³⁴ and was most recently amended in 2022.³⁵ Participation in the Fund is required as a condition of employment.³⁶ The Fund provides for retirement, death, and disability benefits. In addition, the Fund is subject to provisions of Chapter 185, Florida Statutes. The Fund is governed by a five-member Board of Trustees, which is comprised of two police officers, two city residents, and a fifth member elected by the other four members.

²³ [S. 185.01\(2\), F.S.](#)

²⁴ [Ss. 185.07\(1\)\(a\)](#) and [185.08\(1\)\(a\), F.S.](#)

²⁵ [S. 185.07\(1\)\(b\), F.S.](#)

²⁶ [S. 185.07\(1\)\(d\), F.S.](#)

²⁷ [S. 185.07\(1\)\(c\), \(e\)-\(g\), F.S.](#) These include fines and forfeitures paid by police officers for rules violations, donations to the fund, interest and dividends paid on the funds by the bank, and other sources of income as authorized by law.

²⁸ Department of Management Services, [Municipal Police and Fire Plans Overview](#) (last visited Jan. 13, 2026).

²⁹ [S. 185.08\(1\)\(a\), F.S.](#)

³⁰ Department of Management Services, [Municipal Police and Fire Plans Overview](#) (last visited Jan. 13, 2026).

³¹ Ss. [185.07\(1\)\(b\)](#) and [185.07\(2\), F.S.](#)

³² [S. 185.07\(2\)\(a\), F.S.](#)

³³ [S. 185.07\(2\)\(b\), F.S.](#)

³⁴ Ch. 47-24981, s. 10, Laws of Fla.

³⁵ [Ch. 2022-238, Laws of Fla.](#)

³⁶ West Palm Beach Police Pension Fund, [Financial Statements \(Sept. 30, 2024\)](#), p. 6 (last visited Jan. 13, 2026).

A participant may retire with normal benefits after reaching age 50 with 20 or more years of service; age 55 with 10 or more years of service; or any age with 25 or more years of continuous service. Benefits are based on the participant's final average salary, years of service, and a pension multiplier.³⁷ Early retirement benefits are payable at a reduced amount for participants attaining age 50 with 10 or more years of service.

As of September 30, 2024, there were 246 active members and 344 retirees and beneficiaries.³⁸ In addition, the fund offers a Deferred Retirement Option Plan (DROP), which has 212 participants (active and retired) and a Share Plan with 583 members (active and retired). The combined plan assets are in excess of \$492,806,350.

Effective October 1, 2014, the member contribution rate is 11 percent of salary.³⁹ As of September 30, 2024, the Fund's fiduciary net position was 86.19 percent of the total pension liability.⁴⁰ The Fund's proposed administrative budget for fiscal year 2025-26 was \$770,945.⁴¹ The Fund currently expects a 7 percent rate of return of its assets.⁴² During the 2023-2024 fiscal year, the Fund saw a 3.83 percent return in the actuarial value of its assets and a 20.23 percent return in the market value of its assets.⁴³

Local Bill Forms

The Florida Constitution prohibits the passage of any special act unless a notice of intention to seek enactment of the bill has been published as provided by general law or the act is conditioned to take effect only upon approval by referendum vote of the electors in the area affected.⁴⁴ A legal advertisement of the proposed bill must be placed in a newspaper of general circulation or published on a publicly accessible website⁴⁵ at least 30 days prior to the introduction of the local bill in the House or Senate.⁴⁶ The bill was noticed in the [Palm Beach Post on November 18, 2025](#).

The House local bill policy requires a completed and signed Local Bill Certification Form and Economic Impact Statement Form be filed with the Clerk of the House at the time the local bill is filed or as soon thereafter as possible.⁴⁷ Under the policy, a committee or subcommittee may not consider a local bill unless these forms have been filed. The following forms have been submitted for the bill:

- [Local Bill Certification Form](#)
- [Economic Impact Statement Form](#)

³⁷ Final average salary is the average monthly salary paid to a participant during the 3 years of credited service producing the highest average.

³⁸ West Palm Beach Police Pension Fund, [Home Page](#) (last visited Jan. 13, 2026).

³⁹ West Palm Beach Police Pension Fund, [Annual Actuarial Valuation as of September 30, 2024](#), p. B-2 (last visited Jan. 13, 2026).

⁴⁰ West Palm Beach Police Pension Fund, [Financial Statements \(Sept. 30, 2024\)](#), p. 23 (last visited Jan. 13, 2026).

⁴¹ West Palm Beach Police Pension Fund, [Budget of Administrative Expenses](#), (last visited Jan. 13, 2026).

⁴² West Palm Beach Police Pension Fund, [Annual Actuarial Valuation as of September 30, 2024](#), p. C-4 (last visited Jan. 13, 2026).

⁴³ Department of Management Services, [Florida Local Government Retirement Systems 2025 Annual Report](#), Appendix E, p. 304, Dec 15, 2025.

⁴⁴ [Art. III, s. 10, Fla. Const.](#)

⁴⁵ [S. 50.0311\(2\), F.S.](#)

⁴⁶ [S. 11.02, F.S.](#) If there is no newspaper circulated throughout or published in the county and no publicly accessible website has been designated, notice must be posted for at least 30 days in at least three public places in the county, one of which must be at the courthouse.

⁴⁷ Intergovernmental Affairs Subcommittee, [Local Bill Policies and Procedures Manual](#), p. 11 (last visited Jan. 13, 2026).

RECENT LEGISLATION:

YEAR	BILL #/SUBJECT	HOUSE/SENATE SPONSOR(S)	OTHER INFORMATION
2022	HB 929 - City of West Palm Beach, Palm Beach County	Silvers	Became a law on May 6, 2022.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Intergovernmental Affairs Subcommittee	17 Y, 0 N	1/20/2026	Darden	Hilliard
Government Operations Subcommittee				
State Affairs Committee				