

House Bill No. 1623

An act relating to the City of West Palm Beach, Palm Beach County; amending chapter 24981, Laws of Florida, as amended, relating to the West Palm Beach Police Pension Fund; revising the definition of actuarial equivalent value, actuarial equivalence, and single sum value; amending provisions for supplemental pension distributions; revising provisions of the deferred retirement option plan; providing additional exclusion from disability pensions; revising provisions for fund investments; revising provisions of lump-sum payment of small retirement income; providing for rollovers from qualified plans; providing for retroactive effect; providing an effective date.

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

Section 1. Paragraph (a) of subsection (2) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

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

(a) “Actuarial equivalent value,” “actuarial equivalence,” or “single sum value” means the stated determination using an interest rate of 7 percent per year and the 1983 ~~1971~~ Group Annuity Mortality Table ~~for males~~.

Section 2. Effective upon this act becoming a law and operating retroactively to September 30, 1998, subsection (12) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

(12) Supplemental pension distribution.—

(a) The board of trustees shall annually authorize a supplemental pension distribution, the amount of which shall be determined as of each September 30. The amount of the distribution shall be equal to the actuarial present value of future pension payments to current pensioners, multiplied by the positive difference, if any, between the rate of investment return (not to exceed 9 percent) and 7 percent plus one-half of any investment earnings over 9 percent. The actuary shall determine whether there may be a supplemental pension distribution based on the following factors:

1. The actuary for the pension fund shall determine the rate of investment return earned on the pension fund assets during the 12-month period ending each September ~~30~~ 30th. The rate determined shall be the rate reported in the most recent actuarial report submitted pursuant to part VII of chapter 112, Florida Statutes.

2. The actuary for the pension fund shall, as of September 30, determine the actuarial present value of future pension payments to current pensioners. The actuarial present values shall be calculated using an interest rate of 7 percent a year compounded annually and a mortality table as approved by the board of trustees and as used in the most recent actuarial report submitted pursuant to part VII of chapter 112, Florida Statutes.

3. The supplemental pension distribution amount shall not exceed accumulated net actuarial experience from all pension liabilities and assets. If the net actuarial experience is favorable, cumulatively, commencing with the experience for the year ended September 30, 1991, after offset for all prior supplemental distributions, the supplemental distribution may be made. If the net actuarial experience is unfavorable, cumulatively, commencing with the experience for the year ended September 30, 1991, after offset for all prior supplemental distributions, no supplemental distribution may be made, and the city must amortize the loss until it is offset by cumulative favorable experience.

If an actuarial report submitted as provided in this paragraph is not state accepted prior to distribution, and if a deficiency to the pension fund results, the deficiency shall be made up from the next available supplemental pension distribution, unless sooner made up by agreement between the board of trustees and the city. No such deficiency shall be permitted to continue for a period greater than 3 years from the date of payment of the supplemental distribution which resulted in the deficiency.

(b) If the actuary determines there may be a supplemental distribution, the board of trustees shall authorize a "supplemental pension distribution," unless the administrative expenses of distribution exceed the amount available for the distribution.

(c) Eligible persons are:

1. Pensioners.
2. Surviving spouses.
3. Surviving dependent children.
4. Pensioners' estates.

(d) The supplemental pension distribution shall be allocated among eligible persons, based upon years of service in the proportion that the eligible person's years of service bear to the aggregate amount of years of service of all eligible persons. Allocations for surviving spouses and surviving dependent children who are eligible to receive supplemental pension distributions shall be 66 ⅔ percent of the years of service earned by the pensioner. Maximum service credits shall be 25 years. Allocations for duty-disability pensioners shall be based upon 25 years of service. Allocations for duty-death beneficiaries (surviving spouse and surviving dependent children) shall be based upon 66 ⅔ percent of 25 years of service.

(e) The supplemental pension distribution shall be made as of April 1, 1992, and each April 1 thereafter. Each eligible person shall be paid his or her allocated portion from the preceding September 30. Eligible persons retired for less than 1 year are entitled to a pro rata share of their supplemental pension distribution based on number of months retired. A pensioner's estate is entitled to a pro rata share of the deceased retirant's supplemental pension distribution based on the number of months that the deceased retirant received a pension during the year ending the September 30 prior to the retirant's death.

Section 3. Paragraph (a) of subsection 13 of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

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

(a) Eligibility to participate in the DROP.—

1. Any member who is eligible to receive an early or normal retirement pension and who has either attained age 50, regardless of credited service, or completed between 25 and 30 years of credited service, may participate in the DROP. Members shall elect to participate by applying to the board of trustees on a form provided for that purpose.

2. Election to participate shall be forfeited if not exercised within the first 27 years of combined credited service. However, participation in the first years of enactment will be extended to those members with 28 years of service in 1992.

3. A member shall not participate in the DROP beyond the time of attaining 30 years of service and the total years of participation in the DROP shall not exceed 5 years. For example:

a. Members with 25 years of credited service at time of entry shall ~~only~~ participate for only 5 years.

b. Members with 26 years of credited service at time of entry shall ~~only~~ participate for only 4 years.

c. Members with 27 years of credited service at time of entry shall ~~only~~ participate for only 3 years.

4. Upon a member's election to participate in the DROP, he or she shall cease to be a member and shall no longer accrue any benefits under the pension fund. For all fund purposes, the member becomes a retirant. The amount of credited service and final average salary shall freeze as of the date of entry into the DROP.

5. Notwithstanding any provision of this section to the contrary, the police chief of the department may, at his or her option, extend his or her participation in the DROP beyond 5 years or 30 years of total service. For purposes of this subsection, "police chief" means a member who has been promoted from police officer through the ranks of the department to the

position of police chief. Any such police chief shall not participate in the DROP beyond the attainment of 33 years of service, and the total years of participation in the DROP shall not exceed 8 years.

Section 4. Paragraph (b) of subsection (16) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

(16) Conditions applicable to all disability retirants.—

(b) Exclusions from disability pensions.—No disability pension shall be payable, either as a duty disability or as a nonduty disability, if the disability is a result of:

1. Excessive and habitual use by the member of drugs, intoxicants, or narcotics;

2. Injury or disease sustained by the member while willfully and illegally participating in fights, riots, or civil insurrections or while committing a crime;

3. Injury or disease sustained by the member while serving in any armed forces;

4. Injury or disease sustained by the member after his or her employment has terminated;

5. Injury or disease sustained by the member while working for anyone other than the city and arising out of such employment; or.

6. Injury or disease sustained by the member before employment with the city begins. This subparagraph applies only in the event of a duty injury or disease.

Section 5. Paragraph (b) of subsection (21) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

(21) Investments.—

(b) Maximum uninvested cash; minimum investment standards.—No more than 10 percent of the assets of the fund shall be held in cash or in noninterest-bearing deposits. The following minimum investment standards shall govern the eligibility for the purchase of securities:

1. All corporate and association securities and mutual funds shall be issued by a corporation or other legal person incorporated or otherwise organized within the United States and domiciled therein except as otherwise permitted by s. 185.06, Florida Statutes.

2. Not more than 10 percent of the total fund principal at market value may be invested in any issuing company, other than United States Government or United States Government agency obligations.

3. All bonds, stocks, or other evidence of indebtedness shall be issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided ~~further~~, that the corporation is listed on any one or more of the recognized national stock exchanges and, with regard to bonds only, holds shall hold a rating in one of the three highest classifications by a major rating service. Said bonds and preferred stocks that are convertible into common stocks shall be considered common stocks, and the purchase of same shall be limited by the provisions of subparagraph (a)5.

4. The board shall be required to engage the services of professional investment counsel to assist and advise the trustees in the performance of their duties.

Section 6. Subsection (27) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, is amended to read:

Section 16. West Palm Beach Police Pension Fund.—

(27) Lump sum payment of small retirement income.—Notwithstanding any provision of the fund to the contrary, if the monthly retirement income payable to any person entitled to benefits hereunder is less than \$30 or if the single sum value of the accrued retirement income is less than \$5,000 ~~\$3,500~~ as of the date of retirement or termination of service, whichever is applicable, the board of trustees, in the exercise of its discretion, may specify that the actuarial equivalent of such retirement income be paid in lump sum.

Section 7. Subsections (31) and (32) of section 16 of chapter 24981, Laws of Florida, 1947, as amended, are renumbered as subsections (32) and (33), respectively, and a new subsection (31) is added to said section to read:

Section 16. West Palm Beach Police Pension Fund.—

(31) Rollovers from qualified plans.—A member may roll over all or a part of his or her interest in another qualified plan to the fund, provided all of the following requirements are met:

(a) Some or all of the amount distributed from the other plan is rolled over to this plan no later than the 60th day after distribution was made from the plan or, if distributions are made in installments, no later than the 60th day after the last distribution was made.

(b) The amount rolled over to this fund does not include any amount contributed by the member to the plan on a post-tax basis.

(c) The rollover is made in cash.

(d) The member certifies that the distribution is eligible for a rollover.

(e) Any amount which the trustee accepts as a rollover to this fund shall, along with any earnings allocated to them, be fully vested at all times.

The rollover may also be made to this plan from an individual retirement account qualified under s. 408 of the Internal Revenue Code when the individual retirement account was merely used as a conduit for funds from another qualified plan and the rollover is made in accordance with the rules provided in paragraphs (a)-(e). Amounts rolled over may be segregated from other fund assets. The trustees shall separately account for gains, losses, and administrative expenses of these rollovers as provided for in subsections (11) and (13). In addition, the fund may accept the direct transfer of a member's benefits from another qualified retirement plan. The fund shall account for direct transfers in the same manner as a rollover and shall obtain certification from the member that the amounts are eligible for a rollover or direct transfer to this fund.

Section 8. This act shall take effect October 1, 1999, and shall apply retroactively to October 1, 1998.

Approved by the Governor June 4, 1999.

Filed in Office Secretary of State June 4, 1999.