

House Bill No. 801

An act relating to the City of West Palm Beach, Palm Beach County; amending the West Palm Beach Firefighters Pension Fund to provide for optional methods of crediting investment earnings to chapter 175, Florida Statutes, share accounts and DROP accounts; providing an effective date.

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

Section 1. Subparagraph 3. of paragraph (j) of subsection (5) of section 17 of chapter 24981, Laws of Florida, 1947, as amended by chapter 2002-360, Laws of Florida, is amended to read:

Section 17. West Palm Beach Firefighters Pension Fund.—

(5) Service pension.—

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

3. Annual allocation of accounts.—

a. Moneys shall be credited to each individual member account in an amount directly proportionate to the number of pay periods for which the member was paid compared to the total number of pay periods for which all members were paid, counting the pay periods in the calendar year preceding the date for which chapter 175, Florida Statutes, tax revenues were received.

b. At the end of each fiscal year (September 30), each individual account shall be adjusted to reflect the earnings or losses resulting from investment, as well as reflecting costs, fees, and expenses of administration.

c. Effective October 1, 2002, vested participants have the option to select one of three methods to credit investment earnings to their account. The method may be changed each year effective October 1; however, the method must be elected prior to October 1. The methods are:

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

(II) A fixed annual rate of 8.25 percent; or

(III) A percentage of the share account assets to be credited with earnings or losses in accordance with sub-sub-subparagraph (I) and a corresponding percentage of the share account assets credited in accordance with

sub-sub-subparagraph (II). The combined total percentage invested under this sub-sub-subparagraph must equal 100 percent.

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

e. If the entire balance of the individual member account is withdrawn before September 30 of any year, there shall be no adjustment made to that individual member account to reflect either investment earnings or losses or costs, fees, and expenses of administration.

Section 2. Subparagraph 2. of paragraph (k) of subsection (5) of section 17 of chapter 24981, Laws of Florida, 1947, as amended by chapter 2002-360, Laws of Florida, is amended to read:

Section 17. West Palm Beach Firefighters Pension Fund.—

(5) Service pension.—

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

2. Amounts payable upon election to participate in the DROP.—

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

b. Effective October 1, 2002, participants have the option to select one of three methods to credit investment earnings to their account. Investment earnings shall be credited on a quarterly basis. The method may be changed each year effective October 1; however, the method must be elected prior to October 1. The methods are:

~~(I) Earnings Payments to the DROP earn interest using the rate of investment return earned on Pension Fund assets as reported by the Fund's investment monitor. DROP assets are commingled with the Pension Fund assets for investment purposes;~~

(II) A fixed rate of 8.25 percent; or

(III) A percentage of the DROP account assets to be credited with earnings or losses in accordance with sub-sub-subparagraph (I) and a corresponding percentage of the DROP account assets credited in accordance

with sub-sub-subparagraph (II). The combined total percentage invested under this sub-sub-subparagraph must equal 100 percent.

However, if a member does not terminate employment at the end of participation in the DROP, interest credit shall cease on the ~~current balance and on all future DROP deposits.~~

c. No payments shall be made from the DROP until the member terminates employment with the Department.

d. Upon termination of employment, participants in the DROP shall receive the balance of the DROP account in accordance with the following rules:

(I) Members may elect to begin to receive payment upon termination of employment or defer payment of the DROP until the latest day under sub-sub-subparagraph (III).

(II) Payments shall be made in either:

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

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

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

(III) Any form of payment selected by a member must comply with the minimum distribution requirements of the IRC 401(A)(9), and are subject to the requirements of subsection (19).

(IV) The beneficiary of the DROP participant who dies before payments from DROP begin shall have the same right as the participant in accordance with subsection (7).

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

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

Approved by the Governor June 23, 2003.

Filed in Office Secretary of State June 23, 2003.