

CHAPTER 2017-207

Committee Substitute for House Bill No. 1135

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board of trustees; adding provision for physical for determining preexisting conditions; adding procedure for returning withdrawn contributions upon rehire or reinstatement to employment; adding normal retirement age for retirement based on years of service; deleting obsolete retirement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

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

Section 1. Subsection (2), paragraph (a) of subsection(3), paragraph (b) of subsection (5), subsection (6), paragraph (a) of subsection (8), subsection (9), paragraph (b) of subsection (13), paragraph (c) of subsection (17), and subsections (34)-(37) of section 16 of chapter 24981 (1947), Laws of Florida, as amended by chapter 2012-259, Laws of Florida, are amended, and paragraph (g) is added to subsection (3), 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) “Accrued benefit” means the amount of a member’s pension as of a specified date determined in accordance with the terms of the pension plan, whether or not the member is eligible to access it.

(b)(a) “Actuarial equivalent value,” “actuarial equivalence,” or “single sum value” means the stated determination using an interest rate of ~~8.00~~ 8.25 percent per year and the RP-2000 Mortality Table for annuitants with future improvements in mortality projected to 2017 using Scale BB, blending 90 percent male rates and 10 percent female rates for the member and 10 percent male rates and 90 percent female rates for the beneficiary. For females, the base mortality rates include a 100 percent white collar adjustment. For males, the base mortality rates include a 90 percent blue collar adjustment and a 10% white collar adjustment ~~1983 Group Annuity Mortality Table.~~

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

~~(d)~~(e) “Board of Trustees” or “Board” means the Board of Trustees provided for in this act.

~~(e)~~(d) “City” means the City of West Palm Beach, Florida.

~~(f)~~(e) “Department” means the Police Department in the City of West Palm Beach.

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

~~(h)~~(g) “Final average salary” means the average of the monthly salary paid a member in the 3 best years of employment. In no event shall any one year, beginning January 1, 2005, include more than 400 hours of overtime. Prior to January 1, 2005, individual years may include more than 400 hours of overtime. Effective prospectively from January 1, 2013, the overtime will be limited to 300 hours in any one year. As of the effective date of this act, for purposes of determining final average salary, any lump sum payment made to a member for retroactive pay, such amounts shall not be considered as a lump sum but will be treated as if paid during the retroactive pay periods.

~~(i)~~(h) “Fund” or “Pension Fund” means the West Palm Beach Police Pension Fund or the West Palm Beach Pension and Relief Fund, as applicable.

~~(j)~~(i) “Member” or “participant” means any person who is included in the membership of the Fund in accordance with subsection (6).

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

~~(l)~~(k) “Police officer” means any person who is elected, appointed, or employed full time by the City, who is certified or required to be certified as a law enforcement officer in compliance with section 943.14, Florida Statutes, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic, or highway laws of the state. This definition includes all certified supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full-time law enforcement officers, part-time law enforcement officers, or auxiliary law enforcement officers, but does not include part-time law enforcement officers or auxiliary law enforcement officers as the same are defined in subsections (6) and (8) of section 943.10, Florida Statutes.

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

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

~~(o)~~⁽ⁿ⁾ “Retirant” means any member who retires with a pension from the Fund.

~~(p)~~^(o) “Retirement” means a member’s withdrawal from Police Department employment as a police officer with a pension payable from the Fund.

~~(q)~~^(p) “Salary” means the fixed monthly compensation paid to a member; compensation shall include those items as have been included as compensation in accordance with past practice. However, the term shall not be construed to include lump sum payments for accumulated leave. On and after January 1, 2003, salary shall mean total cash remuneration paid by the City to a police officer for services rendered excluding lump sum payments for accumulated leave such as accrued vacation leave, accrued sick leave, and accrued personal leave. Effective January 1, 2005, overtime hours earned and paid in excess of 400 hours in any 26 consecutive pay periods shall be excluded from the definition of salary. Effective prospectively from January 1, 2013, overtime hours earned and paid in excess of 300 hours in any 26 consecutive pay periods shall be excluded from the definition of salary.; Prior to January 1, 2005, all overtime hours earned and paid shall be included in the definition of salary and shall not be limited by any cap. This definition of compensation shall not include off-duty employment performed for vendors other than the City of West Palm Beach per Article 30, Pension Plan and Section 5 of the collective bargaining agreement between the Palm Beach County Police Benevolent Association and the City of West Palm Beach. Beginning with salary paid after December 31, 2008, and pursuant to s. 414(u)(7) of the Internal Revenue Code, “salary” includes amounts paid by the City as differential wages to members who are absent from employment while in qualified military service.

~~(r)~~^(q) “Service” or “service credit” means the total number of years, and fractional parts of years, of employment of any police officer, omitting intervening years, and fractional parts of years, when such police officer was not employed by the City. No member shall receive credit for years, or fractional parts of years, of service for which the member has withdrawn his or her contributions to the Fund. It is further provided that a member may

voluntarily leave his or her contributions in the Fund for a period of 5 years after leaving the employ of the Department, pending the possibility of being rehired by the Department, without losing credit for the time he or she has participated actively as a police officer. Should he or she not be re-employed as a police officer with the Department within 5 years, his or her contributions shall be returned without interest. In determining the aggregate number of years of service of any member, years of service for prior police officer or military service, as well as intervening military service, may be added, provided the member meets the requirements of subsection ~~(34)~~(35).

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

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

(a) Board of Trustees created.—There is hereby created a Board of Trustees, which shall be solely responsible for administering the West Palm Beach Police Pension Fund. The Board shall be a legal entity, with the power to bring and defend lawsuits of every kind, nature, and description and shall be independent of the City to the extent required to accomplish the intent, requirements, and responsibilities provided for in this act. The Board shall consist of five trustees, as follows:

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

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

3. A fifth trustee, who shall be chosen by a majority of the other four trustees. This fifth person's name shall be submitted to the City, which shall, as a ministerial duty, appoint such person to the Board as a fifth trustee. The fifth person shall serve as trustee for a period of ~~4~~ 2 years, and may succeed himself or herself as a trustee.

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

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

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

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

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

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

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

7. To review reports of and have meetings with the custodian and investment agents or advisors; to require written reports from the custodian on fund assets and transactions on a monthly basis; to require written and oral reports from the investment agents or advisors on at least an annual basis, such reports to reflect fund investment, performance, investment recommendations, and overall review of fund investment policies.

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

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

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

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

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

(6) Membership.—All police officers in the employ of the Department shall be included in the membership of the Fund, and all persons who hereafter become police officers in the employ of the City shall thereupon become members of the Fund. New members to the Fund are required to undergo a physical examination for purposes of determining preexisting conditions. This physical examination shall be conducted in conjunction with the City's postoffer, preemployment physical examination. The Board's medical director shall review the results of this physical examination and provide notice to the Board and the member of any abnormal findings of the examination. This physical examination will be used for the purposes of establishing a physical profile of the member for determining preexisting conditions and presumptive illnesses as provided for in subsections (14) and

(15). After review, if further physical examination is required by the Board, such examination shall be conducted at Board expense. Except as otherwise provided in this act, should any member cease to be a police officer in the employ of the Department, he or she shall thereupon cease to be a member and his or her credited service at that time shall be forfeited. In the event such person is re-employed in the Department as a police officer, he or she shall again become a member. His or her forfeited service shall be restored to the member's credit, provided that he or she returns to the Fund the amount he or she might have withdrawn, together with regular interest from the date of withdrawal to the date of repayment. Members must begin the process of returning the withdrawn contributions within 1 year after date of rehire or the time will only be eligible for purchase within the provisions of subsection (34). Should a member have withdrawn their contributions due to a termination from employment and the member is subsequently reinstated through the grievance and arbitration process, such member must also begin the process of returning the withdrawn contributions within 1 year after the date of reinstatement or the time will only be eligible for purchase within the provisions of subsection (34); however, a member who is reinstated through the grievance and arbitration process may repay the withdrawn contributions without interest if the repayment process is started within 1 year after the date of reinstatement. Upon the member's retirement or death, he or she shall thereupon cease to be a member.

(8) Age and service requirements for retirement.—

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

(9) Retirement pension calculation.—

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

1. For all years of service earned after October 1, 2011, the benefit is calculated using 2.68 percent of final average salary per year and fractional parts of the years of service up to a total of 26 prospective years, plus 1 percent of the final average salary multiplied by the number of years, and fraction of a year, of credited service in excess of 26 years. This change in the multiplier was is due to the change in assumptions in a prior version of this special act set forth in subsection (34). This reduction is required by this paragraph. For years of service earned before October 1, 2011, the benefit will be calculated under the provisions of the applicable subparagraphs 2.-4. 2.-5. For purposes of determining the 26-year limitation, the member's total

number of years of credited service are used. In no event shall the benefit be less than 2 percent per year of credited service.

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

a. ~~three percent of final average salary multiplied by the number of years, and fraction of a year, of credited service earned from April 1, 1987, to September 30, 2011, plus 2.5 percent of final average salary multiplied by the number of years, and fraction of a year, of credited service earned prior to April 1, 1987, up to a total of 26 years, plus 1 percent of the final average salary multiplied by the number of years, and fraction of a year, of credited service which is in excess of 26 years;~~

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

c. ~~The sum of the following:~~

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

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

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

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

a. ~~Three percent of final average salary multiplied by the number of years, and fraction of a year, of credited service earned in the 12 years and 6 months prior to entering the DROP, plus 2.5 percent of final average salary multiplied by the number of years, and fraction of a year, of credited service earned prior to that date which is 12 years and 6 months prior to entering the DROP, up to a total of 26 years, plus 1 percent of the final average salary multiplied by the number of years, and fraction of a year, of credited service which is in excess of 26 years. The one-half percent enhancement to the accrual rate shall also be applied retroactively to the date of entering the DROP, or 2 years, whichever is less, provided that the retroactive~~

~~application shall include principal only and not any earnings thereon. An example of the calculation described in this sub-subparagraph is set forth in the collective bargaining agreement between the City of West Palm Beach and the Police Benevolent Association, Certified Unit No. 825, October 1, 1998-September 30, 2001;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. The sum of the following:

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

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

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

To the extent that the benefit accrual factor is less than 3 percent for active members with less than 12 years and 6 months of service on October 1, 1999, the supplemental pension distribution calculation under subparagraph (12)(a)2. shall be adjusted for employees who retire or enter the DROP after October 1, 1999. The adjustment shall be to decrease the minimum return of 8.25 percent needed to afford the supplemental pension distribution, where the amount of the reduction is zero if an employee has been credited with 12 years and 6 months of service or more with the 3-percent benefit accrual factor or 1.25 percent if an employee has been credited with no more than a 2.5-percent benefit accrual factor. If an employee has been credited with less than 12 years and 6 months of service at the 3-percent benefit accrual factor, then the accumulated amount over 2.5 percent for each year of service divided by one-half percent divided by 12.5 subtracted from 1 multiplied by 1.25 percent is the reduction from 8.25 percent. An example of the calculation of the minimum return for the supplemental

pension distribution as herein described is set forth in the collective bargaining agreement between the City of West Palm Beach and the Police Benevolent Association, Certified Unit No. 145 and Certified Unit No. 825, October 1, 1998-September 30, 2001.

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

(b) Payment of benefits.—

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

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

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

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

2. Unmarried member.—The normal form of retirement benefit for an unmarried member without dependent children or parents shall be a 10-year certain benefit. This benefit shall pay monthly benefits for the member's lifetime. In the event the member dies after his or her retirement but before receiving retirement benefits for a period of 10 years, the same monthly benefit shall be paid to the beneficiary (or beneficiaries) as designated by the member for the balance of such 10-year period or, if no beneficiary is designated, to heirs at law, or estate of the member, as provided in section 185.162, Florida Statutes.

(d) Optional forms of retirement income.—

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

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

(II) Joint and survivor option.—A retirement income of a modified monthly amount, payable to the member during the joint lifetime of the member and a dependent joint pensioner designated by the member, and following the death of either of them, 100 percent, 75 percent, 66- $\frac{2}{3}$ percent, or 50 percent of such monthly amounts, payable to the survivor for the lifetime of the survivor.

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

b. The member, upon electing any option of this paragraph, shall designate the joint pensioner or beneficiary (or beneficiaries) to receive the benefit, if any, payable in the event of his or her death, and shall have the power to change such designation from time to time; but any such change shall be deemed a new election and shall be subject to approval by the Board. Such designation shall name a joint pensioner or one or more primary beneficiaries where applicable. If a member has elected an option with a joint pensioner or beneficiary and his or her retirement income benefits have commenced, he or she may thereafter change the designated joint pensioner or beneficiary only twice. Any retired member who desires to change his or her joint pensioner or beneficiary shall file with the Board a notarized notice of such change. Upon receipt of a completed change of joint pensioner form or such other notice, the Board shall adjust the member's monthly benefit by the application of actuarial tables and calculations developed to ensure that the benefit paid is the actuarial equivalent of the present value of the member's current benefit and there is no impact to the Plan.

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

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

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

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

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

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

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

(e) Designation of beneficiary.—

1. Each member may, on a form provided for that purpose, signed and filed with the Board, designate a beneficiary (or beneficiaries) to receive the benefit, if any, which may be payable in the event of the member's death; and each designation may be revoked by such member by signing and filing with the Board a new designation of beneficiary form. However, after the benefits have commenced, a retirant may change his or her designation of a joint annuitant or beneficiary only twice. If the retirant desires to change his or her joint annuitant or beneficiary, he or she shall file with the Board a notarized notice of such change either by registered letter or on a form as provided by the Board. Upon receipt of a completed change of joint annuitant form or such other notice, the Board shall adjust the member's monthly benefit by the application of actuarial tables and calculations developed to ensure that the benefit paid is the actuarial equivalent of the present value of the member's current benefit.

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

- a. The spouse or dependent child or children of the member;
- b. The dependent living parent or parents of the member; or
- c. The estate of the member.

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

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

1. 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 retiree. Payments into the DROP shall be made monthly over the period the retiree participates in the DROP, up to a maximum of 60 months.

2. Effective October 1, 2002, DROP Participants have the option to select between two 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:

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

b. A fixed rate of 8.25 percent for members who reached normal retirement age on or before October 1, 2012. Effective October 1, 2012, the fixed rate is 8 percent for members who retire or enter the DROP on or after October 1, 2012. In any fiscal year, if the amount paid in investment earnings under this paragraph creates a deficiency as compared to the gross earnings of the pension fund as a whole (using the rate determined by the Fund’s investment monitor), then the rate will be reduced to 4 percent effective the next October 1 until the deficiency is satisfied. When the deficiency is satisfied, the rate will return to 8 percent, effective the next October 1. Beginning October 1, 2012, the cumulative amounts paid in earnings for the fixed rate will be maintained in the actuarial valuation.

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

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

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

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

b. Payments shall be made in either:

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

(II) 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.

(III) 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 shall be determined by the Fund's actuary in accordance with selections made by the member on a form provided by the Board of Trustees.

c. Any form of payment selected by a police officer must comply with the minimum distribution requirements of s. 401(A)(9) of the Internal Revenue Code and is subject to the requirements of subsection (30) of this act; e.g., payments must commence by age 70- ½.

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

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

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

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.

(17) Death benefits.—

(c) Death after retirement.—Upon the death of a retirant, the following applicable pensions shall be paid, subject to the provisions of subsection (18). This paragraph is not applicable if a retiree chose an optional form of benefit at the time of retirement or if the retiree was not entitled at the time of retirement under paragraph (9)(c).:

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

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

3. In the event the deceased retirant does not leave a surviving spouse or children eligible to a pension provided for in subparagraphs 1. and 2. above, and he or she leaves a parent or parents who the Board finds are dependent upon the retirant for at least 50 percent of his, her, or their financial support, each parent shall receive a pension of an equal share of two-thirds of the deceased retirant's pension. Upon any parent's remarriage or death, his or her pension shall terminate.

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

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

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

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

~~(b) The period for amortizing current, future, and past actuarial gains or losses shall be 20 years, except that in order to smooth existing gains and losses which are expected to create volatile swings in the unfunded actuarial liability contribution rate, the trustees may combine amortization bases to re-amortize the unfunded actuarial liability contribution rate. This re-amortization will not impact member benefits as provided by subsection (9).~~

~~The consequences of the change in assumptions in paragraphs (a) and (b) shall first take effect during the October 1, 1999-September 30, 2000, fiscal year of the City of West Palm Beach. To the extent that effective dates or legislative delays might influence the direct application to the October 1, 1999-September 30, 2000, fiscal year of the actuarial cost estimate dated March 24, 2000, there shall be a minimum contribution reserve established by the Pension Fund for the City of West Palm Beach. The reserve shall be credited with any amounts contributed to the Pension Fund by the City of West Palm Beach during the October 1, 1999-September 30, 2000, fiscal year in excess of \$1,462,965. This amount has been determined by combining the contribution requirement from the September 30, 1998, actuarial valuation report dated May 7, 1999, with the subsequent actuarial cost estimate dated March 24, 2000, both of which were prepared by the Fund's actuary.~~

~~(34)(35) Other police officer or military service.—~~

~~(a) Prior police officer or military service.—Unless otherwise prohibited by law, the years, or fractional parts of years, that a member served as a police officer for any other municipal, county, state, or federal law enforcement office or any time served in the military service of the Armed Forces of the United States shall be added to the years of credited service, provided that the member contributes to the fund the sum that would have been contributed, based on the member's salary and the employee contribution rate in effect at the time that the credited service is requested, had the member been a member of this system for the years, or fractional parts of years, for which the credit is requested, plus the amount actuarially determined, such that the crediting of service does not result in any cost to the fund, plus payment of costs for all professional services rendered to the Board in connection with the purchase of years of credited service.~~

1. Payment by the member of the required amount may be made within 6 months after the request for credit and in one lump sum payment, or the

member may buy back this time over a period equal to the length of time being purchased or 5 years, whichever is greater, at an interest rate which is equal to the Fund's actuarial assumption. A member may request to purchase some or all years of service.

2. The credit purchased under this subsection shall count for all purposes, except vesting.

3. In no event, however, may credited service be purchased pursuant to this section for prior service with any other municipal, county, state, or federal law enforcement office, if such prior service forms or will form the basis of a retirement benefit or pension from another retirement system or plan.

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

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

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

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

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

(b) Intervening military service.—In determining the creditable service of any police officer, credit for up to 5 years of the time spent in the military service of the Armed Forces of the United States shall be added to the years of actual service without employee contribution, if:

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

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

3. The police officer returns to his or her employment as a police officer of the municipality within 1 year after the date of his or her release from such active service, except that, effective January 1, 2007, members who die or

become disabled while on active duty military service shall be entitled to the rights of this section even though such member was not reemployed by the City. A member who dies or becomes disabled while on active duty military service shall be treated as though he or she were reemployed the day before he or she became disabled or died, were credited with the service he or she would have been entitled to under this section, and then either died a nonduty death while employed or became disabled from a nonduty disability.

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

(a) Reemployment by public or private employer.—Any retiree who is retired under this Plan, except for disability retirement as previously provided for, may be reemployed by any public or private employer, except the City, and may receive compensation from that employment without limiting or restricting in any way the retirement benefits payable under this Plan. Reemployment by the City on or after August 1, 2008, shall be subject to the limitations set forth in this section.

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

(c) Reemployment after normal retirement in Police Department.—Any retiree who is retired after normal retirement pursuant to this Plan shall not be reemployed by the Police Department as a police officer or in any position that supervises police officers. The pension of a retiree who is reemployed by the Police Department as a police officer or in any position that supervises police officers shall stop until the member terminates employment. However, a retiree who is reemployed by the Police Department neither as a police officer nor in any position that supervises police officers is eligible to participate in the plan offered to new employees of that employee classification, and the retiree shall be deemed a new employee subject to any vesting and contribution requirements of that plan. The benefit paid under this Plan shall not be changed in any way.

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

(e) DROP participants.—Members or retirees who were in the deferred retirement option plan shall have the options provided for in this section for

reemployment after termination of employment as if the retiree were a retiree under normal retirement.

(36)(37) Termination of the Plan.—Upon termination of the Plan by the City for any reason, or because of a transfer, merger, or consolidation of governmental units, services, or functions as provided in chapter 121, Florida Statutes, or upon written notice to the Board by the City that contributions under the Plan are being permanently discontinued, the rights of all employees to benefits accrued to the date of such termination or discontinuance and the amounts credited to the employees' accounts are nonforfeitable. The Fund shall be distributed in accordance with the following procedures:

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

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

(c) The Board shall distribute the asset value as of the date of termination in the manner set forth in this subsection on the basis that the amount required to provide any given retirement income is the actuarially computed single-sum value of such retirement income, except that if the method of distribution determined under paragraph (b) involves the purchase of an insured annuity, the amount required to provide the given retirement income is the single premium payable for such annuity. The actuarial single-sum value may not be less than the employee's accumulated contributions to the Plan, with interest if provided by the Plan, less the value of any Plan benefits previously paid to the employee.

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

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

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

Approved by the Governor June 6, 2017.

Filed in Office Secretary of State June 6, 2017.