

CHAPTER 2026-214

House Bill No. 4065

An act relating to the West Palm Beach Firefighters Pension Fund, Palm Beach County; amending chapter 24981 (1947), Laws of Florida, as amended; revising definitions relating to the West Palm Beach Firefighters Pension Fund; removing certain duties of the board secretary; revising members' credits for service; providing powers of the board; revising revenue sources; revising member contributions; revising custodian of funds; revising investment provisions; revising provisions regarding service benefits; revising the supplemental pension distribution; revising the optional forms of benefits; revising the chapter 175 share accounts; revising deferred retirement option plan (DROP); revising backwards deferred retirement option plan (BackDROP); revising disability pensions; providing duty-related presumptions; revising beneficiary benefits; revising review procedures; revising Internal Revenue Code limits; providing minimum distribution of benefits; revising rollovers from qualified plans; revising prior firefighter service; providing an effective date.

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

Section 1. Paragraphs (a), (g), and (h) of subsection (1), paragraphs (a) and (b) of subsection (3), subsection (4), paragraphs (a), (c), (d), (g), (j), and (k) of subsection (5), paragraphs (c),(d), and (g) through (j) of subsection (6), paragraph (b) of subsection (7), subsection (8), paragraph (c) of subsection (9), subsection (15), paragraph (a) of subsection (17), subsection (18), paragraph (b) of subsection (21), and subsection (23) of section 17 of chapter 24981 (1947), Laws of Florida, as amended, are amended, and paragraph (j) is added to subsection (1), a new paragraph (g) is added to subsection (6), paragraphs (f) and (g) are added to subsection (17), and a new subsection (18) is added to that section, to read:

Section 17. West Palm Beach Firefighters Pension Fund.—

(1) Creation of fund.—There is hereby created a special fund for the Fire Department of the City of West Palm Beach to be known as the West Palm Beach Firefighters Pension Fund. All assets of every description held in the name of the West Palm Beach Firemen's Relief and Pension Fund and in the name of the West Palm Beach Firefighters Pension Fund have been and shall continue to be combined.

(a) 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:

1. "Actuarial equivalent value," "actuarial equivalence," or "single sum value" means the stated determination using an interest rate and mortality table (50% Male/50% Female for both member and joint annuitant) in the

most recently approved valuation. Any change in the factors will be used to determine actuarial equivalence beginning the July 1 following the adoption of the new rate and mortality table of 8.00 percent per year and the RP-2000 Mortality Table.

2. “Beneficiary” means any person who is not at retirement but who is entitled to receive a benefit from the West Palm Beach Firefighters Pension Fund or the West Palm Beach Firemen’s Relief and Pension Fund, as applicable.

3. “Board of Trustees” or “Board” means the Board of Trustees provided for in this act.

4. “City” means the City of West Palm Beach, Florida.

5. “Department” means the Fire Department of the City.

6. “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.

7. “Final average salary” means:

a. The average monthly salary paid to a member in the 3 best years of employment before retirement for all active members who retire on or after May 13, 2012, who are not eligible for normal retirement as of May 13, 2012, or do not have a calculated BackDROP date of October 1, 2011, or earlier.

b. The average of the monthly salary paid a member in the 2 best years of employment, paid in and prior to the 23rd year of credited service for retirements before May 13, 2012, for members who are eligible for normal retirement as of May 13, 2012, or who have a calculated BackDROP date of October 1, 2011. No active nonDROP member shall have any salary amounts paid prior to October 1, 2000, used in the calculation of final average salary. Those members whose final average salary would include salary amounts paid prior to October 1, 2000, shall use salary paid during the period from October 1, 2000, through September 30, 2001, to replace any salary amounts paid prior to October 1, 2000. The replacement salary from October 1, 2000, through September 30, 2001, may range anywhere between 2 weeks and 104 weeks, but shall only be enough salary as is sufficient to replace the salary paid prior to October 1, 2000. The replacement salary amounts from October 1, 2000, to September 30, 2001, shall be prorated based upon an annual salary.

8. “Fire Chief” means the firefighter who is the executive officer of the City of West Palm Beach Fire Department.

9. “Firefighter” means any person employed in the Department who is certified as a firefighter as a condition of employment in accordance with the provisions of section 633.35, Florida Statutes, whose duty it is to extinguish

fires and protect life and property. The term 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 firefighters, part-time firefighters, or auxiliary firefighters but does not include part-time firefighters or auxiliary firefighters whose duty it is to extinguish fires and protect life and property. In accordance with s. 175.032(8)(a), Florida Statutes, the Fire Chief has the option to elect to participate, or not, in this Plan.

10. "Fund" or "Pension Fund" means the West Palm Beach Firefighters Pension Fund or the West Palm Beach Firemen's Relief and Pension Fund, as applicable.

11. "Member" means any person who is included in the membership of the Fund in accordance with paragraph (h).

12. "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.

13. "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 had 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.

~~14. "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 in Florida, or has a branch office 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.~~

~~14.15.~~ "Retirant" or "retiree" means any member who retires with a pension payable from the Fund.

~~15.16.~~ "Retirement" means a member's withdrawal from City employment with a pension payable from the Fund.

~~16.17.~~ "Salary" means: On and after January 1, 2007, "salary," for the purpose of pension contributions and benefit calculations, shall mean total cash remuneration paid by the City to a firefighter for services rendered, excluding payments for overtime and any lump-sum payments for accumulated leave paid at retirement or entry into DROP/BackDROP such as accrued vacation leave, accrued sick leave, and accrued personal leave. Employees who are specifically excluded from bargaining unit recognition as set forth in Article 2, but who are members of the West Palm Beach Firefighters Pension Fund, shall continue to make contributions on

management incentive benefits. This definition of compensation shall not include any duty employment that is performed for an employer other than the City of West Palm Beach per Article 31, Salary Plan. Beginning with salary paid after December 31, 2008, and pursuant to Internal Revenue Code Section 414(u)(7), the definition of salary includes amounts paid by the City as differential wages to members who are absent from employment while in qualified military service.

~~17.18.~~ “Service,” “credited service,” or “service credit” means the total number of years, and fractional parts of years, of employment of any member in the employ of the Department, omitting intervening years and fractional parts of years of service when the member was not employed by the City. However, 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, unless the member repays into the Fund the contributions withdrawn, with interest, within 60 months after reemployment. Further, 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 his or her being rehired by the Department ~~and remaining employed for a period of not less than 3 years~~, without losing credit for the time he or she has participated actively as a firefighter. If he or she ~~is~~ does not reemployed remain employed for a period of at least 3 years as a firefighter with the Department upon reemployment, within 5 years his or her contributions shall be returned without interest in accordance with paragraph (5)(i). In determining the aggregate number of years of service of any member, the time spent in the military service of the United States or United States Merchant Marine by the member on leave of absence from the Department for such reason shall be added to the years of service, provided such time shall not exceed 5 years. Further, to receive credit for such service the member must return to employment as a firefighter of the City within 1 year after the date of release from such active service. Effective January 1, 2007, a member who dies or becomes disabled while serving on active duty military service which intervenes the member’s employment 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 reemployed the day before the member became disabled or died, was credited with the service the member would have been entitled to under this section, and then either died a nonduty death while employed or became disabled from a nonduty disability.

(g) Board secretary.—The Board shall elect a secretary from among the trustees. ~~The secretary shall keep a complete minute book of the actions, proceedings, and hearings of the Board.~~

(h) Membership.—All firefighters and all who hold a position of firefighter in the employ of the Department shall be members in the Fund. In accordance with s. 175.032(8)(a), Florida Statutes, the Fire Chief has the option to elect to participate, or not, in this Plan. ~~All firefighters, including the chief, who were in the employ of the Department as of April 30,~~

~~1959, shall be given credit for service rendered in the employ of the Department prior to May 1, 1959.~~ 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 subsection (6). After review, if further physical examination is required, such examination shall be conducted at Board expense.

(j) 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 the board's sole and exclusive discretion, as being necessary for the efficient management of the plan.

(3) Sources of revenue.—The financing of the Fund shall consist of the following sources of revenue:

(a) Taxes of insurance companies.—The moneys returned to the City as provided by chapter 175, Florida Statutes, shall be used to fund the share account benefit described in paragraph (5)(j). ~~The chapter 175 funds received in calendar years 2012, 2013, and 2014 shall be utilized to reduce the employee contributions to 13.1 percent. Effective beginning with the chapter 175 funds received in calendar year 2015, a portion of the chapter 175 funds will be used to reduce the employee contributions and the remainder will be allocated to the share accounts provided for in paragraph (5)(j), in accordance with the following schedule:~~

~~1. In 2015, 85 percent shall be allocated to reduce contributions and 15 percent shall be allocated to share accounts.~~

~~2. In 2016, 65 percent shall be allocated to reduce contributions and 35 percent shall be allocated to share accounts.~~

~~3. In 2017, 35 percent shall be allocated to reduce contributions and 65 percent shall be allocated to share accounts.~~

~~No amount of the chapter 175 funds is to be considered employee contributions for purposes of a refund of contributions as provided for in paragraph (5)(i). Effective beginning calendar year 2018, the chapter 175 funds shall again be used in full to fund the share account benefits provided for in paragraph (5)(j). The City shall not opt out of participation in chapter 175, Florida Statutes, or any similar statutory enactment unless exigent circumstances exist, such as the bankruptcy of the City or changes or amendments to the statute regarding extra benefits by the Legislature. If any statutory changes are made by the Legislature, the City and the Board may renegotiate the impact of such changes, if necessary.~~

(b) Member contributions.—Effective October 1, 2018, the member contributions are 13.1 percent, and any amount over 11.1 percent is to be used to purchase eligibility in the postretirement health insurance.

~~1. Effective May 13, 2012, the member shall contribute 25 percent of his or her salary to the Fund. The full amount of the chapter 175 funds received in calendar years 2012, 2013, and 2014 shall be used to reduce the employee contributions to 13.1 percent.~~

~~2. Effective October 1, 2015, the employee contribution rate will be as set forth in the table and beginning with the chapter 175 funds received in calendar year 2015, a portion of the chapter 175 funds will be used to reduce the employee contributions and the remainder will be allocated to the share~~

accounts provided for in paragraph (5)(j), in accordance with the following schedule:

| Year | Employee Contribution Amount (%) | Allocation to Reduce Contributions | Actual Employee Contribution Rate | Allocation to Share Accounts(%) |
|------|----------------------------------|------------------------------------|-----------------------------------|---------------------------------|
| 2015 | 22% | 85% | 13.1% | 15% |
| 2016 | 20% | 65% | 13.1% | 35% |
| 2017 | 17% | 35% | 13.1% | 65% |

3. ~~No amount of the chapter 175 funds is to be considered employee contributions for purposes of a refund of contributions as provided for in paragraph (5)(I).~~

4. ~~Effective October 1, 2018, the employee contributions shall be 13.1 percent, which shall be picked up each pay period from the salary of each member in the Department, and the chapter 175 funds received in calendar year 2018 and thereafter shall once again be allocated to the share accounts.~~

5. ~~If for purposes of paragraphs 1. and 2., the chapter 175 funds are insufficient to reduce the member’s contributions to 13.1 percent, the city shall make up the difference. All amounts of member contributions that are picked up shall be immediately paid over to the Pension Fund.~~

6. ~~For contributions made on or after May 13, 2012, any contribution amount over 11.1 percent is to be used to purchase eligibility in the postretirement health insurance, excluding the amounts of chapter 175 funds used to offset the member contribution rate.~~

(4) Custodian of funds.—All moneys and securities of the Fund may be deposited with the cash management coordinator of the City, acting in a ministerial capacity only, who shall be bonded and shall be liable in the same manner and to the same extent as he or she is liable for the safekeeping of funds for the City. However, any funds and securities so deposited with the cash management coordinator shall be kept in a separate fund by the cash management coordinator or clearly identified as funds and securities of the Fund. In lieu thereof, the Board shall deposit the funds and securities in a qualified public depository or a bank, credit union, or savings association by a trust department or trust company which are fully secured under trust business laws as provided for in section 280.03(3)(a), Florida Statutes, designated by the Board. The cash management coordinator or other depository shall receive all moneys due said Fund from all sources whatsoever. All tax revenue received pursuant to the provisions of chapter 175, Florida Statutes, shall be deposited into the Fund no more than 5 days after receipt. Member contributions withheld by the City on behalf of a member shall be deposited into the Fund immediately.

(a) Disbursements from the Fund.—The Board may issue drafts upon the Fund pursuant to this act and rules and regulations prescribed by the Board, provided that such drafts shall be issued in accordance with generally accepted accounting procedures, American Institute of Certified Public Accountants guidelines, and rules of the State of Florida Auditor General. All such drafts shall be consecutively numbered, signed by the chair and secretary, or other authorized fiduciary, and each draft shall, upon its face, state the purpose for which it is drawn. For this purpose, the chair and secretary shall be bonded. The Board shall retain such drafts when paid, as permanent vouchers for disbursements made, and no moneys shall be otherwise drawn from the Fund. Payments from the Fund shall be made only upon a specific or general motion or resolution previously adopted by the Board authorizing such payment or payments.

(b) Investment of moneys.—The Board shall have the power and authority to invest and reinvest the moneys of the Fund, and to hold, purchase, sell, assign, transfer, and dispose of any securities and investments held in said Fund. The aim of the investment policies shall be to preserve the integrity and security of Fund principal, to maintain a balanced investment portfolio, to maintain and enhance the value of Fund principal, and to secure the maximum total return on investments that is consonant with safety of principal, provided that such investments and reinvestments shall be limited to the following:

1. Direct obligations of the United States Government or any agency thereof and debentures and other evidences of indebtedness which are fully guaranteed by the United States Government or any agency thereof for the payment of principal and interest.

2. Direct obligations of the State of Florida.

3. In debt securities, preferred and common stocks and mutual fund shares subject to the limitations set forth in this section.

4. In time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, a savings and loan association to the extent that deposits are guaranteed by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation, or a state or federally chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.

5. Of the total Fund principal in the pension or retirement system, including the amounts deposited in banks or associations, the total thereof invested in preferred stocks shall not aggregate more than 5 percent, and the total amount thereof invested in common stocks and mutual fund shares shall not aggregate more than 70 percent. Percentages shall be based on market value at the end of each reporting period (September 30).

6. In real property or real estate investments, such investments shall not aggregate more than 15 percent of the market value of the total Fund principal in the pension or retirement system.

7. In derivative investments and futures, such investments shall not aggregate more than 10 percent of the market value of the total Fund principal in the pension or retirement system.

8. Any investments permitted by sections 112.661 and 215.47(1)-(8), (10), and (16), Florida Statutes, up to the limits stated therein.

9. The following minimum standards shall govern the eligibility of securities for purchase as investments:

a. All corporate and association securities and mutual fund shares shall be issued by a corporation or other legal person, incorporated or otherwise, organized within the United States and domiciled therein to the extent required by section 175.071(1)(b), Florida Statutes.

b. Not more than 10 percent of the total Fund principal at market value shall be invested in any one issuing company other than obligations of the United States or an agency thereof.

c. All stocks issued or guaranteed by a corporation shall be listed on any one or more of the major stock exchanges. In the case of bonds, at a minimum, 80 percent of bonds purchased for the Fund shall hold a rating in one of the four 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 5.

d.(I) The Board shall engage the services of professional investment counsel to assist and advise the trustees in the performance of their duties.

(II)e.—At least once every 3 years, The Board shall retain an independent consultant professionally qualified to evaluate the performance of its professional money manager or investment counsel on a quarterly basis. ~~The independent consultant shall make recommendations to the Board at its next regularly scheduled meeting.~~

(III)f. Notwithstanding anything else in this subsection and as provided in sections 215.473 and 215.4725 ~~section 215.473~~, Florida Statutes, the Board must identify and publicly report any direct or indirect holdings it may have in any scrutinized company, as defined in sections 215.473(1) and 215.4725(1), Florida Statutes that section. In accordance with those sections ~~Beginning January 1, 2010, the Board must proceed to sell, redeem, divest, or withdraw all publicly traded securities it may have directly in such company. The divestiture of any such security must be completed by September 30, 2010.~~ The Board and its named officers or investment advisors may not be deemed to have breached their fiduciary duty in any action taken to dispose of any such security, and the Board shall have

satisfactorily discharged the fiduciary duties of loyalty, prudence, and sole and exclusive benefit to the participants of the Fund and their beneficiaries if the actions it takes are consistent with the duties imposed by section 215.473 or section 215.4725, Florida Statutes, as provided for in section 175.071(8), Florida Statutes, and the manner of the disposition, if any, is reasonable as to the means chosen. For purposes of determining which companies are scrutinized companies, the Board ~~uses~~ may utilize the list of scrutinized companies as developed by the Florida State Board of Administration. No person may bring any civil, criminal, or administrative action against the Board or any employee, officer, director, or advisor of the Fund based upon the divesture of any security pursuant to this subsection.

(c) Maximum of cash not invested.—No more than 10 percent of the assets of the Fund shall be held in cash or in noninterest-bearing deposits.

(d) Administrative expenses.—The administrative expenses of the Fund shall be paid by the Fund.

(e) Restrictions on the use of assets of Fund.—The assets of the Fund shall be used only for the payment of benefits and other disbursements authorized by this act and shall be used for no other purpose.

(5) Service pension.—

(a) Normal retirement.—

1. Eligibility.—Any member who is actively employed on and after October 1, 2003, excluding members in the DROP, who has attained age 50 years and who has acquired 15 or more years of service credit; who has attained age 55 years and who has acquired 10 or more years of service credit; or who has acquired 26 years of service credit without regard to age shall, upon application filed with the Board, be retired and shall be entitled to a monthly pension for the remainder of his or her life.

2. Benefit.—The normal retirement benefit is calculated based upon the sum of sub-subparagraphs a. and b. to a maximum of 92 percent of salary. However, in all cases, a member is entitled to at least 2.75 percent per year of credited service.

a. Effective on and after May 13, 2012, for all active members who retire on or after May 13, 2012, and who are not eligible for normal retirement as of May 13, 2012, the benefit is equal to 3 percent of final average earnings times credited service earned on and after May 13, 2012. Effective on and after October 1, 2026, the 3 percent in this sub-subparagraph is increased to 3.2 percent for all years of a member's service retroactive to May 13, 2012. Members who terminate or retire, including entry into DROP or BackDROP, before October 1, 2026, are not eligible for this benefit change. In all cases, members who are active on September 30, 2026, will receive at least the benefit accrued as of that day; and

b. Effective for service earned before May 13, 2012, for retirements before May 13, 2012, or for members who are eligible for normal retirement as of May 13, 2012, the benefit is equal to 4 percent of final average salary times credited service.

3. The 3-percent benefit accrual factor in subparagraph 2,⁵ is contingent on and subject to the adoption and maintenance of the assumptions set forth in subsection (22). 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 accrual factor in subparagraph 2. 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 subparagraph 2. be adjusted below 2.5 percent. To the extent that the benefit accrual factor is less than 3 percent, the supplemental pension distribution calculation under paragraph (d) shall be adjusted for employees who retire on or after October 1, 1998, and those employees who were members of the DROP on October 1, 1998. The adjustment shall be to decrease the minimum return of 8.25 percent needed to afford the supplemental pension distribution, when the amount of the reduction is zero if an employee has been credited with 16 or more years 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 16 years at the 3-percent benefit accrual factor, then the accumulated amount over 2.5 percent for each year of service divided by .5 percent divided by 16 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 supplemental pension distribution as described above is set forth in Appendix B to the collective bargaining agreement between the City of West Palm Beach and the West Palm Beach Association of Firefighters, Local 727-IAFF, October 1, 2003-September 30, 2006.

(c) Early retirement.—Any member may retire from the service of the Department as of the first day of any calendar month which is prior to the member's normal retirement date but subsequent to the date as of which the member has both attained the age of 50 and has been a member of this Fund for 10 continuous years. In the event of early retirement, the monthly amount of retirement income shall be computed as described in paragraph (a), taking into account his or her credited service to the date of actual retirement and his or her final average salary as of such date. The amount of retirement income shall be actuarially reduced to take into account the member's younger age and earlier commencement of retirement income benefits. The early retirement reduction shall be 3 percent for each year by which the member's age at retirement precedes ~~preceeded~~ the member's normal retirement age.

(d) Supplemental pension distribution.—

1.a. The actuary for the Pension Fund shall determine the rate of investment return earned on Pension Fund assets during the 12-month

period ending each September 30. The rate determined shall be the rate reported in the most recent actuarial report submitted pursuant to part VII of chapter 112, Florida Statutes.

b. The actuary for the Pension Fund shall determine the actuarial present value, as of September 30, of future pension payments to eligible persons, as described in subparagraph 3., who are then being paid a pension. The actuarial present values shall be calculated using an interest rate of ~~7 percent per year compounded yearly~~ 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.

c. A distribution amount shall be determined as of each September 30. For distributions made after October 1, 1998, there shall be two different calculations to determine the distribution amount. For those employees who retire on or after October 1, 1998, or who are part of the DROP on or after October 1, 1998, the distribution amount shall be equal to factor (i) for each applicable member multiplied by the sum of factor (ii) and the positive difference, if any, between factor (iii) and 8.25 percent. For those employees who have retired before October 1, 1998, except as provided in this sub-subparagraph, the distribution amount shall be equal to factor (i) for each applicable member multiplied by the sum of factor (ii) and the positive difference, if any, between factor (iii) and 7 percent. For purposes of both calculations, factor (i) is the actuarial present value determined in sub-subparagraph b. for the respective group. Factor (ii) is one-half of the investment return rate in sub-subparagraph a. in excess of 9 percent. Factor (iii) is the rate of investment return in sub-subparagraph a., not to exceed 9 percent. The 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, 1985, 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, 1985, 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 of greater than 3 years from the date of payment of the supplemental pension distribution which resulted in the deficiency.

2. The Board of Trustees shall determine annually if there is to be a supplemental pension distribution. The supplemental pension distribution is that portion of the distribution amount, as defined in sub-subparagraph 1.c., to be distributed to eligible persons.

3. Eligible persons are:
 - a. Pensioners.
 - b. Surviving spouses.
 - c. Surviving dependent children.
 - d. Surviving dependent parents.
 - e. Pensioners' estates for the year following death only.

Eligible persons are initially eligible if they have been in receipt of a pension for at least 1 year on the first distribution date following their retirement. A survivor beneficiary of a deceased retired member shall be considered to have been in receipt of a pension for at least 1 year if at least 12 monthly pension payments have been made on account of the retirement. A surviving spouse may count the retirement period, if any, of the deceased member toward the 1-year requirement. ~~Surviving spouses, children, and parents and retired members who receive pension adjustments under the prior esalator clause are not eligible for the supplemental pension distribution.~~

4. The supplemental pension distribution dates shall be the April 1 following the effective date of this subsection and each April 1 thereafter. Each eligible person shall be paid his or her allocated portion of the applicable supplemental pension distribution amount from the preceding September 30. A pensioner's estate is entitled to a pro rata share of the deceased retiree's supplemental pension distribution based on the number of months that the deceased retiree received a pension during the year ending the September 30 prior to the pensioner's death after initial eligibility.

5. Each supplemental pension distribution amount shall be allocated among the eligible persons in the proportion that an eligible person's supplemental pension distribution points bears to the aggregate amount of supplemental pension distribution points of all eligible persons. An eligible person shall be credited with supplemental pension distribution points as follows:

- a. Three and eighty-five hundredths of a point multiplied by the service credit of the member at the time of retirement or prior to death; however, in the computation of the supplemental pension distribution due the in-line-of duty pensioner, the maximum service credit of 26 years shall be used.
- b. Maximum service credit shall be 26 years.
- c. Allocations for surviving spouses and surviving dependent children who are eligible to receive supplemental pension distributions shall be 75 percent of the years of service earned by the pensioner. Allocations for duty death beneficiaries (surviving spouse and surviving children) shall be based upon 75 percent of 26 years of service.

(g) 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 (a), paragraph (b), paragraph (c), or subsection (6) and in lieu of the beneficiary benefits as specified in subsection (7), 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.

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 will 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. Notwithstanding any other provision of this section, a retired member may change his or her designation of joint annuitant or beneficiary up to two times as provided in section 175.333, Florida Statutes, without the approval of the Board or the current joint annuitant or beneficiary. The retiree is not required to provide proof of the good health of the joint annuitant or beneficiary being removed, and the joint annuitant or beneficiary being removed need not be living. Any retired member who desires to change his or her joint annuitant or beneficiary shall file with the Board a notarized notice of such change. 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 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 additional changes in beneficiaries or joint annuitant beyond the two in paragraph (a), the Board may request such evidence of the good health of the joint pensioner that is being added as it may require; and the

amount of the retirement income payable to the retiree member upon the designation of a new joint pensioner shall be actuarially redetermined, taking into account the age and sex of the former joint pensioner, the new joint pensioner, and the member. Each such designation shall be filed with the Board. In the event that no designated beneficiary or joint annuitant 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 (h)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 (7).

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 the member's 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 retirement.

c. If both the retiree and the beneficiary, or beneficiaries, designated by the member or retiree die before the full payment has been effected under any option providing for payments for a period certain and life thereafter, made pursuant to the provisions of paragraph (a), the Board may, in its discretion, direct that the commuted value of the remaining payments be paid in a lump sum.

d.e. If a member continues in the employ of the Department after meeting the age and service requirements set forth in paragraph (a) or paragraph (c) and dies prior to the member's actual retirement, and while an option made pursuant to this subparagraph is in effect, monthly retirement income payments shall be paid, under the option, to a beneficiary or beneficiaries or joint annuitant designated by the member in the amount or amounts computed as if the member has retired under the option on the date on which the member's death occurred.

e. The member's benefit under this section must begin to be distributed to the member no later than the member's required beginning date, as provided under subsection (18).

3. No member may make any change in his or her retirement option after the date of the first DROP deposit, the deposit of the BackDROP calculated balance, or the cashing or deposit of depositing the first retirement check.

4. Notwithstanding anything herein to the contrary, the Board, in its discretion, may elect to make a lump sum payment to a member or a member’s beneficiary in the event that the total commuted value of the monthly income payments to be paid does not exceed \$7,000. Any such payment made to any person pursuant to the power and discretion conferred upon the Board under this subparagraph shall operate as a complete discharge of all obligations under the system with regard to such member and shall not be subject to review by anyone, but shall be final, binding, and conclusive on all persons.

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

1. Individual member accounts.—A notional separate account shall be established and maintained in each member’s name effective on or after October 1, 1988.

2. Share account funding.—

a. Each individual member account shall be credited with a pro rata share of all of the moneys received from chapter 175, Florida Statutes, tax revenues in June 1988 and thereafter.

~~I.—For the chapter 175 funds received in calendar years 2012, 2013, and 2014, the full amount of the chapter 175 funds shall be used to reduce the employee contributions to 13.1 percent as provided for in subsection (3)(a).~~

~~II.—Effective October 1, 2015, the employee contribution rate will be as set forth in the table and beginning with the chapter 175 funds received in calendar year 2015, a portion of the chapter 175 funds will be used to reduce the employee contributions and the remainder will be allocated to the share accounts provided for in paragraph (5)(j), in accordance with the following schedule:~~

| Year | Employee Contribution Amount (%) | Allocation to Reduce Contributions | Actual Employee Contribution Rate | Allocation to Share Accounts (%) |
|-----------------|---|---|--|---|
| 2015 | 22% | 85% | 13.1% | 15% |
| 2016 | 20% | 65% | 13.1% | 35% |
| 2017 | 17% | 35% | 13.1% | 65% |

~~III.—Effective October 1, 2018, the employee contributions shall be 13.1 percent and the chapter 175 money received in calendar year 2018 and thereafter shall be allocated to the share accounts.~~

b. In addition, any forfeitures as provided in subparagraph 5. shall be credited to the individual member accounts in accordance with the formula set forth in subparagraph 3.

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. Share account allocations made on and after October 1, 2004, shall be made to each individual share account.

b. At the end of each fiscal quarter, 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.(I) Effective for members who reached normal retirement age on or before May 13, 2012, or members who have a calculated BackDROP date of October 1, 2011, or earlier, 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:

A. 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;

B. A fixed annual rate of 8.25 percent for members who reached normal retirement age on or before May 13, 2012, or members that have a calculated BackDROP date of October 1, 2011, or earlier. Effective May 13, 2012, the fixed rate is 4 percent for members who retire on or after May 13, 2012, and before October 1, 2015; or

C. A percentage of the share account assets to be credited with earnings or losses in accordance with sub-sub-sub-subparagraph A. and a corresponding percentage of the share account assets credited in accordance with sub-sub-sub-subparagraph B. The combined total percentage invested under this sub-sub-sub-subparagraph must equal 100 percent.

(III) Effective after October 1, 2015, vested participants have the option to select one of 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. 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; or

B. The rate of investment return earned on Pension Fund assets as reported by the Fund’s investment monitor. The crediting rate maximum is 8 percent and the crediting rate floor is 0 percent. To accomplish this, the crediting rate will be compounded monthly at a rate between 0 percent and 2 percent quarterly. BackDROP assets are commingled with the Pension Fund assets for investment purposes 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.

(III) The Board has the authority to create rules to implement the provisions of this section in accordance with the law and the provisions of the Internal Revenue Code.

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).

4. Eligibility for benefits.—Any member who terminates employment with the City, upon the member’s filing an application with the Board, shall be entitled to 100 percent of the value of his or her individual member account, provided the member meets any of the following criteria:

a. The member is eligible to receive, and is receiving, a service pension as provided in this subsection;

b. The member has 5 or more years of credited service and is eligible to receive, and is receiving, either:

(I) A nonduty disability pension as provided in paragraph (6)(a); or

(II) Beneficiary benefits for nonduty death as provided in paragraph (7)(a); or

c. The member has any credited service and is eligible to receive, and is receiving, either:

(I) A duty disability pension as provided in paragraph (6)(c); or

(II) Beneficiary benefits for death in the line of duty as provided in paragraph (7)(b).

5. Forfeitures.—Any member who has less than 10 years of credited service and who is not eligible for payment of benefits after termination of employment with the City shall forfeit his or her individual member account. The amounts credited to said individual member account shall be redistributed to the other individual member accounts in the same manner as chapter 175, Florida Statutes, tax revenues are credited (i.e., based on pay periods). However, the assets shall first be used to ensure that the former member's refund of contributions has not actuarially adversely impacted the payment for the extra benefits. If there has been an adverse impact, the shortfall shall be made up first before the amounts are reallocated to active members.

6. Payment of benefits.—The normal form of benefit payment shall be a lump sum payment of the entire balance of the individual member account. Effective October 1, 2015, each member may leave his or her money in the share account until the latest day under subsection (18), choose a lump sum distribution; or, upon the written election of the member, upon a form prescribed by the Board, payment may be made either by:

a. Installments.—The account balance shall be paid out to the member in three equal payments paid over 3 years, the first payment to be made upon approval of the Board; or

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

c. Periodic partial lump sums.—The member may make periodic partial lump sum withdrawals.

7. Death of a member.—If a member dies and is eligible for benefits from the individual member account, the entire balance of the individual member account shall be paid in a lump sum to the beneficiaries designated in accordance with paragraph (h). If a member fails to designate a beneficiary or, if the beneficiary predeceases the member, the entire balance shall be paid in a lump sum in the following order:

a. To the spouse;

b. If there is no spouse or the spouse is not alive, to the member's surviving child or children on a pro rata basis;

c. If there are no children or no child is alive, to the member's parent or parents; or

d. If no parent is alive, to the estate of the member.

(k) Deferred Retirement Option Plan (DROP).—Effective upon the ratification of the collective bargaining agreement between the City of

West Palm Beach and the West Palm Beach Association of Firefighters, Local 727-IAFF, October 1, 2003-September 30, 2006, no new members may enter into the DROP. Existing DROP members on the ratification date shall have the option to remain in the DROP for the remainder of their individual 5-year terms.

1. Eligibility to participate in the DROP.—

a. Any member who is eligible to receive an early or normal retirement pension may participate in the DROP. Members shall elect to participate by applying to the Board of Trustees on a form provided for that purpose.

b. Election to participate shall be forfeited if not exercised within the first 35 years of combined credited service.

c. A member shall not participate in the DROP beyond the time of attaining 37 years of service and the total years of participation in the DROP shall not exceed 5 years. For example:

(I) Members with 32 years of credited service at the time of entry shall participate for only 5 years.

(II) Members with 33 years of credited service at the time of entry shall participate for only 4 years.

(III) Members with 34 years of credited service at the time of entry shall participate for only 3 years.

(IV) Members with 35 years of credited service at the time of entry shall participate for only 2 years.

d. 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, except for the benefits provided under paragraph (j) of this subsection, chapter 175, Florida Statutes, share accounts. For all Fund purposes, the member becomes a retirant, except that a DROP participant shall continue to receive shares of the chapter 175, Florida Statutes, money in accordance with paragraph (j), chapter 175, Florida Statutes, share accounts. The amount of credited service and final average salary shall freeze as of the date of entry into the 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. 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 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 for members who reached normal retirement age on or before May 13, 2012; 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 balance.

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.

(D) Periodic partial lump sums.—The member may make periodic partial lump sum withdrawals.

(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 (18).

(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.

3. Loans from the DROP.—

a. Availability of loans.—

(I) Loans are available to members only after termination of employment, provided the member had participated in the DROP for a period of 12 months.

(II) Loans may only be made from a member's own account.

(III) There may be no more than one loan at a time.

b. Amount of loan.—

(I) Loans may be made up to a maximum of 50 percent of account balance.

(II) The maximum dollar amount of a loan is \$50,000, reduced by the highest outstanding loan balance during the last 12 months.

(III) The minimum amount of a loan is \$5,000.

c. Limitation on loans.—Loans shall be made from the amounts paid into the DROP and earnings thereon.

d. Term of loan.—

(I) A loan must be for at least 1 year.

(II) A loan shall be for no longer than 5 years.

e. Loan interest rate.—

(I) The interest rate shall be fixed at the time the loan is originated for the entire term of the loan.

(II) The interest rate shall be equal to the lowest prime rate published by the Wall Street Journal on the last day of each calendar quarter preceding the date of the loan application.

f. Defaults of loans.—

(I) A loan shall be in default if 2 consecutive months of repayments are missed or if a total of 4 months of repayments is missed.

(II) Upon default, the entire balance of the loan becomes due and payable immediately.

(III) If a loan in default is not repaid in full immediately, the loan may be canceled and the outstanding balance treated as a distribution, which may be taxable.

(IV) Upon default of a loan, a member shall not be eligible for additional loans.

g. Miscellaneous provisions.—

(I) All loans must be evidenced by a written loan agreement signed by the member and the Board of Trustees. The agreement shall contain a promissory note.

(II) A member’s spouse must consent in writing to the loan. The consent shall acknowledge the effect of the loan on the member’s account balance.

(III) Loans shall be considered general assets of the Fund.

(IV) Loans shall be subject to administrative fees to be set by the Board of Trustees.

4. After-tax contributions to the DROP.—

a. A member may make after-tax contributions to the DROP. The maximum amount that may be contributed is the lesser of:

(I) The IRS 415(c) limit.

(II) The amount allowable under IRC 401(m).

b. After-tax contributions to the DROP shall earn interest in the same manner as set forth in sub-subparagraph 2.b.

c. Distributions to members or their beneficiaries of after-tax contributions may be withdrawn at any time on or after termination of employment. However, payments must be made at least as promptly as required under subsection (18).

d. Loans shall not be made against after-tax contributions.

(1) Backwards Deferred Retirement Option Plan (BackDROP).—

1. Eligibility to participate in the BackDROP.—

a. Any member who has attained age 53 with 18 or more years of service, who has attained age 58 with 13 or more years of service, or who has

acquired 26 years of service regardless of age may participate in the BackDROP. Members shall elect to participate by applying to the Board of Trustees on a form provided for that purpose. A member may not participate in both the DROP and the BackDROP.

b. A member shall not be eligible to receive a BackDROP benefit that is greater than an accumulation of 60 months of the monthly retirement benefit. A member shall not be eligible to receive a benefit which is less than an accumulation of 36 months of the monthly retirement benefit. Effective October 1, 2015, a member who retires after October 1, 2015, who does not have a calculated BackDROP date of October 1, 2011, can choose a BackDROP benefit which is the accumulation of between 1 month and 60 months.

c. Member contributions shall continue throughout the period of employment and are not refundable for the BackDROP period.

d. Members who elect to participate in the BackDROP must retire and terminate employment to be eligible for payment of the benefit.

e. Any member who terminates employment by any means, including death, prior to attaining age 53 with 18 or more years of service or age 58 with 13 or more years of service or by acquiring 26 years of service is not eligible to participate in the BackDROP.

2. Benefits payable upon election to participate in the BackDROP.—

a. Upon election to receive the BackDROP benefit, a member’s retirement benefits will be calculated as if the member had chosen to retire and terminate employment at a date which is more than 36 months but less than 60 months earlier. The number of months to be applied is based upon the member’s election. The monthly pension amount shall be multiplied by the number of months of BackDROP selected by the member, which shall be between 36 and 60 months, inclusive. The BackDROP benefit shall be calculated as a single sum, including interest at the rate of 8.25 percent less expenses, compounded annually for the period of BackDROP for members who have reached normal retirement age on or before May 13, 2012, or who have a calculated BackDROP date of October 1, 2011, or earlier. Effective for retirements after May 13, 2012, the interest rate shall be 4 percent, less expenses, compounded annually for the period of BackDROP. Effective October 1, 2015, a member who retires after October 1, 2015, who does not have a calculated BackDROP date of October 1, 2011, can choose a BackDROP benefit which is the accumulation of between 1 month and 60 months.

b. No payments shall be made from the BackDROP until the member terminates employment with the Department.

c.(I) Effective for retirements after October 1, 2015, participants in the BackDROP may leave their money in the account until the latest day under subsection (18) or choose payments as follows:

(A) 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. The monthly amount paid shall be determined by the Fund's actuary in accordance with selections made by the member in a form provided by the Board of Trustees.

(D) Periodic partial lump sums.—The retirant may make periodic partial lump sum withdrawals.

d. 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 (18).

(III) The beneficiary of the BackDROP member shall have the same right as the participant in accordance with subsection (7).

3. BackDROP earnings.—

a. Effective for members who reached normal retirement age on or before May 13, 2012, or members who have a calculated BackDROP date of October 1, 2011, or earlier, BackDROP members may select one of three methods to credit investment earnings to their accounts. 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) The BackDROP is credited with earnings and losses using the rate of investment return earned on Pension Fund assets as reported by the Fund's investment monitor. BackDROP assets are commingled with the Pension Fund assets for investment purposes;

(II) A fixed rate of 8.25 percent for members who reached normal retirement age on or before May 13, 2012, or members who have a calculated BackDROP date of October 1, 2011, or earlier. Effective May 13, 2012, the fixed rate is 4 percent for members who retire on or after May 13, 2012, but before October 1, 2015; or

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

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

c. Effective for BackDROP participants electing the BackDROP on or after October 1, 2015, members who have elected the BackDROP and leave the assets in the Fund to be invested may select one of two methods to credit investment earnings to their accounts. 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) The BackDROP is credited with earnings and losses using the rate of investment return earned on Pension Fund assets as reported by the Fund's investment monitor. BackDROP assets are commingled with the Pension Fund assets for investment purposes; or

(II) The BackDROP is credited with the rate of investment return earned on Pension Fund assets as reported by the Fund's investment monitor. The crediting rate maximum is 8 percent and the crediting rate floor is 0 percent. To accomplish this, the crediting rate will be compounded monthly at a rate between 0 percent and 2 percent quarterly. BackDROP assets are commingled with the Pension Fund assets for investment purposes.

c. The Board has the authority to create rules to implement the provisions of this section in accordance with the law and the provisions of the Internal Revenue Code.

d. Costs, fees, and expenses of administration shall be debited from the individual member BackDROP 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 of assets in all individual member accounts and the denominator of which is the total of assets of the Fund as a whole.

4. Loans from the BackDROP.—

a. Availability of loans.—

(I) Loans are available to members who reached normal retirement age on or before May 13, 2012, or members who have a calculated BackDROP date of October 1, 2011, or earlier only after termination of employment, provided the member had participated in the BackDROP for a period of at least 12 months.

(II) Loans may only be made from a member's own account.

(III) There may be no more than one loan at a time.

b. Amount of loan.—

(I) Loans may be made up to a maximum of 50 percent of account balance.

(II) The maximum dollar amount of a loan is \$50,000, reduced by the highest outstanding loan balance during the last 12 months.

(III) The minimum amount of a loan is \$5,000.

c. Limitation on loans.—Loans shall be made from the amounts paid into the BackDROP and earnings thereon.

d. Term of loan.—

(I) A loan must be for at least 1 year.

(II) A loan shall be for no longer than 5 years.

e. Loan interest rate.—

(I) The interest rate shall be fixed at the time a loan is originated for the entire term of the loan.

(II) The interest rate shall be equal to the lowest prime rate published by the Wall Street Journal on the last day of each calendar quarter preceding the date of the loan application.

f. Defaults of loans.—

(I) A loan shall be in default if 2 consecutive months of repayments are missed or if a total of 4 months of repayments is missed.

(II) Upon default of a loan, the entire balance of the loan becomes due and payable immediately.

(III) If a loan in default is not repaid in full immediately, the loan may be canceled and the outstanding balance treated as a distribution, which may be taxable.

(IV) Upon default of a loan, a member shall not be eligible for additional loans.

g. Miscellaneous provisions.—

(I) All loans must be evidenced by a written loan agreement signed by the member and the Board of Trustees. The agreement shall contain a promissory note.

(II) A member's spouse must consent in writing to the loan. The consent shall acknowledge the effect of the loan on the member's account balance.

(III) Loans shall be considered general assets of the Fund.

(IV) Loans shall be subject to administrative fees to be set by the Board of Trustees.

5. After-tax contributions to the BackDROP.—

a. A member may make after-tax contributions to the BackDROP. The maximum amount that may be contributed is the lesser of:

(I) The IRS 415(c) limit.

(II) The amount allowable under IRC 401(m).

b. After-tax contributions to the BackDROP shall earn interest in the same manner as set forth in sub-subparagraph 3.a.

c. Distributions to members or their beneficiaries of after-tax contributions may be withdrawn at any time on or after termination of employment. However, payments must be made at least as promptly as required under subsection (18).

d. Loans shall not be made against after-tax contributions.

(6) Disability pensions, medical examinations, return to work, etc.—

(c) Duty disability requirements.—Any member who is regularly employed in the Department and who becomes physically or mentally totally and permanently disabled to perform the duties of a firefighter by reason of an injury or disease arising out of and in the course of the performance of his or her duties as a firefighter in the employ of the City, shall, upon his or her application to the Board, be retired with a disability pension provided for in this paragraph, provided that after a medical examination of the member made by or under the direction of the medical committee, the medical committee reports to the Board in writing, whether:

1. The member is wholly prevented from rendering useful and efficient service as a firefighter; and

2. The member is likely to remain so disabled continuously and permanently.

~~The Board shall admit and consider any other evidence that it deems appropriate. Any condition or impairment of health of a member caused by tuberculosis, hypertension, heart disease, hepatitis, or meningococcal meningitis resulting in total disability or death shall be presumed to have been accidental and suffered in the line of duty unless the contrary is shown by competent evidence, provided such member shall have successfully passed a physical examination before entering into such service, which examination failed to reveal any evidence of such condition. In order to be entitled to the presumption in the case of hepatitis, meningococcal meningitis, or tuberculosis, the member must meet the requirements of section 112.181, Florida Statutes. The final decision as to whether a member~~

meets the requirements for a disability pension rests with the Board, based on competent substantial evidence on the record as a whole.

(d) Duty disability pension benefits.—Upon retirement on account of disability, as provided in paragraph (c), a member shall receive a monthly pension for the remainder of his or her life, equal to the greater of the following:

1. Sixty-five percent of the final average salary; or

2. The member’s accrued benefit. If the accrued benefit is the greater benefit, the full amount will be paid to the member, but only the amount up to 65 percent will be considered payable for purposes of the disability.

(g) Duty-related presumptions.—

1. Any condition or impairment of health of a member caused by tuberculosis, hypertension, heart disease, hepatitis, or meningococcal meningitis resulting in total disability or death shall be presumed to have been accidental and suffered in the line of duty unless the contrary is shown by competent evidence, provided such member shall have successfully passed a physical examination before entering into such service, which examination failed to reveal any evidence of such condition.

2. In order to be entitled to the presumption in the case of hepatitis, meningococcal meningitis, or tuberculosis, the member must meet the requirements of section 112.181, Florida Statutes.

3. If a member becomes totally and permanently disabled due to a diagnosis or treatment of a cancer, as defined in section 112.1816(1), Florida Statutes, the disability must be considered line of duty as an irrebuttable presumption.

~~2.— The sum of the following:~~

~~a. Two and one-half percent of the member’s final average salary multiplied by the number of years, and fraction of a year, of his or her service credit to a maximum of 26 years of service, and 2 percent of his or her final average salary multiplied by the number of years, and fraction of a year, in excess of 26 years of service, for all years of service earned through September 30, 1988; and~~

~~b.— Two percent of the member’s final average salary multiplied by the number of years, and fraction of a year, of his or her service credit earned on or after October 1, 1988.~~

(h)(g) Payment of disability pensions.—Monthly disability retirement benefits shall be payable as of the date the Board determines that the member was entitled to a disability pension; however, the first payment shall actually be due paid on the first day of the first month after the Board determines such entitlement. Any portion due for a partial month shall be

paid together with the first payment. If the member recovers from the disability prior to his or her normal retirement date, the last payment shall be the payment due next preceding the date of such recovery or, if the member dies without recovering from his or her disability, then the following shall apply:

1. Married member.—Survivor Beneficiary benefits as set forth in subsection (7) shall be paid if, at the time of death, the member was married or had a dependent child or children or parent or parents; or

2. Unmarried member with 10 years of service or more.—Payments shall be made for the life of the retiree ~~until the member's death~~ or the 120th monthly payment, whichever is later; or

3. Unmarried member with less than 10 years of service.—Payments shall be made until the member's death.

Any monthly retirement income payments due after the death of a disabled member shall be paid to the retiree's member's designated joint annuitant beneficiary or beneficiaries or the member's estate as provided in paragraph (5)(h) or subsection (7), as applicable.

~~(i)(h)~~ Reexamination of disability retiree.—At least once each year during the first 5 years following a member's retirement on account of disability, and at least once in each 3-year period thereafter, the Board shall require any disability retiree who has not attained age 50 to undergo a medical examination to be made by or under the direction of a physician designated by the Board. However, if a disability retiree has lost the firefighter certification, as required by Florida Statutes, then the reexamination is discretionary. If the retiree refuses to submit to the medical examination in any such period, his or her disability pension may be suspended by the Board until withdrawal of such refusal. If such refusal continues for 1 year, all of the retiree's rights in and to a disability pension may be revoked by the Board. If, upon medical examination of the retiree, the physician reports to the Board that the retiree is physically able and capable of performing the duties of a firefighter in the rank held by him or her at the time of retirement, the member shall be returned to employment in the Department at a salary not less than the salary of the rank last held by him or her, provided that return to the employ of the Department shall be subject to the approval of the Fire Chief. Should the retiree become employed by the City, his or her disability pension shall terminate.

~~(j)(i)~~ Return to work of a disability retiree; service credit.—In the event a disability retiree is returned to employment in the department, as provided in paragraph (h), his or her service credit at the time of disability retirement shall be restored to his or her credit. In the event he or she retired under the provisions of paragraph (c), he or she shall be given service credit for the period he or she was in receipt of a disability pension. If he or she retired under the provisions of paragraph (a), he or she shall not be given service credit for the period he or she was in receipt of a disability pension.

(k)(j) Expenses of medical examinations for disability.—The member shall be responsible for the expenses of the physician the member designates for medical examinations required under this subsection. Expenses for any other medical examinations required under this subsection shall be paid by the Fund.

(7) Beneficiary benefits.—

(b) Death in the line of duty.—In the event a member dies while in the employ of the Department, and the Board finds his or her death to be the natural and proximate result of causes arising out of and in the actual performance of duty as a firefighter in the employ of the City, the below following applicable pensions shall be paid. The duty-related presumptions in paragraph (6)(g) apply to the determination of whether the death arises out of the performance of duty.:

1. Surviving spouse's benefits.—The surviving spouse shall receive a monthly pension equal to the greater of:

a. Sixty-six and two-thirds of the member's highest 12 months' salary or top step firefighter pay, whichever is greater; or

b. The surviving spouse's share of the member's accrued benefit. Upon the surviving spouse's death, the pension shall terminate.

2. Benefits for children, surviving spouse, etc.—In the event the deceased member does not leave a surviving spouse, or if the surviving spouse shall die, and the member leaves an unmarried child or children under age 18, each such child shall receive a pension of an equal share of the pension to which the member's surviving spouse was or would have been entitled. Upon any such child's adoption, marriage, death, or attainment of age 18, the child's pension shall terminate and said child's pension shall be apportioned to the deceased member's remaining eligible children under age 18.

3. Benefits for dependent parents.—In the event a member dies and does not leave a surviving spouse or children eligible to receive a pension provided for in subparagraphs 1. and 2., and the member leaves a parent or parents whom the Board finds to have been dependent upon the member for 50 percent or more of their financial support, each such parent shall receive a pension of an equal share of the pension to which said member's surviving spouse would have been entitled. Upon any such parent's remarriage or death, the parent's pension shall terminate.

4. Estate.—In the event a member dies and does not leave a surviving spouse, children, or parents eligible to receive a pension provided for in subparagraph 1., subparagraph 2., or subparagraph 3., then the benefits remaining, if any, shall be paid to the member's designated beneficiary. If there is no designated beneficiary, any remaining benefits shall be paid to the member's estate.

(8) Acceptance of pension no bar to subsequent work.—The acceptance of a pension by a member upon retirement shall not bar the member from engaging in any other business thereafter, except that a disability retiree cannot perform the functions of a firefighter.

(9) Pension not assignable or subject to garnishment.—The pensions or other benefits accrued or accruing to any person under the provision of this act and the accumulated contributions and the cash securities in the Funds created under this act shall not be subject to execution or attachment or to any legal process whatsoever, and shall be unassignable. However, pursuant to a court support order, the Trustees may direct that the retirement benefits be paid for alimony or child support in accordance with rules and regulations adopted by the Board of Trustees. Upon written request by the retiree, the Board of Trustees may authorize the Plan administrator to withhold from the monthly retirement payment funds necessary to:

(c) Pay for premiums for accident health and long-term care insurance for the retiree's spouse and dependents dependants. A retirement plan does not incur liability for participation in this permissive program if its actions are taken in good faith pursuant to section 175.061(7), Florida Statutes.

(15) Review procedures.—

(a) The applicant for benefits under this chapter may, within 20 days after being informed of the denial of his or her request for pension benefits, appeal the denial by filing a reply to the proposed order with the pension's plan administrator ~~secretary~~. If no appeal is filed within the time period, then the proposed order shall be final.

(b) The Board of Trustees shall hold a hearing within 90 ~~45~~ days after the receipt of the appeal. Written notice of the hearing shall be sent by electronic or certified mail, return receipt requested receipt/restricted to individual, to the applicant at the address listed on the application or to the applicant's designated representative no less than 10 calendar days prior to the hearing.

(c) The procedures at the hearing shall be as follows:

1. All parties shall have an opportunity to respond, to present physical and testimonial evidence and argument on all issues involved, to conduct cross-examination, to submit rebuttal evidence, and to be represented by counsel. Medical reports and depositions may be accepted in lieu of live testimony at the Board's discretion.

2. All witnesses shall be sworn.

3. The applicant and the Board shall have an opportunity to question all witnesses.

4. While the Florida Rules of Civil Procedure and the strict Florida Rules of Evidence do ~~Formal rules of evidence and formal rules of civil procedure~~ shall not apply to these proceedings, irrelevant and unduly repetitious

evidence may be excluded. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but it shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The proceedings shall comply with the essential requirements of due process and law.

5. The record in a case governed by this subsection shall consist only of:

a. ~~A tape recording or transcript of the hearing, to be taped and maintained as part of the official files of the Board of Trustees by the pension’s secretary or plan’s administrator.~~

b. Evidence submitted for the record ~~received or considered.~~

c. All notices, pleadings, motions, and intermediate rulings.

d. Any decisions, opinions, proposed or recommended orders, or reports by the Board of Trustees.

(d) Within a reasonable period after the hearing, the Board shall take one of the following actions:

1. Grant the pension benefits by overturning the proposed order by a majority vote.

2. Deny the benefits and approve the proposed order as a final order after making any changes in the order the Board feels is necessary.

(e) Findings of fact by the Board shall be based on competent, substantial evidence on the record.

~~(f) Upon~~ Within 20 calendar days after rendering its order, the Board of Trustees shall file a copy with the administrator and send a copy of the order to the applicant, by electronic or certified mail return receipt/restricted to individual, a copy of the order.

(g) The applicant may seek review of the order by the Board of Trustees by filing a petition for writ of certiorari with the circuit court within 30 days of rendition.

(17) Internal Revenue Code limits.—

(a) In no event may a member’s annual benefit exceed \$280,000 in 2025 ~~which is \$160,000~~, adjusted for cost of living in accordance with Internal Revenue Code (“IRC”) Section 415(d).

(f)1. Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under the system, as allowed in subsection (23), the requirements of this section will be treated as met only if:

a. The requirements of Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Code Section 415(b); or

b. The requirements of Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Code Section 415(c).

c. For purposes of applying sub-subparagraph a., the system will not fail to meet the reduced limit under Code Section 415(b)(2)(C) solely by reason of this sub-subparagraph c., and for purposes of applying sub-subparagraph b. the system will not fail to meet the percentage limitation under Code Section 415(c)(1)(B) solely by reason of this sub-subparagraph c.

2. For purposes of this paragraph, the term “permissive service credit” means service credit:

a. Recognized by the system for purposes of calculating a member’s benefit under the plan;

b. Which the member has not received under the plan; and

c. Which the member may receive only by making a voluntary additional contribution, in an amount determined under the system, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may, if otherwise provided by the system, include service credit for periods for which there is no performance of service, and may include service credited in order to provide an increased benefit for service credit which a member is receiving under the system.

(g) If the plan accepts a direct rollover of an employee’s or former employee’s benefit from a defined contribution plan qualified under Code Section 401(a) which is maintained by the employer, any annuity resulting from the rollover amount that is determined using a more favorable actuarial basis than required under Code Section 417(e) shall be included in the annual benefit for purposes of the limit under Code Section 415(b).

(18) Minimum distribution of benefits.—

(a) General rules.—

1. The plan will pay all benefits in accordance with good faith interpretation of the requirements of Code Section 401(a)(9) and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Code Section 414(d).

2. The requirements of this section will take precedence over any inconsistent provisions of the plan.

(b) Time and manner of distribution.—

1. Required beginning date.—

a. The member’s entire interest will be distributed, or begin to be distributed, to the member no later than the member’s required beginning date. The member’s required beginning date is April 1 of the calendar year following the later of the calendar year in which the member attains the applicable age or the calendar year in which the member terminates employment with the City.

b. The applicable age is as follows:

(I) For a member who attains age 70 ½ before December 31, 2019, the applicable age is 70 ½.

(II) For a member who attains age 72 before January 1, 2023, the applicable age is 72.

(III) For a member who attains age 72 after December 31, 2022, the applicable age is 73.

(IV) For a member who attains age 74 after December 31, 2032, the applicable age is 75.

2. Death of member before distribution begins.—If the member dies before distributions begin, the member’s entire interest will be distributed, or begin to be distributed, no later than as follows:

a. If the member’s surviving spouse is the member’s sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the member died, or by a date on or before December 31 of the calendar year in which the member would have attained the applicable age, as the surviving spouse elects. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member’s sole designated beneficiary may elect to be treated as if the surviving spouse were the employee as provided under Code Section 401(a)(9)(B)(iv).

b. If the member’s surviving spouse is not the member’s sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the member died, unless the beneficiary qualifies as an eligible designated beneficiary, in which case the benefit can be distributed within 5 years after the member died.

3. Death after distribution begins.—If the member dies after the required distribution of benefits has begun, the remaining portion of the

member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.

4. Form of distribution.—Unless the member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with this section. If the member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and Treasury regulations. Any part of the member's interest which is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and Treasury regulations that apply to individual accounts.

(c) Determination of amount to be distributed each year.—

1. General requirements.—If the member's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

a. The annuity distributions will be paid in periodic payments made at intervals not longer than 1 year.

b. The member's entire interest must be distributed pursuant to this plan document and in any event over a period equal to or less than the member's life or the lives of the member and a designated beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated beneficiary. The life expectancy of the member, the member's spouse, or the member's beneficiary may not be recalculated after the initial determination for purposes of determining benefits.

2. Amount required to be distributed by required beginning date.—The amount that must be distributed on or before the member's required beginning date is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., monthly. All of the member's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the member's required beginning date.

3. Additional accruals after first distribution calendar year.—Any additional benefits accruing to the member in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(d) General distribution rules.—

1. The amount of an annuity paid to a member’s beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Code Section 401(a)(9)(G), and, effective for any annuity commencing on or after January 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.

2. The death and disability benefits provided by the plan are limited by the incidental benefit rule set forth in Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(I) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25 percent of the cost for all of the members’ benefits received from the retirement system.

(e) Definitions.—As used in this subsection, the term:

1. “Designated beneficiary” means the individual who is designated as the beneficiary under the plan and is the designated beneficiary under Code Section 401(a)(9) and Treasury Regulations Section 1.401(a)(9)-1, Q&A-4.

2. “Distribution calendar year” means a calendar year for which a minimum distribution is required. For distributions beginning before the member’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the member’s required beginning date. For distributions beginning after the member’s death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to this plan document.

~~(18) Required distributions.—In accordance with IRC Section 401(a)(9)(C), any and all benefit payments shall begin by the later of:~~

~~(a) April 1 of the calendar year following the calendar year of the member’s retirement date; or~~

~~(b) April 1 of the calendar year following the calendar year in which the employee attains age 70 ^½.~~

(21) Rollovers from qualified plans.—

(b) Transfer of accumulated leave.—

1. Members eligible to receive accumulated sick leave, accumulated vacation leave, or any other accumulated leave payable upon retirement, including entry into BackDROP, but neither vested termination nor non-vested termination, separation shall have the leave transferred to the Fund up to the amount permitted by law. Any additional amounts shall be paid directly to the member. Members on whose behalf leave has been transferred shall maintain the entire amount of the transferred leave balance in the DROP or Share Account.

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

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

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

(23) Prior firefighter service.—Unless otherwise prohibited by law, the years, or fractional parts of years, that a member previously served as a firefighter for any other municipal, county, state, or federal fire department or district 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. In all cases, the member purchasing service shall make payment to the plan which is at least equal to the then-current member contributions for the amount of time being purchased.

(a) 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 eligible service.

(b) The credit purchased under this section shall count for all purposes, except vesting.

(c) In no event, however, may credited service be purchased pursuant to this section for prior service with any other municipal, county, or state fire department or district, if such prior service forms or will form the basis of a retirement benefit or pension from another retirement system or plan.

(d) 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.

(e) 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.

(f) A request to purchase service may be made at any time during the course of employment. A member may elect to purchase permissive service more than one time; however, the maximum years of service that may be purchased is 5 years.

(g) There shall be no fiscal impact to the City, now or in the future, as a result of the purchase of credit for prior firefighter service or military service.

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

Approved by the Governor June 8, 2026.

Filed in Office Secretary of State June 8, 2026.