

# **WEST PALM BEACH FIREFIGHTERS PENSION FUND**

## **STATEMENT OF POLICY REGARDING THE IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)**

### **REVISED 2013**

WHEREAS, the Special Act Pension Plan for the West Palm Beach Firefighters' Pension Fund ("Fund") was amended effective May 13, 2012 ("Effective Date"); and

WHEREAS, the Trustees desire to adopt a Statement of Policy regarding the implementation of the Special Act amendment;

NOW, THEREFORE, it is hereby resolved that the following Statement of Policy Regarding the Implementation of the 2012 Special Act Amendment (HB 1325) is hereby adopted.

#### **I. FINAL AVERAGE SALARY**

- A. For all active members who retire on or after May 13, 2012, who are not eligible for normal retirement as of May 13, 2012 and who do not have a calculated BackDROP date as of October 1, 2011, the final average salary is the average of the monthly salary paid a member in the 3 best years of employment before retirement.
- B. For members who have a BackDROP benefit, the final average salary must be calculated before the BackDROP crediting period may begin. For example, if a member chooses the 5 year BackDROP, the final average salary will be determined using the pensionable salary paid for the 3 years

**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)

prior to the 60 month period used for the calculation of the BackDROP

II. CHAPTER 175 MONEY

- A. For calendar years 2012 and 2013, the 175 money received shall be used to reduce the member contributions from 25% of payroll to 13.1%. If the 175 money is not sufficient to reduce employee contributions to 13.1%, the City of West Palm Beach will make up the difference.
- B. Since the calendar year 2012 and 2013 Chapter 175 distributions will be used to reduce contributions to the Plan, there will be no share account distributions in fiscal years 2012/2013 and 2013/2014.

III. MEMBER CONTRIBUTIONS

- A. Member contributions shall be 13.1% and only that portion is refundable to the Member in the event that the member seeks a refund of contributions in lieu of a benefit.
- B. Member contributions made after May 13, 2012 in excess of 11.1% are used to purchase eligibility for participation in the post-retirement health insurance subsidy.

IV. NORMAL RETIREMENT BENEFIT

- A. For years of service after May 13, 2012, members will accrue a retirement

**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)

benefit at 3% per year of service, except if the Member is eligible for Normal Retirement on May 13, 2012. If a Member is eligible for Normal Retirement on May 13, 2012, the Member will continue to accrue service after May 13, 2012 at the rate of 4% per year.

- B. For Members actively employed on May 13, 2012, who have prior years of service, those years of service will remain accrued at 4% per year of service.
- C. Members entitled to a vested deferred benefit will be subject to the provisions of the plan in effect as of the date of the member's separation.
- D. All Members benefits are capped at 92% of salary.

V. SHARE ACCOUNT BENEFITS

- A. The Share account fixed rate of earnings is 4% net of plan expenses effective May 13, 2012 for vested Members who are actively employed on that date, who are not eligible for normal retirement and who do not have a calculated BackDROP date as of October 1, 2011. Those Members who had in place an elected fixed rate of 8.25% net of plan expenses will be provided an opportunity to change their interest rate from fixed to variable for the quarter ended September 30 provided their election is made on or before June 30, 2012. The normal period for electing interest rates will be available for a change in earning election effective October 1, 2012, which must be received by September 30.

**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)

- B. Members who are eligible for normal retirement on May 13, 2012 or who have a calculated BackDROP date of October 1, 2011 will be eligible to continue with the 8.25% net of plan expenses rate.
- C. For purposes of calculating the 4% net of plan expenses rate beginning on May 13, 2012, for the quarter ended June 30, 2012, a blended rate will be determined for a one time crediting rate. Beginning July 1, 2012, the 4% rate (netting plan expenses) will be applied.
- D. In accordance with Section II above, there will be no distributions of shares of the Chapter 175 Funds in fiscal years 2012/2013 and 2013/2014 as the Chapter 175 money is being used to reduce member contributions.
- E. Members who are eligible to retain the 8.25% (net of plan expenses) crediting rate because they have a calculated BackDROP date of October 1, 2011 shall be credited with that rate. However, if the Member chooses to remain employed beyond September 30, 2016, and is no longer eligible for a calculated BackDROP date of October 1, 2011, then the 8.25% (net of plan expenses) crediting rate will be reduced to 4% retroactively.
- F. At the time of application for the pension benefit and BackDROP benefit, a Member who is not eligible for normal retirement as of May 13, 2012 and does not have a calculated Back DROP date of October 1, 2011 or earlier must also provide information regarding the disposition of the Share account benefits in order to facilitate the transfer of the assets within the 6 month

**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)

period of time.

- G. Transfers of accumulated sick and vacation leave must be transferred to the Pension Fund to the maximum allowed by the IRS. The transferred amounts must leave the Fund at the same time as the BackDROP and Share account assets.

VI. BACKWARDS DEFERRED RETIREMENT OPTION PLAN (BackDROP)

- A. The BackDROP fixed rate of earnings is 4% net of plan expenses effective May 13, 2012 for Members retiring on or after that date, who are not eligible for normal retirement on May 13, 2012 and who do not have a calculated BackDROP date as of October 1, 2011. Those Members who had in place an elected fixed rate of 8.25% net of plan expenses will be provided an opportunity to change their interest rate from fixed to variable for the quarter ended September 30 provided their election is made on or before June 30, 2012. The normal period for electing interest rates will be available for a change in earning election effective October 1, 2012 which must be received by September 30.
- B. Members who are eligible for normal retirement on May 13, 2012 or who have a calculated BackDROP date of October 1, 2011 will be eligible to continue with the 8.25% net of plan expenses rate.
- C. For purposes of calculating the 4% net of plan expenses rate beginning on May 13, 2012, for the quarter ended June 30, 2012, a blended rate will be

**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)

determined for a one time crediting rate. Beginning July 1, 2012, the 4% rate (netting plan expenses) will be applied.

- D. At the time of application for the pension benefit and BackDROP benefit, a Member who is not eligible for normal retirement as of May 13, 2012 and does not have a calculated Back DROP date of October 1, 2011 or earlier must also provide information regarding the disposition of the BackDROP account benefits in order to facilitate the transfer of the assets within the 6 month period of time.
- E. Loans are available to members who reached normal retirement age on or before May 13, 2012 or who have a calculated BackDROP date of October 1, 2011 or earlier.

**VII. PURCHASE OF PRIOR SERVICE**

The purchase price for any member who purchases eligible prior firefighter or military service will include the cost of the full actuarial impact of the purchased service. This means that members who purchase eligible prior service after May 13, 2012, then the member's purchase price will include the cost of the 3.0% multiplier for the member's assumed lifetime.

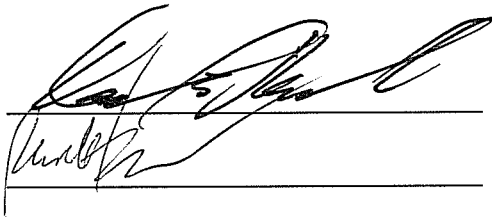
**VIII. MISCELLANEOUS**

Any members who have questions regarding the application of this policy to them

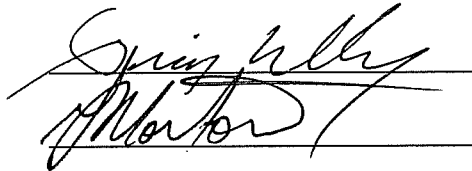
**WEST PALM BEACH FIREFIGHTERS PENSION FUND**  
STATEMENT OF POLICY REGARDING THE  
IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325)


which cannot be answered by the policy shall file a written request with the Board of Trustees.

This STATEMENT OF POLICY REGARDING THE IMPLEMENTATION OF THE 2012 SPECIAL ACT AMENDMENT (HB 1325) is adopted by the Trustees of the WEST PALM BEACH FIREFIGHTERS' PENSION FUND this 5<sup>th</sup> day of September, 2013, effective as of the effective date.

A handwritten signature in black ink, appearing to be "L. J. [unclear]", written over two horizontal lines.

**TRUSTEES**

A handwritten signature in black ink, appearing to be "Spring [unclear]", written over two horizontal lines.

Witnessed by: A handwritten signature in black ink, appearing to be "Amy [unclear]", written over two horizontal lines.

BSJ/ka  
Last Revision Date: September 3, 2013  
H:\WPB FF 0002\Policies\2013 revised HB 1325 Special Act implementation.wpd